

MYDECINE INNOVATIONS GROUP INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in Canadian dollars)



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Independent Auditors' Report

To the Shareholders of Mydecine Innovations Group Inc.

Opinion

We have audited the consolidated financial statements of Mydecine Innovations Group Inc. and its subsidiaries (the "Group" or the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and December 31, 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern*, we have determined the matters described below to be key audit matters to be communicated in our auditors' report.

1. *Change in nature of operations and subsequent events*

Description of the key audit matter

As disclosed in Note 1 of the consolidated financial statements, the Company's principal activities have

historically included research, drug development, and clinical trials of psilocybin products; however, it discontinued those activities during the year and is now actively evaluating and pursuing other business opportunities. The Company is also making efforts to negotiate debt settlements and forgiveness with counter parties. During the year, it surrendered its ownership rights to the research work done by an independent research organization, in return of discharge of the amounts it owed to that organization. Subsequent to the year end, the Company has executed settlement agreements with multiple former management personnel and vendors, as disclosed in Note 15 to the financial statements.

Why the matter is a key audit matter:

This is a key audit matter due to its significance to the users of the financial statements, materiality of events occurring after the year end, management's judgment regarding the outcome of those events and the resulting significant auditor effort and judgment in evaluating them.

How our audit addressed the key audit matter

Our approach in addressing this matter included the following procedures among others:

- Discussing with management and those charged with governance the business rationale and prospective plans related to these strategic changes;
- Reviewing agreements and other documentation relating to debt settlement and forgiveness;
- Obtaining direct confirmations from counterparties about the terms of settlement agreements; and
- Reviewing the adequacy of disclosures in the consolidated financial statements, including the disclosures related to significant judgments and estimates.

2. Related Party Transactions

Description of the key audit matter

The Company had numerous related party transactions that occurred during the year, including fees paid to key management and directors of the Company. See Note 13 of the consolidated financial statements for further details.

Why the matter is a key audit matter

This matter is a key audit matter because of the significant judgment and estimates around these transactions as a result of their nature, frequency and magnitude, as well as the significant auditor effort in evaluating the related party transactions.

How our audit addressed the key audit matter

Our approach in addressing this matter included the following procedures among others:

- Reviewing related party transactions, and identifying the ones that were higher risk;
- Confirming transactions and balances outstanding with the related parties as at December 31, 2024
- Reviewing documentation for the related party transactions, and inquiring with management to confirm that the exchange amounts approximated the fair market values and were in the normal course of business;
- Reviewing significant contracts and consulting agreements with arms length parties and

inquiring with management of whether they met the definition of a related party under IFRS Accounting Standards;

- Evaluating management's judgment in determining arms length vs. non-arms length for significant counterparties; and
- Reviewing the adequacy of the disclosures in the consolidated financial statements, including disclosures related to significant judgements and estimates, and the related party nature of the transactions where applicable.

Other Information

Management is responsible for the other information. The other information comprises:

- The information included in the Management's Discussion and Analysis of Financial Conditions and Results of Operations for the year ended December 31, 2024.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis of Financial Conditions and Results of Operations for the year ended December 31, 2024 prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, base on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Harpreet Dhawan.

Mississauga, ON
July 2, 2025

"Harpreet Dhawan" (signed)
HDCPA Professional Corporation
Chartered Professional Accountants,
Authorized to practice public accounting by CPA Ontario

MYDECINE INNOVATIONS GROUP INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

As at,	Note	December 31, 2024	December 31, 2023
		\$	\$
Current assets			
Cash		325	37,646
Other receivables		50,273	-
Sales tax receivable		-	155,455
Prepaids and deposits	5	-	19,278
Total assets		50,598	212,379
Current liabilities			
Accounts payable and accrued liabilities	11	8,060,188	6,704,267
Sales tax payable		37,155	-
Notes payable	7	240,078	209,447
Convertible debentures, net	6	6,634,653	5,213,984
Total current liabilities		14,972,074	12,127,698
Shareholders' deficiency			
Share capital	8	126,268,990	126,123,011
Contributed surplus	8	16,787,778	16,787,778
Equity portion of convertible debentures	6	285,756	285,756
Accumulated deficit		(158,264,000)	(155,111,864)
Total shareholders' deficiency		(14,921,476)	(11,915,319)
Total liabilities and shareholders' deficiency		50,598	212,379

Nature, continuance of operations and going concern (Note 1)

Subsequent events (Note 16)

Approved on behalf of the Board on July 2, 2025

"David Joshua Bartch"

Director

"Peter Field"

Director

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

MYDECINE INNOVATIONS GROUP INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

