



LOBE SCIENCES LTD.

Management's Discussion & Analysis

For the three months ended November 30, 2025 and 2024

(Unaudited - Expressed in Canadian dollars)

MANAGEMENT'S DISCUSSION & ANALYSIS

This management's discussion & analysis ("MD&A") of the financial condition and results of operations of Lobe Sciences Ltd. ("Lobe", the "Company") and its subsidiaries, or the words "we", "us" or "our", prepared as at January 29, 2026 (the "MD&A Date"), is for the three months ended November 30, 2025 and 2024. This MD&A is a supplement to and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended November 30, 2025 and 2024 (the "Financial Statements"). The Company's Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards ("IASB") and interpretations of the International Financial Reporting Interpretations Committee. All amounts presented herein are stated in Canadian dollars unless otherwise indicated. References to "USD" or "US\$" are to United States dollars. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q3", "Q3" and "Q4", respectively. The three months ended November 30, 2025 and 2024 are referred to as "fiscal 2025", and "fiscal 2025", respectively. All dollar amounts are in Canadian dollars, the presentation currency of the Company, except where otherwise noted. The functional currency of the Company and its subsidiaries is disclosed in the notes to the Financial Statements.

This MD&A is prepared by management and has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators. This discussion covers the three months ended November 30, 2025, and 2024 and the subsequent period up to the MD&A Date. This MD&A was approved by the Board of Directors as of the MD&A Date.

FORWARD LOOKING INFORMATION

This MD&A contains "forward-looking statements" that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. This MD&A may contain forward-looking statements that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this MD&A or as at the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations.

Such statements reflect management's current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and known or unknown risks and contingencies. Many factors could cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Please see the risk factors discussed under the heading "Risks and uncertainties".

There is a significant risk that such forward-looking statements will not prove to be accurate. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Drug development involves long lead times, is very expensive and involves many variables of uncertainty. Anticipated timelines regarding drug development are based on reasonable assumptions informed by current knowledge and information available to the Company. Every patient treated on future studies can change those assumptions either positively (to indicate a faster timeline to new drug applications and other approvals) or negatively (to indicate a slower timeline to new drug applications and other approvals). This MD&A contains certain forward-looking statements regarding anticipated or possible drug development timelines. Such statements are informed by, among other things, regulatory guidelines for developing a drug with safety studies, proof of concept studies, and pivotal studies for new drug application submission and approval and assumes the success of implementation and results of such studies on timelines indicated as possible by such guidelines, other industry examples, and the Company's development efforts to date. In addition to the factors set out above and those identified in Company's MD&A under the heading "Risks and uncertainties", other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements.

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Although Lobe has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated or intended. Accordingly, readers should not place any undue reliance on forward-looking statements.

BUSINESS OVERVIEW

Lobe Sciences Ltd. ("Lobe" or the "Company") is a clinical-stage biopharmaceutical company incorporated under the Business Corporations Act (British Columbia) on May 13, 2010. The Company's registered office and principal place of business are located at Suite 1614, 1771 Robson Street, Vancouver, British Columbia, V6G 3B7.

On November 16, 2020, the Company completed a reverse takeover transaction involving Green Star Biosciences Inc., at which time it formally adopted its current name, Lobe Sciences Ltd. Subsequently, on March 5, 2021, the Company divested the brands, intellectual property, leased facilities, and manufacturing operations associated with Green Star's legacy business in exchange for cash and other considerations.

The Company currently operates through three subsidiaries:

- Alera Pharma Inc. (doing business as Lobe Sciences (USA), Inc.) – a wholly owned subsidiary.
- Altemia Inc. – a wholly owned subsidiary advancing a novel drug candidate for the treatment of sickle cell disease and initiating preliminary commercial activities related to a patented medical food product.
- Cynaptec Pharmaceuticals Inc. – a private Delaware corporation currently majority-owned (64%) by Lobe, focused on the development of L-130 (Psilocin Mucate), a patented therapeutic targeting chronic cluster headache with a secondary proof-of-concept planned for substance use disorders.

The Company's strategy is to identify and advance high-value pharmaceutical drug candidates addressing unmet medical needs, de-risk those assets through defined development milestones, and pursue strategic partnerships to share development costs while maximizing value attributable to the Company's ownership interests. Over the past year, this strategy has evolved to include the use of dedicated subsidiaries to hold specific assets and, where appropriate, raise capital at the subsidiary level. This approach is intended to allow financing at private-company valuations that reflect the underlying asset value rather than the trading price of the parent, which may be non-dilutive to Lobe shareholders. A recent example of this strategy is the financing of Cynaptec Pharmaceuticals Inc. at a valuation exceeding the Company's then market capitalization.

Management believes the Company's current trading price and market capitalization do not reflect its underlying value and has therefore adopted an operating and financing model designed to optimize capital efficiency and reduce dilution. This model includes (i) forming and initially wholly owned subsidiaries to which intellectual property and related assets are transferred, followed by seeking third-party investment at asset-based valuations, and (ii) where appropriate, conserving cash and aligning incentives by prioritizing equity issuances to insiders and certain service providers, typically subject to vesting, milestone achievement, lock-ups, and other restrictions, over broadly marketed equity financings that management considers unduly dilutive at current valuations. Any such subsidiary financings or insider issuances constitute related-party transactions and are conducted in accordance with applicable securities laws, stock exchange policies, and the Company's governance procedures, including review and approval by independent directors. There can be no assurance that these strategies will enhance shareholder value, improve liquidity, or result in favorable valuations, and management may modify this approach as market conditions and the Company's valuation evolve.

