# NOVERIS HEALTH SCIENCES INC.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FOR THE SIX MONTHS ENDED

## JUNE 30, 2026 AND 2025

(Expressed in Canadian dollars)

August 31, 2026

This Interim management's discussion and analysis ("MD&A"), prepared in compliance with section 2.2 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations, provides an analysis of the consolidated financial position and results from operations of Noveris Health Sciences Inc. (Formerly, Mydecine Innovations Group Inc.) ("we", "us", "our", the "Company" or "Noveris"), which will enable the reader to evaluate important variations in our financial situation for the six months ended June 30, 2026, compared to the six months ended June 30, 2025.

This report has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last Management Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2025. This MD&A should be read in conjunction with the Company's Annual MD&A, audited annual financial statements for the years ended December 31, 2025 and 2024, together with the notes thereto, and unaudited interim financial statements for the six months ended June 30, 2026, together with the notes thereto.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (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 the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) 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.

The Company's interim financial statements and the financial information contained in this 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 Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars unless otherwise indicated. The unaudited interim financial statements have been prepared in accordance with International Accounting Standards 34 - Interim Financial Reporting.

Additional information, including news releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("**SEDAR+**") and is available under the Company's profile at www.sedarplus.ca or the Company's website https://www.noveris.health/

## ***FORWARD LOOKING STATEMENTS***

*This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued development of our intellectual property, including those identified in the Risk Factors section. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions.*

*Readers are cautioned that these forward-looking statements are neither promises nor guarantees, and are subject to risks and uncertainties that may cause future results to differ materially from those expected including, but not limited to:*

- *The Company's expectations regarding the adoption and impact of certain accounting pronouncements;*
- *The availability of financing needed to complete the Company's business plans on commercially reasonable terms;*
- *The Company's expectations with respect to the Company's future financial and operating performance;*
- *The Company's expectations with respect to future performance, results and terms of strategic initiatives, strategic agreements and third party agreements.*
- *The Company's expectation on receiving regulatory approval to develop and market psychedelic medicine including but not limited to psilocybin and derivatives of psilocybin; and,*

- *Federal status that may contradict local and state legislation respecting the legal status of psychedelic medicine including but not limited to psilocybin and derivatives of psilocybin;*

*These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf except as may be required by securities laws.*

## BACKGROUND

Noveris Health Sciences Inc. (formerly, Mydecine Innovations Group Inc.) was incorporated under the *Business Corporations Act* (British Columbia) on September 27, 2013, under the name 0981624 B.C. Ltd. On May 27, 2020 the Company changed its name to Mydecine Innovations Group Inc. On February 2, 2026, the Company changed its name to Noveris Health Sciences Inc. The Company's common shares traded on the NEO exchange (NEO: MYCO), OTC exchange (OTC:MYCOF) and on the Frankfurt stock exchange (FSE:0NFA) until October 5, 2023, when the Company delisted from the NEO exchange and its listing on the Canadian Securities Exchange (CSE) commencing October 6, 2023 under the symbol MYCO. On February 2, 2026, the Company changed its CSE trading symbol to NVRS (FSE: 0NF0) (OTC: MYCOF).

## THE BUSINESS OF THE COMPANY

The Company is a biotechnology company focused on the development, advancement and commercialization of intellectual property, technologies and therapeutic opportunities addressing significant unmet needs in healthcare. The Company continues to evaluate opportunities to create value through strategic partnerships, licensing arrangements, research collaborations and related commercial initiatives.

On June 5, 2026, the Company announced that it had re-engaged Applied Pharmaceutical Innovations ("API") to progress its intellectual portfolio, and provided API with a $20,000 retainer, pursuant to a master services agreement effective May 27, 2026. API is one of Canada's leading life sciences commercializing organizations, and had previously worked in partnership with the Company to develop its intellectual property. On August 18, 2026, the Company signed a new work order with API, to restart the synthesis of previously investigated compounds that demonstrated promise and to generate additional information to support future research and development decisions. At that time, the Company advanced $146,000 to API. Pursuant to the work order, API will support the Company in restarting the synthesis of promising compounds, chemistry, in vitro evaluation, quality and project-management activities intended to generate information that may assist the Company in determining appropriate next steps for compounds under review. API will conduct the work in a framework that will ensure the rapid scale-up of selected molecules in stage appropriate GMP if rapid development towards clinical testing is warranted. The Company will review the results of the initial work before determining which compounds, if any, should advance into additional research and development. Management notes that there can be no assurance that the initial work will produce results sufficient to support further development of any compound.

The Company holds three patents and has eleven pending patent applications across multiple jurisdictions. The Company continues to undertake activities to maintain and preserve its patent portfolio, including the payment of applicable maintenance and other fees, prosecution of pending patent applications and other activities necessary to preserve its intellectual property rights. The Company continues to evaluate various strategic alternatives in respect of its patent portfolio and related intellectual property assets. These alternatives may include, among other things, the potential sale of all or a portion of the portfolio, strategic partnerships, joint ventures, licensing arrangements, royalty arrangements or other commercial arrangements with third parties.