For the years ended,	Note	December 31, 2024	December 31, 2023
Expenses			
Finance cost	6,7	1,449,350	1,302,738
Corporate development		4,095	544,366
Depreciation – property and equipment		-	9,876
Consulting fees		-	4,405,681
Director and management fees	10	904,993	943,680
Foreign exchange loss		318,278	1,553
Insurance		93,713	55,079
Office and miscellaneous		93,445	51,234
Professional fees		392,701	1,208,116
Regulatory and filing fees		46,159	155,947
Research and development	1,5	-	1,083,853
Salaries	10	996,122	1,090,568
Total expenses		4,298,856	10,852,691
Other income (expenses)			
Realized loss on marketable securities, at fair value through profit and loss	4	-	(5,139,452)
Impairment loss on loan receivable	4	-	(1,285,365)
Other income	15	144,038	26,667
Gain on disposition of property		50,273	-
Gain on settlement of financial liability		-	53,107
Gain on debt settlement	11	952,409	702
Loss on prepaids	5	-	(3,750,000)
Total other income (expenses)		1,146,720	(10,094,341)
Net loss and comprehensive loss for the year		(3,152,136)	(20,947,032)
Net loss per share – Basic and diluted		(0.05)	(0.68)
Weighted average number of shares outstanding – Basic and diluted		59,626,272	30,696,926

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

MYDECINE INNOVATIONS GROUP INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIENCY
(EXPRESSED IN CANADIAN DOLLARS)

	Note	Number of Shares	Share Capital	Contributed Surplus	Equity Component of Convertible Debentures	Deficit	Total Shareholders' Equity (Deficiency)
Balance, December 31, 2022 (restated) (Note 14)		14,895,612	\$ 115,918,379	\$ 16,787,778	\$ 175,756	\$ (134,164,832)	\$ (1,282,919)
Shares issued for financing	8	8,969,674	3,608,499	-	-	-	3,608,499
Shares issued for services	8	24,216,667	4,570,000	-	-	-	4,570,000
Share issued for debt	8	3,818,851	1,679,465	-	-	-	1,679,465
MindLeap Health Inc.'s – anti dilution clause settlement	8	666,667	346,666	-	-	-	346,666
Obligation to issue shares	8	-	-	-	110,000	-	110,000
Net loss for the year		-	-	-	-	(20,947,032)	(20,947,032)
Balance, December 31, 2023		52,567,471	\$ 126,123,011	\$ 16,787,778	\$ 285,756	\$ (155,111,864)	\$ (11,915,319)
Debt settlement	8	9,187,927	145,979	-	-	-	145,979
Net loss for the year		-	-	-	-	(3,152,136)	(3,152,136)
Balance, December 31, 2024		61,755,398	\$ 126,268,990	\$ 16,787,778	\$ 285,756	\$ (158,264,000)	\$ (14,921,476)

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

MYDECINE INNOVATIONS GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

For the years ended,	Note	December 31, 2024	December 31, 2023
Cash flows used in			
Operating activities			
Net loss for the period from continuing operations		\$ (3,152,136)	\$ (20,947,032)
Items not affecting cash:			
Depreciation		-	9,876
Finance cost	6,7	1,441,925	1,302,738
Foreign Exchange		312,992	-
Unrealized foreign exchange gain		-	(1,484)
Research and development		-	-
Realized loss on marketable security	4	-	5,139,452
Gain on disposition of property		(50,273)	-
Gain on settlement of debt	11	(952,409)	-
Gain on settlement of financial liability		-	(53,107)
Loss on prepaids	5	-	3,750,000
Impairment of loan receivables	4	-	1,285,365
Changes in operating activities		(2,399,901)	(9,514,192)
Changes in non-cash working capital items:			
Accounts receivable		-	86,667
Prepaids and deposits		19,278	1,879,987
Sales taxes receivable		192,610	120,680
Accounts payable and accrued liabilities		2,150,692	3,209,773
Cash used in operating activities		(37,321)	(4,217,085)
Investing activities			
Sale of marketable securities		-	525,202
Net cash used in investing activities		-	525,202
Financing activities			
Proceeds from sale of shares, net of cash share issuance cost	8	-	3,608,499
Proceeds from note payable	7	-	110,000
Net cash provided from financing activities		-	3,718,499
Increase in cash during the year		(37,321)	26,616
Cash, beginning of the year		37,646	11,030
Cash, end of the year		\$ 325	\$ 37,646
Non-Cash Investing and Financing Activities			
Shares issued to settle debt	8	\$ 145,979	\$ 2,499,467
MindLeap Health Inc.'s – anti dilution clause settlement	8	\$ -	\$ 346,666

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

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(EXPRESSED IN CANADIAN DOLLARS)

1. NATURE, CONTINUANCE OF OPERATIONS AND GOING CONCERN

Mydecine Innovations Group Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on September 27, 2013, under the name 0981624 B.C. Ltd. On May 27, 2020 the Company changed its name to Mydecine Innovations Group Inc. The Company’s common shares trade on the Canadian Securities Exchange (CSE: MYCO), OTC exchange (OTC: MYCOF) and on the Frankfurt stock exchange (FSE:ONF0). The Company’s principal activities have historically included research, drug development, and clinical trials of psilocybin products; however, it is now actively evaluating and pursuing other business opportunities. The registered address, head office, principal address and records office of the Company are located at Suite 1890 - 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9.