Through operating agreements, the Company provides its subsidiaries with centralized scientific, regulatory, financial, and administrative support services on fee-for-service or cost-plus terms that management believes are commercially reasonable. These arrangements are intended to generate recurring cash receipts at the parent level to fund all or a portion of the Company's operating costs and to support a scalable operating model that benefits both the subsidiaries and the parent. Such arrangements constitute related-party transactions and are conducted in accordance with applicable securities laws, stock exchange policies, and the Company's governance procedures. While intercompany transactions are eliminated on consolidation, the related cash flows support the Company's liquidity. There can be no assurance that this model will achieve its intended results.

The Company's common shares are listed on the Canadian Securities Exchange under the symbol LOBE, on the OTCQB Venture Market under the symbol LOBEF, and on the Frankfurt Stock Exchange under the symbol LOBE.F. This section contains forward-looking information that is subject to risks and uncertainties; see "Caution Regarding Forward-Looking Information" and "Risk Factors."

HIGHLIGHTS

For the three months ended November 30, 2025 consolidated financial highlights

- The Company's net loss is \$1,305,827, or \$0.01 per share, compared with a net loss of \$800,634, or \$0.004 per share for the three months ended November 30, 2024.

November 30, 2025 compared to August 31, 2025 consolidated balance sheet highlights

- Current liabilities increased to \$3,036,283 as of November 30, 2025, from \$2,425,526 as of August 31, 2025.
- The Company's working capital as of November 30, 2025 was a surplus of \$4,047,891, compared with a surplus of \$5,163,526 as at August 31, 2025.

PRODUCT DEVELOPMENT OVERVIEW

Lobe Sciences Ltd. is advancing two strategic development programs through its subsidiaries. Through Cynaptec Pharmaceuticals, Inc., a majority-owned subsidiary (64% owned by Lobe; 36% owned by third-party investors), the Company is developing Conjugated Psilocin (L-130) for the potential treatment of chronic cluster headache and substance use disorder. Through Altemia, Inc., the Company is advancing S-100, an early-stage drug product candidate for sickle cell disease. In addition, through Altemia, the Company has commenced preliminary commercialization activities for a proprietary medical food intended to address nutritional deficiencies often observed in patients with sickle cell disease, with current efforts focused primarily on obtaining third-party reimbursement authorization from governmental agencies in the United States and other jurisdictions. There can be no assurance that reimbursement will be obtained or that the medical food will be commercially viable; if reimbursement is not achieved, the Company may pursue alternative strategies or discontinue commercialization efforts.

Conjugated Psilocin™ (L-130) – CNS Therapeutics

Conjugated Psilocin™ (also referred to as L-130 or psilocin mucate) is a patented new chemical entity under development by Cynaptec Pharmaceuticals Inc., a private Delaware corporation currently majority owned by the Company. L-130 is a stable, and orally bioavailable salt form of psilocin, designed for therapeutic use at sub-hallucinogenic doses. The lead indication is chronic cluster headache, a neurological condition with limited treatment options and a well-defined clinical need. Substance use disorder (opioid addiction) and possibly additional CNS disorders, and other indications are under strategic review.

L-130 is being developed to address key pharmacological limitations associated with psilocybin-based therapies. Psilocybin, a prodrug of psilocin, must undergo enzymatic conversion in the body, leading to variable and unpredictable pharmacokinetics. This inconsistency often requires elevated dosing, resulting in undesirable side effects including hallucinations, nausea, and dizziness. As a result, most psilocybin therapies are restricted to physician-supervised clinical settings.

By contrast, L-130 offers direct delivery of psilocin in a stabilized, highly bioavailable form. Preclinical and non-clinical studies suggest that sub-hallucinogenic dosing of L-130 may retain therapeutic efficacy while mitigating tolerability concerns, positioning it as a potential alternative across multiple neuropsychiatric indications.

Development milestones include:

- **Synthesis Agreement:** On October 13, 2022, the Company executed a discovery and development agreement with an FDA-registered laboratory facility, where L-130 was manufactured, securing a compliant and exclusive source of pharmaceutical-grade active substance.
- **Phase 1a Clinical Trial:** Completed dosing in ten healthy volunteers. The study, conducted internationally under Good Clinical Practice (GCP) standards, confirmed safety and pharmacokinetic consistency. No serious adverse events or hallucinogenic effects were observed at a 4 mg oral dose. The formulation exhibited rapid absorption and complete bioavailability. Results were published in the *Journal of Clinical Pharmacology and Therapeutics* in October 2024.
- **Preclinical Studies:** A 28-day toxicology study in Swiss albino mice reported no adverse effects even at 50x the anticipated human dose. A second study in Wistar rats demonstrated anxiolytic efficacy at daily dosing, with no observed toxicity or biochemical impact.

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- **Regulatory Progress:** The Company has completed pre-IND interactions with the U.S. FDA and is conducting additional IND-enabling studies recommended by the U.S. FDA. An Investigational New Drug (IND) application is anticipated in FY2027, pending favorable preclinical and clinical outcomes.

The Company is pursuing a multinational development framework to access chronic cluster headache patient populations and align with regional regulatory pathways. Investigators and advisors are currently being assembled in North America and Europe, India and elsewhere. The clinical program is projected to follow a phased regulatory pathway, including Phase 1 safety, Phase 2 proof-of-concept and dose ranging, and Phase 3 pivotal trials in support of an eventual New Drug Application (NDA) will follow successful completion of the prior studies.

