FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **Pharmala Biotech Holdings Inc.**(the "Issuer").

Trading Symbol: **MDMA**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
(b) A description of the transaction(s), including those for which no amount has been recorded.
(c) The recorded amount of the transactions classified by financial statement category.
(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
(e) Contractual obligations with Related Persons, separate from other contractual obligations.
(f) Contingencies involving Related Persons, separate from other contingencies.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

(b) number and recorded value for shares issued and outstanding,

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Nicholas Kadysh	**Director, President & Chief Executive Officer**
Fraser Macdonald	**Director**
Perry Tsergas	**Director**
Jodi Butts	**Director**
Lennie Ryer	**Director**
Kevin Roy	**Director**
Will Avery	**Chief Financial Officer**
Farnoud Kazemzadeh	**Chief Operating Officer**

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated **July 29, 2026**

Will Avery
Name of Director or Senior Officer

/s/ "Will Avery"
Signature

Chief Financial Officer

Issuer Details Name of Issuer **Pharmala Biotech Holdings Inc.**	For Quarter End **May 31, 2026**	Date of Report YY/MM/DD **2026/07/29**
Issuer Address **82 Richmond Street East,**		
City/Province/Postal Code **Toronto, Ontario M5C 1P1**	Issuer Fax No. ( )	Issuer Telephone No. **(855) 444-6362**
Contact Name **Nicholas Kadysh**	Contact Position **Director & CEO**	Contact Telephone No. **(855) 444-6362**
Contact Email Address **nick@pharmala.ca**	Web Site Address **https://pharmala.ca**	

PHARMALA BIOTECH HOLDINGS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIODS ENDED MAY 31, 2026 AND 2025

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

PharmAla Biotech Holdings Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at,		May 31 2026	August 31, 2025
ASSETS			
Current			
Cash		**$ 93,599**	**$ 40,187**
Short-term investments	(Note 3)	**151,465**	**920,473**
Accounts receivables	(Note 4)	**227,317**	**37,791**
HST receivable		**37,019**	**20,748**
Prepaid expenses, deposits and other assets	(Note 5)	**222,864**	**257,956**
Inventory	(Note 6)	**601,016**	**369,709**
Total current assets		**1,333,280**	**1,646,864**
Equipment		**2,167**	**2,918**
Intangible assets	(Note 7)	**1,734,669**	**1,770,100**
Total assets		**$ 3,070,116**	**$ 3,419,882**
LIABILITIES			
Current			
Accounts payables and accrued liabilities	(Note 16)	**$ 694,512**	**$ 558,910**
Customer deposits and deferred revenue	(Note 13)	**342,338**	**276,035**
Deferred joint venture downstream sales	(Note 14)	**103,407**	**126,787**
Total liabilities		**1,140,257**	**961,732**
SHAREHOLDERS' EQUITY			
Share capital	(Note 8)	**7,888,700**	**7,452,478**
Contributed surplus	(Note 9 & 10)	**1,212,127**	**908,955**
Warrants	(Note 11)	**1,227,906**	**1,227,906**
Deficit		**(8,378,339)**	**(7,131,189)**
Total shareholders' equity		**1,929,859**	**2,458,150**
Total liabilities and shareholders' equity		**$ 3,070,116**	**$ 3,419,882**
Nature of operations and going concern	(Note 1)		
Commitment and Contingencies	(Note 16)		
Subsequent event	(Note 18)		

Approved by the Board:

"Nicholas Kadysh"	"Kevin Roy"
Director	**Director**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

PharmAla Biotech Holdings Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

		Three Months Ended May 31		Nine Months Ended May 31	
		2026	2025	**2026**	2025
Revenue	(Note 13 & 15)	**$ 513,232**	$ 135,168	**$ 1,000,256**	$ 338,122
Cost of goods sold	(Note 6)	**174,687**	9,619	**231,933**	19,123
Gross profit		**338,545**	125,549	**768,323**	318,999
Expenses					
Bad debt expense	(Note 4)	**-**	8,686	**-**	8,686
Consulting	(Note 17)	**75,963**	42,692	**154,185**	161,745
Depreciation and amortization	(Note 7)	**30,017**	29,167	**89,510**	87,854
Investor relations		**40,968**	37,064	**103,991**	72,920
Office and general		**114,911**	58,389	**213,573**	134,001
Research costs		**44,910**	76,344	**126,536**	199,026
Payroll expenses	(Note 17)	**131,439**	116,966	**359,186**	262,444
Professional fees	(Note 17)	**121,070**	75,215	**362,178**	245,124
Stock based compensation	(Note 9, 10 & 17)	**263,341**	189,904	**492,192**	856,639
Loss on debt settlement	(Note 8)	**-**	-	**66,047**	35,632
Travel		**28,940**	16,773	**71,456**	53,424
Total expenses		**851,559**	651,200	**2,038,854**	2,117,495
Deferred joint venture profit on sales	(Note 14)	**(13,255)**	(1,416)	**(23,381)**	(1,416)
Joint venture share of losses	(Note 14)	**-**	-	**-**	17,030
Net loss and comprehensive loss for the period		**$ (499,759)**	$ (524,235)	**$ (1,247,150)**	$ (1,814,110)
Net loss and comprehensive loss per share - basic and diluted	(Note 12)	**$ -**	$ -	**$ (0.01)**	$ (0.02)
Weighted average number of common shares outstanding - basic and diluted	(Note 12)	**109,038,834**	105,284,346	**108,645,890**	99,749,890

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

PharmAla Biotech Holdings Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

Nine Months Ended May 31,		**2026**	2025
Operating activities			
Loss for the period		**$(1,247,150)**	$(1,814,110)
Items not affecting cash:			
Depreciation and amortization	(Note 7)	**89,510**	87,854
Stock based compensation	(Note 9 & 10)	**492,192**	856,639
Bad debt expense	(Note 4)	**-**	8,686
Deferred joint venture profit on sales	(Note 14)	**(23,381)**	(1,416)
Joint venture share of losses	(Note 14)	**-**	17,030
Loss on debt settlement	(Note 8)	**66,047**	35,632
Accrued interest income	(Note 3)	**(1,320)**	-
Changes in non-cash working capital items:			
Accounts receivables		**(189,526)**	73,838
HST receivable		**(16,271)**	(19,268)
Prepaid expenses, deposits and other assets		**35,092**	(18,115)
Inventory		**(231,307)**	(28,893)
Accounts payables and accrued liabilities		**286,223**	(17,540)
Customer deposits and deferred revenue		**66,303**	70,905
Net cash used in operating activities		**(673,588)**	(748,758)
Investing activities			
Intangible assets	(Note 7)	**(53,328)**	(28,150)
Purchase of short-term investments	(Note 3)	**(550,000)**	(1,244,380)
Redemption of short-term investments	(Note 3)	**1,320,328**	128,950
Net cash provided by (used in) investing activities		**717,000**	(1,143,580)
Financing activities			
Proceeds from private placement (net of issuance costs)	(Note 8)	**-**	1,530,620
Proceeds from exercise of warrants	(Note 8)	**-**	29,700
Proceeds from exercise of stock options	(Note 8)	**10,000**	42,500
Net cash provided by financing activities		**10,000**	1,602,820
Increase (decrease) in cash		**53,412**	(289,518)
Cash, beginning of period		**40,187**	419,379
Cash, end of period		**$ 93,599**	$ 129,861

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

PharmAla Biotech Holdings Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

		Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, August 31, 2024		**91,724,217**	**$ 5,694,754**	**$ 380,579**	**$ 861,972**	**$ (4,955,945)**	**$1,981,360**
Shares issued for debt settlement, net of issue costs		459,770	132,584	-	-	-	132,584
Proceeds from private placement (net of issuance costs)	(Note 8)	8,676,221	663,198	867,422	-	-	1,530,620
Vesting of RSUs	(Note 8 & 9)	3,893,920	685,227	-	(689,500)	-	(4,273)
Exercise of stock options	(Note 8 & 10)	850,000	74,069	-	(31,569)	-	42,500
Exercise of warrants	(Note 8 & 11)	110,000	49,795	(20,095)	-	-	29,700
Stock based compensation	(Note 9 & 10)	-	-	-	856,639	-	856,639
Net loss for the period		-	-	-	-	(1,814,110)	(1,814,110)
Balance, May 31, 2025		**105,714,128**	**$ 7,299,627**	**$1,227,906**	**$ 997,542**	**$ (6,770,055)**	**$2,755,020**
Balance, August 31, 2025		**106,604,753**	**$ 7,452,478**	**$1,227,906**	**$ 908,955**	**$ (7,131,189)**	**$2,458,150**
Shares issued for debt settlement, net of issue costs	(Note 8)	1,666,667	216,667	-	-	-	216,667
Vesting of RSUs	(Note 8 & 9)	695,862	164,626	-	(164,626)	-	-
Vesting of PSUs	(Note 8 & 9)	150,000	37,500	-	(37,500)	-	-
Exercise of stock options	(Note 9)	100,000	17,429	-	(7,429)	-	10,000
Stock based compensation	(Note 9 & 10)	-	-	-	512,727	-	512,727
Net loss for the period		-	-	-	-	(1,247,150)	(1,247,150)
Balance, May 31, 2026		**109,217,282**	**$ 7,888,700**	**$1,227,906**	**$1,212,127**	**$ (8,378,339)**	**$1,929,859**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

PharmAla Biotech Inc. ("PharmAla") was incorporated under the Business Corporations Act (British Columbia) on December 23, 2020. PharmAla Biotech Holdings Inc. (previously Greenridez 3.0 Acquisitions Corp.) ("Holdings Inc.") was incorporated under the Business Corporations Act (British Columbia) on January 12, 2021 and on January 11, 2022, the Company's shares were listed on the Canadian Securities Exchange ("CSE") under the symbol "MDMA".

On December 17, 2024, Holdings Inc. filed articles of continuance (the "Continuance") to redomicile from British Columbia to Ontario. As a result of the Continuance, the registered head office of Holdings Inc. is 1 Adelaide Street East, Unit 801, Toronto, Ontario, M5C 2V9, Canada.

PharmAla is a Canadian Biotechnology company dedicated to the development, manufacture and sales of MDMA and MDXX class molecules in service to the burgeoning clinical research community and growing commercial use cases in select jurisdictions.

On May 1, 2023, the Company along with Australian-based Vitura Health Limited (ASX: VIT) ("Vitura") each own 50% equity interest in Cortexa Pty Ltd. ("Cortexa" or "Joint Venture"). Cortexa has exclusive rights to manufacture and distribute MDMA and Psilocybin in Australia under GMP conditions using PharmAla's manufacturing technology and intellectual property.

On August 11, 2025, the Company incorporated a wholly-owned subsidiary, PharmAla Biotech Australia Pty Ltd ("PharmAla Australia"). As of August 31, 2025, PharmAla Australia has no operations, assets or liabilities. The Company incorporated PharmAla Australia in order to facilitate a planned clinical trial for ALA-002.

On May 7, 2026, the Company entered into an agreement with Aluvaris Inc. ("Aluvaris") and Diteba Inc. ("Diteba") to establish a jointly-owned special purpose vehicle (the "SPV" and the "SPV Agreement") for the clinical and regulatory development of the Company's APA-01 drug candidate. The SPV was incorporated as Restora Neurosciences Inc. ("Restora") under the Ontario Business Corporations Act on May 25, 2026.

The principal terms of the SPV Agreement are:

- At Closing the SPV will issue Founder Shares 50% to the Company and 50% to Aluvaris. The board will comprise four directors, two nominated by each party, with key decisions requiring the consent of at least one nominee of each party.

- Effective at Closing, the Company will grant the SPV an exclusive, worldwide, royalty-bearing license to the APA-01 intellectual property. The Company retains legal and beneficial ownership of the intellectual property at all times; the license is a right to use only. The license is conditional and revocable until the SPV obtains not less than US$2,500,000 of third-party funding (the "Funding Threshold"), upon which it becomes final and irrevocable, subject to reversion in defined circumstances.

- Upon satisfaction of the Funding Threshold, a one-time license fee of US$500,000 becomes payable to the Company. The Company is also entitled to a royalty of 3% of net sales of licensed products and to 25% of any sublicense income. From the date the Funding Threshold is met, the SPV bears the costs of maintaining and prosecuting the licensed intellectual property.

As at May 31, 2026, closing had not occurred. Accordingly, the Company had not received the Founder Shares, had not granted the license, and no investment in the SPV, license fee, royalty or other amount under the SPV Agreement has been recognized in these financial statements. The intellectual property related to APA-01 continues to be recognized as part of the MDXX intangible asset and is not derecognized as a result of the licensing arrangement.