As at December 31, 2024, the Company has an accumulated deficit of \$158,264,000 (2023 - \$155,111,864), net loss from operations of \$3,152,136 (2023 - \$18,447,032) and cash used in operating activities of \$37,321 (2023 - \$4,217,085). The Company’s ability to continue as a going concern is dependent upon its ability settle its liabilities, obtain shareholder support, generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due (Note 15). Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These material uncertainties may cast significant doubt as to the Company’s ability to continue as a going concern.

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

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements have been prepared by management in accordance with IFRS Accounting Standards (“IFRS”), as set out in the CPA Canada Handbook – Accounting (“CPA Handbook”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the Interpretations Financial Reporting Interpretations Committee (“IFRIC”). The policies set out below have been consistently applied to all years presented unless otherwise noted.

These consolidated financial statements were approved and authorized for issuance by the Company’s Board of Directors on July 2, 2025.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets, which are measured at fair value through profit and loss, as explained in the accounting policies below. Historical costs are generally based upon the fair value of the consideration given in exchange for goods and services. These consolidated financial statements have been prepared using accrual basis of accounting except for cash flow statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(EXPRESSED IN CANADIAN DOLLARS)

2. BASIS OF PRESENTATION

Functional Currency

All figures presented in the consolidated financial statements are reflected in Canadian dollars. The Company and NeuroPharm Inc. 's functional currency is the Canadian dollar.

Foreign currency transactions are translated to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into Canadian dollars, the Company's presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in other comprehensive loss.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. As at December 31, 2024, the following is a list of the Company's operating subsidiaries:

Name	Jurisdiction of incorporation	Interest
Mydecine Group (1220611 BC Ltd)	Canada	100%
NeuroPharm Inc	Canada	100%

All inter-company transactions and balances have been eliminated upon consolidation.

Discontinued operating and assets held for distribution

A non-current asset or a group of assets and liabilities is held for distribution when its carrying amount will be recovered principally through its divestiture and not by continuing utilization. To meet this definition, the asset must be available for immediate distribution, and divestiture must be highly probable.

These assets and liabilities are recognized as assets held for distribution and liabilities associated with assets held for distribution, without offset. The related assets recorded as assets held for distribution are valued at the lower of fair value, net of divestiture fees, and cost less accumulated depreciation and impairment losses, and are no longer depreciated.

An operation is qualified as discontinued when it represents a separate major line of business and the criteria for classification as an asset held for distribution have been met, or when the Company has sold the asset.

Discontinued operations are presented on a single line of the consolidated statements of loss and comprehensive loss for the periods reported, comprising the earnings after tax of discontinued operations until divestiture and the gain or loss after tax on sale or fair value measurement, less costs to sell the assets and liabilities making up the discontinued operations are presented on one separate line of the consolidated statements of cash flows for the periods presented.

MYDECINE INNOVATIONS GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES

Convertible debentures

The convertible debentures which meet the fixed-for-fixed criteria (fixed consideration received and fixed number of shares issued upon conversion) are separated into their liability and equity components on the consolidated statements of financial position. The liability component is initially recognized at fair value, calculated as the net present value of the liability based upon non-convertible debt issued by comparable issuers and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for the non-convertible debt with similar terms in the time of issue. The fair value of the equity component is determined at the time of issue as the difference between the face value of the convertible debentures and the fair value of the liability component.

Transaction costs that are directly attributed to the issuance of the debentures are recorded against equity and loan components on a pro-rated basis. Transaction costs allocated to the liability component are accreted over the term of the loan using the effective interest rate method.

Intangible assets

Expenditures related to research activities are recognized as an expense in the period in which they are incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

- a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) its intention to complete the intangible asset and use or sell it;
- c) its ability to use or sell the intangible asset;
- d) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are capitalized once the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred. Expenditures recovered related to internally developed intangible assets are deducted from the capitalized development costs in the period in which they are recovered. Costs which do not meet the above criteria will be expensed through research and development in the consolidated statements of loss and comprehensive loss.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Once an internally generated intangible asset becomes available for use, expenditures are no longer capitalized to the intangible asset. Internally generated intangible assets that are available for use are amortized on a straight-line basis over their estimated useful life of five years, and an impairment loss is recognized in profit or loss when their recoverable amount is less than their net carrying amount. Internally generated intangible assets that are under development are not amortized and are reviewed for impairment annually by comparing the carrying amount with its recoverable amount. An impairment loss is recognized in profit or loss when the recoverable amount is less than the net carrying amount.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

The Company adopted all the requirements of IFRS 9 Financial Instruments on January 1, 2018. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking “expected loss” impairment model.

The following is the Company’s accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive loss (“FVTOCI”) or at amortized cost. The Company determines the classification of financial instruments at initial recognition. The classification of instruments is driven by the Company’s business model for managing the financial instruments and their contractual cash flow characteristics.