While the initial focus remains on chronic cluster headache, the Company is pursuing a proof-of-concept study in substance use disorder and has initiated a strategic review to assess possible additional CNS and/or other indications. Conditions under evaluation include but are not limited to the following, however the Company currently has no data to suggest efficacy of L-130 for these conditions:

- Generalized Anxiety Disorder (~7 million affected adults in the U.S.)
- Major Depressive Disorder (~17 million)
- Post-Traumatic Stress Disorder (~8 million)
- Substance Use Disorder (~20 million diagnosed; ~4 million receiving treatment)

The strategic review process is expected to continue throughout 2026.

Cynaptec Pharmaceuticals Inc. – Series A-1 Preferred Stock Financing

On April 14, 2025, the Company completed a private placement financing through the private Delaware corporation Cynaptec Pharmaceuticals Inc. ("Cynaptec"), a newly formed clinical-stage biopharmaceutical entity in which Lobe retained majority ownership and control. As part of this transaction, Cynaptec issued 3,600,000 shares of Series A-1 Preferred Stock (the "Preferred Shares") for gross proceeds of US\$6,000,000.

In connection with the private placement, the investor holds an exclusive option to purchase up to an additional 10,000,000 preferred shares of Series A-2 Preferred Stock, \$0.01 par value per share (the "Series A-2 Preferred Stock" and, together with the Series A-1 Preferred Stock, the "Series A Preferred Stock") at a per additional share price (the "Series A-2 Price Per Share") that shall be determined by the Board of Directors based on a \$40,000,000 post-money valuation (on a fully diluted and as-converted basis).

Key terms of the Preferred Shares include:

- Participation in dividends declared on common shares of the subsidiary (if any);
- Liquidation preference relative to Cynaptec's common stock;
- Price-based anti-dilution protection provisions;
- Board voting rights entitling the holder to appoint two of five directors on Cynaptec's board;
- Additional customary rights and protections for early-stage preferred shareholders.

Immediately following the initial closing, Lobe Sciences Ltd. retained ownership of approximately 64% of Cynaptec's issued and outstanding capital stock. If the option to purchase additional Preferred Shares is fully exercised for a total investment of US \$26,000,000, the investor's ownership would increase resulting in Lobe's ownership position being proportionately reduced.

The investor's option may be exercised within 120 days upon completion of all of the following:

1. Preclinical and Phase 1 Single Ascending Dose ("SAD") studies by Cynaptec;
2. A Proof of Concept ("POC") clinical study evaluating the efficacy of L-130 (Conjugated Psilocin™) in reducing headache frequency, intensity, or duration in patients with chronic cluster headache;
3. Submission and receipt of final study reports for the SAD and POC studies, as well as IND-enabling data required for regulatory submission.

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Proceeds from the initial US\$6,000,000 investment are being used to support Cynaptec's ongoing preclinical development and early clinical testing of L-130, including Phase 1 and Phase 2a studies. Should the additional US\$20,000,000 option be exercised, those funds will be allocated toward advancing the Phase 3 clinical program for L-130 in the treatment of chronic cluster headache.

Intellectual Property

The Company or its subsidiaries have title to patent applications as summarized below. In 2024 the Company received a United States Patent #12102616 for the Preparation of Stable Psilocin Salts and Uses Thereof. This patent covers the composition of matter, methods of use and methods of production for Conjugated Psilocin™ and will extend to July of 2043. The company also received a notice of allowance for application 18/818,317 Stable Psilocin Salts, Esters and Conjugates and Uses Thereof. All title, rights and interest to all patents and other intellectual property and assets related to Conjugated Psilocin™, including without limitation the patents and applications referenced herein, were assigned, contributed, conveyed and transferred to Cynaptec Pharmaceuticals, Inc. in connection with the private placement transaction described above.

	Patent Application / Patent Number	Date of Patent Application / NOC / Issued	Expiry	Jurisdiction	Status	Description
1	2021358135	April 20, 2021	April 20, 2041	Australia	Pending	Methods for Treating Mild Traumatic Brain Injury, Post Traumatic Stress Disorder, and Mild Traumatic Brain Injury
2	3,176,225	April 20, 2021	April 20, 2041	Canada	Pending	Methods for Treating Mild Traumatic Brain Injury, Post Traumatic Stress Disorder, and Mild Traumatic Brain Injury
3	21792649.2	April 20, 2021	April 20, 2041	Europe	Pending	Methods for Treating Mild Traumatic Brain Injury, Post Traumatic Stress Disorder, and Mild Traumatic Brain Injury
4	17/916,855	April 20, 2021	April 20, 2041	United States	Pending	Methods for Treating Mild Traumatic Brain Injury, Post Traumatic Stress Disorder, and Mild Traumatic Brain Injury
5	12102616	October 1, 2024	July 12, 2043	United States	Granted	CIP of Preparation of Stable Psilocin Salts and Uses Thereof
6	PCT/US2023/027500	August 28, 2024 / November 8, 2024	TBD	United States	Notice of Allowance	Stable Psilocin Salts, Esters and Conjugates and Uses thereof
7	63/573,567	April 3, 2024	TBD	United States	Pending	Psilocin Mucate Salts (Crystal Structure)
8	18/888,371	September, 18, 2024	TBD	United States	Pending	Solid Psilocin Salts (Crystal Structure)
9	Unitary Patent 4117446	May 16, 2025	TBD	Europe	Approved	A COMPOSITION COMPRISING DOCOSAHEXAENOIC ACID AND EGG YOLK SUITABLE FOR SICKLE CELL DISEASE TREATMENT

Establishment of Alera Pharma, Inc. (Doing business as Lobe Sciences (USA), Inc.)