On April 29, 2026, the Company entered into a non-binding term sheet contemplating the acquisition of an equity interest in Ell Stem Cells ("Ell"), a distributor of regenerative medicine products, including extracellular matrices, exosomes and stem cell-based therapies, to physicians from licensed laboratories. The Company remains in discussions with the vendors of Ell regarding potential avenues to participate in the stem cell distribution market and is evaluating a range of transaction structures, including a joint venture, licensing arrangement, strategic partnership, or equity investment. No definitive agreement has been entered into at this time and there can be no assurance that

any transaction will be completed.

The Company's operations were conducted in compliance with local laws where such activities are permissible and do not require any specific legal or regulatory approvals. The Company oversaw and monitored compliance with applicable laws in each jurisdiction in which it operates.

The Canadian and United States federal governments regulate drugs through the *Controlled Drugs and Substances Act* (Canada) (the "CDSA") and the Controlled Substances Act (21 U.S.C. § 811), respectively, which place controlled substances in a schedule. Under the CDSA, psilocybin is currently a Schedule III drug. CDSA prohibits the possession of a Schedule III drug absent authorization under the CDSA or a related regulation (either via a license or an authorized exemption). It is a criminal offence to possess substances under the CDSA without a prescription. Health Canada has not approved psilocybin as a drug. It is anticipated that all of the Company's psilocybin activities in Canada will be carried out through API, under licenses held by and exemptions afforded to API to legally handle and administer psilocybin. The Company may be: (a) subject to heightened scrutiny by regulators, stock exchanges, clearing agencies and other U.S. and Canadian authorities; (b) susceptible to regulatory changes or other changes in law; and (c) subject to risks related to drug development, among other things.

## CHANGES TO BOARD OF DIRECTORS AND MANAGEMENT

On January 22, 2025, Damon Michaels resigned as Chief Operating Officer. On March 18, 2025, Peter Field joined the Board. On March 21, 2025, Michael Callas joined the Board and Robert Roscow resigned as Chief Science Officer and Director.

On February 2, 2026, Jason Birmingham joined the Company as Chief Strategy Officer, and on March 10, 2026, succeeded Josh Bartch as CEO and Director, concurrent with Mr. Bartch's resignation from the Company.

## CEASE TRADE ORDERS AND TRADING HALT ORDERS

The Company was subject to a trading order issued by the BCSC from March 26 to April 16, 2026 as a result of (i) unexplained and unusual fluctuations in the volume of trading in, or market price, of the Company's shares traded on the CSE, and (ii) concerns about statements in the Company's offering document in respect of its Listed Issuer Financing Exemption dated March 11, 2026. The Company reported on March 16, 2026 that it was not aware of any material change which would result in a fluctuation in its share prices. Further, the Company announced on March 25, 2026, that it did not authorize, commission, or otherwise involve itself in the creation or distribution of an article concerning the Company circulated by John Michaels on March 19, 2026. As a result of the BCSC review, the Company issued a press release on April 20, 2026 stipulating that its financing would not be relying on the Listed Issuer Financing Exemption, that the securities issued in respect of that financing would be subject to a four-month hold (from their original date of issuance), and provided additional clarifications concerning its recent public disclosure. The Company's common shares began trading again on April 21, 2026.

## EXECUTIVE HIGHLIGHTS

On June 5, 2026, the Company announced that it had re-engaged API.

On April 29, 2026, the Company entered into a non-binding term sheet contemplating the acquisition of an equity interest in Ell. No definitive agreement has been entered into at this time, and as noted in the Company's April 29th news release, there can be no assurance that any transaction will be completed. Management will provide further updates on its stem cell initiatives as they become available.

## PROPOSED TRANSACTIONS

On April 29, 2026, the Company entered into a non-binding term sheet contemplating the acquisition of an equity interest in Ell. The Company has paid a refundable deposit of US$100,000 toward the purchase price. If the Term Sheet is terminated, the deposit is repayable to the Company on demand. If not repaid within three business days of demand, the outstanding amount will accrue interest at 18% per annum. No definitive agreement has been entered

into at this time, and as noted in the Company's April 29th news release, there can be no assurance that any transaction will be completed. Management will provide further updates on its stem cell initiatives as they become available.

## FINANCINGS AND SHARE ISSUANCES

| | Number of Shares |
|---|---|
| **Balance, December 31, 2024** | **1,235,108** |
| Return to treasury | (47) |
| **Balance, December 31, 2025** | **1,235,061** |
| Shares issued on conversion of debentures | 40,890,041 |
| Shares issued on conversion of debentures | 6,797,900 |
| Shares issued in placement | 9,625,049 |
| **Balance, June 30, 2026** | **58,548,051** |

*On October 21, 2025, the Company consolidated its shares on a 50 to 1 post-consolidated basis. The Company's shares, basic and diluted loss per share have been adjusted retrospectively for all periods presented to reflect the consolidation.*

On August 28, 2022, the Company was obligated to issue 19,380 common shares for the last tranche of Neuropharm's anti-dilution clause. As at December 31, 2025 and December 31, 2024, these shares have not been issued.