On May 19, 2026, the Company entered into a non-binding term sheet (the "Term Sheet") with Jupiter Neurosciences, Inc. ("JUNS"), an arm's-length party, contemplating the grant to JUNS of exclusive, perpetual rights

in the United States to develop, manufacture and commercialize the Company's ALA-002 asset, in exchange for upfront consideration, development and commercialization milestone payments and a royalty on net sales in the United States.

Other than certain provisions expressly identified as binding (relating principally to a deposit, exclusivity, confidentiality, fees and governing law), the parties have agreed that they are not bound to the proposed licensing transaction unless and until they execute a definitive agreement, which is contemplated within 90 days of signing and is subject to the satisfactory completion of due diligence by JUNS and the negotiation of definitive terms, which were agreed to on July 20, 2026 (note 18).

Under the binding provisions of the Term Sheet, JUNS deposited US$600,000 into an escrow account at signing. If a definitive agreement is executed, the deposit will be credited against the upfront cash consideration payable to the Company at closing. If a definitive agreement is not executed within 90 days of signing, the Company becomes entitled to the escrowed amount as a reverse termination fee, subject to fault-based carve-outs.

As the proposed licensing transaction is not enforceable in the absence of a definitive agreement, it does not constitute a contract with a customer under IFRS 15. Accordingly, no revenue and no asset, liability or deferred income have been recognized in these financial statements in respect of the US$600,000 escrow deposit, proposed upfront consideration of US$3,333,333 (consisting of US$1,500,000 in cash, of which US$600,000 is applied from escrow, and US$1,833,333 in JUNS common stock), the contemplated milestone payments, or the proposed 3% net sales royalty. The Company has not granted any license and has not transferred or derecognized any intellectual property; the Company's capitalized ALA-002 patent continues to be recognized as an intangible asset.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the three and nine month periods ended May 31, 2026 the Company reported a net loss and negative cash flows from operations, and an accumulated deficit as at May 31, 2026 and August 31, 2025. The Company's ability to continue as a going concern is dependent upon its ability to develop and maintain profitable operations and/or to obtain additional financing. Management is of the opinion that the Company will achieve profitable operations, or that sufficient working capital will be obtained from either increased sales through access to new markets or new clients, or external financing to sustain its operations for the foreseeable future and that the going concern assumption is appropriate. However, there is no assurance that the outcome of these matters will be successful and, as a result, there are material uncertainties that might cause significant doubt regarding the going concern assumption.

These unaudited condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying unaudited condensed interim consolidated financial statements. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The preparation of financial statements in accordance with International Accounting Standards (IAS) 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to these unaudited condensed interim consolidated financial statements were the same as those that applied to the Company's annual consolidated financial statements as at and for the year ended August 31, 2025, except as noted below.

The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended August 31, 2025, other than those noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending August 31, 2026 could result in restatement of these unaudited condensed interim consolidated financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS, which have been applied consistently to all periods presented. These unaudited condensed interim consolidated financial statements were issued and effective as of July 27, 2026, the date the Board of Directors approved the statements.

Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional currency and presentation currency

These unaudited condensed interim consolidated financial statements are presented in Canadian ("CDN") dollars, except as otherwise noted, which is the functional currency of the Company and its subsidiaries.

Basis of consolidation

These unaudited condensed interim consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The subsidiary is consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the period presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

3. MATERIAL ACCOUNTING POLICIES

The Company's accounting policies and its standards of financial disclosure set out below are in accordance with IFRS and have been applied consistently throughout the period presented in these financial statements, unless otherwise stated.

Short-term investments

Short-term investments consist of investments in term deposits and GICs with terms to maturity of greater than 90 days. These short-term investments are measured at amortized cost as they consist solely of payments of principal and interest and the intention is to hold these financial assets and collect the related cash flows.

As at May 31, 2026, the short-term investments consist of:

	Principal	Rate	Maturity	Issue date	Term (days)	Accrued interest
GIC (CAD)	**$ 150,000**	2.20%	05-Jan-27	05-Jan-26	365	$ 1,320

The GIC is denominated in CAD and is cashable at any time. As the Company intends to hold these balances to maturity both have been classified as short-term investments as opposed to cash equivalents. During the period the Company the redeemed $1,320,328 of the GIC (including accrued interest thereon) and $550,000 matured, which was reinvested.

Accounting standards issued but not yet applied

IFRS 18, Presentation and Disclosure in Financial Statements

The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its "operating profit or loss". IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. Management is currently assessing the impact of this standard.

In May 2024, the International Accounting Standards Board (IASB) issued narrow scope amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Management is currently assessing the impact of this standard.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the consolidated financial statements of the Company.

4. ACCOUNTS RECEIVABLES

Accounts receivables consist of:		**May 31, 2026**		August 31, 2025
Accounts receivables	$	212,299	$	78,133
Other receivables		21,599		18,949
Expected credit loss		(6,581)		(59,290)
Total	**$**	**227,317**	**$**	**37,791**

(Expressed in Canadian Dollars)

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The aging of the gross trade receivables at each reporting date was as follows:

	Current	Past due 1-30	Past due 31-60	Past due 61-90	Past due >90	Total
May 31, 2026	**$ 141,430**	**$ 66,920**	**$ 3,032**	**$ -**	**$ 917**	**$ 212,299**
August 31, 2025	$ -	$ 18,028	$ -	$ -	$ 60,105	$ 78,133

Expected credit loss:	
Balance, August 31, 2024	**$ 39,463**
Additions	14,830
Foreign exchange	4,997
Balance, August 31, 2025	**$ 59,290**
Write off of accounts receivable	(48,309)
Foreign exchange	(4,400)
Balance, May 31, 2026	**$ 6,581**

5. PREPAID EXPENSES, DEPOSITS AND OTHER ASSETS

Prepaid expenses, deposits and other assets consist of:

	May 31, 2026	August 31, 2025
Prepaid expenses	$ 781	$ 24,525
Contract asset	218,004	201,528
Deposits and other assets	4,079	31,903
Total	**$ 222,864**	**$ 257,956**

The contract asset represents the right to receive a perpetual license of the clinical trial data from a customer as a result of a contract under which the Company provided the MDMA product for their clinical trial, which was valued at $201,528 based on the stand-alone selling price of the related MDMA product. As the Company has not yet received any access to data, as a result of the early stage of the related clinical trial, the amount is reflected as a contract asset, when the related clinical trial data is made available the Company will reassess the nature and classification of the asset at that point. During the three months ended May 31, 2026, the Company completed a similar transaction with another customer whereby the Company provided the MDMA product for their clinical trial in exchange for a perpetual license of clinical trial data, which resulted in the recognition of a contract asset of $16,476 as of May 31, 2026.

6. INVENTORY

Inventory consists of:

	May 31, 2026	August 31, 2025
Work in process	$ 284,407	$ 84,161
Finished goods	316,609	285,548
Total	**$ 601,016**	**$ 369,709**

(Expressed in Canadian Dollars)

Cost of inventory recognized as an expense in cost of sales for the three and nine month periods ended May 31, 2026 were $152,239 and $177,112, respectively (2025 –for the three and nine months ended May 31, 2025 $9,619 and $19,123, respectively). The remainder of cost of sales pertains to shipping costs.

7. INTANGIBLE ASSETS

Intangible assets consist of deferred development costs for internally generated intangible assets such as:

- Patents of novel MDXX class compounds, as well as novel synthesis routes to manufacture these molecules;
- Development of manufacturing pathways allowing for the manufacture and testing of clinical-grade MDMA at scale; and
- The development of novel delivery mechanisms for non-scheduled, and MDMA and MDXX class compounds.

Cost	MDXX	Process Development	Drug Delivery	Total
Balance, August 31, 2024	**$ 1,035,389**	**$ 921,665**	**$ 27,500**	**$ 1,984,554**
Additions	32,328	-	-	32,328
Balance, August 31, 2025	**$ 1,067,717**	**$ 921,665**	**$ 27,500**	**$ 2,016,882**
Additions	53,350	-	-	53,350
Balance, May 31, 2026	**$ 1,121,067**	**$ 921,665**	**$ 27,500**	**$ 2,070,232**

Amortization	MDXX	Process Development	Drug Delivery	Total
Balance, August 31, 2024	**$ 4,314**	**$ 123,093**	**$ 2,750**	**$ 130,157**
Amortization	52,429	61,444	2,752	116,625
Balance, August 31, 2025	**$ 56,743**	**$ 184,537**	**$ 5,502**	**$ 246,782**
Amortization	40,634	46,083	2,064	88,781
Balance, May 31, 2026	**$ 97,377**	**$ 230,620**	**$ 7,566**	**$ 335,563**

Net Book value	MDXX	Process Development	Drug Delivery	Total
Balance, August 31, 2025	**$ 1,010,974**	**$ 737,128**	**$ 21,998**	**$ 1,770,100**
Balance, May 31, 2026	**$ 1,023,690**	**$ 691,045**	**$ 19,934**	**$ 1,734,669**

8. SHARE CAPITAL

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

(Expressed in Canadian Dollars)

Common shares issued

	Number of Shares		Share Capital
Balance, August 31, 2024	**91,724,217**	**$**	**5,694,754**
Share for debt settlement	459,770		135,632
Issue costs	-		(3,048)
Proceeds from private placement	8,676,221		1,561,720
Fair value of warrants	-		(867,422)
Issue costs	-		(31,100)
Vesting of RSUs	3,893,920		685,227
Exercise of stock options	850,000		74,069
Exercise of warrants	110,000		49,795
Balance, May 31, 2025	**105,714,128**	**$**	**7,299,627**

Balance, August 31, 2025	**106,604,753**	**$**	**7,452,478**
Shares issued for debt settlement, net of issue costs	1,666,667		216,667
Vesting of RSUs	695,862		164,626
Vesting of PSUs	150,000		37,500
Exercise of stock options	100,000		17,429
Balance, May 31, 2026	**109,217,282**		**7,888,700**

On November 14, 2024, the Company issued 459,770 common shares in exchange for settlement of accounts payable in the amount of $100,000, the extinguishment of the liability at the market price of the common shares resulted in a loss on debt settlement of $35,632.

On December 20, 2024, the Company closed its non-brokered private placement issuing 8,676,221 units at a price of $0.18 per unit for aggregate gross proceeds of $1,561,720, and incurred share issuance costs of $31,100. Each unit shall consist of one common share in and one-half of one warrant. Each warrant will entitle the holder thereof to acquire one additional common share at a price of $0.27 prior to December 20, 2027. The warrants were valued at $867,422 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: share price - $0.24; risk free interest rate – 2.99%; expected volatility – 160.5%; expected dividend yield - nil; expected life - 3 years.

On October 1, 2025, the Company issued 1,666,667 common shares in exchange for settlement of accounts payable in the amount of $150,000, the extinguishment of the liability at the market price of the common shares resulted in a loss on debt settlement of $66,047.

Warrant exercises
During the period ended May 31, 2025, the Company received funds for the exercise of 110,000 warrants for gross proceeds of $29,700, with a black scholes value of $20,095.

Option exercises
During the period ended May 31, 2025, the Company received funds for the exercise of 850,000 options for gross proceeds of $42,500, with a black scholes value of $31,569.

During the period ended May 31, 2026, the Company received funds for the exercise of 100,000 options for gross proceeds of $10,000, with a black scholes value of $7,429.

(Expressed in Canadian Dollars)

RSU Vesting
During the period ended May 31, 2026, as a result of the vesting of RSUs (note 9) the Company issued 695,862 common shares and reclassified the grant date fair value of the vested awards from contributed surplus to share capital, amounting to $164,626 (2025 – 3,893,920 common shares and grant date fair value of $685,227).

PSU Vesting
During the period ended May 31, 2026, the Company issued 150,000 common shares as a result of the vesting of PSUs (note 9) and reclassified the grant date fair value of the vested awards from contributed surplus to share capital, amounting to $37,500.

9. RESTRICTED SHARE UNITS AND PERFORMANCE SHARE UNITS

Restricted Share Units
Under the Company's Restricted Stock Unit ("RSU") plan ("RSU Plan"), the Company may issue RSUs to directors, officers, employees, and consultants, and may be granted for a maximum term of ten years from the date of the grant. The Board of Directors are responsible for determining if the RSU vest immediately or have vesting conditions.