On August 15th, 2024, the Company announced that it had created a wholly owned US operating subsidiary named Alera Pharma, Inc (Alera). Lobe originally explored a possible strategy of licensing intellectual property rights associated with L-130, Conjugated Psilocin to Altera but ultimately determined instead the most viable strategy for funding the development of L-130 and advancing Lobe's interests was to form the new private Delaware corporation Cynaptec Pharmaceuticals, Inc. and therein to pursue the private placement transaction described above. Alera was never utilized for this purpose and is currently being utilized for administrative purposes.

Regulatory Framework and Licensing Regimen

The Company intends to sponsor and work with licensed third parties to conduct clinical trials and research. The Company does not handle controlled substances. The Company has no real estate and does not operate any laboratories. If the Company were to conduct this work without the reliance on third parties, it would obtain additional licenses and approvals described below.

Canada

In Canada, oversight of healthcare is divided between the federal and provincial governments. The federal government is responsible for regulating, among other things, the approval, import, sale, and marketing of drugs such as psilocybin and other psychedelic substances, whether natural or novel. The provincial/territorial level of government has authority over the delivery of health care services, including regulating health facilities, administering health insurance plans such as the Ontario Health Insurance Plan, distributing prescription drugs within the province, and regulating health professionals such as doctors, psychologists, psychotherapists and nurse practitioners. Regulation is generally overseen by various colleges formed for that purpose, such as the College of Physicians and Surgeons of Ontario. Certain psychoactive compounds, such as psilocybin, are considered controlled substances under Schedule III of the Controlled Drugs and Substances Act (Canada) (the "CDSA"). In order to conduct any scientific research, including preclinical and clinical trials, using psychoactive compounds listed as controlled substances under the CDSA, an exemption under Section 56 of the CDSA ("Section 56 Exemption") is required. This exemption allows the holder to possess and use the controlled substance without being subject to the restrictions set out in the CDSA. The Company has not applied for a Section 56 Exemption from Health Canada. The possession, sale or distribution of controlled substances is prohibited unless specifically permitted by the government. A party may seek government approval for a Section 56 Exemption to allow for the possession, transport or production of a controlled substance for medical or scientific purposes. Products that contain a controlled substance such as psilocybin cannot be made, transported or sold without proper authorization from the government. A party can apply for a Dealer's License under the Food and Drug Regulations (Part J). In order to qualify as a licensed dealer, a party must meet all regulatory requirements mandated by the regulations including having compliant facilities, compliant materials and staff that meet the qualifications under the regulations of a senior person in charge and a qualified person in charge. Assuming compliance with all relevant laws (Controlled Drugs and Substances Act, Food and Drugs Regulations) and subject to any restrictions placed on the license by Health Canada, an entity with a Dealer's License may produce, assemble, sell, provide, transport, send, deliver, import or export a restricted drug (as listed in Part J in the Food and Drugs Regulations - which includes psilocybin and psilocin) (see s. J.01.009 (1) of the Food and Drug Regulations).

United States

The FDA and other federal, state, local and foreign regulatory agencies impose substantial requirements upon the clinical development, clinical testing, approval, labeling, manufacture, marketing and distribution of drug products. These agencies regulate, among other things, research and development activities and the testing, approval, manufacture, quality control, safety, effectiveness, labeling, storage, record keeping, advertising and promotion of any prescription drug product candidates or commercial products. The regulatory approval process is generally lengthy and expensive, with no guarantee of a positive result. Moreover, failure to comply with the applicable FDA requirements or other requirements may result in civil or criminal penalties, recall or seizure of products, injunctive relief including partial or total suspension of production, or withdrawal of a product from the market. The Company intends to file an IND application related to L-130 for one or more clinical indications¹. Anticipated timelines related to regulatory filings are based on reasonable assumptions informed by current knowledge and information available to the Company. Psilocybin and psilocin are strictly controlled under the federal Controlled Substances Act, 21 U.S.C. §801, et. seq. ("CSA") as Schedule I substances. Schedule I substances have no currently accepted medical use in the United States, a lack of accepted safety for use under medical supervision, and a high potential for abuse. Schedule I and II drugs are subject to the strictest controls under the CSA, including manufacturing and procurement quotas, security requirements and criteria for importation. Anyone wishing to conduct research on substances listed in Schedule I under the CSA must register with the United States Drug Enforcement Administration ("DEA") and obtain DEA approval of the research proposal. A majority of state laws in the United States classify psilocybin and psilocin as Schedule I controlled substances. For any product containing psilocybin or any Schedule I substance to be available for commercial marketing in the United States, such substance must be rescheduled, or the product itself must be scheduled, by the DEA to Schedule II, III, IV or V. Scheduling determinations by the DEA are dependent on FDA approval of a substance or a specific formulation of a substance.

