



NUMINUS

**NUMINUS WELLNESS INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Three and Nine Months Ended May 31, 2025 and May 31, 2024

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(Unaudited - Expressed in Canadian Dollars)

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This Management's Discussion and Analysis ("MD&A") is intended to supplement the condensed consolidated interim financial statements of Numinus Wellness Inc. (the "Company" or "Numinus") for the three and nine months ended May 31, 2025, and the related notes thereto, which have been prepared in accordance with IFRS – Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board. All figures are in Canadian dollars, unless otherwise noted. This MD&A has been prepared as of August 29, 2025, and should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2024 (the "Financial Statements").

Additional information related to Numinus, including its annual information form, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.numinusnetwork.com](http://www.numinusnetwork.com).

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**COMPANY OVERVIEW**

Numinus Wellness Inc. (the "Company" or "Numinus") was incorporated on October 26, 1964 under the Laws of British Columbia. The Company was traded on the TSX Venture Exchange (the "Exchange") and graduated to the Toronto Stock Exchange ("TSX") on December 16, 2021 under the symbol "NUMI". The Company's registered and records office is located at 250 - 997 Seymour St., Vancouver, BC, V6B 3M1.

Numinus' wellness clinic network in Canada consisted of Numinus Health Corp. ("Numinus Health"), Mindspace Services Inc. ("Mindspace") and the Neurology Centre of Toronto Inc. ("NCT"). Numinus' wellness clinic network in the United States consisted of Numinus Wellness UT Inc. ("Numinus Utah") (formerly Cedar Psychiatry Inc.) and Foundations for Change Inc. ("FFC"). Numinus' wellness clinic network provides services including ketamine-assisted psychotherapy ("KAP") for depression, transcranial magnetic stimulation ("TMS"), psychotherapy and counselling by registered psychologists. Numinus develops KAP protocols for other clinical indications and therapeutic protocols for other psychedelic substances.

On May 6, 2024, the Company entered into an agreement with the Canadian Centre for Psychedelic Healing ("Field Trip Health"). Through the arrangement, the Company will earn a portion of the revenue generated from the referral of patients of its existing Canadian business to Field Trip Health. Once the transaction is completed, the Company's clinics in Canada, Montreal (Mindspace), Toronto (NCT), and Vancouver (Numinus Health), will be closed. As of May 31, 2025, no revenues from referrals have been recognized and the transfers have been completed per the arrangement as the clinics have been closed.

Numinus Bioscience Inc. ("Numinus Bioscience") was the Company's Health Canada-licensed laboratory developing intellectual property, advancing research, and providing contract research and innovation services. On September 18, 2023, the Company announced that all operations relating to Numinus Bioscience would be wound down as part of the Company's broader cost containment strategy.

On Feb 14, 2025, the Company announced the wind-down of certain non-operating subsidiaries relating to its former Canadian Clinic Network and Canadian-based psilocybin research facility. As part of the winddown process, the following subsidiaries have been put through bankruptcy processes: Mindspace Services Inc., Neurology Centre of Toronto Inc., Numinus Bioscience Inc., Salvation Bioscience Inc., and Numinus Health Corp. As of the date of filing of this MD&A, the bankruptcy processes are still ongoing.

On November 13, 2024, the Company entered into an agreement with Stella MSO LLC ("Stella"), an interventional psychiatry practice. Through the agreement, the Company shall sell its operations relating to Numinus Wellness UT Inc. to Stella. The transaction closed on December 12, 2024. As a result, as at May 31, 2025, all assets and liabilities relating to Numinus Wellness UT Inc. previously classified as held for sale on the condensed consolidated interim statements of financial position have been sold. As a result of the transaction, the Company's U.S. Clinic Network operating segment have been classified as discontinued operations on the condensed consolidated interim statements of loss and comprehensive loss for the three and nine months ended May 31, 2025 (Note 7, Note 14).