On March 6, 2026, the Company announced that two debentures ($7,878,792 and $1,309,836) had been converted to shares (40,890,041 and 6,797,900).

On March 11, 2026, the Company announced a private placement of a minimum of $1.5 million and a maximum of $2.5 million. The placement comprised units of one common share and one common share purchase warrant. Each purchase warrant provides the holder the right to purchase one common share at a price of $0.30 for a period of 24 months. On March 18, 2026, the placement closed, raising $2.3 million gross proceeds on the issuance of 9,625,049 units.

During the 2025 year, the Company did not issue shares.

On February 22, 2024, the Company issued 52,371 common shares with a fair value of $32,732 and settled debt of $52,371. The Company recorded a gain on settlement of debt of $19,639.

On March 27, 2024, the Company issued 58,824 common shares with a fair value of $58,824 and settled debt of $50,000. The Company recorded a loss on settlement of debt of $8,824.

On April 15, 2024, the Company issued 72,564 common shares with a fair value of $54,423 and settled debt of $61,680. The Company recorded a gain on debt settlement of $7,256.

The 2024 financings have been used to reduce debts.

## OUTSTANDING SHARE DATA

The Common Shares, warrants and stock options of the Company which were outstanding as at the date of this MDA, June 30, 2026, and December 31, 2025 were as follows:

| | August 31, 2026 | June 30, 2026 | December 31, 2025 |
|---|---|---|---|
| Common Shares | 58,548,051 | 58,548,051 | 1,235,061 |
| Neuropharm anti-dilution shares | 19,380 | 19,380 | 19,380 |
| Unissued placement shares | - | - | 1,111,111 |
| Warrants | 9,677,418 | 9,677,418 | 52,369 |
| 2025 convertible debt | 3,067,772 | 2,904,156 | 115,000 |
| 2025 convertible debt (Pioneer and Bartch) | - | - | 47,377,840 |
| 2024 convertible debt | - | - | 666,406 |
| 2021 convertible debt | - | - | 2,200,000 |
| Stock Options | - | - | - |
| Fully diluted | 71,312,621 | 71,149,005 | 52,777,167 |

During 2026, convertible debt of $9,256,859 was converted into 47,687,941 common shares and one convertible debenture was repaid. Under the terms of the remaining two convertible debentures, a total of 2,904,156 common shares were issuable on conversion at June 30, 2026. Changes in the share price increased the number of common shares on conversion to 3,067,772 at the date of this MDA.

## SELECTED ANNUAL INFORMATION

The table below presents selected financial data for the Company's three most recently completed years, all prepared in accordance with IFRS.

| | December 31, 2025 | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Total revenue | $ - | $ - | $ - |
| Expenses | 548,714 | 4,321,621 | 10,852,691 |
| Total assets | 9,699 | 50,598 | 212,379 |
| Assets held for distribution | - | - | - |
| Current liabilities | 12,258,101 | 15,333,107 | 12,127,698 |
| Long-term liabilities | 222,954 | - | - |
| Net gain (loss) for the period | 2,921,152 | (3,174,901) | (20,947,032) |
| Net loss per share, basic and diluted | 2.37 | (2.66) | (42.85) |

*Notes: The 2023 and 2024 per share information was restated as noted in the changes reported in the financial statements. Per share information reflects a 50:1 consolidation in all periods.*

On October 1, 2021, the Company completed the spin-out of all its cannabis subsidiaries and investments. The purpose of the spin-out was, among other things, to remove all of the cannabis assets and liabilities from the Company and permit the Company to comply with listing qualification requirements for senior stock exchanges in the United States and other comparable requirements regarding cannabis assets. On December 12, 2022, the Company disposed of its Mindleap Health Inc. ("Mindleap") subsidiary. The purpose of the Mindleap division sale will reduce the Company's operating cash outflows, while allowing the Company to have more operating capital and narrow its focus on its remaining core projects.

The cannabis subsidiary loss in 2021 was $5.3 million. The Mindleap division disposal in 2022 was reported as a $6.5 million gain. In 2023, the Company reported a combined $6.4 million loss on the sale of PanGenomic shares and the subsequent credit loss. Further, the Company expensed $3.75 million of shares issued for services in 2023 as the service was not expected to extend beyond the 2023 year-end.

## SELECTED QUARTERLY INFORMATION

The table below presents selected financial data for the Company's eight most recently completed quarters, all prepared in accordance with IFRS.

| | Revenue | Expenses | Assets | Liabilities | Gain (Loss) per Share | Average Shares Outstanding |
|---|---|---|---|---|---|---|
| June 30, 2026 | $ - | $ 815,423 | $ 988,197 | $ 3,219,374 | $ 0.00 | 58,548,051 |
| March 31, 2026 | - | 300,722 | 2,032,921 | 4,306,909 | (0.10) | 15,871,996 |
| December 31, 2025 | - | (5,843) | 9,699 | 12,481,055 | 2.56 | 1,235,061 |
| September 30, 2025 | - | (73,786) | 47,081 | 15,206,574 | 0.09 | 1,235,061 |
| June 30, 2025 | - | 133,433 | 234 | 15,318,434 | (0.01) | 1,235,061 |
| March 31, 2025 | - | 494,910 | 9,832 | 15,230,165 | (0.24) | 1,235,061 |
| December 31, 2024 | - | (1,394,888) | 50,598 | 15,333,107 | 2.02 | 1,235,108 |
| September 30, 2024 | - | 1,991,005 | 178,309 | 17,623,321 | (1.61) | 1,235,108 |
| June 30, 2024 | - | 2,676,240 | 158,520 | 15,612,527 | (2.18) | 1,223,820 |

The June 30, 2026 period change in average shares outstanding reflects conversions of debts to equity and the cash proceeds of a private placement.

The March 31, 2026 period change in assets and liabilities reflects conversions of debts to equity and the cash proceeds of a private placement.

Fluctuation in assets is mostly due to cash used in operating activities and for working capital. The amount and timing of expenses and availability of capital resources vary substantially from quarter to quarter, depending on the availability of funding from investors or collaboration partners.

In Q4 2024, the Company reclassified many research costs and recognized gains on debt settlements, which created most of the gain in the quarter. In Q3 and Q4 2025, due to a change in focus of the business, several accruals were reversed, creating the quarterly income.

## RESULTS OF OPERATIONS – REVENUES

Due to the nature of research, the Company has no revenues.

During 2025 and the early part of 2026, the Company focused substantially on debt reduction and financial restructuring. Following that restructuring, the Company began allocating resources toward evaluation and advancement of its intellectual property portfolio, including research and development activities conducted through external scientific and development partners.

## RESULTS OF OPERATIONS – EXPENSES

*For the three-month period ended June 30, 2026 and 2025*

The Company recorded a net income in Q2 2026 of $22,811 ($0.00 per share) compared to a net loss of $12,946 ($0.01 per share) for Q2 2025. Some of the significant charges to operations and other expenses are as follows:

- The Company reported a Q2 2026 non-cash derivative liability recovery of $660,136, due to the effect of conversion mechanics in a rapid share price decrease environment, as applied to potential convertible debentures.

- Professional fees of $241,771 in Q2 2026 (Q2 2025 - $Nil) mostly reflected the Company's response to regulator queries in 2026.

- Finance costs of $9,897 in Q2 2026 (Q2 2025 - $140,456) is significantly reduced with the conversion of $9.5 million of convertible debentures into common shares on March 6, 2026.

- Director and Management fees in Q2 2026 of $190,100 (Q2 2025 - $230,802) reflect personnel changes. The 2026 fees include CEO, CFO and director expenses.

- Corporate development costs of $141,332 in Q2 2026 were significantly increased as the Company was focused on re-establishing and communicating its operating plan with its shareholders.

- Office costs of $92,220 in Q2 2026 (Q2 2025 - $6,020) mostly reflects increased costs of financial reporting in 2026 as compared to 2025. The Company has joined several industry groups in 2026 and these fees also contributed to the increase.

- Foreign exchange expense of $83,537 in Q2 2026 (Q2 2025 – recovery of $278,964) mostly reflects the effect of the CAD:US exchange rate changes on liabilities.

- Research and development fees of $32,793 in Q2 2026 (Q2 – 2025 – recovery of $2,825) reflect a return to the Company's core business of biotechnology research.

*For the six-month period ended June 30, 2026 and 2025*

The Company recorded a net loss in the first six months 2026 of $1,593,691 ($0.04 per share) compared to a net loss of $311,803 ($0.25 per share) for the first six months of 2025. Some of the significant charges to operations and other expenses are as follows:

- The Company incurred during the 6 months ending June 30, 2026 non-cash derivative liability expense of $655,644, due to the effect of conversion mechanics in a rapid share price change environment, as applied to potential convertible debentures.

- Professional fees of $482,903 during the 6 months ending June 30, 2026 (during the 6 months ending June 30, 2025 - $Nil) mostly reflected the Company's response to regulator queries in 2026.

- Finance costs of $22,523 during the 6 months ending June 30, 2026 (during the 6 months ending June 30, 2025 - $281,055) is significantly reduced with the conversion of $9.5 million of convertible debentures into common shares on March 6, 2026.

- Director and Management during the 6 months ending June 30, 2026 of $223,700 (during the 6 months ending June 30, 2025 - $474,601) reflect personnel changes. The 2026 fees include CEO, CFO and director expenses.

- Corporate development costs of $149,567 during the 6 months ending June 30, 2026 (during the 6 months

ending June 30, 2025- $1,648) were significantly increased, mostly in Q2 2026, as the Company was focused on re-establishing and communicating its operating plan with its shareholders.

- Office costs of $124,443 during the 6 months ending June 30, 2026 (during the 6 months ending June 30, 2025 - $62,200) mostly reflects increased costs of financial reporting in 2026 as compared to 2025. The Company has joined several industry groups in 2026 and these fees also contributed to the increase. A significant increase was seen in Q2 2026. The Company expects quarterly office costs to be reduced going forward.

- Consulting fees of $5,300 during the 6 months ending June 30, 2026 have decreased from $70,630 during the 6 months ending June 30, 2025. During 2025, the Company engaged a consultant to obtain advice on extracting value from the remaining research portfolio. The consultant was not related to the Company and operated as an independent contractor.

- Gains on forgiveness of liabilities in both periods reflects efforts to negotiate with creditors.

- Foreign exchange expense of $51,201 during the 6 months ending June 30, 2026 (during the 6 months ending June 30, 2025 – recovery of $298,787) mostly reflects the effect of the CAD:US exchange rate changes on liabilities.

The Company notes that in its interim MD&A for the 9 months ending September 30, 2025, it described $40,136 of research and development expense recoveries being tied to efforts to conserve cash and focus on debt reduction. While the amount of expenses recovered is correct, the Company incorrectly tied the change over the periods to efforts to conserve cash and focus on debt reduction. This expense recovery was mentioned again in the Company's annual MD&A for the year ending December 31, 2025, as creating most of the Company's profit in the fourth quarter of 2025. This statement is incorrect in that most of the Company's profit from this period came from its disclosed debt settlements.

## CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

All significant critical accounting estimates are fully disclosed in Note 3 of the Financial Statements for the year ended December 31, 2025. There were no changes in Accounting Policies in the period ended June 30, 2026.

## LIQUIDITY

The Company is focused on the emerging psychedelic medicines market. As of the date of this MD&A, the Company has received minimal revenues to date. As a result, its ability to conduct operations is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that the Company will be able to do so.

The Company's continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately, the attainment of profitable operations and positive cash flows. The Company's convertible debenture is in good standing as of the date of this MD&A.

The Company's operations, including its subsidiaries, have not yet generated any significant income or revenues and management expects these results to remain unchanged until/if the company is able to obtain regulatory approval and enter the commercialization phase for its drug candidates. The Company intends to use financing activities to fund operations until income from operations are available to satisfy liquidity needs.

However, there can be no assurance that the Company will successfully develop or commercialize its intellectual property or generate revenues from its research and development activities, licensing arrangements or other strategic initiatives.

At June 30, 2026, the Company's working capital deficit was $2,231,177 (December 31, 2025 – working capital deficit

of $12,248,402) and cash was $808,965 (December 31, 2025 - $9,699). The Company's working capital position improved significantly in the period ended March 31, 2026 through the conversion of convertible debt and the cash raised in the private placement. Partly offsetting the above improvement in working capital, one convertible debenture was reclassified from a long term liability to a current liability in the June 2026 period.

## LIQUIDITY AND CAPITAL RESOURCES – CASH FLOW

### OPERATING ACTIVITIES

Cash used by operating activities during the 6 months ending June 30, 2026 was $1,438,287 as compared to cash used of $91 during the 6 months ending June 30, 2025. The 2026 operating activities were mostly paid in cash, while accounts payable decreases account for the remainder of the cash used in during the 6 months ending June 30, 2026.

### FINANCING ACTIVITIES

During 2026 the Company raised $2,237,553 from financing activities. The Company issued 9,625,049 units, receiving proceeds of $2,307,011, with each unit comprising one common share and one common share purchase warrant. Each warrant can be exchanged for one common share on payment of $0.30 for a period of 24 months from the date of the financing. The Company repaid one convertible debenture in Q2 2026, using cash of $69,458.

On April 29, 2026, the Company announced that it had entered into a term sheet to acquire a 49% equity interest in ELL, for total cash consideration of US$1 million. The Company has paid a refundable deposit of US$100,000 toward the purchase price, included in prepaid expenses and deposits.

During 2025 the Company did not raise any proceeds from financing.

### INVESTING ACTIVITIES

During 2026 and 2025 the Company did not engage in investing activities.

### FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. During 2026, the Company classified its financial instruments as follows:

| Financial assets/liabilities | Classification under IFRS 9 |
|---|---|
| Cash and other receivables | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Convertible debentures | Amortized cost |
| Notes payable | Amortized cost |

Financial instruments are used to finance and conduct the Company's operations.

The Company reported $9,886,457 of convertible debentures and associated derivative liabilities at December 31, 2025. During the period ended March 31, 2026, $9,526,859 of this balance was converted to common shares. During during the 6 months ending June 30, 2026, the Company reported a non-cash derivative charge of $655,644 against the remaining convertible debentures. The Company reported $22,523 of interest on the debentures during the 6 months ending June 30, 2026 (during the 6 months ending June 30, 2025 - $281,055).

At June 30, 2026, the Company held two convertible debentures, totalling $229,676 (December 31, 2025 – five convertible debentures totaling $9,453,840). The derivatives liability related to convertible debentures increased to $749,805 at June 30, 2026, from $442,617 at December 31, 2025 ($361,106 current, $81,511 long term). The valuation of the derivative liability reflects changes in the share price over the periods.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from previous periods.

(a) Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Cash is held with major financial institutions, from which management believes the risk of loss to be minimal.

(b) Sensitivity Analysis

The Company may hold balances in United States dollars that give rise to foreign exchange risk. Based on management's knowledge and experience of the financial markets, the Company does not believe there would be any material movements as a result of changes in interest rates. The Company's exposure to the US dollar was significantly reduced in the March 2026 period, through the conversion of US dollar denominated convertible debentures into common shares. The Company continues to hold US dollar exposure at June 30, 2026, primarily through the convertible debentures.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. The Company ensures that sufficient funds are raised from private placements or loans to meet its operating requirements, after taking into account existing cash. The Company's cash is held in business accounts which are available on demand for the Company's business and are not invested in any asset-backed deposits or investments. All of the financial liabilities of the Company are due within 12 months of June 30, 2026.

(d) Market Risk

The Company is exposed to the following market risks:

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets. The Company is not susceptible to interest rate fair value risk on its convertible debentures and notes payable that bear fixed interest rates.

(ii) Foreign Exchange Risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions and balances denominated in currencies other than the Canadian dollar. The Company performed a sensitivity analysis utilizing a 1% factor and concluded currency risk is not significant to the condensed interim consolidated financial statements.

## CAPITAL RESOURCES

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include administrative costs and general expenditures. In the management of capital, the Company includes cash and the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Historically, funding for the Company's plan is primarily managed through the issuance of additional common shares, through its commercial activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required. In order to carry out the planned development and pay for administrative costs, the Company will spend its existing working capital and expects to raise additional amounts as needed. The Company will continue to assess new business and seek to acquire an interest in additional business if it feels there is sufficient scientific or economic potential and if it has adequate financial resources to do so.

The Company invests all capital that is surplus to its immediate operational needs in cash held in major financial institutions in the United States and Canada. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There was no change in the Company's approach to capital management in the period ended June 30, 2026. The Company is not subject to externally imposed capital requirements.

During 2026, the Company reported progress toward financial stability, through a private placement and the conversion of convertible debt. These efforts were undertaken to strengthen the Company's financial position, provide working capital for operations and provide management with resources to advance the Company's business and intellectual property portfolio.

The Company intends to evaluate development opportunities based on their scientific, commercial and financial merits, with the objective of advancing the interests of the Company and its shareholders.

## TRANSACTIONS WITH RELATED PARTIES

The Directors and Executive Officers of the Company are as follows:

| | |
|---|---|
| Jason Birmingham | CEO and Director since March 10, 2026 (CSO February 2, 2026 to March 10, 2026) |
| David (Josh) Bartch | CEO and Director (ceased on March 10, 2026) |
| Damon Michaels | COO (ceased on January 22, 2025) |
| Robert Roscow | Chief Science Officer and Director (ceased on March 21, 2025) |
| Dr. Rakesh Jetly | Chief Medical Officer (ceased on December 31, 2025) |
| John Ross | CFO since January 1, 2023 |
| Peter Field | Director since March 18, 2025 |
| Michael Callas | Director since March 21, 2025 |

The Company incurred the following related party transactions, with associated persons or corporations as follows:

Key management includes directors, executive officers and officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by directors, executive officers and officers as follows:

| *Management Compensation*<br>*Six months ended* | June 30, 2026 | June 30, 2025 |
|---|---|---|
| Director and management fees paid or accrued to the former CEO | - | 245,379 |
| Director and management fees paid or accrued to the CEO | 98,500 | - |
| Management fees paid or accrued to the CFO | 31,200 | 26,400 |
| Director fees | 94,000 | - |
| Management fees and salaries paid or accrued to other officers of the Company | - | 202,822 |
| **Total** | **$ 223,700** | **$ 474,601** |

During the period ended June 30, 2026, the Company has an accrual for management and director fees of $173,860 (December 31, 2025 – $191,103) for the executive team and board of directors included in accounts payable and accrued liabilities within the consolidated statement of financial position. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

On March 19, 2025, the Company entered into a Debt Forgiveness Agreement ("Debt Forgiveness") with two former related parties (Collectively, the "Creditors"), to settle outstanding unpaid management fees of $1,043,137 (US $745,043) and $907,188 (US $641,348), respectively. The Creditors agreed to settle these Debts with each of the Creditors in exchange for a secured convertible debenture in the principal amount of $71,630 (US $50,000). During Q2 2026, the Company repaid one of the Creditors, leaving $71,050 (US$50,000) outstanding at June 30, 2026.

During the year ended December 31, 2025, the Company entered into a debt settlement agreement with the Company's former Chief Executive Officer, to settle $1,309,836 of unpaid management fees and expense reimbursements. The Company issued a convertible debenture in the principal amount of $1,309,836 on October 14, 2025. During the period ended March 31, 2026, the debenture was converted into 6,797,900 common shares of the Company.

The Company entered into a debt settlement agreement with Pioneer Garage Limited to settle CAD $7,878,792 in amounts owing under a prior convertible debenture and expense reimbursements. In full and final settlement, the Company issued a convertible debenture in the principal amount of CAD $7,878,792 on October 14, 2025. During the period ended March 31, 2026, this debenture was acquired by an arm's length party and converted into 40,890,041 common shares of the Company.

As at December 31, 2025, Dr. Jetly forgave debt of $1,263,298, which was recorded as a gain on settlement of debt.

## OFF BALANCE SHEET ARRANGEMENTS

As at June 30, 2026, the Company had no off-balance sheet arrangements.

## CONTINGENCIES

As at December 31, 2023, the Company has an outstanding payable balance of $865,456 to a research partner that was due on August 30, 2024 ("Due Date"). If the Company did not remit payment by the Due Date, the Company could be liable for a project cancellation fee of $1,400,000. On November 1, 2024, the Company entered into a settlement agreement with the Company's research partner, who forgave the amount outstanding in exchange for the research conducted by the research partner.

## RISKS AND UNCERTAINTIES

The following risk factors are not intended to be exhaustive. The Company faces a number of risks and uncertainties in connection with its business, operations and prospects, including those described below, as well as other risks and uncertainties that may not currently be known to the Company or that the Company currently considers to be immaterial. Any of these risks and uncertainties, individually or in combination, could materially and adversely affect the Company's business, financial condition, results of operations or prospects.

*Psilocybin industry*

Psilocybin is currently a Schedule III drug under the Controlled Drugs and Substances Act (CDSA) and it is a criminal offense to possess substances under the CDSA without a prescription and Health Canada has not approved psilocybin and psilocin as drugs. Any activities such as sale, possession, production, etc. of the substance is prohibited unless authorized for clinical trial or research purposes under section 56 of the CDSA. Health Canada can grant exemptions under section 56 of the CDSA to use controlled substances if it is deemed to be necessary for a medical or scientific purpose or is otherwise in the public interest. Health Canada must also approve the clinical trials.

*Uninsured Risks*

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include key person insurance as the Company heavily relies on the Company officers.

*Conflicts of Interest*

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

*Negative Operating Cash Flows*

The Company is a pre-revenue biotechnology company and may continue to experience negative operating cash flows while it evaluates, develops and seeks to commercialize its intellectual property and other business opportunities.

*Reliance on Key Personnel and Advisors*

The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

*Licenses, Patents and Proprietary Rights*

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

*Competition, Technological Obsolescence*

The Company intends to evaluate development opportunities based on their scientific, commercial and financial merits, with the objective of advancing the interests of the Company and its shareholders. Others in the field may have significantly more financial, technical, distribution and marketing resources. Technological progress and product development may cause the Company's services and facilities offerings to become obsolete or may reduce their market

acceptance.

*Operating History and Expected Losses*

The Company expects to make significant investments in order to develop its services, increase marketing efforts, improve its operations, conduct research and development and update its equipment. As a result, operating losses are expected and such losses may be greater than anticipated, which could have a significant effect on the long- term viability of the Company.

*Risks Related as a Going Concern*

As at June 30, 2026, the Company has an accumulated deficit of $156,451,211 (December 31, 2025 – $154,857,520), net comprehensive loss of $1,593,691 (June 30, 2025 – $311,803) and cash provided by (used in) operating activities of ($1,438,287) (June 30, 2025 – $91). Although the Company reported a gain in 2025 of $2,921,152 and cash provided by ongoing operating activities of $9,374, most of the gain resulted from one-time debt settlements and not from operating results. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These material uncertainties may cast significant doubt as to the Company's ability to continue as a going concern.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements.

*Growth Management*

In executing the Company's business plan for the future, there will be significant pressure on management, operations and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

*Uncertainty Regarding Penetration of the Target Market*

The commercial success of the Company's business as compared with those of its competitors depends on its acceptance by potential users and the consumer community. Market acceptance will largely depend on the reputation of the Company, its marketing strategy, consumer acceptance and the Company's services and performance. The Company's success will depend on its ability to commercialize and expand its network users. The Company will need to expand its marketing and sales operations and establish business relations with suppliers and users in a timely manner. In order to meet its business objectives, the Company will have to ensure that its facilities and services are safe, reliable and cost-effective, and bring the expected return. There can be no assurance that the Company's facilities and services will be accepted and recommended.

*Reliance on Joint Ventures, License Assignors and Other Parties*

The nature of the Company's operations requires it to enter into various agreements with partners, joint venture partners, other agriculture and food warehousing / processing facilities, and equipment suppliers in the business world, government agencies, licensors, licensees, and other parties for the successful operation of its businesses and the successful marketing of its services.

There is no guarantee that those with whom the Company needs to deal will not adopt other technologies or that they will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the

Company's competitors, in preference to those of the Company.

*Potential Liability*

The Company is subject to the risk of potential liability claims with respect to its agriculture and food warehousing / processing facilities. Should such claims be successful, plaintiffs could be awarded significant amounts of damages, which could exceed the limits of any liability insurance policies that may be held by the Company. There is no guarantee that the Company will be able to obtain, maintain in effect or increase any such insurance coverage on acceptable terms or at reasonable costs, or that such insurance will provide the Company with adequate protection against potential liability.

**Disclosure Regarding the Company's Proposed Research into the United States Psilocybin Industry**

*Legal risks*

All drugs on the CDSA schedules require a prescription. It is a criminal offense to possess substances scheduled under the CDSA without a prescription.

Under the CDSA, person who is in possession of a substance under Schedule III without a prescription is liable to:

(i) a maximum of three years imprisonment if found guilty of an indictable offense; or
(ii) a maximum $1,000 fine for the first offense and/or a maximum 6-month term of imprisonment, increasing to a maximum fine of $2,000 for each subsequent offense and/or a maximum of 1 year in prison if found guilty of a summary conviction offense.

A person who produces or is in possession of a substance under Schedule III for the purpose of trafficking, or exportation is liable to:

(i) a maximum of ten years imprisonment if found guilty of an indictable offense; or
(ii) a maximum 18 months' imprisonment if found guilty of a summary conviction offense.

*Psilocybin industry*

Canada

Psilocybin is currently a Schedule III drug under the Controlled Drugs and Substances Act (CDSA) and it is a criminal offense to possess substances under the CDSA without a prescription and Health Canada has not approved psilocybin and psilocin as drugs. Any activities such as sale, possession, production, etc. of the substance is prohibited unless authorized for clinical trial or research purposes under section 56 of the CDSA. Health Canada can grant exemptions under section 56 of the CDSA to use controlled substances if it is deemed to be necessary for a medical or scientific purpose or is otherwise in the public interest. Health Canada must also approve the clinical trials.

Any delays of the Company in obtaining, or failure to obtain regulatory approvals from Health Canada to commence or continue clinical testing would significantly delay the development of the Company's markets and products and could have a material adverse effect on its business, results of operations and consolidated financial condition.

*United States of America*

Psilocybin is currently a Schedule I drug under the Controlled Substances Act (CSA) which list Schedule I substances as those that have the following findings:

A. The drug or other substance has a high potential for abuse.
B. The drug or other substance has no currently accepted medical use in treatment in the United States.
C. There is a lack of accepted safety for use of the drug or other substance under medical supervision.

No prescriptions may be written for Schedule I substances, and such substances are subject to production quotas which

the DEA imposes.

## FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the period ended June 30, 2026 and the year ended December 31, 2025, there has been no significant change in the Company's internal control over financial reporting, except changes in management and directors as reported above, and remediation efforts discussed below.

The management of the Company has filed the Certificate of Annual Filings Full Certificate on SEDAR+ at www.sedarplus.ca

The Company's Management, with the participation of its CEO and CFO, has evaluated the effectiveness of the Company's internal controls over financial reporting and disclosure controls and procedures. Based on that evaluation, the Company's CEO and CFO have concluded that there was a material weakness in its internal controls over financial reporting, which resulted in a restatement of the 2022 financial reports. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements and Management's Discussion and Analysis, will not be prevented or detected on a timely basis.

Changes in 2023 from restructuring the business model, and lack of resources, created some weaknesses which management has attempted to address. Management is committed to the planning and implementation of remediation efforts to address the material weaknesses, as well as to continuously enhance the Company's internal controls. The Company has changed its auditor and migrated to a new accounting system matched more to the size of the Company at this time. These changes are expected to strengthen future reporting. The management team, including the Chief Executive Officer and Chief Financial Officer, have reaffirmed and re-emphasized the importance of internal control, control consciousness and a strong control environment.

The Company's Management, including the CEO and the CFO, does not expect that its disclosure controls and internal controls over financial reporting will prevent or detect all errors and fraud. A cost-effective system of internal controls, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.