¹ This statement is based on the following material assumption: drug development involves long lead times, is very expensive and involves many variables of uncertainty. Anticipated timelines regarding drug development are based on reasonable assumptions informed by current knowledge and information available to the Company. As of the date hereof, it has not yet completed the aforementioned items. Such statements are informed by, among other things, regulatory guidelines for developing a drug with safety studies, proof of concept studies, and pivotal studies for new drug application submission and approval and assumes the success of implementation and results of such studies on timelines indicated as possible by such guidelines, other industry examples, and the Company's development efforts to date. See the "Risk and uncertainties" section.

Altemia Inc. – Lipid-Based Therapeutics Targeting Rare and Orphan Diseases

Altemia Inc. ("Altemia"), a wholly owned subsidiary of Lobe Sciences Ltd., is focused on developing and commercializing lipid-based products for rare and orphan indications. Leveraging proprietary expertise in lipid science and drug delivery, the Company has engineered a patented formulation platform designed to improve the pharmacokinetics of well-established active ingredients. This platform is intended to enhance bioavailability, reduce required dosage levels, eliminate food-related absorption variability, and mitigate side effects commonly associated with other delivery methods.

Altemia's technology enables reliable systemic delivery of lipophilic compounds, such as eicosapentaenoic acid (EPA), docosahexaenoic acid (DHA), and other omega-3 fatty acids. Altemia's technology may be useful in developing drug candidates to treat conditions including severe hypertriglyceridemia, sickle cell disease (SCD), liver and pancreatic disorders, cystic fibrosis, and diabetes.

The development pipeline currently includes two product candidates:

- S-100: A drug product candidate incorporating a self-emulsifying formulation of DHA triglyceride ester for clinical evaluation in SCD patients.
- Altemia MF: A patented oral emulsion categorized as a "medical food," formulated for the nutritional management of SCD.

Background on Sickle Cell Disease (SCD)

Sickle cell disease encompasses a group of inherited blood disorders resulting from a mutation in the β -globin gene of hemoglobin. This mutation produces sickle hemoglobin (HbS), which exhibits altered binding dynamics and polymerization behavior under low oxygen tension. Normally, hemoglobin modulates oxygen binding through allosteric shifts, facilitating high-affinity uptake in the lungs and low-affinity release in peripheral tissues. However, deoxygenated HbS undergoes structural polymerization, forming rigid fibers that distort red blood cells into a sickle shape.

These abnormally shaped cells impair microvascular circulation, triggering vaso-occlusive crises (VOCs), tissue hypoxia, and chronic pain. Sickled red blood cells also exhibit accelerated hemolysis, leading to persistent anemia and insufficient red cell turnover. The resulting oxygen deficit contributes to progressive organ dysfunction and reduced life expectancy.

According to the U.S. Centers for Disease Control and Prevention (CDC), approximately 100,000 individuals in the United States are affected by SCD, with the vast majority (over 90%) identifying as non-Hispanic Black or African American representing approximately 1 in every 365 births. Lower but notable prevalence exists among Hispanic or Latino populations (1 in 16,300 births), and globally among individuals with ancestry from regions historically affected by malaria, including Sub-Saharan Africa, South and Central America, the Caribbean, the Middle East, India, and parts of the Mediterranean.

Clinical Background of Sickle Cell Disease (SCD)

Red blood cells containing sickle hemoglobin (HbS) exhibit abnormal rigidity and a heightened tendency to adhere to each other, leukocytes, platelets, plasma proteins, and the vascular endothelium. These adhesive interactions contribute to the obstruction of small blood vessels—a process known as vaso-occlusion—which leads to tissue ischemia, irreversible organ damage, and impaired oxygen delivery. Acute episodes of vaso-occlusion, commonly referred to as "crises," can last from several hours to multiple days. The frequency and severity of these crises vary significantly between patients, ranging from infrequent episodes to recurrent hospitalizations. In severe cases, crises may be life-threatening and are often accompanied by pain, organ dysfunction, stroke, and infections.

Clinical symptoms of SCD typically manifest in early childhood. Disease severity is highly variable, influenced by genetic, cellular, and environmental factors. Many patients experience persistent pain and psychological distress stemming from unpredictable and recurrent vascular blockages. These blockages often result in physical disability and chronic impairment. Continuous red blood cell turnover and hemolysis release inflammatory mediators into circulation, promoting endothelial dysfunction and amplifying the cycle of vaso-occlusion and multi-organ injury.

Key pathophysiologic features of SCD include hemolytic anemia, vaso-occlusion, progressive organ damage, and reduced life expectancy. Anemia contributes to fatigue, weakness, dizziness, shortness of breath, and delayed growth and development in

pediatric patients. Hypoxia from impaired oxygen delivery poses particular risk to the lungs, kidneys, brain, and spleen. A serious vascular complication is pulmonary hypertension, observed in approximately one-third of adult SCD patients, which can progress to heart failure.

Additional consequences of compromised blood flow include stroke, cognitive impairment, auto splenectomy, impaired vision and hearing, priapism, and lower-extremity ulcers. Splenic infarction and dysfunction further predispose patients to serious infections such as pneumonia, osteomyelitis, cholecystitis, and urinary tract infections. These infections may also arise due to abnormal immune responses involving leukocytes and complement proteins.

As a result of chronic vascular injury, patients with SCD often exist in a pro-inflammatory and pro-thrombotic state. Circulating inflammatory biomarkers are persistently elevated, and low-level intravascular clotting activity is frequently present and intensifying during acute crises. Ultimately, the natural course of SCD is marked by cumulative organ damage and premature mortality, with many patients succumbing to complications associated with long-standing multi-organ dysfunction.