The Company had the following RSUs activity during the periods noted:

	Number of RSUs
Balance, August 31, 2024	**6,375,000**
Issued	1,700,000
Vested and issued	(3,893,920)
Balance, May 31, 2025	**4,181,080**
Balance, August 31, 2025	**3,221,875**
Granted	225,000
Cancelled	(281,250)
Vested and issued	(696,875)
Balance, May 31, 2026	**2,468,750**

Grant Date	Number of RSUs Granted	Number of RSUs Vested & Issued	Number of RSUs Outstanding	Grant Date Fair Value Per RSU
November 3, 2023	2,300,000	-	2,300,000	0.12
March 8, 2024	2,075,000	2,075,000	-	0.20
July 30, 2024	2,000,000	2,000,000	-	0.11
December 13, 2024	1,500,000	1,500,000	-	0.25
January 27, 2025	200,000	200,000	-	0.23
October 1, 2025	225,000	56,250	168,750	0.23
Balance, May 31, 2026	**8,300,000**	**5,831,250**	**2,468,750**	

On November 3, 2023, the Company issued 2,300,000 RSUs to Clariti Strategic Advisors Inc, which vest based upon liquidity event and have an expiry date of 10 years. During the year ended August 31, 2025, the Company revised the estimated timeline for meeting the liquidity event vesting condition, formerly assumed to be a 2 year period the timeline was revised to 3 years, which resulted in a recovery of $37,904 of stock-based compensation recognized during the year ended August 31, 2024. During the period ended May 31, 2026, the Company negotiated the termination of the exclusivity

clause in the advisory agreement with Clariti, which reflects the culmination of their services contemplated under the terms of the advisory agreement. While the related RSUs and options will not legally vest until the vesting conditions are met, the Company has accelerated the recognition of the remaining stock-based compensation, recognizing $62,258 and $107,880 of stock-based compensation during the three and nine months ended May 31, 2026, respectively, to reflect the shorter service period.

On March 8, 2024, the Company issued 2,075,000 RSUs to certain directors, officers, employees and consultants, 950,000 RSUs granted vest quarterly over a one-year period with the remaining 1,125,000 RSUs vesting quarterly over a two year period. During the period ended May 31, 2026, 281,250 of these RSU's were cancelled resulting in the reversal of $56,250 of previously vested stock based compensation.

On July 30, 2024, the Company issued 2,000,000 RSUs to the CEO, vesting quarterly over a one year period.

On December 13, 2024, the Company issued 1,000,000 RSUs to the CFO, vesting quarterly over a one year period. Further, on December 13, 2024, the Company issued 500,000 RSUs, vesting immediately, to a consultant as bonus compensation for their contributions during the period.

On January 27, 2025, the Company issued 200,000 RSUs to an employee, vesting 50% immediately, 25% in three months from the grant date and the remainder in six months from the grant date. The awards fully vested; however, only 162,840 common shares were issued as the awards were settled net of withholding taxes on the awards and the corresponding number of common shares were withheld by the Company with a value of $8,548.

On October 1, 2025, the Company issued 225,000 RSUs to a consultant serving as a director of a subsidiary, vesting quarterly over a three year period.

For the three and nine month periods ended May 31, 2026 the Company recorded share-based compensation of $66,111 and $94,905, respectively, with the expense in the nine months being offset by a recovery of share-based compensation due to the cancellation of RSUs (2025 – for the three and nine months $158,470 and $761,885, respectively) related to the vesting of the restricted share units.

Performance Share Units

Under the Company's omnibus equity incentive plan (the "Equity Incentive Plan") the Company may grant Performance Share Units ("PSU") to directors, officers, employees, and consultants, and may be granted for a maximum term of ten years from the date of the grant. The Board of Directors are responsible for determining if the PSUs vest immediately or have vesting conditions.

During year ended August 31, 2025, the Company granted 500,000 PSUs, 250,000 of which vest on achieving a target of $2.5M of combined sales or equity proceeds and 250,000 which vest upon achieving a target of $3M combined sales or equity proceeds for the year ended August 31, 2025. The grant date fair value per PSU was $0.25, as of May 31, 2026, none of these PSUs have vested and no share-based compensation has been recognized in respect of these awards.

Additionally, on February 6, 2025, the Company granted 1,000,000 PSUs to an advisor, which vest based on various performance metrics. 1/3 vests based on established market outreach metrics; 1/3 vests on the occurrence of financing of more than $500,000 USD sourced by the advisor and, the final 1/3 vests based on certain sales metrics. If all objectives are met, but the advisor falls short of the established metrics, they will be compensated 150,000 common shares or $45,000 of value in common shares at the then market price, whichever is lower. The grant date fair value per PSU was $0.25, for the three and nine month periods ended May 31, 2026, the Company has recognized share-based compensation of $0 and $16,336 (2025 – for the three and nine months $nil) in respect of these awards. With the completion of this agreement on February 6, 2026, the Company issued 150,000 common shares based on the terms of the agreement.

(Expressed in Canadian Dollars)

10. STOCK OPTIONS

The Company has adopted an incentive stock option plan in accordance with the policies of the Exchange (the "Stock Option Plan"). Options may be granted for a maximum term of ten years from the date of the grant. They are not transferable. Unless the Board determines otherwise, options shall be exercisable in whole or in part at any time during this period. Options expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

The Company had the following stock options activity during the periods ended May 31, 2026 and 2025:

	Number of Stock options	Weighted Average Exercise Price
Balance, August 31, 2024	**7,465,000**	**$0.12**
Issued	1,500,000	$0.105
Exercised	(850,000)	$0.05
Balance, May 31, 2025	**7,515,000**	**$0.12**
Balance, August 31, 2025	**8,115,000**	**$0.12**
Issued	5,850,000	$0.103
Exercised	(100,000)	$0.10
Expired	(160,000)	$0.05
Cancelled	(1,300,000)	$0.10
Balance, May 31, 2026	**12,405,000**	**$0.12**

For the three and nine month periods ended May 31, 2026 the Company recorded share-based compensation of $197,230 and $380,722, respectively (2025 - $31,434 and $94,755, respectively) related to options granted.

(i) On May 29, 2025, the Company granted stock options to directors and officers to purchase 1,500,000 common shares of the Company at an exercise price of $0.105 for a period of 5 years following the date of grant, which vest quarterly over 12 months. The options were valued at $152,292 using a Black-Scholes valuation model with the following assumptions: share price of $0.105 per common shares, expected dividend yield of 0%, expected volatility of 154%, risk-free rate of 3.02%, and expected life of 5 years.

(ii) On October 3, 2025, the Company granted stock options to the COO to purchase 1,000,000 common shares of the Company at an exercise price of $0.12 for a period of 5 years following the date of grant, which vest quarterly over 12 months. The options were valued at $110,536 using a Black-Scholes valuation model with the following assumptions: share price of $0.12 per common shares, expected dividend yield of 0%, expected volatility of 154%, risk-free rate of 2.72%, and expected life of 5 years.

(iii) On April 20, 2026, the Company granted stock options to directors and officers to purchase 4,850,000 common shares of the Company at an exercise price of $0.10 for a period of 5 years following the date of grant, which vest quarterly over 12 months. The options were valued at $797,887 using a Black-Scholes valuation model with the following assumptions: share price of $0.18 per common shares, expected dividend yield of 0%, expected volatility of 136.50%, risk-free rate of 3.03%, and expected life of 5 years.

(Expressed in Canadian Dollars)

The following table reflects the stock options issued and outstanding as of May 31, 2026:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
June 18, 2026	0.10	0.05	425,000	425,000
August 12, 2026	0.10	0.20	80,000	80,000
January 5, 2027	0.10	0.60	750,000	750,000
January 5, 2027	0.10	0.60	1,500,000	1,500,000
July 13, 2027	0.10	1.12	300,000	300,000
November 6, 2033	0.18	7.44	2,300,000	-
May 29, 2030	0.105	4.00	1,200,000	1,200,000
October 3, 2030	0.12	4.35	1,000,000	500,000
April 20, 2031	0.10	4.89	4,850,000	-
Total	**0.12**	**4.16**	**12,405,000**	**4,755,000**

11. WARRANTS

The Company had the following activity regarding warrants during the periods ended May 31, 2026 and 2025:

	Number of Warrants	Weighted Average Exercise Price
Balance, August 31, 2024	**2,083,331**	**$0.27**
Issued (note 8)	4,338,111	$0.27
Exercised (note 8)	(110,000)	$0.27
Balance, May 31, 2025 and 2026	**6,311,442**	**$0.27**

The following table reflects the warrants issue and outstanding as of May 31, 2026:

Expiry Date		Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Warrants Outstanding
April 19, 2027	$	0.270	0.88	1,973,331
December 20, 2027	$	0.270	1.56	4,338,111
			1.35	6,311,442

On December 20, 2024, the Company issued 4,338,111 warrants, as further discussed in Note 8.

12. LOSS PER SHARE

For the three and nine month periods ended May 31, 2026 and 2025, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders and the weighted average number of common shares outstanding. The potential dilutive effect of the shares issuable under the terms of options, warrants and RSUs has not been included as their impact would be anti-dilutive.

13. CUSTOMER DEPOSITS AND DEFERRED REVENUE

Customer deposits and deferred revenue relates to advance consideration received from customers for services yet to be performed, generally, these consist of refundable deposits that become non-refundable upon the initiation of manufacturing. Customer deposits and deferred revenue will be recognised as revenue as the Company satisfies its performance obligation, ordinarily delivery to and acceptance by the customer. Below is a summary of deferred revenue from contracts with customers and the significant changes in those balances during the noted periods:

		May 31, 2026		August 31, 2025
Opening balance, beginning of period	**$**	**276,035**	**$**	**208,574**
Additions during the period		310,719		150,463
Deferred revenue recognized as revenue during the period		(244,416)		(83,002)
Closing balance, end of period	**$**	**342,338**	**$**	**276,035**

14. JOINT VENTURE

On May 1, 2023, the Company along with Australian-based Vitura Health Limited (ASX: VIT) each acquired a 50% equity interest in Cortexa. Cortexa has exclusive rights to manufacture and distribute MDMA and Psilocybin in Australia under GMP conditions using PharmAla's manufacturing technology and intellectual property. Cortexa is controlled by a board consisting of equal representatives of both the Company and Vitura. Cortexa is considered a joint venture for accounting purposes and accordingly is accounted for using the equity method.

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic, financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

PharmAla may make available from time to time products to Cortexa for import into Australia for supply to medical practitioners under the Therapeutic Goods Administration (TGA) Authorised Prescriber 2 scheme.

Cortexa has a licence based on PharmAla's manufacturing technology and intellectual property, allowing for the manufacturing of MDMA and Psilocybin in Australia under GMP conditions. As at May 31, 2026, the Company accrued license revenue receivable of $20,654 (AUS 20,833; August 31, 2025 - $18,433 (AUS 20,833)) and has $62,837 (AUS 62,500) in accounts receivable related to license fee revenue (August 31, 2025 - $nil).

The following table summarizes, in aggregate, the financial information of Cortexa. The amounts included in the IFRS financial statements of the associate are presented in Australian dollars, and adjusted to reflect adjustments made by the Company when using the equity method.

	As of May 31, 2026 (AUS)	**As of May 31, 2025 (AUS)**
Cash	50,863	801
Total current assets	445,774	555,064
Total non-current assets	-	-
Total assets	445,774	555,064
Total current liabilities	86,999	50,179
Total non-current liabilities	1,922,048	1,488,997
Net assets	(1,563,273)	(984,112)

	Nine month Period Ended	**Nine month Period Ended**

(Expressed in Canadian Dollars)

	May 31, 2026 (AUS)	May 31, 2025 (AUS)
Revenue	186,181	70,175
Loss from continuing operations and total comprehensive loss	(437,007)	(365,715)

Under the equity method, the Company's share of losses in Cortexa equals or exceeds its interest in Cortexa, the Company discontinues recognising its share of further losses. After the Company's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of Cortexa. If Cortexa subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. The Company's share of current loss is 50%, or $218,503 (2025 - $182,858). During the year ended August 31, 2025, the Company contributed $17,030 ($19,000 AUS) to Cortexa, which resulted in a pick up of losses in the corresponding amount. Cumulative losses of Cortexa attributed to the Company amount to $762,533.

As part of its operations the Company from time to time may sell either raw GMP or encapsulated product to Cortexa to facilitate sales (downstream transaction), under the equity method transactions involving downstream sales must be recognised only to the extent of unrelated investors' interests. During the year ended August 31, 2024, the Company made sales of $476,723 to Cortexa, and deferred the gain on sales of $157,430 as at August 31, 2024. There were no additional product sales to Cortexa during the three and nine months ended May 31, 2026 and 2025.