The following table shows the classifications under IFRS 9:

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

Financial instruments

Measurements

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. The Company's accounting policy for revenue recognition under IFRS 15 is to follow a five-step model to determine the amount and timing of revenue to be recognized:

1. Identifying the contract with a customer
2. Identifying the performance obligations within the contract
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Property and equipment

The Company records property and equipment at cost less accumulated depreciation and accumulated impairment losses. The Company recognizes depreciation to write off the cost of assets less their residual values over their useful lives, using the following methods and rates:

Leasehold improvements – straight line over term

Equipment – straight line over 5 years

Right-of-use assets – straight-line over term of lease

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss. Where an item of property and equipment and deferred costs consist of major components with different useful lives, the components are accounted for as separate items of property and equipment and deferred expenditures. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

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Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting years. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received. When stock options are exercised, the amount initially recognized in contributed surplus is transferred to share capital, along with the additional consideration received upon exercise.

Impairment of long-lived assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit, or “CGU”). An impairment loss is recognized for the amount, if any, by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset’s fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been previously recognized, with the exception of goodwill.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received or given up is not readily determinable, the fair market value of the shares is used to record the transaction. The fair market value of the shares is based on the trading price of those shares on the appropriate stock exchange on the date of the agreement to issue or receive shares as determined by the board of directors.

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Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The Company's lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in office and miscellaneous expenses in the consolidated statements of loss and comprehensive loss. Short term leases are defined as leases with a lease term of twelve months or less.

Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred and recognized in office and miscellaneous expenses, as appropriate given how the underlying leased asset is used, in the consolidated statements of loss and comprehensive loss.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The depreciation is recognized from the commencement date of the lease.

Business combination

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the fair value equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net-identifiable assets acquired. Acquisition costs incurred are expensed in the consolidated statements of loss and comprehensive loss.

Contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in a business combination, subject to the applicable terms and conditions. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 Financial Instruments with the corresponding gain or loss recognized in the consolidated statements of loss and comprehensive loss.

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

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In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on the fair value of the goods and services received. Asset acquisitions do not give rise to goodwill. Any consideration paid in excess of the identifiable assets and liabilities assumed is expensed to the consolidated statements of loss and comprehensive loss.

Loss per share

The Company calculates basic loss per share by dividing the net loss and comprehensive loss for the year by the weighted average number of common shares outstanding during the year. It calculates diluted loss per share in a similar manner, except that it increases the weighted average number of common shares outstanding, using the treasury stock method, to include common shares potentially issuable from the assumed exercise of stock options and other instruments, if dilutive. In the Company's case, these potential issuances are "anti-dilutive" as they would decrease the loss per share; consequently, the amounts calculated for basic and diluted loss per share are the same.

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The following are the critical judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated statements of loss and comprehensive loss:

Functional currency

The functional currency of the Company and each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgment to identify the primary economic environment. The Company reconsiders the functional currency of an entity if there is a significant change in the events and/or conditions which determine the primary economic environment.

Business combination and asset acquisition

Judgment is required to determine if the Company's acquisition represented a business combination or an asset purchase. More specifically, management concluded that most of the Company's acquisitions did not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes and outputs. For acquisitions that represented the purchase of assets, no goodwill was recognized on the transactions and acquisition costs were capitalized to the assets purchased rather than expensed. As the Company concluded that most of the acquisitions were an asset acquisition, an allocation of the purchase price to the individual identifiable assets acquired, including identifiable and unidentifiable intangible assets, and liabilities assumed based on their fair values at the date of purchase was required. The fair values of the net assets acquired were calculated using significant estimates and

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judgments. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statements of financial position.

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows.

These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Valuation of convertible debenture conversion feature, warrants and derivative liabilities

The Company used both the Black-Scholes Option Pricing Model and the Monte Carlo option pricing model during the valuation for the convertible debenture conversion feature and warrants issued with the convertible debenture as well as for the valuation of its derivative liabilities. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Simulation models utilizes several more complex inputs and is ran at many different scenarios to determine the proper value. In addition, management had to estimate the Company's market interest rate in order to determine the fair value of the debenture's host liability. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment annually or if there is an occurrence of events or changes in circumstances indicating that the carrying value of the asset may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Management evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Estimated useful life of long-lived assets

Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

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Fair value of stock options and warrants

Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant effect on the Company's future operating results or on other components of shareholders' equity.

Provisions

Provisions are uncertain timing or amounts; it is both likely that a future event will confirm that a liability had been incurred at the date of the consolidated financial statements and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time. In the ordinary course of business, the Company may be party to legal proceedings which include claims for monetary damages asserted against the Company. The adequacy of provisions is regularly assessed as new information becomes available.

Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

The Company's effective income tax rate can vary significantly for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized.

Leases

Leases require lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording real estate leases as the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Leases requires lessees to estimate the lease term. In determining the period which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Going concern

The Company's assessment of its ability to continue as a going concern requires judgments about the Company's ability to execute its strategy by funding future working capital requirements (Note 1). The Company's objectives are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

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Recent Accounting Pronouncements

As at the date of authorization of these consolidated financial statements, the IASB and the IFRS Interpretations Committee had issued certain pronouncements that are mandatory for the Company's accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact to the Company, have been excluded. The Company had assessed that no material impact is expected upon the adoption of the following amendments on its consolidated financial statements:

IAS 12 Income Taxes

In May 2021, the International Accounting Standards Board (IASB) issued amendments to the recognition exemptions under IAS 12 Income Taxes. The amendments narrowed the scope of the recognition exemption to require an entity to recognize deferred tax on initial recognition of particular transactions, to the extent that transaction gives rise to equal taxable and deductible temporary differences. These amendments apply to transactions for which an entity recognized both an asset and liability, for example leases and decommissioning liabilities. The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Company is currently assessing the financial impact of this pronouncement.

Amendments to IAS 1

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

4. MARKETABLE SECURITIES

During the year ended December 31, 2022, the Company received 18,000,000 units of Pangenomic Health Inc. pursuant to the sale of Mindleap.

The following is a continuity schedule of marketable securities of Pangenomic Health Inc.:

	Pangenomic Health Inc.
Common shares	
Balance, December 31, 2022	15,250,000
Shares disposed pursuant to share sale agreement	(15,250,000)
Balance, December 31, 2023 and 2024	-
Warrants	
Balance, December 31, 2022	18,000,000
Warrants disposed pursuant to sale	(18,000,000)
Balance, December 31, 2023 and 2024	-

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The following are the fair values of Pangenomic Health Inc.'s securities at December 31, 2024 and 2023:

	Pangenomic Health Inc. \$
Common shares	
Balance, December 31, 2022	4,117,500
Shares sold in exchange for promissory notes	(1,785,366)
Realized loss on disposition of marketable securities	(2,332,134)
Balance, December 31, 2023 and 2024	-
Warrants	
Balance, December 31, 2022	2,832,519
Disposition of warrants	(25,201)
Realized loss on disposition of marketable securities	(2,807,318)
Balance, December 31, 2023 and 2024	-

On January 4, 2023, the Company entered into share sale agreements with arms length parties and sold 15,250,000 common shares in exchange for promissory notes totalling \$1,785,366. As of December 31, 2024 and 2023, the Company has collected \$500,001. During the year ended December 31, 2023, an expected credit loss provision of \$1,285,365 was recognized in relation to the other receivables and included on the statement of loss and comprehensive loss. The Company is pursuing the remainder of the promissory notes.

On February 23, 2023, the Company entered into purchase agreements with arms length parties to sell 18,000,000 warrants for gross proceeds of \$25,201. The proceeds for the sale were received during the year ended December 31, 2023. During the year ended December 31, 2023, the Company recognized a realized loss on marketable securities of \$2,807,318.

5. PREPAIDS AND DEPOSITS

	December 31, 2024 \$	December 31, 2023 \$
Deposits	-	19,278
Total	-	19,278
Short-term	-	19,278
Long-term	-	19,278

On September 19, 2023, the Company issued 18,750,000 common shares with a fair value of \$3,750,000 for 1 year consulting service agreements with arm's length parties. The fair value of the services could not be measured and therefore, the prepayment was measured at the fair value of the common shares, using a level 1 input on the date of issuance. Subsequently the Company assessed that the carrying amount of these prepayments exceeded their recoverable amount. As such, during the year ended December 31, 2023, the Company recorded a loss on prepaids of \$3,750,000.

During the period ended December 31, 2023, all prepaid research and development were delivered and the Company recognized research and development expense of \$1,032,065. During the year ended December 31, 2024, the Company amended its research and development work orders and ceased development on its research and development projects as disclosed in Note 1.

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6. CONVERTIBLE DEBENTURES

On December 9, 2021, the Company closed a senior secured convertible debenture financing on a non-brokered private placement basis for gross proceeds of \$5,500,000. The debenture bears annual interest of 10%, matures in 36 months and the principal and interest are convertible into units (“conversion units”) at a conversion price of \$0.17, at the option of the debenture holder. Each conversion unit will consist of one (1) common share of the Company common share purchase warrant. Additionally, the Company issued 32,352,941 warrants which will entitle the holder to purchase one (1) additional common share of the Company at a price of \$8.50 per Warrant Share for a period of thirty-six (36) months from the issuance date. The lender has a general security interest over the Company’s assets.

On May 19, 2023, the Company amended the conversion price of the convertible debentures and the exercise price of the debenture warrants. The conversion price of the convertible debenture and exercise price of the debenture warrants were amended from \$8.50 to \$0.35. All other terms of the convertible debenture and the debenture warrants remain unchanged. The amendment did not affect the carrying value of the conversion feature or warrants.