Cedar Clinical Research ("CCR") is the Company's research arm based in Salt Lake City, Utah, that continued to host third-party sponsored phase I through phase IV clinical research trials focused on emerging treatment options in neuropsychiatry.

Numinus Digital Inc. ("Numinus Digital") provides certification pathways for diverse professionals who are looking to develop core psychedelic-assisted therapy skills through multi-modal teaching methods including interactive evidence and theory reviews, audio-visual design, case-based learning, experiential learning, and in-person shadowing opportunities. Numinus Digital also develops tailored education and training for research and drug development organizations to support clinical trials and commercialization efforts.

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**COMPANY HIGHLIGHTS**

**Key Developments During and Subsequent to the Quarter**

*Numinus Clinical Research*

- Revenues from CCR during Q3 2025 were \$1,613,257, a sequential increase of 32.6% from \$1,216,421 during Q2 2025, and a 95.8% increase compared to Q1 2024.
- On June 8, 2025, the Company confirmed that CCR has been engaged by Cybin Inc. ("Cybin") to provide clinical research services and that CCR's Murray, Utah, location will be one of 15 U.S. research sites for Cybin's Phase 3 multinational clinical trial of CYB003. Aimed at revolutionizing the treatment of Major Depressive Disorder (MDD), this collaboration marks a pivotal moment in the journey toward understanding and treating one of the most debilitating mental health conditions affecting over 20 million Americans.

*Practitioner Training*

- Revenues from practitioner training during Q3 2025 were \$189,685, a sequential decrease of 35.9% from \$296,014 during Q2 2025, and a 12.4% increase from Q3 2024. The quarter over quarter change was the result of the seasonality of deliverables for the Company's research training contract.
- On March 20, 2025, the Company announced that its Psychedelic-Assisted Therapy Training Program was approved by the state of Colorado, marking a significant milestone in the Company's mission to expand safe and effective psychedelic-assisted therapy. This approval was part of Colorado's Natural Medicine Health Act (Proposition 122), which establishes a legal framework for the facilitation of psilocybin services by trained and licensed professionals

**Management Changes**

Effective December 13, 2024, the Company and Michael Tan agreed to a mutual employment separation and entered into a contractor agreement with Mr. Tan serving as the Chief Executive Officer for Numinus Wellness Inc.

Effective December 16, 2024, the Company and Payton Nyquvest, CEO of Numinus Wellness Inc., agreed to terminate Mr. Nyquvest's CEO Employment Agreement and enter into a fixed-term service contract for twelve months with Mr. Nyquvest serving as Executive Chair of the Company's board of directors.

Effective February 18, 2025, the Company announced that Kelvin Yang shall assume the role of Interim Chief Financial Officer, replacing Melony Valteau, who concluded her tenure at the end of February 2025. On July 25, 2025, the company announced that Mr. Yang was appointed permanent CFO as of June 1, 2025.

**Capital and liquidity resources**

The Company continues to monitor its capital and liquidity resources closely. As part of these initiatives the Company continues to look for additional cash flow generation opportunities and may consider additional capital raises to meet its business objectives.

**NUMINUS WELLNESS INC.****MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three and nine months ended May 31, 2025 and May 31, 2024

(Unaudited - Expressed in Canadian Dollars)

**SELECTED INFORMATION - RESULTS OF OPERATIONS****QUARTERLY FINANCIAL HIGHLIGHTS**

The following table summarizes the Company's quarter over quarter financial highlights from Q3 2025 and Q3 2024.