15. REVENUE

The following is a disaggregation of the Company's revenues:

	Three months ended		Nine months ended	
	May 31, 2026	**May 31, 2025**	**May 31, 2026**	**May 31, 2025**
Product sales	452,318	79,408	823,627	168,288
License revenue	60,914	55,760	176,629	169,834
	$ 513,232	**$ 135,168**	**$ 1,000,256**	**$ 338,122**

Product Sales - by Geography	**May 31, 2026**	**May 31, 2025**	**May 31, 2026**	**May 31, 2025**
Canada	1,600	12,800	6,800	27,100
United States	162,096	66,608	313,833	141,188
Australia	-	-	132,206	-
Europe	288,622	-	370,788	-
	$ 452,318	**$ 79,408**	**$ 823,627**	**$ 168,288**

Product Sales - by Type	**May 31, 2026**	**May 31, 2025**	**May 31, 2026**	**May 31, 2025**
SAP Sales	1,600	12,800	6,800	27,100
Clinical Trial and Other Sales	169,250	66,608	535,359	141,188
Psilocybin	281,468	-	281,468	-
	$ 452,318	**$ 79,408**	**$ 823,627**	**$ 168,288**

16. COMMITMENTS AND CONTINGENCIES

Sales contracts

Pursuant to the sales contracts with customers, the Company receives deposits for sales contracts. Certain upfront costs are non-refundable, however due to the nature of the industry of which the Company operates in, completing performance obligation for the contract often requires regulatory approval from a number of agencies. The Company is committed to completing its performance obligations.

Contingencies

From time to time, the Company may become involved in various claims and litigation as part of its normal course of business. The Company is not currently aware of any material claims and litigation that it is party to at this time.

SPV Agreement

Under the terms of the SPV Agreement, the Company has the following commitments and contingencies:

- Conditional license and contingent fee. The license becomes final and irrevocable, and the US$500,000 license fee becomes receivable by the Company, only upon satisfaction of the Funding Threshold within the period specified in the Agreement. These amounts were contingent and had not been recognized at May 31, 2026.
- Reversion. The license is subject to reversion to the Company, with the licensed intellectual property reverting free of encumbrances, on failure of the Funding Threshold, failure to achieve the IND milestone by the applicable deadline, or uncured material breach.
- Future entitlements. Following finalization of the license, the Company is entitled to ongoing royalties (3% of net sales) and 25% of sublicense income; the SPV assumes responsibility for the costs of maintaining and prosecuting the licensed intellectual property and reimburses the Company for any such costs it incurs.

JUNS Agreement

Under the binding provisions of the Term Sheet, JUNS deposited US$600,000 into an escrow account at signing. If a definitive agreement is executed, the deposit will be credited against the upfront cash consideration payable to the Company at closing. If a definitive agreement is not executed within 90 days of signing, the Company becomes entitled to the escrowed amount as a reverse termination fee, subject to fault-based carve-outs.

The escrowed funds are held by an escrow agent and are not controlled by the Company at the reporting date; the Company's entitlement depends on the outcome of the negotiations. The amount therefore represents a contingent asset, which is not recognized in accordance with IAS 37. As at and for the period ended May 31, 2026, no amount has been recognized in respect of the deposit. The Company will recognize income only if and when its entitlement to the escrowed amount becomes virtually certain (for example, on lapse of the 90-day period without a definitive agreement); if a definitive agreement is executed, the deposit will instead be applied against the consideration under that agreement.

17. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

During the three and nine month periods ended May 31, 2026, the Company incurred consulting and payroll fees of $45,902 and $133,200, respectively (2025 - $42,500 and $127,500, respectively) to the Chief Executive Officer ("CEO") and stock-based compensation of $30,996 and $56,169, respectively (2025 - $26,108 and $171,108, respectively).

During the three and nine month periods ended May 31, 2026, the Company incurred consulting fees of $35,123 and $93,667, respectively, to the newly hired Chief Operating Officer ("COO") (2025 – $24,000 and $72,000 to a company controlled by the former COO) and stock based compensation of $46,340 and $82,680, respectively (2024 – to the former COO $12,386 and $52,809, respectively). As at May 31, 2026, the Company has accrued $16,000 for consulting fees related to invoices issued by the former COO (2025 – $9,040).

During the three and nine month periods ended May 31, 2026, the Company incurred $24,000 and $70,500, respectively in consulting fees (2025 - $14,779 and $59,500, respectively) to a company owned by the CFO and stock-based compensation of $2,503 and $15,271, respectively (2025 - $68,332 and $197,679 for the three and nine months, respectively).

See notes 8, 9 and 10.

During the three and nine month periods ended May 31, 2026, the Company incurred stock-based compensation expense to directors and officers of $126,155 and $228,420, respectively (2025 - $108,686 and $591,636, respectively).

18. SUBSEQUENT EVENTS

Subsequent to the period ended May 31, 2026, 18,750 RSUs vested to the director of PharmAla Australia.

Subsequent to period ended May 31, 2026, directors exercised 425,000 options at an exercise price of $0.10 per share, received $42,500 in exercise proceeds and issued 425,000 shares of common stock.

On July 20, 2026, the Company and JUNS completed the proposed licensing transaction and consequently, The Company received the US$600,000 escrow deposit and the upfront consideration of US$3,333,333 (consisting of US$1,500,000 in cash, of which US$600,000 is applied from escrow, and the right to US$1,833,333 in JUNS common stock, subject to JUNS filing a registration statement to register the equity consideration). The closing of the licensing transaction results in the license of the U.S. territorial rights for ALA-002 to JUNS, while the Company retains the rights to all other territories.

PHARMALA BIOTECH HOLDINGS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

PERIOD ENDED MAY 31, 2026

(EXPRESSED IN CANADIAN DOLLARS)

PharmAla Biotech Holdings Inc.
Management's Discussion and Analysis
Period Ended May 31, 2026
Dated – July 29, 2026

INTRODUCTION

PharmAla Biotech Inc. ("PharmAla") was incorporated under the Business Corporations Act (British Columbia) on December 23, 2020.

PharmAla Biotech Holdings Inc. (previously Greenridez 3.0 Acquisitions Corp.) ("Holdings Inc.") was incorporated under the Business Corporations Act (British Columbia) on January 12, 2021.

On December 17, 2024, Holdings Inc. filed articles of continuance (the "Continuance") to redomicile from British Columbia to Ontario. As a result of the Continuance, the registered head office of Holdings Inc. is 1 Adelaide Street East, Unit 801, Toronto, Ontario, M5C 2V9, Canada.

PharmAla is a Canadian Biotechnology company dedicated to the development, manufacture and sales of MDMA and MDXX class molecules in service to the burgeoning clinical research community, and growing commercial use cases in select jurisdictions.

On March 19, 2021, Holdings Inc. issued 40,000,000 common shares as consideration for acquisition of the 5,000,000 common shares in the capital of PharmAla. The Acquisition was accounted for as a reverse takeover ("RTO") whereby PharmAla was identified as the acquirer for accounting purposes and the resulting consolidated financial statements are presented as a continuance of PharmAla. After the RTO, the combined entity of Holdings Inc. and PharmAla is referred to also as "the Company".

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of Ontario. On January 11, 2022, the Company's shares were listed on the Canadian Securities Exchange ("CSE") under the symbol "MDMA".

The Canadian Dollar is the Company's functional and reporting currency. Unless otherwise noted, all dollar amounts are expressed in Canadian Dollars.

The following Interim Management's Discussion and Analysis ("Interim MD&A") of the Company for the Three and Nine Months Ended May 31, 2026 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the year ended August 31, 2025. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A. This Interim MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations.

This Interim MD&A should be read in conjunction with the audited financial statements of the Company for the years ended August 31, 2025 and 2024, together with the notes thereto. This discussion should be read in conjunction with the Company's annual consolidated financial statements, together with the notes thereto, and Annual MD&A for the year ended August 31, 2025. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed consolidated Interim financial statements for the Three and Nine Months Ended May 31, 2026, and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed Interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of the date of this Interim MD&A, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of the Company (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of PharmAla's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information relating to the Company, including the Company's AIF, is on SEDAR+ at www.sedarplus.ca. Further information about the Company and its operations can be obtained from the offices of the Company.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Interim MD&A contains certain "forward-looking information" or "forward-looking statements" within the meaning of applicable Canadian securities laws (collectively, "**forward-looking statements**"). All statements, other than statements of historical facts, included in this Interim MD&A that addresses activities, events or developments that the Corporation expects or anticipates will or may occur in the future are forward-looking statements. In certain cases, forward-looking statements can be identified by the words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does

not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology.

Forward-looking statements in this Interim MD&A include, or may include, but are not limited to, statements with respect to:

- the Business objectives and milestones and the anticipated timing of, and costs in connection with, the execution or achievement of such objectives and milestones;
- the Corporation's future growth prospects and intentions to pursue one or more viable Business opportunities;
- the development of the Business and future activities following the Interim MD&A filing date;
- expectations relating to market size and anticipated growth in the jurisdictions within which the Corporation may from time to time operate or contemplate future operations;
- expectations with respect to economic, Business, regulatory and/or competitive factors related to the Corporation or controlled substances or pharmaceutical industry generally;
- the market for the Corporation's current and proposed product offerings and candidates, as well as the Corporation's ability to capture market share;
- the Corporation's strategic investments and capital expenditures, and related benefits;
- the distribution methods expected to be used by the Corporation to deliver its product offerings and candidates;
- the competitive landscape within which the Corporation operates and the Corporation's market share or reach;
- the performance of the Business and the operations and activities of the Corporation;
- the Corporation's ability to generate cash flow from operations and from financing activities;
- the Corporation's ability to obtain, maintain, and renew or extend, applicable Authorizations (as defined below), including the timing and impact of the receipt thereof;
- the Corporation's intention to devote resources to the protection of its intellectual property ("**IP**") rights, including by seeking and obtaining registered protections and developing and implementing standard operating procedures;
- the intention of the Corporation to complete future financings and any additional offering of securities of the Corporation and the aggregate amount of the total proceeds that the Corporation will receive pursuant to any future offering;
- the Corporation's expected use of the net proceeds from any future offering;
- the anticipated effects of any future offering on the Business and operations of the Corporation;
- the listing of Common Shares offered in any future offering;
- the Corporation's ability to generate cash flow from operations and from financing activities;
- projections for development plans and progress of products and technologies, including with respect to timely and successful discovery and identification of psychedelic-derived pharmaceuticals suitable for repurposing;
- the Company's ability to attract partners in the development process;
- the Company's ability to license identified product candidates to pharmaceutical companies;
- future IP, research and development, product formulations, and Business lines;
- expectations regarding acceptance of products and technologies by the market;
- demonstration of such product offerings and candidates' safety and efficacy in clinical trials;
- factors affecting pre-clinical research, clinical trials and regulatory approval process of the Company's product candidates;
- the Company's ability to commercialize on its own or find and enter into agreements with potential partners to bring viable product candidates to commercialization;
- the Company's ability to source markets which have demand for its products and successfully supply those markets in order to generate sales; and
- future actions with respect to and potential impacts of pending claims.