The convertible debenture is a compound financial instrument. Management estimated the fair value of the debt using a discount rate of 20% applicable to the Company’s business, with the residual value allocated to the equity components of the convertible debenture. The Convertible Debenture has \$37,743 of deferred loan costs which are amortized over the life of the loan and are recorded in interest expense. The residual value was allocated between the warrants and the conversion feature using the relative fair value method. The Black Scholes Pricing Model was used to determine the fair value of the warrants. The inputs to the pricing model were a stock and exercise price of \$8.50, expected life of 3 years, volatility 149%, and risk-free rate of 0.17%. The Company utilized the Monte Carlo option model to estimate the fair value for the conversion feature. This resulted in an allocated value of \$918,604 to the warrants and \$240,756 to the conversion feature.

The following table reconciles the recorded value of the liability and the equity components of the convertible debentures at December 31, 2024 and 2023:

	Convertible debenture \$	Warrants issued with debenture – Contributed Surplus \$	Equity component of convertible debenture \$	Total \$
Balance, December 31, 2022	4,696,974	670,604	175,756	5,543,334
Imputed interest	1,287,010	-	-	1,287,010
Security interest waiver	(770,000)	-	-	(770,000)
Balance, December 31, 2023	5,213,984	670,604	175,756	6,060,344
Imputed interest	1,420,669	-	-	1,420,669
Balance, December 31, 2024	6,634,653	670,604	175,756	7,481,013

On March 4, 2023, the Company amended the terms of the convertible debenture, whereby agreeing to waive the holders security interest in Mindleap Health (“Security Interest Waiver”). The Company agreed to issue 250,000 common shares with a fair value of \$110,000 and pay \$660,000 to waive the security interest the convertible debenture held.

The Company has not paid the interest or converted the convertible debenture at maturity, on December 9, 2024. The Company is in negotiation with the lender. Since December 9, 2024, the Company has continued to accrue interest at a rate of 10% per annum.

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7. NOTES PAYABLE

	Notes Payable \$
Balance, December 31, 2022	85,204
Additions	110,000
Interest	15,727
Foreign exchange	(1,484)
Balance, December 31, 2023	209,447
Interest	21,256
Foreign exchange	9,375
Balance, December 31, 2024	240,078

On March 8, 2022, the Company entered into a secured note payable with an arms-length party for \$151,889 which bears a 5% interest rate annually and matures on March 7, 2023. The security interest in the Company includes certain current assets of the Company. On March 7, 2023, the Company defaulted on the note payable and the defaulted note payable bears interest of 12% interest per annum. The Company is in negotiation with the creditor to settle this note payable.

On September 28, 2023, the Company entered into a loan agreement with an arm's length party for \$110,000, which is due on demand, unsecured, and bears interest of 6%. Subsequent to year end, the total balance outstanding on the note payable was forgiven by the lender. See subsequent events (Note 16).

8. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized: Unlimited common shares without par value

Issued: common shares 61,755,398 (2023 – 52,567,458 common shares)

Year ended December 31, 2024:

On February 22, 2024, the Company issued 2,618,543 common shares with a fair value of \$32,732 and settled debt of \$52,371. The Company recorded a gain on settlement of debt of \$19,639.

On March 27, 2024, the Company issued 2,941,176 common shares with a fair value of \$58,824 and settled debt of \$50,000. The Company recorded a loss on settlement of debt of \$8,824.

On April 15, 2024, the Company issued 3,628,208 common shares with a fair value of \$54,423 and settled debt of \$61,680. The Company recorded a gain on debt settlement of \$7,256.

Year ended December 31, 2023:

On January 19, 2023, the Company completed a private placement and issued 1,182,795 common shares for gross proceeds of \$550,000.

On February 1, 2023, the Company completed a private placement and issued 1,397,849 common shares for gross proceeds of \$650,000.

On February 10, 2023, the Company completed a private placement and issued 1,397,849 common shares for gross proceeds of \$650,000.

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On February 22, 2023, the Company completed a private placement and issued 1,397,849 common shares for gross proceeds of \$650,000.

On February 1, 2023, the Company issued 140,350 common shares with a fair value of \$77,193 and settled debt of \$80,000. The Company recorded a gain on settlement of debt of \$2,808.

On February 9, 2023, the Company issued 461,288 common shares with a fair value of \$276,773 and settled debt of \$268,540. The Company recorded a loss on settlement of debt of \$8,233.

On February 28, 2023, the Company issued 666,667 common shares with a fair value of \$346,666 and settled the Company's other financial liability in full.

On April 6, 2023, the Company completed a private placement and issued 1,340,206 common shares for gross proceeds of \$650,000.

On April 12, 2023, the Company completed a private placement and issued 359,794 common shares for gross proceeds of \$174,500. The Company issued 1,702,061 common shares and settled debt of \$825,500.

On May 29, 2023, the Company issued 1,515,151 common shares and settled debt of \$500,000.

On September 19, 2023, the Company issued 18,750,000 common shares with a fair value of \$3,750,000 for prepaid consulting services with arm's length parties, using a level 1 input on the date of issuance.

On October 31, 2023, the Company issued 1,893,333 common shares for gross proceeds of \$284,000 and 5,466,667 common shares for consulting services to arm's length parties with a fair value of \$820,000, using a level 1 input on the date of issuance.