| Financial Highlights               | For the three months ended May 31, |                | For the nine months ended May 31, |                 |
|------------------------------------|------------------------------------|----------------|-----------------------------------|-----------------|
|                                    | 2025                               | 2024           | 2025                              | 2024            |
| Revenue                            | \$ 1,802,942                       | \$ 992,912     | \$ 5,329,156                      | \$ 3,012,514    |
| Cost of revenue                    | 932,842                            | 1,038,887      | 2,933,155                         | 2,139,019       |
| Gross profit (loss)                | \$ 870,100                         | \$ (45,975)    | \$ 2,396,001                      | \$ 873,495      |
| Operating expenses and other items | \$ 1,538,914                       | \$ 3,833,482   | \$ 13,491,007                     | \$ 13,366,853   |
| Loss and comprehensive loss        | \$ (741,575)                       | \$ (5,766,085) | \$ (9,733,436)                    | \$ (16,077,994) |
| Basic and diluted loss per share   | \$ (0.00)                          | \$ (0.01)      | \$ (0.04)                         | \$ (0.05)       |

The following table summarizes the Company's selected financial information for each of the past eight quarters ending May 31, 2025:

|                                               | Q3 2025   | Q2 2025     | Q1 2025   | Q4 2024     | Q3 2024     | Q2 2024     | Q1 2024     | Q4 2023     |
|-----------------------------------------------|-----------|-------------|-----------|-------------|-------------|-------------|-------------|-------------|
|                                               | \$        | \$          | \$        | \$          | \$          | \$          | \$          | \$          |
| Revenue                                       | 1,802,942 | 1,512,435   | 2,013,779 | 1,155,936   | 992,912     | 822,973     | 1,196,629   | 1,383,253   |
| Net loss and comprehensive loss               | (807,179) | (8,528,409) | (65,835)  | (2,206,679) | (3,837,874) | (4,858,976) | (3,098,445) | (6,089,493) |
| Basic and diluted loss per share <sup>1</sup> | (0.00)    | (0.03)      | (0.00)    | (0.01)      | (0.01)      | (0.02)      | (0.01)      | (0.02)      |

<sup>1</sup> Fully diluted loss per share amounts are not shown as they would be anti-dilutive.

**NUMINUS WELLNESS INC.****MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three and nine months ended May 31, 2025 and May 31, 2024

(Unaudited - Expressed in Canadian Dollars)

**Revenue from continuing operations**

Revenues from CCR during Q3 2025 increased by 32.6% from \$1,216,421 during Q2 2025 to \$1,613,257 as a result of ongoing high-return clinical trials. During Q3 2025, CCR managed 14 clinical trials which included 420 clinical trial patient appointments compared to Q2 2025, where CCR managed 12 clinical trials which included 358 clinical trial patient appointments.

Revenues from Practitioner Training during Q3 2025 decreased by 35.9% from \$296,014 during Q2 2025 to \$189,685. The quarter over quarter change was the result of the seasonality of deliverables for the Company's research training contract.

**Loss for the Quarter**

The Company reported comprehensive loss of \$741,575 during Q3 2025 compared to a comprehensive loss of \$7,705,397 during Q2 2025. During Q3 2025, the Company continued its cost containment initiatives. The change from Q2 2025 to Q3 2025 was driven by certain one-time charges incurred relating to the Stella transaction.