Our Therapeutic Approach to Sickle Cell Disease (SCD)

Lobe Sciences Ltd., through its wholly owned subsidiary Altemia Inc., is developing S-100, a proprietary oral drug product candidate for the treatment of sickle cell disease (SCD). S-100 utilizes a patented drug delivery platform and comprises a complex blend of lipid-based active ingredients, primarily docosahexaenoic acid (DHA), and eicosapentaenoic acid (EPA), combined with pharmaceutical-grade surfactants. The formulation is encapsulated in a hard gelatin capsule engineered for scalability, ease of swallowing, and improved patient adherence.

Scientific Rationale

SCD patients exhibit abnormal fatty acid profiles, including deficiencies in DHA and eicosapentaenoic acid (EPA), across red blood cells, leukocytes, platelets, and plasma. As early as 1991, preclinical data suggested that omega-3 fatty acids could attenuate red blood cell destruction in mammals. Subsequent studies built on this hypothesis, linking omega-3 to reductions in pain episodes, improved hematologic markers, and attenuated disease-related complications.

S-100 Development Program for the Treatment of Sickle Cell Disease

We have developed a proprietary, patent pending hard gelatin capsule formulation containing highly purified docosahexaenoic acid and eicosapentaenoic acid (EPA), and in the triglyceride form. This new formulation is designed to overcome compliance related issues with previously developed and studied products by a third party. Altemia, Inc. is currently seeking non-dilutive funding to advance the development and production of clinical supplies to conduct Phase 2 and Phase 3 clinical studies. We plan to bridge existing preclinical and safety data generated by third parties and proceed with drug development using the 505(b)2 route to approval. S-100 is an early-stage development program.

Altemia Medical Food (Altemia MF)

Altemia Medical Food ("Altemia MF") is a patented oral emulsion formulated with a proprietary blend of polyunsaturated fatty acid triglyceride esters designed to address dietary deficiencies commonly observed in pediatric and adult SCD patients. The product is positioned as a "medical food" under the definition provided in Section 5(b) of the U.S. Orphan Drug Act (21 U.S.C. § 360ee(b)(3)), which requires physician supervision and scientific rationale for disease-specific nutritional support. SCD is one of the few inborn errors of metabolism explicitly identified as eligible for medical food treatment under existing legislation.

The Company is primarily engaged in pre-launch activities primarily seeking reimbursement of this novel medical food from insurers. Should Altemia, Inc. fail to secure reimbursement for the medical food in the U.S. market, the company will re-evaluate the viability of this product.

Intellectual Property

The Company, through its subsidiary, Altemia, holds a licensing agreement which grants a worldwide, nontransferable, non-sublicensable, exclusive right to make, have made, use, offer to sell, sell, and import licensed products utilizing the Patent Cooperation Treaty ("PCT") application as summarized below.

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	Patent Application Number	Date of Application	Expiry	Jurisdiction	Status	Description
1	PCT/US2021/021879	March 11, 2021	March 11, 2041	Europe, USA, Saudi Arabi, and the United Arab Emirates	Pending	A composition comprising docosahexaenoic acid and egg yolk suitable for SCD treatment

SUMMARY OF QUARTERLY RESULTS

	Q1 2026	Q4 2025	Q3 2025	Q2 2025
Net loss	(1,305,827)	(2,223,189)	(1,134,760)	(703,028)
Comprehensive loss	(1,509,649)	(1,720,118)	(1,065,326)	(680,434)
Basic and diluted net loss per share	(0.01)	(0.01)	(0.01)	(0.00)
Number of weighted average shares	267,199,267	222,211,296	192,764,928	186,367,829

	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Net loss	(800,634)	(2,830,424)	(426,802)	(595,474)
Comprehensive loss	(777,141)	(2,809,117)	(427,297)	(611,774)
Basic and diluted net loss per share	(0.00)	(0.00)	(0.00)	(0.01)
Number of weighted average shares	173,702,273	171,560,392	158,774,485	79,136,172

The Company's net loss increased from Q1, 2026 compared with Q1, 2025 mainly due to R&D expenses and directors' fees.

FINANCIAL PERFORMANCE

A summary of the Company's results of operations is as follows:

	Q1 2026	Q1 2025
	\$	\$
Advertising	(9,447)	-
Consulting fees	(33,000)	(51,284)
Directors fees	(174,773)	(175,156)
General and administrative	(42,181)	(73,588)
Insurance	(21,289)	(15,967)
Professional fees	(56,740)	(131,772)
Research	(982,087)	(7,551)
Share-based compensation	(129,801)	(186,667)
Operating loss	(1,449,318)	(641,985)
Other income (expenses)		
Accretion expense	(10,153)	(63,843)
Foreign exchange	20,740	(61,203)
Interest expense	(7,991)	(59,321)
Gain on change in fair value of derivative liability	63,921	25,718
Loss before tax	(1,305,827)	(800,634)
Net loss	(1,305,827)	(800,634)

Q1 2026 compared to Q1 2025:

Net loss increased to \$1,305,827 compared to \$800,634 in the prior comparable period. The primary cause of the increase was due to the following:

- Expenses increased due to a full quarter of R&D expenses. During the current period, the Company recognized \$982,087 as R&D expenses, an increase of \$974,536 from \$7,551 in Q1 2025.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

Liquidity

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligations associated with its financial liabilities and other contractual obligations. The Company's strategy for managing liquidity is based on accessing capital markets through equity financing and achieving positive cash flows from operations to internally fund operating and capital requirements.