Forward-looking statements are subject to certain risks and uncertainties. Although management of the Corporation ("**Management**")

believes that the expectations reflected in these forward-looking statements are reasonable in light of, among other things, its perception of trends, current conditions and expected developments, as well as other factors that Management believes to be relevant and reasonable in the circumstances at the date that such statements are made, readers are cautioned not to place undue reliance on forward looking statements, as forward looking statements may prove to be incorrect. A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking statements. Importantly, forward-looking statements contained in this Interim MD&A are based upon certain assumptions that Management believes to be reasonable based on the information currently available to Management, including, but not limited to, the assumptions that:

- current and future members of Management will abide by the business objectives and strategies from time to time established by the Corporation;
- the Corporation will retain and supplement its board of directors (the "**Board**") and Management, or otherwise engage consultants and advisors having knowledge of the industries (or segments thereof) within which the Corporation may from time to time participate;
- the Corporation will have sufficient working capital and the ability to obtain the financing required in order to develop and continue its business and operations;
- the Corporation will continue to attract, develop, motivate and retain highly qualified and skilled consultants and/or employees, as the case may be;
- no adverse changes will be made to the regulatory framework governing MDMA, pharmaceuticals, controlled substances, taxes, and all other applicable matters in the jurisdictions in which the Corporation conducts business and any other jurisdiction in which the Corporation may conduct business in the future;
- the Corporation will be able to generate cash flow from operations, including, where applicable, distribution and sale of its product candidates;
- the Corporation will be able to execute on its business strategy as anticipated;
- the Corporation will be able to meet all applicable requirements necessary to obtain and/or maintain its permits and licences required to conduct the Business;
- general economic, financial, market, regulatory, and political conditions will not negatively affect the Corporation or its Business;
- the Corporation will be able to successfully compete in the pharmaceutical and/or controlled substances industry;
- controlled substances prices will not decline materially;
- the Corporation will be able to effectively manage anticipated and unanticipated costs;
- the Corporation will be able to maintain internal controls over financial reporting and disclosure and procedures in order to ensure compliance with applicable Laws;
- the Corporation will be able to conduct its operations in a safe, efficient, and effective manner, and general market conditions will be favourable with respect to the Corporation's future plans and goals;
- the Corporation will use the net proceeds from any future offering as outlined;
- the Corporation will list the Common Shares offered in any future offering;
- any future offering will have the anticipated effects on the Business and operations of the Corporation;
- the Corporation will be able to attract partners in the development process;
- the Corporation will be able to license identified product candidates to pharmaceutical companies;
- the Corporation products and technologies will be accepted by the market;
- financing will be available for development of new product candidates and conducting clinical studies;
- the actual results of the clinical trials will be favourable;
- development costs will not exceed the Corporation's expectations;
- the Corporation will be able to recruit suitable patients for clinical trials;
- all requisite regulatory and governmental approvals to commercialize the product candidates will be received on a timely basis upon terms acceptable to PharmAla;
- applicable economic conditions are favourable to PharmAla;

- actual costs of pre-clinical research, clinical and regulatory processes will be consistent with the Company's current expectations;
- the Company will be able to complete pre-clinical research and clinical studies on a timely basis with favourable results;
- debt and equity markets, exchange and interest rates, and other applicable economic and political conditions will be favourable to PharmAla;
- there will be a ready market for the product candidates;
- PharmAla will be able to commercialize on its own or find a suitable partner and enter into agreements to bring product candidates to market within a reasonable time frame and on favourable terms;
- the costs of commercializing on its own or entering into a partnership will be consistent with PharmAla's expectations;
- partners will provide necessary financing and expertise to bring product candidates to market successfully and profitably;
- patents and other IP rights will be obtained for viable product candidates and once obtained will not infringe on others;
- the anticipated markets for the Company's potential products and technologies will continue to exist and expand;
- the Company's products will be commercially viable and it will successfully compete with other research teams who are also examining potential products; and
- PharmAla will be able to settle or otherwise obtain disposition of claims against it on favourable terms.

By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Although Management believes that the expectations reflected in, and assumptions underlying, such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. New factors emerge from time to time, and it is not possible for Management to predict all of those factors or to assess in advance the impact of each such factor on the Business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Some of the risks that could cause results to differ materially from those expressed in forward-looking statements in this Interim MD&A include, but not limited to:

- the Corporation's inability to attract and retain qualified members of Management to grow its Business;
- unanticipated changes in economic and market conditions or in applicable Laws;
- the impact of the publications of inaccurate or unfavourable research by securities analysts or other third parties;
- the Corporation's failure to complete future acquisitions or enter into strategic business relationships;
- unanticipated changes in the controlled substances industry in the jurisdictions within which the Corporation may from time to time conduct its business and operations, including the Corporation's inability to respond or adapt to such changes;
- the Corporation's inability to secure or maintain favourable lease arrangements or the required approvals and permits necessary to conduct its business and operations and meet its targets;
- risks relating to projections of the Corporation's operations;
- the Corporation's inability to effectively manage unanticipated costs and expenses, including costs and expenses associated with product recalls and judicial or administrative proceedings against the Corporation;
- the Corporation's inability to list the Common Shares offered in any future offering;
- the Corporation's failure to utilize the use of proceeds from any future offering as expected;
- the Corporation inability to complete its proposed acquisitions;
- availability of financing in the amount and time frame needed for the development and clinical trials may not be favourable;
- the Company's ability to recruit suitable patients for clinical trials;
- timely and favourable regulatory and governmental compliance, acceptances, and approvals;
- the Company's ability to produce and sell products in, and export products to, other jurisdictions within and outside of Canada and the United States, which is dependent on compliance with additional regulatory or other requirements;
- that the Company's international Business operations, including expansion to new jurisdictions, could expose it to regulatory risks or factors beyond our control such as currency exchange rates, interest rates, and changes in governmental policy;

- changes in economic conditions;
- increases in cost of research and operations;
- PharmAla's product candidates may require time-consuming and costly preclinical and clinical studies and testing and regulatory approvals before commercialization;
- adverse changes in regulatory and governmental processes;
- the Company will be adversely affected by market competition;
- PharmAla will not be able to commercialize on its own or find a partner and/or enter into agreements within a reasonable time frame;
- if the Company enters into agreements, these agreements may not be on favourable terms to PharmAla;
- costs of entering into agreements may be excessive;
- potential partners will not have the necessary financing or expertise to bring product candidates to market successfully or profitably;
- PharmAla will not be able to obtain appropriate patents and other IP rights for viable product candidates;
- patents and other IP rights obtained will be contested by third parties;
- no proof that acquiring a patent will make the product more competitive;
- the anticipated market for the Company's potential products and technologies will not continue to exist and expand for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product;
- PharmAla may will not be able to settle pending claims on favourable terms; and
- claims may be adjudicated in a manner that is not favourable to PharmAla.

Readers are cautioned that the foregoing list of factors are not exhaustive. The Corporation provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements (including those in the documents incorporated herein by reference), and in evaluating forward-looking statements, readers should specifically consider various factors, including the risks outlined under "*Risk Factors*" herein and in the Annual Information Form for further details, which may cause actual results to differ materially from the results, performance or achievements of the Corporation expressed or implied by any forward-looking statements. The forward-looking statements contained in this Interim MD&A are made as of the date of this Interim MD&A, and except as required by applicable securities Laws, the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements.

CAUTIONARY NOTE REGARDING FUTURE ORIENTED FINANCIAL INFORMATION

This Interim MD&A may contain future oriented financial information ("**FOFI**") within the meaning of applicable Canadian securities laws, about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action, which FOFI is not presented in the format of a historical balance sheet, income statement or cash flow statement. The FOFI has been prepared by Management to provide an outlook of the Corporation's activities and results, and has been prepared based on a number of assumptions including the assumptions discussed under the heading "*Cautionary Note Regarding Forward-Looking Information*" and assumptions with respect to the costs and expenditures to be incurred by the Corporation, capital expenditures and operating costs, taxation rates for the Corporation and general and administrative expenses. Management does not have, or may not have had at the relevant date, firm commitments for all of the costs, expenditures, prices or other financial assumptions which may have been used to prepare the FOFI or assurance that such operating results will be achieved and, accordingly, the complete financial effects of all of those costs, expenditures, prices and operating results are not, or may not have been at the relevant date of the FOFI, objectively determinable.

Importantly, the FOFI contained in this Interim MD&A are, or may be, based upon certain additional assumptions that Management believes to be reasonable based on the information currently available to Management, including, but not limited to, assumptions about: (i) the future pricing for the Corporation's products, (ii) the future market demand and trends within the jurisdictions in which the Corporation may from time to time conduct the Business, and (iii) the Corporation's ongoing inventory levels, and operating cost estimates. The FOFI or financial outlook contained in this Interim MD&A do not purport to present the Corporation's financial condition in accordance with IFRS as issued by the International Accounting Standards Board, and there can be no assurance that the assumptions made in preparing the FOFI will prove accurate. The actual results of operations of the Corporation and the resulting financial results will likely vary from the amounts set forth in the analysis presented in any such document, and such variation may be

material (including due to the occurrence of unforeseen events occurring subsequent to the preparation of the FOFI). The Corporation and Management believe that the FOFI has been prepared on a reasonable basis, reflecting Management's best estimates and judgments as at the applicable date. However, because this information is highly subjective and subject to numerous risks including the risks discussed under the heading "*Risk Factors*" herein and in the Annual Information Form for further details, FOFI or financial outlook within this Interim MD&A should not be relied on as necessarily indicative of future results.

Readers are cautioned not to place undue reliance on the FOFI or financial outlook contained in this Interim MD&A. Except as required by applicable securities Laws, the Corporation does not intend, and does not assume any obligation, to update such FOFI.

CAUTION REGARDING NON-IFRS MEASURES

In addition to the results reported in accordance with IFRS, this Interim MD&A makes reference to certain measures that are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. The Company uses non-IFRS measures, including "adjusted EBITDA" as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, non-IFRS financial measures should not be considered in isolation or as a substitute for the analysis of financial information reported under IFRS. These non-IFRS measures do not have any standardized meaning prescribed under IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. The Company believes these non-IFRS financial measures are frequently used by securities analysts, investors, and other interested parties as measures of financial performance, and it is therefore helpful to provide supplemental measures of operating performance and thus highlight trends that may not otherwise be apparent when relying solely on IFRS financial measures.

The Company's definitions of non-IFRS financial measures and other measures are:

EBITDA and Adjusted EBITDA: To calculate Adjusted EBITDA the Earnings before Interest (interest expense net of interest income), Taxes (income tax expense), Depreciation, and Amortization ("EBITDA"), is adjusted for non-cash expenses, specifically, share-based compensation, loss on debt settlement and deferred joint venture profit on sales. The most directly comparable IFRS measure to Adjusted EBITDA is net loss and comprehensive loss.

BUSINESS OVERVIEW

PharmAla is a Canadian biotechnology company dedicated to the development, manufacture, and sales of MDMA and MDXX class molecules in service to the burgeoning clinical research community and growing commercial use cases in select jurisdictions. PharmAla has 3 primary business lines: (1) the manufacture of MDMA and MDXX class molecules for sale to clinical researchers in both the commercial and academic sphere, (2) the research and development of novel MDXX class compounds which offer unique benefits above and beyond currently known substances and (3) the development of novel delivery mechanisms for MDMA and MDXX class compounds.

The Company believes that there is a significant market for clinical-grade MDMA for scientific research and non-research sales, in selected jurisdictions. However, supply is constrained by manufacturing bottlenecks and regulatory restrictions. While the Company anticipates that its first business line, namely the manufacture of clinical grade MDMA for sale to end-users like researchers and clinicians, will continue generating revenue in the short to medium term eventually becoming more stable, the Company also believes that manufacturing of generic molecules will in the long-term be disrupted somewhat as supply of these molecules increases over time.

As such, the Company believes that significantly more long-term value can be derived from activity which generates significant IP, such as the Company's second business line. While these business lines are likely to generate significant value in the long-term, they are unlikely to generate short-term cash revenue as this revenue is dependent on the Company achieving its regulatory milestones.

The following sections are intended to provide a summary of the business and operations of PharmAla's material subsidiaries within the retail, as well as manufacturing and wholesale segments of the Business, as at the date of this Prospectus.

OPERATIONAL HIGHLIGHTS

Corporate Highlights – Q3 2026

During the nine months ended May 31, 2026, we have added $311,000 of additional customer deposits, building on the $276,000 as at August 31, 2025, of which we have recognized $244,000 in the nine months ended May 31, 2026 as revenue on the delivery of the related product. Due to the natural sales cycle with selling into clinical trials we are waiting on many of the customers to receive their trial and/or export permits in order for us to ship the related product, which in turn enables us to recognize the related revenue. Our clinical trial pipeline has continued to grow and remains strong with customer deposits representing approximately 50% of the related

underlying revenue. We expect to continue to convert this pipeline into revenue in the coming months with our U.S. distribution partners.

While total expenses decreased for the nine months ended May 31, 2026 but increased for the three months ended May 31, 2026 compared to the corresponding periods ended May 31, 2025, after excluding the impact of the decreases in stock based compensation, there is an overall increase in the remaining expenses. As discussed in the analysis that follows, the most significant drivers of this are related to the cost of sales as a result of fulfilling shipments, which we were unable to until we onboarded our U.S. distribution partners, increases in professional fees related to our Australian subsidiary as well as additional fees for interim reviews required as a result of filing our short form prospectus, and increases in payroll expenses due to the hiring of our new COO and the cessation of capitalizing R&D payroll costs.

Appointment of Dr. Evan Lewis to PharmAla's Scientific Advisory Board

Effective September 1, 2025, PharmAla appointed Dr. Evan Lewis (MD, FRCPC, CSCN EEG Diplomate, CMLE, C-CAT (P)) to its Scientific Advisory Board.