| Financial Highlights                                           | For the three months ended May 31, |                | For the nine months ended May 31, |                 |
|----------------------------------------------------------------|------------------------------------|----------------|-----------------------------------|-----------------|
|                                                                | 2025                               | 2024           | 2025                              | 2024            |
| <b>Revenue</b>                                                 | \$ 1,802,942                       | \$ 992,912     | \$ 5,329,156                      | \$ 3,012,514    |
| <b>Cost of revenue</b>                                         | 932,842                            | 1,038,887      | 2,933,155                         | 2,139,019       |
| <b>Gross profit (loss)</b>                                     | 870,100                            | \$ (45,975)    | \$ 2,396,001                      | \$ 873,495      |
| General and administration                                     | 1,375,800                          | \$ 2,300,414   | \$ 5,261,010                      | \$ 9,624,202    |
| Share-based compensation                                       | 2,714                              | 312,682        | 57,942                            | 834,297         |
| Sales and marketing                                            | 29,161                             | 151,249        | 200,759                           | 624,567         |
| Depreciation                                                   | 89,106                             | 125,258        | 246,035                           | 425,257         |
| Research and development                                       | -                                  | 4,556          | -                                 | 25,754          |
| Loss on disposal of assets held for sale                       | -                                  | -              | 7,475,514                         | -               |
| Loss on sale of investments                                    | -                                  | -              | -                                 | 734,994         |
| Other items                                                    | 42,133                             | 939,323        | 249,747                           | 1,097,782       |
| <b>Net loss from continuing operations</b>                     | \$ (668,814)                       | \$ (3,879,457) | \$ (11,095,006)                   | \$ (12,493,358) |
| Net income (loss) from discontinued operations                 | (42,371)                           | (1,875,664)    | 16,973                            | (3,622,569)     |
| <b>Net Loss</b>                                                | (711,185)                          | \$ (5,755,121) | \$ (11,078,033)                   | \$ (16,115,927) |
| Other comprehensive income (loss) from continuing operations   | (138,365)                          | 41,583         | 1,693,583                         | 698,063         |
| Other comprehensive income (loss) from discontinued operations | 107,975                            | (52,547)       | (348,986)                         | (660,130)       |
| <b>Comprehensive Loss</b>                                      | \$ (741,575)                       | \$ (5,766,085) | \$ (9,733,436)                    | \$ (16,077,994) |
| <b>Loss per share, basic and diluted</b>                       | \$ (0.00)                          | \$ (0.01)      | \$ (0.04)                         | \$ (0.05)       |

**Revenue**

Revenues increased 76.9% for the nine months ended May 31, 2025, compared to May 31, 2024. This increase in revenue was a result of the consolidated revenues arising from growth in Clinical Research Operations and Practitioner Training. The following table summarizes the revenues generated by the Company's Clinical Research Operations and Practitioner Training.

|                                     | For the three months ended May 31, |            | For the nine months ended May 31, |              |
|-------------------------------------|------------------------------------|------------|-----------------------------------|--------------|
|                                     | 2025                               | 2024       | 2025                              | 2024         |
| <b>Clinical Research Operations</b> | \$ 1,613,257                       | \$ 824,082 | \$ 4,039,248                      | \$ 2,588,856 |
| <b>Practitioner Training</b>        | \$ 189,685                         | \$ 168,830 | \$ 1,289,908                      | \$ 423,658   |

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***Loss for the period***

The Company reported comprehensive loss of \$741,575 and \$9,733,436 compared to \$5,766,085 and \$16,077,994 for the three and nine months ended May 31, 2025, and May 31, 2024, respectively. The decrease in net loss compared to prior year during the nine months ended May 31, 2025, is due to ongoing cost containment initiatives and operational optimization compared.

The Company reported general and administration expenses of \$1,375,800 and \$5,261,010 compared to \$2,300,414 and \$9,624,202 for the three and nine months ended May 31, 2025, and May 31, 2024, respectively. The below items are included in the Company's general and administration costs and contributed to the decrease.

- Salaries and wages incurred were \$1,869,942 compared to \$4,141,963 for the nine months ended May 31, 2025, and May 31, 2024, respectively. This decrease was a result of ongoing optimization of revenue generating headcount to further support client-facing teams.
- Professional and consulting fees incurred were \$2,605,355 compared to \$3,264,137 for the nine months ended May 31, 2025, and May 31, 2024, respectively. This decrease was a result of ongoing cost containment initiatives and an increased focus on developing expertise internally.
- Office and miscellaneous expenses incurred were \$785,713 compared to \$2,218,102 for the nine months ended May 31, 2025, and May 31, 2024, respectively. The decrease was a result of ongoing cost containment initiatives.