Factors that may affect the Company's liquidity are continuously monitored. These factors include patent application costs, research and development costs to develop the Company's patents, operating costs, capital costs, income tax refunds, foreign currency fluctuations, market immaturity and a highly fluid environment related to state and federal law passage and regulations. The Company's main use for liquidity is to fund the development of its research programs as noted above. The primary source of liquidity has been from public financing to date. The ability to fund operations, to make planned capital expenditures and execute the growth/acquisition strategy depends on the future operating performance and cash flows, which are subject to prevailing economic conditions, regulatory and financial, business and other factors, some of which are beyond the Company's control.

In the event that the Company is adversely affected by any of these factors and, as a result, the operating cash flows are not sufficient to meet the Company's working capital requirements there is no guarantee that the Company would be able to raise additional capital on acceptable terms to fund a potential cash shortfall. Consequently, the Company is subject to liquidity risk.

	November 30, 2025	August 31, 2025
	\$	\$
Cash	5,991,614	5,854,118
Receivables	17,111	47,500
Prepaid expenses and deposits	50,351	745
Short-term Investment	1,025,098	1,686,688
Total current assets	7,084,174	7,589,051
Accounts payable and accrued liabilities	2,657,098	1,982,421
Income tax payable	238,000	238,000
Derivative liability	141,185	205,105
Total current liabilities	3,036,283	2,425,526
Working capital	4,047,891	5,163,526

As of November 30, 2025, the Company had a working capital surplus of \$4,047,891 (November 30, 2024 – deficit \$2,198,741). During the three months ended November 30, 2025, the Company incurred a net loss of \$1,305,827 (2024 - \$800,634). The improved working capital position significantly reduces liquidity risks which enhances the Company's ability to continue business development. The Company's ability to continue as a going concern is dependent upon the Company's ability to raise sufficient financing to acquire or develop a profitable business. The Company intends on financing its future development activities and operations from the sale of equity securities through private placement. Management will continue to monitor and assess its capital resources to meet operating requirements over the next twelve months.

Cash flows, sources and uses of cash

A summary of the Company's cash flow is as follows:

Net cash provided by (used in)	Q1, 2026	Q1, 2025
	\$	\$
Operating activities	(579,006)	(462,293)
Financing activities	50,000	563,507
Effect of exchange rate on cash	4,911	-
Cash, beginning	5,854,118	237,772
Cash, ending	5,991,614	25,550

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(Unaudited - expressed in Canadian dollars, except where noted)

Cash used in operating activities is primarily driven by drug development and corporate costs. Cash received from the third-party investors in preferred shares series A of Cynaptec.

Capital resources

Management believes the Company's current share price and market capitalization do not reflect its assessment of intrinsic value or long-term prospects. To conserve cash and align incentives, the Company may satisfy a portion of compensation to management, directors, and certain vendors through the issuance of common shares or other equity-linked instruments at prevailing market prices, typically subject to vesting, milestone attainment, lock-ups, and other restrictions, rather than pursue public offerings that management considers unduly dilutive to public shareholders at current valuations. Management further believes that increased insider ownership may better align decision-making with shareholders and benefit the Company overall. Complementing this approach, the Company's business model includes forming wholly owned subsidiaries to which it transfers bundles of intellectual property and related assets, and then seek third-party investment at private-company valuations that reflect the value of the assets transferred rather than the trading price of the parent Company. This method was employed in connection with Cynaptec, which was financed at a valuation that exceeded the Company's then market capitalization and attracted capital without issuing additional Company shares. Where appropriate and subject to applicable restrictions and approvals, the Company may prioritize placing equity with insiders over conducting a broadly marketed equity financing at an undervalued price. Any share-based payments or issuances to insiders constitute related-party transactions and, together with subsidiary financings, are conducted in accordance with applicable securities laws, stock exchange policies, and the Company's governance procedures, including review and approval by independent directors and, where required, minority approval and independent valuation. These strategies will result in non-cash expenses and may cause dilution at the subsidiary level, and there can be no assurance they will enhance shareholder value, improve liquidity, or result in favorable valuations. This paragraph contains forward-looking information and is subject to risks and uncertainties; see "Caution Regarding Forward-Looking Information" and "Risk Factors."

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

PROPOSED TRANSACTIONS

There are no undisclosed proposed transactions under consideration as of November 30, 2025 and the MD&A Date.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at November 30, 2025 and the MD&A Date.

RELATED PARTY DISCLOSURES

Key management personnel include those who have the authority and responsibility of planning, directing and executing the activities of the Company. Key management includes directors of the Company, Chief Executive Officer, Executive Chairman, Chief Financial Officer, Chief Science Officer, Chief Operating Officer, Regulatory advisor and former Executive Chairman. Other than the amounts disclosed below, there was no other compensation paid or payable to key management for employee services for the reported periods.