On August 28, 2022, the Company was obligated to issue 968,979 common shares for the last tranche of Neuropharm's anti-dilution clause. As at December 31, 2024 and 2023 these shares have not been issued.

Stock Options

The Company has adopted the 2023 Mydecine Equity Incentive Plan (the "Incentive Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with stock exchanges requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Incentive Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company and that the number of common shares reserved for issuance pursuant to options granted to all consultants or persons conducting investing relations activities will not exceed 2% of the issued and outstanding common shares within any 12-month period. At the discretion of the Board of Directors of the Company, options granted under the Incentive Plan may have a maximum exercise term of 10 years from the date of grant, the term is set by the plan administrator. Vesting terms will be determined at the time of grant by the Board of Directors.

During the years ended December 31, 2024 and 2023 the Company did not grant any stock options.

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As at December 31, 2024, the Company had stock-options outstanding and exercisable enabling holders to acquire the following:

Number of Stock-Options	Exercise Price	Expiry Date
4,351	\$4.75	February 21, 2025
4,680	\$3.50	March 20, 2025
5,000	\$25.00	August 5, 2025
60,000	\$12.00	September 16, 2025
160,000	\$10.50	September 24, 2025
234,031		

As at December 31, 2023, the Company has 234,031 (2023 – 243,863) stock options outstanding with a weighted average price of \$10.95.

The stock options have a weighted average remaining life of 0.70 years.

A summary of the status of the Company's stock options outstanding and exercisable as at December 31, 2024 and 2023, and changes during those periods is presented below:

	Number of Options Issued and Exercisable	Weighted Average Exercise Price
Balance, December 31, 2023 and 2022	243,863	\$ 11.45
Expired/cancelled	(9,875)	23.50
Balance, December 31, 2024	234,031	\$ 10.95

Warrants

A summary of the status of the Company's warrants outstanding and exercisable as at December 31, 2024 and 2023, and changes during those periods is presented below:

	Number of Warrants Issued	Weighted Average Exercise Price
Balance, December 31, 2022	4,165,482	8.85
Expired	(121,445)	(15)
Balance, December 31, 2023	4,044,038	8.68
Expired	(1,402,609)	(22.43)
Balance, December 31, 2024	2,641,429	1.37

As at December 31, 2024, the Company had warrants outstanding and exercisable enabling holders to acquire the following:

Number of Warrants Issued	Number of Warrants exercisable	Exercise Price	Expiry Date
23,000	23,000	variable	August 31, 2025
2,447,130	2,447,130	1.40	May 27, 2027
171,299	171,299	1.15	May 27, 2027
2,641,429	2,641,429		

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As at December 31, 2024, 234,031 (2023 – 243,863) share options and 2,641,429 (2023 – 4,044,038) warrants were excluded from the diluted weighted-average number of ordinary share calculation because their effect would have been anti-dilutive. These options and warrants could potentially dilute basic earnings per share in the future.

9. FINANCIAL INSTRUMENTS AND RISK FACTORS

Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

The following is an analysis of the Company's financial assets and liabilities at fair value as at December 31, 2024 and 2023.

As at December 31, 2024				
	Level 1		Level 2	
				Level 3
Cash	\$	325	\$	-
Total financial assets	\$	325	\$	-

As at December 31, 2023				
	Level 1		Level 2	
				Level 3
Cash	\$	37,646	\$	-
Total financial assets	\$	37,646	\$	-

For the financial instruments, including sales tax receivable/payable, note payable, convertible debentures and accounts payable are measured at amortized cost, the carrying values approximate the fair values of the financial instruments given their short-term maturity as a level 1 input.

Credit risk

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

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On January 4, 2023, the Company entered into share sale agreements with arms length parties and sold 15,250,000 Pangenomic common shares for gross proceeds of \$1,785,365. As of December 31, 2023, the Company has collected \$500,001 from the disposition of these shares. During the year ended December 31, 2023, an expected credit loss provision of \$1,285,365 was recognized in relation to amounts receivables for those shares and included on the statement of loss and comprehensive loss for the reporting year. The increase in the expected credit loss was a result of changes in the expected probability of default at December 31, 2023. The Company is pursuing the collection of this receivable.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. As at December 31, 2024, there is insufficient working capital and the Company has been restructuring and/or negotiating with parties to discharge its debt. See subsequent events (Note 16). The Company's cash is held in business accounts which are available on demand for the Company's business and are not invested in any asset-backed deposits or investments. All of the financial liabilities of the Company are due within 12 months of December 31, 2024.

Interest rate risk

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

Currency risk

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

10. RELATED PARTY TRANSACTIONS

Key management includes directors, executive officers and officers who have authority and responsibility for planning, directing and controlling the activities of the Company. The Company paid or accrued compensation in form of salaries and management fees to companies controlled by directors, executive officers and officers as follows:

	2024	2023
	\$	\$
Director and management fees paid or accrued to the CEO	476,826	469,685
Management fees paid or accrued to the CFO	62,400	58,600
Salaries paid or accrued to the COO	488,263	481,090
Management fees or salaries paid or accrued to other officers of the Company	882,763	869,794
Total	1,910,252	2,293,648

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During the year ended December 31, 2024, the Company has an accrual for salaries, bonuses, short term benefits and management fees of \$4,351,460 (2023 - \$2,406,808) for the executive team and board of directors included in accounts payable and accrued liabilities within the consolidated statement of financial position. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

During the year ended December 31, 2024, the Company had \$92,748 owed to management for business expenses. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

11. ACCOUNTS PAYABLE

	December 31, 2024	December 31, 2023
	\$	\$
Accounts payable	2,614,062	4,157,459
Amount due to related parties (Note 10)	4,444,208	2,406,808
Accrued liabilities	1,001,918	140,000
Total	8,060,188	6,704,267

During the year ended December 31, 2024, the Company issued 9,187,927 common shares with a fair value of \$145,979 and settled debt of \$164,051. The Company recognized a gain of \$18,072 (2023 - \$Nil) on settlement of debt against shares. During the year ended December 31, 2024, the Company negotiated certain vendor settlements and recorded a gain on settlement of debt of \$934,337 (2024 - \$702). This includes gain on settlement of amounts owed to research organization of \$865,366 in return of ownership rights to the research work carried out by the organization for the Company, as disclosed in Note 14.

12. INCOME TAXES

The following schedule reconciles the expected income tax expense (recovery) at the Canadian combined federal and provincial statutory rate of 26.5% for 2024 (2023 – 26.5%) to the amounts recognized in the consolidated statements of loss and comprehensive loss:

	December 31, 2024	December 31, 2023
Net Loss before recovery of income taxes	\$ (3,152,136)	\$ (20,947,032)
Expected income recovery expense	(835,316)	(5,550,963)
Difference in foreign tax rates	-	-
Tax rate changes and other adjustments	664,251	629,038
Share-based compensation and non-deductible expenses	(13,322)	352,137
Shares issuance costs recorded in equity	-	-
Change in tax attributes not recognized	184,387	4,569,788
Income tax (recovery) expense	\$ -	\$ -

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

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	December 31, 2024	December 31, 2023
Donations	209,575	209,575
Property and equipment	178,581	178,581
Convertible debenture	496,000	119,000
Share issuance cost	309,902	603,752
Foreign exchange	-	5,000
Non-capital losses carried forward	19,368,449	19,274,290
Capital loss	3,954,000	3,954,000
Total unrecognized deductible temporary differences	24,516,508	24,344,198

The non-capital loss carry forwards expire as follows:

Non-Capital Loss	Year of Expiration
2,861,927	2044
14,893,947	2043
14,002,389	2042
27,239,408	2041
4,211,771	2038
5,725,412	2037
1,834,005	2036
1,399,004	2035
389,521	2034
72,557,284	

As at December 31, 2024, the Company has 30,185,697 capital losses to carry forward.

Share issue and financing costs will be fully amortized in 2026. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

13. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements. There has been no changes in the Company's capital management since fiscal year 2023. Management reviews these policies on an ongoing basis.

14. CONTINGENCIES

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

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15. OTHER INCOME

During the year ended December 31, 2024, the Company was refunded \$157,601 from a research institution.

16. SUBSEQUENT EVENTS

On March 20, 2025, the Company settled accounts payable of \$243,479 in exchange for a secured convertible debenture note totalling \$143,920 (US \$100,000) with an arm's length party. The convertible debenture matures in two years, bears interest of 1% per month, and is convertible in whole or in part, into shares. The conversion price is equal to the greater of: i) 30-day trailing weighted average price or ii) the minimum conversion price permitted by the Canadian Securities Exchange.

On March 19, 2025, the Company entered into a Debt Forgiveness Agreement ("Debt Forgiveness") and settled debt of \$917,128 (US \$641,348) ("Debt") with a related party ("Creditor"). The Creditor agreed to settle this Debt in exchange for a secured convertible debenture of \$71,500 (US \$50,000). The convertible debenture is non-interest bearing, matures twelve months from the date of issuance and convertible into common shares of the Company at maturity at a conversion price equal to the greater of: i) 30-day trailing weighted average price or ii) the minimum conversion price permitted by the Canadian Securities Exchange.

On March 19, 2025, the Company entered into a Debt Forgiveness Agreement ("Debt Forgiveness") and settled debt of \$1,065,411 (US \$745,043) ("Debt") with a related party ("Creditor"). The Creditor agreed to settle this Debt in exchange for a secured convertible debenture of \$71,500 (US \$50,000). The convertible debenture is non-interest bearing, matures twelve months from the date of issuance and convertible into common shares of the Company at maturity at a conversion price equal to the greater of: i) 30-day trailing weighted average price or ii) the minimum conversion price permitted by the Canadian Securities Exchange.

On April 15, 2025, an arms length creditor of the Company forgave \$118,860 of debt that arose from a note payable disclosed in Note 7.