The Company incurred research and development costs of \$Nil compared to \$25,754 for the nine months ended May 31, 2025, and May 31, 2024, respectively. The decrease in research and development expenditures is a result of the Company's efforts in refocusing initiatives on cash generating operations during the nine months ended May 31, 2025.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company did not generate any cash flow from operations for the nine months ended May 31, 2025. The Company's financial success is based on management's ability to identify and evaluate suitable growth, sale of assets, and acquisition opportunities. Future cash flows from operations will be dependent on maximizing the potential of these opportunities.

In order to finance the acquisition of growth opportunities and to fund corporate overhead required to oversee these opportunities, the Company is dependent on investor sentiment remaining positive towards the psychedelics sector, and towards the Company in particular, so that funds can be raised through the sale of its securities. Many factors have an influence on investor sentiment including a positive climate from investors to support new companies in the psychedelics sector, past financial performance of a company and the experience and caliber of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities. As at May 31, 2025, the Company had cash and cash equivalents of \$822,835. Management estimates that the Company has sufficient working capital to continue operations for the next twelve months.

The Company has, in the past, financed its activities through equity financings. It is anticipated that, as general sentiment towards investment in companies in the psychedelic sector turns positive, the Company can continue to raise the necessary capital to secure and finance additional investments that are accretive to shareholder value.

The Company has no commitments for capital expenditures.

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For the three and nine months ended May 31, 2025 and May 31, 2024

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*Lease obligations*

- a) The Company is committed under lease agreements, to various offices and warehouse premises located in Canada and the United States
- b) The Company has short-term and low-value leases on various office printers and lab equipment with annual renewal periods in June, September and November with a general maintenance agreement amounts based on usage.

The following table presents the projected amounts due under the agreements in future years:

|                | Years     |           |           |           |     |             |
|----------------|-----------|-----------|-----------|-----------|-----|-------------|
|                | 0- 1      | 2-3       | 4-5       | 6-10      | >10 | Total       |
| Lease Payments | \$578,615 | \$958,989 | \$594,327 | \$111,421 | -   | \$2,243,352 |

*Notice of Claims*

The Company was served with a Notice of Claim dated December 23, 2019, which has been filed in the Supreme Court of British Columbia naming the Company as the defendant. The Notice of Claim alleges the wrongful termination of the former CEO/CFO and unpaid termination benefits of \$360,000. The Company believes the lawsuit is without merit and has filed a response accordingly. No provision has been made by the Company with regards to the Notice of Claim and the claim is ongoing.

The Company was served with a Notice of civil Claim dated November 1, 2024, which has been filed in the Supreme Court of British Columbia naming the Company as the defendant. The Notice of Civil Claim alleges between February 2023 and December 2023, the plaintiff and the defendant entered into nine separate purchase agreements. The plaintiff claims there was a breach in the agreements and is seeking damages totaling \$98,962USD plus pre-judgement interest at the rate of 2% per month per the agreements. The Company believes the damage amount is inaccurate and is planning on filing a response to the claim. No provision has been made by the Company with regards to the Notice of Claim and the claim is ongoing.

The Company is subject to several other claims and lawsuits, which are either immaterial or which management believes are without merit. The Company intends to negotiate settlements and/or defend such claims in due course.

*Cash and Financial Conditions*

The company had a cash balance of \$822,835 as at May 31, 2025, compared to a cash balance of \$1,959,195 as at August 31, 2024. The change in cash is primarily a result of cash flows used in operating activities of \$9,947,362 (May 31, 2024 - \$9,664,673).

The Company does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements. The Company does not use hedges or other financial derivatives.

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***Investing Activities***

The Company recognized net cash flows of \$154,137 from investing activities from continuing operations for the nine months ended May 31, 2025, compared to inflows of \$846,471 for the comparative period.

***Financing Activities***

During the nine months ended May 31, 2025, the company did not issue any common shares.

During the nine months ended May 31, 2025, the Company made lease payments of \$601,127 (May 31, 2024 - \$411,285).