A summary of the Company's related party transactions is as follows:

	Three Months ended November 30,	
	2025	2024
	\$	\$
Consulting fees	246,297	51,284
Directors' fees included in consulting fees	174,773	175,156
Professional fees	2,811	-
Share-based compensation	105,143	186,667
	529,023	413,107

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(Unaudited - expressed in Canadian dollars, except where noted)

A summary of the Company's consulting fees, excluding directors' fees included in consulting fees, paid to related parties is as follows:

	Three Months ended November 30,	
	2025	2024
	\$	\$
Chief Executive Officer Executive Chairman	122,682	-
Clearway Consulting Fee	28,691	-
Chief Financial Officer	33,000	27,000.00
Chief Science Officer	15,737	-
Regulatory advisor	46,187	24,284
	246,297	51,284

A summary of amounts due to related parties contained within accounts payable and accrued liabilities is as follows:

	Three Months ended November 30,	
	2025	2024
	\$	\$
Chief Executive Officer for consulting fees	503,829	-
Former Chief Executive Officer for consulting fees	60,537	60,532
Former Chief Operating Officer for consulting fees	13,652	13,652
Chief Science Officer for consulting fees	5,243	2,068
Alternia Chief Executive Officer	377,650	-
Clearway Global LLC	49,070	-
Managerial and Regulatory Advisor for consulting fees	230,535	-
Quality Chemical Laboratories LLC	6,715	-
Former Chief Financial Officer for professional fees	-	16,800
Directors	144,732	175,156
Former President	19,057	37,647
	1,411,020	305,855

FINANCIAL RISK MANAGEMENT

The Company classifies and subsequently measures its cash, deposits (included in prepaid expenses and deposits), accounts payable and accrued liabilities and convertible notes at amortized cost.

The carrying amounts of cash, deposits (included in prepaid expenses and deposits), accounts payable and accrued liabilities and convertible notes approximate their respective fair values due to the short-term nature of these instruments. The Company examines its various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. The risks may include credit risk, currency risk, liquidity risk and interest rate risk. The Company's risk management program strives to evaluate the unpredictability of financial markets and its objective is to minimize the potential adverse effects of such risks on the Company's financial performance, where financially feasible to do so.

When deemed material, these risks may be monitored by the Company's finance group, and they are regularly discussed with the Board of Directors.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk is predominantly related to cash balances held in financial institutions, receivables. The Company minimizes its credit risk related to cash and cash equivalents by placing cash with major financial institutions. The Company has no investments and does not expect any credit losses. The Company periodically assesses the credit quality of its financial institutions and is satisfied with the credit ratings of its banks. The Company has deposits with vendors, included in prepaid expenses and deposits, made with vendors towards the completion of research and development activities and does not expect any credit losses.

LOBE SCIENCES LTD.**Management's Discussion & Analysis****For the three months ended November 30, 2025 and 2024**

(Unaudited - expressed in Canadian dollars, except where noted)

Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is exposed to foreign exchange risk from fluctuations in United States dollars and Australian dollars. The Company does not use derivative instruments to reduce its exposure to foreign exchange risk.

A summary of the Company's financial assets and liabilities that are denominated in United States dollars, Euros and Australian dollars as at November 30, 2025 is as follows:

	USD	EUR
	\$	\$
Financial assets		
Cash	5,654,183	-
	5,654,183	-
Financial liabilities		
Accounts payable and accrued liabilities	725,098	243
Convertible notes	295,679	-
	1,020,777	243
Net financial liabilities	4,633,406	(243)

A 10% increase or decrease in the United States dollar, the Australian dollar, and the Euro against the Canadian dollar, would result in an impact on profit or loss of \$463,341.

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 is exposed to liquidity risk through its accounts payable and accrued liabilities and convertible notes. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures.

As at November 30, 2025, the Company had a cash balance of \$5,991,614 and current liabilities of \$3,036,283 (November 30, 2024 - \$25,550 and \$2,259,193, respectively). The Company's current cash resources are sufficient to settle its current liabilities.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate risk since its financial instruments are not subject to variable interest rates.

SUBSEQUENT EVENT

In January, 2026, a new director was appointed to the Company's Board of Directors.

OUTSTANDING SHARE DATA

A summary of the Company's issued and outstanding securities is as follows:

Type of Security	November 30, 2025	MD&A Date	Subsequent
	#	#	#
Common Shares	269,487,134	269,487,134	-
Share Purchase Options	8,000,000	8,000,000	-
Performance Warrants	776,000	776,000	-
Share Purchase Warrants	13,007,670	13,007,670	-
Restricted Share Units	24,216,667	24,216,667	-
Deferred Share Units	602,502	602,502	-
Fully Diluted	316,089,973	316,089,973	-

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements under IFRS Accounting Standards requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

The accounting estimates, judgements and assumptions used in the preparation of the Financial Statements are consistent with those applied and disclosed in the notes to the Annual Financial Statements.

CHANGES IN ACCOUNTING POLICIES

New standards and standards issued or amended but not yet effective:

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the three months ended November 30, 2025 and have not been applied in preparing these financial statements nor does the Company expect these amendments to have a significant effect on its consolidated financial statements.

In April 2024, the IASB issued a new IFRS accounting standard *IFRS 18 Presentation and Disclosure in the Financial Statements* to improve the reporting of financial performance. IFRS 18 Presentation and Disclosure in the Financial Statements replaces IAS 1 Presentation of Financial Statements. The standards will become effective January 1, 2027, with early adoption permitted. The Company is in the process of assessing the impact of these new standards on the Company's financial statements.

RISKS AND UNCERTAINTIES

For a detailed listing of the risks and uncertainties faced by the Company, please refer to the Company's MD&A for the three months ended November 30, 2025 and 2024 filed on SEDAR+ at <https://www.sedarplus.ca>.

OTHER INFORMATION

Additional information about the Company is available on the Company's website at <https://www.lobesciences.com/> and at SEDAR+ at <https://www.sedarplus.ca>.