Dr. Evan Cole Lewis is an adult and pediatric neurologist with specialized training in epilepsy and pediatric neurology. He holds a clinical appointment as Adjunct Assistant Professor in the Department of Pediatrics at the Hospital for Sick Children and the University of Toronto. He founded and led the Neurology Centre of Toronto (2016–2024) and served as Vice President of Psychedelic Neurology at Numinus (2021–2024), where he advanced clinical care and research in medical cannabis and developed and directed a Ketamine-Assisted Therapy program for neurological conditions.

His clinical focus includes epilepsy, brain injury, concussion and persistent post-concussion symptoms, functional neurological disorders—especially functional seizures—and the use of cannabis and psychedelics in neurological treatment.

Resignation of Dr. Shane Morris

Effective September 5, 2025, Dr. Shane Morris resigned as the Company's Chief Operating Officer. In relation to the COO's resignation, 281,250 RSU's and 1,100,000 stock options were cancelled.

Debt Settlement

Effective October 1, 2025, the Company settled C$150,000 of amounts owing to an arm's length creditor through the issuance of 1,666,667 common shares in the capital of the Company at the deemed price of C$0.13 per common share. The extinguishment of the liability at the market price of the common shares resulted in a loss on debt settlement of $66,047.

Appointment of Dr. Farnoud Kazemzadeh as PharmAla's Chief Operating Officer

Effective October 8, 2025, the Company appointed Dr. Farnoud Kazemzadeh as its Chief Operating Officer. The Company granted 1,000,000 stock options with an exercise price of $0.12 to the new COO, expiring October 3, 2030, vesting quarterly over one year.

Resignation of Dr. Harriet De Wit from PharamAla's Board of Directors

Effective October 8, 2025, Dr. Harriet De Wit resigned from the Company's Board of Directors.

Filing of Amended and Restated Preliminary Base Shelf Prospectus

Effective September 19, 2025, the Company filed an amended and restated preliminary short form base shelf prospectus to the Company's short form base shelf prospectus dated June 20, 2025. The preliminary short form base shelf prospectus was amended and restated to provide additional disclosures relevant to the Company and revise the magnitude of the offering of the securities to up to an aggregate offering price of $30,000,000.

Appointment of Dr. Kiyan Afzali to PharmAla Australia's Board of Directors

Effective October 1, 2025, PharmAla Australia appointed Dr. Kiyan Afzali to PharmAla Australia's board of directors for compensation of 225,000 RSU's with 18,750 vesting immediately and the balance vesting over a three-year period.

Resignation of Dr. Malik Slassi from and Appointment of Lennie Ryer to PharamAla's Board of Directors

Effective February 9, 2026, the Company accepted Dr. Malik Slassi's resignation from the Company's Board of Directors and appointed Lennie Ryer, CPA to its Board of Directors.

U.S. President Donald Trump signed an Executive Order on April 18, 2026, which directs the U.S. Food and Drug Administration ("FDA") and the U.S. Drug Enforcement Administration ("DEA") to establish a pathway for eligible patients to access investigational psychedelic drugs, and directs the FDA Commissioner to issue National Priority Vouchers to appropriate psychedelic drugs that have received Breakthrough Therapy designation.

PharmAla is fully positioned and operationally ready to supply the U.S. Expanded Access pathway contemplated by the Executive Order. PharmAla's LaNeo™ MDMA is already present in the United States and is actively being supplied into several U.S. clinical trials, including trials sponsored by and conducted within the U.S. Department of Veterans Affairs (VA) and the U.S. Defense Health Agency (DHA). PharmAla's supply chain, quality systems, and regulatory filings are in place to scale rapidly in response to any

increase in U.S. demand generated by the Executive Order.

On May 7, 2026, the Company entered into an agreement with Aluvaris Inc. ("Aluvaris") and Diteba Inc. ("Diteba") to establish a jointly-owned special purpose vehicle (the "SPV" and the "SPV Agreement") for the clinical and regulatory development of the Company's APA-01 drug candidate. The SPV was incorporated as Restora Neurosciences Inc. ("Restora") under the Ontario Business Corporations Act on May 25, 2026.

The principal terms of the SPV Agreement are:

- At Closing the SPV will issue Founder Shares 50% to the Company and 50% to Aluvaris. The board will comprise four directors, two nominated by each party, with key decisions requiring the consent of at least one nominee of each party.
- Effective at Closing, the Company will grant the SPV an exclusive, worldwide, royalty-bearing license to the APA-01 intellectual property. The Company retains legal and beneficial ownership of the intellectual property at all times; the license is a right to use only. The license is conditional and revocable until the SPV obtains not less than US$2,500,000 of third-party funding (the "Funding Threshold"), upon which it becomes final and irrevocable, subject to reversion in defined circumstances.
- Upon satisfaction of the Funding Threshold, a one-time license fee of US$500,000 becomes payable to the Company. The Company is also entitled to a royalty of 3% of net sales of licensed products and to 25% of any sublicense income. From the date the Funding Threshold is met, the SPV bears the costs of maintaining and prosecuting the licensed intellectual property.

As at May 31, 2026, closing had not occurred. Accordingly, the Company had not received the Founder Shares, had not granted the license, and no investment in the SPV, license fee, royalty or other amount under the SPV Agreement has been recognized in these financial statements. The intellectual property related to APA-01 continues to be recognized as part of the MDXX intangible asset and is not derecognized as a result of the licensing arrangement.

On May 19, 2026, the Company entered into a non-binding term sheet (the "Term Sheet") with Jupiter Neurosciences, Inc. ("JUNS"), an arm's-length party, contemplating the grant to JUNS of exclusive, perpetual rights in the United States to develop, manufacture and commercialize the Company's ALA-002 asset, in exchange for upfront consideration, development and commercialization milestone payments and a royalty on net sales in the United States.

Other than certain provisions expressly identified as binding (relating principally to a deposit, exclusivity, confidentiality, fees and governing law), the parties have agreed that they are not bound to the proposed licensing transaction unless and until they execute a definitive agreement, which is contemplated within 90 days of signing and is subject to the satisfactory completion of due diligence by JUNS and the negotiation of definitive terms.

Under the binding provisions of the Term Sheet, JUNS deposited US$600,000 into an escrow account at signing. If a definitive agreement is executed, the deposit will be credited against the upfront cash consideration payable to the Company at closing. If a definitive agreement is not executed within 90 days of signing, the Company becomes entitled to the escrowed amount as a reverse termination fee, subject to fault-based carve-outs.

As the proposed licensing transaction is not enforceable in the absence of a definitive agreement, it does not constitute a contract with a customer under IFRS 15. Accordingly, no revenue and no asset, liability or deferred income have been recognized in these financial statements in respect of the US$600,000 escrow deposit, proposed upfront consideration of US$3,333,333 (consisting of US$1,500,000 in cash, of which US$600,000 is applied from escrow, and US$1,833,333 in JUNS common stock), the contemplated milestone payments, or the proposed 3% royalty. The Company has not granted any license and has not transferred or derecognized any intellectual property; the Company's capitalized ALA-002 patent continues to be recognized.

Cortexa

On May 1, 2023, the Company along with Australian-based Vitura Health Limited (ASX: VIT) each acquired a 50% equity interest in Cortexa. Cortexa has exclusive rights to manufacture and distribute MDMA and Psilocybin in Australia under GMP conditions using PharmAla's manufacturing technology and intellectual property. Cortexa is controlled by a board consisting of equal representatives of both the Company and Vitura. Cortexa is considered a joint venture for accounting purposes and accordingly is accounted for using the equity method.

PharmAla may make available from time to time products to Cortexa for import into Australia for supply to medical practitioners under the Therapeutic Goods Administration ("TGA") Authorised Prescriber 2 scheme. As at August 31, 2025, the Company accrued license revenue of $18,433 (AUS $20,833) and as at May 31, 2026, $20,654 (AUS 20,833).

Cortexa has a licence based on PharmAla's manufacturing technology and intellectual property, allowing for the manufacturing of MDMA and Psilocybin in Australia under GMP conditions for which they are required to pay $250,000 AUS annually to the Company for three years.

The registered and head office of Cortexa is located at Suite 8, Level 3, 299 Toorak Road South Yarra VIC 3141, Australia.

On March 23, 2026, the Company announced that Cortexa had secured supply arrangements with medical practitioners under the TGA Authorised Prescriber scheme that account for the majority of its recently produced 40mg MDMA capsule inventory, which was part of the first Australian-made batch of LaNeo™ MDMA 40mg capsules in collaboration with the Company.

The Company also announced that the license fee payments from Cortexa contractually finish in fiscal 2026.

PharmAla Australia

Effective August 11, 2025, the Company incorporated PharmAla Biotech Australia Pty Ltd. ("**PharmAla Australia**"), a wholly-owned Australian subsidiary, for the purposes of conducting research and development activities in Australia. PharmAla Australia is a registered company under the Corporations Act 2001 and registered in New South Wales and the current registered and head office of PharmAla Australia is Unit 9 99 Gardens Road, Darwin City, NT, 0800.

Since it's incorporation PharmAla Australia has not yet had operations; however, PharmAla Australia will receive a full and perpetual license to the Company's ALA-002 asset and all associated patents and will be positioned to execute both manufacturing development and clinical research in Australia.

On September 17, 2025, PharmAla Australia agreed to the terms of a director services agreement in order to bring on a director holding a PhD from a prominent Australian university with extensive experience in drug discovery and development. PharmAla Australia intends to continue to build the local team in order to support the clinical trial and work closely with the CRO and trial site.

The Company intends for PharmAla Australia to conduct a phase 2a/2b clinical trial for ALA-002 and is in the process of finalizing a contract with a clinical trial site and leveraging that relationship into another RFP for a contract research organization ("**CRO**"). During the period ended November 30, 2025, the Company conducted a broad multi-national request for proposal process ("**RFP**") for manufacturers of the related active pharmaceutical ingredient. The RFP concluded subsequent to November 30, 2025 and culminated in the selection of a UK-based Contract Development and Manufacturing Organization ("CDMO"), which was selected in consideration of quality, experience, production schedules and cost, among other factors.

LaNeo™ MDMA

To date, we have provided our MDMA product to U.S. based researchers for use in their approved clinical trials under export permits obtained through Health Canada and fulfilled through Rane Pharma. We expect the U.S. market to continue to be strong for our product, due to the lack of other suitable providers and we have agreed to commercial terms to supply a number of U.S. clinical trials, for which clinical trial approval is pending.

Completion of Import of LaNeo™ MDMA for U.S. Distribution

Effective September 8, 2025, the Company completed import operations and release to the United States. PharmAla announced contracting of this new distribution site back on March 24, 2025.

PharmAla's agreement with its partner provides for a streamlined domestically stored GMP-compliant supply of LaNeo™ MDMA for all clients already contracted. It provides certainty against regulatory and import/export risks for any clients seeking MDMA for clinical trials in the United States.

*PharmAla signs Distribution Agreement with Veridion Group ("**Veridion**")*

On September 21, 2025, PharmAla signed a distribution agreement with Veridion of New Zealand to act as exclusive distribution agent for its LaNeo™ MDMA in the Netherlands market (the "**Veridion Distribution Agreement**"). The Veridion Distribution Agreement includes an annual purchase minimum (waived for the first year), as well as restrictions on re-export. PharmAla anticipates shipping to New Zealand from existing inventory allocated for its Australian operations.

Completion of Shipment of LaNeo™ MDMA to Johns Hopkins University

On September 25 2025, the Company completed its shipment of LaNeo™ MDMA to Johns Hopkins University from its newly onboarded distribution site in the United States.

Completion of Shipment of LaNeo™ MDMA to Mount Sinai

On November 13, 2025, the Company completed its first of two shipments of LaNeo™ MDMA to Mount Sinai.

Release of Australian-Made LaNeo Capsules and Delivery to Orygen

On December 10, 2025, the Company announced it had completed its release testing of its first Australian-made batch of LaNeo™ MDMA 40mg capsules.

With the completion of the above the Company also completed its first delivery of the Australian-made product to the Orygen

Institute.

Execution of Agreement with Østfold Hospital Trust of Norway

The Company announced the execution of an agreement with Østfold Hospital Trust of Norway, which will have the Company supply LaNeo™ MDMA Clinical Research Materials to Østfold Hospital Trust, with the agreement including both financial and data-sharing provisions.

Execution of Supply Agreement with Amsterdam University Medical Center

The Company announced the execution of an agreement with Amsterdam University Medical Center in the Netherlands, which will have the Company supply LaNeo™ MDMA 40mg MDMA capsules for use in a proposed clinical trial. Under the terms of the agreement, PharmAla will supply its LaNeo™ 40mg capsule dosage, repackaged in a new single capsule packaging format. Critically, the agreement also includes a three-year stability testing program for the single-capsule dosage form, which will generate new stability data that PharmAla expects to leverage in the development of commercial-grade blister packaging for its LaNeo™ MDMA product line.

Drug Donation Agreement for MDMA-Assisted Therapy Clinical Trial in Fibromyalgia

The Company announced the execution of an agreement with Spaulding Rehabilitation ("Spaulding Rehabilitation"), a member of the Mass General Brigham healthcare system, for the provision of MDMA for use in a clinical trial investigating MDMA-assisted therapy for the treatment of fibromyalgia. Under the agreement, PharmAla will provide its LaNeo™ MDMA at no charge to Spaulding Rehabilitation for use in a study entitled "Hyperscan Neuroimaging to Reveal the Brain Mechanisms Supporting Analgesia Following MDMA-Assisted Therapy in Fibromyalgia," in exchange for a license to the study results. The study will be conducted under the direction of Principal Investigator Vitaly Napadow, PhD, of Spaulding Rehabilitation in Boston, Massachusetts.

Supply & Data Agreement with Nautilus Sanctuary for Phase 2 MDMA Clinical Trial

The Company announced that it has executed a Supply & Data Agreement with Nautilus Sanctuary Inc. ("Nautilus Sanctuary") of Brooklyn, New York, for the provision of MDMA for use in a Phase 2 clinical trial in the United States. Under the agreement, PharmAla will supply its LaNeo™ MDMA to Nautilus Sanctuary for use in an open-label clinical trial entitled "An Open Label Study to Treat Post-Traumatic Stress in Frontline Healthcare Workers and First Responders Using MDMA-Assisted Therapy".

MDXX Class Molecules

The research and development of novel MDXX class compounds and the development of novel delivery mechanisms for MDMA and MDXX class compounds, we believe will offer unique benefits above and beyond currently known substances.

On July 30, 2024, the Company announced that the USPTO issued patent 12042478, supporting PharmAla's composition of matter for (R)-2-[(2H-1,3-Benzodioxol-5-YL)Methyl]Pyrrolidine, internally deemed APA-01.

On August 9, 2024, the Company announced that the USPTO issued patent 12,053,452, supporting the composition of matter for its novel, non-racemic mixture of MDMA enantiomers, internally deemed ALA-002.

On January 17, 2022, the Company initiated preclinical research on its patented NCEs at the laboratory of Dr. William Fantegrossi at the University of Arkansas for Medical Sciences. The preclinical data obtained through the UAMS Research Agreement was used to support the successful application for the patents noted above.

The Company is exploring options with potential funding partners to take one of our MDXX molecules into clinical trials and In November 2025, PharmAla Australia executed a term sheet with Radium Capital ("Radium"), providing PharmAla Australia with a loan facility leveraging its expected Research and Development Tax Incentive ("RDTI") refunds. As PharmAla Australia has not yet commenced operations in Australia, no tranches of the RDTI loan facility have been drawn upon. Once PharmAla Australia has commenced to incur qualifying expenses, Radium will advance up to 80% of the expected RDTI refund in the form of a tranche of the loan facility. Each tranche will be secured solely by the related RDTI refund.

The Company expects that concurrent with its first drawn tranche on the loan facility PharmAla Australia will execute a Master Finance Agreement ("MFA"), which will increase the available funding up to 85% of the expected RDTI refund and provide for a reduced interest rate and settlement fee.

Corporate Highlights – Q3 2025

As announced on October 21, 2024, the Company terminated the supply agreement with CCrest Labs. Concurrently, the Company initiated a program to secure distributors in both the U.S. and Canadian markets. For Special Access Program ("SAP") distribution, the

Company has partnered with Rane Pharmaceutical Inc. (“Rane”), an existing manufacturing and research partner of the Company, which recently obtained the requisite Health Canada licensure to provide distribution services; The Company has commenced distribution during the period ended February 28, 2025, resulting in resuming delivery under the SAP as well as delivery of clinical trial product during the period.

On September 11, 2024, the Company announced it had terminated the agreement with Red Light Holland as of September 3, 2024, as a result, during the year ended August 31, 2025 there is no recurring consulting revenue, as there was in the comparative periods in 2024.

On November 14, 2024, as announced on November 7, 2024, the Company completed a debt settlement, which satisfied $100,000 of accounts payable to an arm’s length creditor, in relation to legal services, through the issuance of 459,770 common shares at a deemed price of $0.2175. The extinguishment of the liability at the market price of the common shares resulted in a loss on debt settlement of $35,632.

On December 20, 2024, the Company announced that it had completed the non-brokered private placement offering (the “Offering”) previously announced on December 13, 2024. The Offering was oversubscribed by 12% with an additional 898,444 Units sold, which resulted in a total of 8,676,221 Units, consisting of one Common Share and one-half of one Warrant, for aggregate gross proceeds of $1,561,720. Each whole Warrant entitles the holder thereof to acquire one Additional Share at a price of C$0.27 per Additional Share at any time prior to 4:30 pm (Toronto Time) on the date that is thirty six months following the Closing Date, provided that, if the closing price of the Common Shares on the CSE is $0.38 or greater per Common Share for a period of ten consecutive trading days at any time after the completion of the Offering, the Company may accelerate the Warrant Term, in compliance with the policies of the CSE, such that the Warrants shall expire on the date which is thirty days following the date a press release is issued by the Company announcing the reduced Warrant Term in accordance with the terms and conditions of the certificate representing such Warrants. The Company intends to use the net proceeds of the Offering for the securing of global patent rights for its portfolio of novel intellectual property assets, manufacture of products for sale, clinical trails into the Company’s novel patented drug candidates, sales, general corporate and working capital purposes. Securities issued under the Offering were, as applicable, subject to (i) a four month and one day hold period from the date of issuance and (ii) applicable legends as required pursuant to the United States Securities Act of 1933, as amended.

Further, on December 20, 2024, the Company announced that effective December 17, 2024, it had completed its continuance from the Province of British Columbia governed under the Business Corporations Act (British Columbia) into the Province of Ontario governed under the Business Corporations Act (Ontario) (the “Continuance”). The Continuance was approved by the Company’s shareholders at its annual general and special meeting held on February 27, 2024.

During the nine and three month periods ended May 31, 2205, the Company issued 3,893,920 and 1,159,545 common shares, respectively, related to the vesting of restricted share units (RSUs), the corresponding fair value of which was $685,227 and $200,352, respectively.

Further 850,000 common shares were issued related to the exercise of options with an exercise price of $0.05 per share for consideration of $42,500 by Directors of the Company and 110,000 common shares were issued related to the exercise of warrants for gross proceeds of $29,700.

EVENTS SUBSEQUENT TO MAY 31, 2026

Subsequent to the period ended May 31, 2026, 18,750 RSUs vested to the director of PharmAla Australia.

Subsequent to the period ended May 31, 2026, directors exercised 425,000 options at an exercise price of $0.10 per share, received $42,500 in exercise proceeds and issued 425,000 shares of common stock.

On July 20, 2026, the Company and JUNS completed the proposed licensing transaction and consequently, The Company received the US$600,000 escrow deposit and the upfront consideration of US$3,333,333 (consisting of US$1,500,000 in cash, of which US$600,000 is applied from escrow, and the right to US$1,833,333 in JUNS common stock, subject to JUNS filing a registration statement to register the equity consideration). The closing of the licensing transaction results in the license of the U.S. territorial rights for ALA-002 to JUNS, while the Company retains the rights to all other territories.

PharmAla Biotech Holdings Inc.
Management's Discussion and Analysis
Period Ended May 31, 2026
Dated – July 29, 2026

RESULTS OF OPERATIONS

Three months ended May 31, 2026, compared with the three months ended May 31, 2025

The following table provides an explanation of the significant increases and decreases for the three months ended May 31, 2026, compared with the three months ended May 31, 2025:

	2026	2025	Variance	Comments
Revenue	$513,232	$135,168	$378,064	In Q1 2025, the Company realized revenue solely from the license fees related to Cortexa. During Q3 2026 and Q3 2025, the Company had $452k and $79k of product sales, respectively. Of those product sales in Q3 2026, $169k came from MDMA product sales and another $281k came from sale of psilocybin. The Company has sold psilocybin in the past; however, it is a secondary product to our MDMA offerings and we do not maintain an active inventory of psilocybin product. The purchase of the psilocybin inventory similarly caused the respective increase in COGS as these are lower margin sales. MDMA product sales increased by over $100k in Q3 2026 compared to Q3 2025 as the Company's supply chain in the U.S. has matured and we were able to fulfill orders within days of our customers requesting delivery of the product.
Cost of goods sold	($174,687)	($9,619)	($165,068)	
Consulting	($75,963)	($42,692)	(33,271)	Change is due to the hiring of a medical and scientific liaison as a consultant (after period end as a full-time employee) who will focus on building further clinical trial pipeline sales and expansion into new markets.
Office and general	($114,911)	($58,389)	(56,522)	The fluctuation is primarily due to changes in foreign exchange as a result of the changes in the foreign exchange rates over the periods, in addition to increases in subscriptions for accounting services in Australia, an increase in D&O insurance due to the purchase of a stub policy while we evaluated our renewal options and additional amounts in the Health Spending Account, which previously had comparatively little usage in prior periods.
Investor relations	($40,968)	($37,064)	(3,904)	The increase during the three month period is nominal.
Research costs	($44,910)	($76,344)	$31,434	The decreased research costs is primarily driven by additional funds spent in Q2 2025 for work done by third party contractors to synthesize unpatented novel chemical entities in their lab. Further, the costs of our contracted research with University of Arkansas Medical Sciences (UAMS) were fully realized by Q1 2026 although additional research is ongoing with UAMS under the terms of the existing contract.
Payroll expenses	($131,439)	($116,966)	($14,473)	The slight increase is due to the withholding taxes incurred on RSU vesting.
Professional fees	($121,070)	($75,215)	($45,855)	The increase in Q3 2026 compared to Q3 2025 is due to an increase in legal and accounting fees related to pursuing tax credits and related tax credit financing in Australia.
Stock based compensation	($263,341)	($189,904)	($73,437)	The increase in Q3 2026 is due to the accelerated vesting of options and RSUs to Clariti, as a result of terminating their exclusivity, which reflects the culmination of their services contemplated under the advisory agreement. Also, additional stock-based compensation due to the April 20th option grant to directors, officers, employees and consultants of the Company.
Other expenses and revenue	($58,957)	($54,626)	($4,331)	Other expenses consists of depreciation and amortization and travel, which overall did not fluctuate significantly comparatively; however, the increase is entirely related to additional travel to conferences.
Deferred joint venture profit on sales	$13,255	$1,416	$11,839	Recognition of deferred profit on sales due to Cortexa's ongoing sales to third parties.
Joint venture share of losses	$-	$-	$-	Share of additional losses in Cortexa.
Net Loss and Comprehensive Loss	**($499,759)**	**($524,235)**	**$24,476**	
Stock based compensation	$263,341	$189,904	($73,437)	After adjusting for the noted non-cash items, Adjusted EBITDA reflects a significantly lower loss, which is entirely due to additional sales fulfillment, which was comparatively higher quarter over quarter, and the psilocybin sales. Offset in part by the increase in professional fees, D&O insurance costs and marketing expenses discussed above.
Deferred joint venture profit on sales	($13,255)	($1,416)	($11,839)	
Depreciation and amortization	$30,017	$29,167	($850)	
Adjusted EBITDA	**($219,656)**	**($306,580)**	**$86,924**	

Nine months ended May 31, 2026, compared with the nine months ended May 31, 2025

The following table provides an explanation of the significant increases and decreases for the nine months ended May 31, 2026, compared with the nine months ended May 31, 2025:

	2026	2025	Variance	Comments
Revenue	$1,000,256	$338,122	$662,134	In Q1 2025, the Company realized revenue solely from the license fees related to Cortexa. During Q3 2026 and Q3 2025, the Company had $452k and $79k of product sales, respectively. Of those product sales in Q3 2026, $169k came from MDMA product sales and another $281k came from sale of psilocybin. The Company has sold psilocybin in the past; however, it is a secondary product to our MDMA offerings and we do not maintain an active inventory of psilocybin product. The purchase of the psilocybin inventory similarly caused the respective increase in COGS as these are lower margin sales. MDMA product sales increased by over $100k in Q3 2026 compared to Q3 2025 as the Company's supply chain in the U.S. has matured and we were able to fulfill orders within days of our customers requesting delivery of the product.
Cost of goods sold	($231,933)	($19,123)	($212,810)	
Consulting	($154,185)	($161,745)	7,560	Decrease relates to classification of prior COO, who was a consultant and hiring of new COO, who is on payroll as an employee. Offset by an increase due to the hiring of a medical and scientific liaison as a consultant (after period end as a full-time employee) who will focus on building further clinical trial pipeline sales and expansion into new markets.
Office and general	($213,573)	($134,001)	(79,572)	The fluctuation is primarily due to changes in foreign exchange as a result of the changes in the foreign exchange rates over the periods, in addition to increases in subscriptions for accounting services in Australia, an increase in D&O insurance due to the purchase of a stub policy while we evaluated our renewal options and additional amounts in the Health Spending Account, which previously had comparatively little usage in prior periods.
Investor relations	($103,991)	($72,920)	(31,071)	The increase relates to the annual fees of $18,500 as a result of having filed the Short Form Prospectus, such fees were not incurred in the prior period in addition to sponsorship of an investor conference. Further, during Q3 2026, the Company retained the services of a U.S. based investor outreach provider, an increased cost of $20k for the period.
Research costs	($126,536)	($199,026)	$72,490	The decrease research costs is primarily driven by additional funds spent in Q2 2025 for work done by third party contractors to synthesize unpatented novel chemical entities in their lab. Further, the costs of our contracted research with University of Arkansas Medical Sciences (UAMS) were fully realized by Q1 2026 although additional research is ongoing with UAMS under the terms of the existing contract.
Payroll expenses	($359,186)	($262,444)	($96,742)	The majority of the increase pertains to costs of our new COO, who was hired as an employee in October, compared to our prior COO who was classified as a consultant and included in Consulting expenses.
Professional fees	($362,178)	($245,124)	($117,054)	Increased legal and professional relate primarily to $25k related to legal costs of negotiating a credit facility with an Australian based lender that ultimately did not close, increase in legal and accounting fees related to pursuing tax credits and related tax credit financing in Australia amounting to approximately $45k. Additionally, there is $30k related to interim reviews and an accrual of approximately $10k for the services of an Australian resident director for our Australian subsidiary.
Stock based compensation	($492,192)	($856,639)	$364,447	The Company has granted significant RSU and option awards for which the vesting terms and corresponding expenses were generally recognized earlier in fiscal 2025 and late fiscal 2024. The decrease is partially offset by additional stock-based compensation due to the accelerated vesting of options and RSUs to Clariti, as a result of terminating their exclusivity, which reflects the culmination of their services contemplated under the advisory agreement. Also, additional stock-based compensation due to the April 20th option grant to directors, officers, employees and consultants of the Company.

Loss on debt settlement	($66,047)	($35,632)	($30,415)	During the period ended November 30, 2025, and November 30, 2024, the Company entered into debt settlement agreements, which resulted in the extinguishment of the liability at the market price of the common shares resulted in a loss on debt settlement of $66,047 and $35,632, respectively.
Other expenses and revenue	($160,966)	($149,964)	($11,002)	Other expenses consists of depreciation and amortization, bad debts and travel, which overall did not fluctuate significantly comparatively; however, the increase is primarily related to additional travel to conferences.
Deferred joint venture profit on sales	$23,381	$1,416	$21,965	Recognition of deferred profit on sales due to Cortexa's ongoing sales to third parties.
Joint venture share of losses	$-	($17,030)	$17,030	Share of additional losses in Cortexa.
Net Loss and Comprehensive Loss	**($1,247,150)**	**($1,814,110)**	**$566,960**	
Stock based compensation	$492,192	$856,639	$364,447	After adjusting for the noted non-cash items, Adjusted EBITDA reflects a significantly lower loss, which is entirely due to additional sales fulfillment, which was comparatively higher quarter over quarter, and the psilocybin sales. Offset in part by the increase in professional fees, D&O insurance costs and marketing expenses discussed above.
Loss on debt settlement	$66,047	$35,632	($30,415)	
Depreciation and amortization	$89,510	$87,854	($1,656)	
Deferred joint venture profit on sales	($23,381)	($1,416)	$21,965	
Joint venture share of losses	$-	$17,030	($17,030)	
Adjusted EBITDA	**($622,782)**	**($818,371)**	**$195,589**	

OFF-BALANCE-SHEET ARRANGEMENTS

As of the date of this Interim MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

LIQUIDITY AND CAPITAL RESOURCES

The activities of the Company, principally the manufacture and sales of MDMA, as well as the research and development and MDXX molecules, are financed through sales of MDMA to both clinical trial customers and patients in select markets, as well as through the completion of equity transactions such as equity offerings and the exercise of stock options.

The Company has generated operating revenues from its business operations. However to date the Company has not generated sufficient operating revenues to meet its business operations cash flows, and therefore must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing discretionary operating activities and research and development costs. The Company relies on sales and external financings to generate capital. As of May 31, 2026, the Company also had 4,755,000 options which are exercisable that would raise $491,500 and 6,311,442 warrants that would raise another $1.7 million, if exercised in full. See “Trends and Economic Conditions” above.

The Company has no debt and its credit and interest rate risk is minimal. Amounts payable and other liabilities are short term and non-interest bearing. HST receivable consist of sales tax owing from government authorities in Canada.

At May 31, 2026, the Company had a cash balance of $94,000 (2025 - $130,000) as a result of cash outflows in operating activities of $673,588 (2025 - $748,758), cash inflows from investing activities of $717,000 (2025 – outflows of $1,143,580), and cash inflows from financing activities of $10,000 (2025 - $1,602,820).

Operating activities were affected by net loss of $1,247,000 (2025 - $1,814,000), items not affecting cash of $623,000 (2025 - $1,004,000), and net non-cash working capital balances of ($49,000) (2025 – $61,000). Items not affecting cash consisted of depreciation and amortization of $90,000 (2025 - $88,000), stock based compensation of $492,000 (2025 - $857,000), loss on debt settlement of $66,000 (2025 - $36,000), deferred joint venture profit on sales of $23,000 and accrued interest income of $1,000 (2025 - $nil).

Net change in the non-cash working capital balance consisted of a decrease in cash due to the increase in accounts receivable of $190,000 (2025 – decrease of $74,000) and an increase in inventory of $231,000 (2025 – $29,000). Those decreases were offset by increases in cash as a result of increases in customer deposits of $66,000 (2025 – $71,000) and changes in accounts payable of

$286,000, which included the non-cash settlement of debt of $217,000 with common shares (2025 – reduction of accounts payable of $18,000) and a decrease in prepaids expenses and other assets of $35,000 (2025 - increase of $18,000) as a result of timing of recognizing expenses. The remaining fluctuations were insignificant.

Investing activities cash inflows were due to the net redemption of short-term investments. During the nine months ended May 31, 2026, the Company purchased $550,000 of short-term investments and redeemed or matured $1,320,000 of short-term investments. These inflows were partially offset by intangible asset development costs of $53,000 (2025 - $28,000), which were lower in the prior period due to the cessation of capitalizing the development costs.

Financing activities cash inflows during the nine months ended May 31, 2026 were $10,000 from the exercise of stock options. During the nine months ended May 31, 2025, financing inflows were due to the private placement of $1,530,620 (net of issue costs) and proceeds from stock options and warrant exercises of $72,200.

Currently and in future, the Company's use of cash has and will principally occur in two areas: funding of its general and administrative expenditures and funding of its investment activities. Funding investing activities includes the cash components of the cost of acquiring and developing its intangible asset.

There may be circumstances, where for business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

The Company cannot guarantee it will have a cash flow positive status from operating activities in future periods. As a result, the Company continues to rely on the issuance of securities or other sources of financing to generate sufficient funds to fund its working capital requirements and for corporate expenditures. The Company could have negative cash flow from operating activities until sufficient levels of sales are achieved. To the extent that the Company has negative cash flow from operating activities in future periods, the Company may need to use a portion of proceeds from any offering to fund such negative cash flow.

CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company's ability to continue to carry out its planned activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

The Company considers its capital to be equity, which comprises share capital, warrants, contributed surplus and accumulated deficit, which at May 31, 2026 totaled equity of $1,929,859 (August 31, 2025 - $2,458,150).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

COMMITMENTS AND CONTINGENCIES

Sales contracts

Pursuant to the sales contracts with customers, the Company receives deposits for sales contracts. Certain upfront costs are non-refundable, however due to the nature of the industry of which the Company operates in, completing performance obligation for the contract often requires regulatory approval from a number of agencies. The Company is committed to completing its performance obligations.

Contingencies

From time to time, the Company may become involved in various claims and litigation as part of its normal course of business. The Company is not currently aware of any material claims and litigation that it is party to at this time.

Related Party Transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

During the three and nine month periods ended May 31, 2026, the Company incurred consulting and payroll fees of $45,902 and $133,200, respectively (2025 - $42,500 and $127,500, respectively) to the Chief Executive Officer ("CEO") and stock-based compensation of $30,996 and $56,169, respectively (2025 - $26,108 and $171,108, respectively).

During the three and nine month periods ended May 31, 2026, the Company incurred consulting fees of $35,123 and $93,667, respectively, to the newly hired Chief Operating Officer ("COO") (2025 – $24,000 and $72,000 to a company controlled by the former COO) and stock based compensation of $46,340 and $82,680, respectively (2024 – to the former COO $12,386 and $52,809, respectively). As at May 31, 2026, the Company has accrued $16,000 for consulting fees related to invoices issued by the former COO (2025 – $9,040).

During the three and nine month periods ended May 31, 2026, the Company incurred $24,000 and $70,500, respectively in consulting fees (2025 - $14,779 and $59,500, respectively) to a company owned by the CFO and stock-based compensation of $2,503 and $15,271, respectively (2025 - $68,332 and $197,679 for the three and nine months, respectively).

The Chief Commercial Officer (“CCO”) was appointed in March 2025, during the three and nine month periods ended May 31, 2026, the Company incurred $34,532 and $60,730, respectively (2025 - $nil) to companies owned by the CCO for services as the CCO and for legal services and stock-based compensation of $2,503 and $5,034, respectively (2025 - $nil).

See notes 8, 9 and 10.

During the three and nine month periods ended May 31, 2026, the Company incurred stock-based compensation expense to directors and officers of $126,155 and $228,420, respectively (2025 - $108,686 and $591,636, respectively).

Material accounting policies

The same accounting policies and methods of computation are followed in preparing the unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended August 31, 2025.

Accounting pronouncements

Accounting standards issued but not yet applied

IFRS 18, Presentation and Disclosure in Financial Statements

The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its “operating profit or loss”. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. Management is currently assessing the impact of this standard.

In May 2024, the International Accounting Standards Board (IASB) issued narrow scope amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Management is currently assessing the impact of this standard.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the consolidated financial statements of the Company.

Share Capital

As of the date of this Interim MD&A, the Company had 109,236,032 issued and outstanding common shares, and had no special warrants outstanding.

Warrants outstanding for the Company at the date of this Interim MD&A were as follows:

Warrants	Expiry Date	Exercise Price ($)
1,973,331	April 19, 2027	0.27
4,338,111	December 20, 2027	0.27

RSUs outstanding for the Company at the date of this Interim MD&A were as follows:

Options	Grant Date
2,300,000	November 3, 2023
150,000	October 1, 2025

PSUs outstanding for the Company at the date of this Interim MD&A were as follows:

Options	Grant Date
Nil	n/a

Stock options outstanding for the Company at the date of this Interim MD&A were as follows:

Options	Expiry Date	Exercise Price ($)
80,000	August 12, 2026	0.1
750,000	January 5, 2027	0.1
1,500,000	January 5, 2027	0.1
300,000	July 13, 2027	0.1
2,300,000	November 6, 2033	0.18
1,200,000	May 29, 2030	0.105
1,000,000	October 3, 2030	0.12
4,850,000	April 20, 2031	0.10

RISKS AND UNCERTAINTIES

Management defines risk as the evaluation of probability that an event might happen in the future that could negatively affect the financial condition, results of operations and/or reputation of the Company. The risk assessment section can be found in the Company's Annual Information Form (AIF) of the fiscal year ended August 31, 2024.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (a) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and (b) the audited financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the years presented by the financial statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the

issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.