During the nine months ended May 31, 2025, the Company received a demand letter for the Optum Loan to be repaid by January 2, 2025. On December 12, 2024, this loan was assumed by Stella MSO LLC as part of the U.S. Clinic Network sale.

During the three and nine months ended May 31, 2025, the Company recognized a reversal of share-based compensation expense of \$Nil and \$21,374 relating to the forfeiture of options. During the three and nine months ended May 31, 2025, the Company recognized \$2,423 and \$43,471 (May 31, 2024 - \$200,480 and \$213,291) and \$291 and \$35,845 (May 31, 2024 - \$134,066 and \$642,870) of share-based compensation expense relating to unvested RSUs and Options respectively.

**SHARE CAPITAL AND RESERVES**

The Company has unlimited authorized common shares with no par value.

**Prior year issuances*****Prospectus offering***

On February 16, 2024, the Company issued 50,000,000 units at a price of \$0.12 for gross proceeds of \$6,000,000. As part of the prospectus offering, each unit consisting of one common share and one common share purchase warrant, exercisable at a price of \$0.18 for a period of 24 months. The underwriters received a cash fee equal to 6.0% of \$5,772,000 of the gross proceeds and 2,886,000 broker warrants, with a fair value of \$158,966, exercisable at a price of \$0.12 for a period of 24 months.

***At-the-market equity offering program***

On September 25, 2023, the Company filed a prospectus supplement to accompany the short form base shelf prospectus filed on June 27, 2023, to establish the Company's at-the-market equity offering program (the "ATM Program"). The ATM Program allows the Company, at its discretion, to issue up to \$10,000,000 of common shares from treasury to the public from time to time at the prevailing market price.

During the nine months ended May 31, 2024, the Company issued 4,096,500 common shares at an average price of \$0.12 for gross proceeds of \$479,284 and net proceeds of \$314,454 after commissions and deferred financing costs.

***Options***

During the nine months ended May 31, 2025, 2,470,000 stock options expired and 130,000 stock options were forfeited.

As at May 31, 2025, and on the date of the MD&A, the Company had 5,750,682 stock options outstanding.

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**Warrants**

During the nine months ended May 31, 2025, 840,000 warrants expired.

As at May 31, 2025, and on the date of the MD&A, the Company had 63,386,000 warrants outstanding.

**Restricted Share Units**

During the nine months ended May 31, 2025, 1,311,352 restricted share units ("RSUs") vested.

As at May 31, 2025, and on the date of the MD&A, the Company had Nil RSUs outstanding.

**OUTLOOK**

The Company's ability to continue in the normal course of operations is dependent on management's ability to focus on revenue generating operations, positive cash flow and evaluating suitable investments opportunities. In addition, the Company will actively seek out additional revenue opportunities by leveraging its key assets.

The Company is focusing on cost containment and revenue generating operations to fund activities. Management and the board of directors of the Company continuously review and examine business proposals for the Company and conduct their due diligence in respect of the same. The Company will continue to seek new investments if it feels there are sufficient opportunities to increase shareholder value and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and will adjust its approach to changing business and economic conditions.

**OFF-BALANCE SHEET ARRANGEMENTS**

At the date of this report, the Company had no off-balance sheet arrangements.

**TRANSACTIONS WITH RELATED PARTIES**

Key management personnel include those people who have authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Chief Executive Officer, Chief Operating Officer and Chief Financial Officer. A summary of the remuneration attributed to key management personnel is disclosed in Note 16, *Related Party Transactions* in the Company's condensed consolidated interim financial statements. There have been no other transactions with related parties.

**SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES****Going Concern**

These condensed consolidated interim financial statements for the nine months ended May 31, 2025, have been prepared on the assumption that the Company is a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. The Company has incurred an accumulated deficit of \$139,519,747 and a net loss of \$11,078,033 for the nine months ended May 31, 2025. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and generate funds therefrom and/or raise funds sufficient to meet current and future obligations. There can be no assurances that management's future plans for the Company will be successful. The Company may require additional financing in order to fund working capital requirements. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

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**Critical Accounting Estimates**

The preparation of financial statements requires the use of assumptions, judgements and/or estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These assumptions, judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. The significant judgements and estimates applied in the preparation of the unaudited condensed consolidated interim financial statements as at and for the nine months ended May 31, 2025, are consistent with those applied and disclosed in Note 2 to our audited consolidated financial statements for the year ended August 31, 2024.

**FINANCIAL INSTRUMENT RISK MANAGEMENT**

The Company's exposures and the impact on its financial instruments are summarized below:

**Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, trade and other receivables. The carrying amount of these financial assets represent the maximum credit exposure. Cash and cash equivalents are deposited with major Canadian and US financial institutions, and management believes the exposure to credit risk with respect to these institutions is not significant. The Company is exposed to credit risk inherent in its trade and other receivables which include credit exposures to customers and their outstanding trade and other receivables balances. The maximum credit risk associated with cash and cash equivalents and trade and other receivables is equal to the carrying amount.

**Liquidity risk**

As at May 31, 2025, the Company's financial liabilities consist of accounts payable and accrued liabilities which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. As at May 31, 2025, the Company has cash and cash equivalents of \$822,835 to meet its obligations as they become due.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company is exposed to foreign currency risk through its financial assets and liabilities denominated in US dollars. A 10% appreciation (depreciation) of the US dollar against the Canadian dollar, with all other variables held constant, would result in an approximate change of \$23,000 to the Company's comprehensive loss for the three months ended May 31, 2025.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company holds cash in accounts with variable interest rates and currently does not carry variable interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. As at May 31, 2025, the Company's interest rate risk mainly relates to cash balances and was considered to be minimal.

**Price risk**

Price risk is the risk related to assets such as commodities, securities, and foreign exchange position will fluctuate due to macroeconomic factors. The Company does not hold, or conduct business with, any such assets and has determined that its exposure to price risk is minimal.

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**Capital management**

The Company manages its capital structure and adjusts it based on the funds available to the Company, to support any business transaction and to safeguard its ability to continue as a going concern. The Board of Directors does not establish a 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 is largely dependent upon external financings to fund its operations. To carry out any planned business transaction and to continue to support the general administrative activities, the Company will spend its existing working capital and raise additional funds as needed.

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 were no changes in the Company's approach to capital management for the nine months ended May 31, 2025. The Company is not subject to externally imposed capital requirements.

**RISKS RELATED TO THE PSYCHEDELICS & WELLNESS INDUSTRY**

The Company operates in a highly competitive and highly regulated environment that involves significant risks and uncertainties, some of which are outside of the Company's control. The Company's Annual Information Form dated July 25, 2025 (the "AIF") and audited financial statements for the year ended August 31, 2024, set forth material risks and uncertainties that may affect the Company's business, including future financing and operating results, and could cause actual results to differ materially from those contained in forward-looking statements made in this MD&A. The risks and uncertainties described in the AIF, which are incorporated in this MD&A by reference, are not the only ones the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company's business. Further, if the Company fails to meet the future expectations of the public market in any given period or should the Company's competitors fail to meet market expectations (including through failure or bankruptcy) or should the Company's market segment or the market generally experience a downturn, the market price of our common shares could decline (see "Risk Factors" in the AIF for details).

**FORWARD-LOOKING STATEMENTS**

Certain information set forth in this document includes forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including but not limited to: general economic and business conditions related to the psychedelics industry; cash flow projections; currency fluctuations; risks relating to the Company's ability to obtain adequate financing for future activities; the nature of the Company's future activities; and other general market and industry conditions.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. The Company's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive from them. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements.

The Company believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and as such forward looking statements contained into this report should not be relied upon. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about general business and economic conditions, the availability of financing for the Company, and the ability to identify and secure a quality asset or a business with a view of completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities.