



Filament
Health

Filament Health Corp.
Management's Discussion and Analysis

For the six months ended June 30, 2025
(Expressed in Canadian Dollars)

Filament Health Corp.**Management's Discussion & Analysis**

For the six months ended June 30, 2025

(Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements and notes thereto of Filament Health Corp. ("Filament" or the "Company") for the six months ended June 30, 2025 and the audited consolidated financial statements and notes thereto for the year ended December 31, 2024. The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and as issued by the International Accounting Standards Board ("IASB"), interpretations of the IFRS Interpretations Committee ("IFRIC"), and in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

Information contained herein is presented as of August 8, 2025, unless otherwise indicated. Additional information related to Filament is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.filament.health.

The Company's Board of Directors approved the release of this Management's Discussion and Analysis on August 8, 2025.

FORWARD LOOKING INFORMATION

Certain statements and information contained herein may constitute "forward-looking statements" and "forward-looking information," respectively, under Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as, "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intends", "forecast", "plans", "guidance" and similar expressions are intended to identify forward-looking statements or information. The forward-looking statements are not historical facts, but reflect the current expectations of management of Filament regarding future results or events and are based on information currently available to them. Certain material factors and assumptions were applied in providing these forward-looking statements.

Forward-looking statements regarding the Company are based on the Company's estimates and are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of Filament to be materially different from those expressed or implied by such forward-looking statements or forward-looking information, including capital expenditures and other costs. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Filament will not update any forward-looking statements or forward-looking information that are incorporated by reference herein, except as required by applicable securities laws. For more information on forward-looking information, please refer to page 20 of this MD&A.

CORPORATE OVERVIEW

Filament was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on June 8, 2020. The Company is a public company with its registered and records office at the address of 210 – 4475 Wayburne Drive, Burnaby, British Columbia, V5G 4X4. The Company's common shares are listed for trading on the NEO Exchange ("NEO") under the symbol "NEO:FH", the OTCQB Exchange under the symbol "OTCQB:FLHLF" and the Frankfurt Exchange under the symbol "FSE:7QS".

Filament Health is a clinical-stage natural psychedelic drug development company. We believe that safe, standardized, naturally-derived psychedelic medicines can improve the lives of many, and our mission is to see them in the hands of everyone who needs them as soon as possible. Filament's platform of proprietary intellectual property enables the discovery, development, and delivery of natural psychedelic medicines for clinical development. We are paving the way with the first-ever natural psychedelic drug candidates.

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2025 FINANCIAL AND BUSINESS HIGHLIGHTS

- On July 31, 2025, the Company announced the first-ever approval for compassionate use of psilocybin in the European Union towards administration to a patient suffering from treatment-resistant depression in Germany.
- On July 24, 2025, the Company announced a partnership with University College London to supply its botanical psilocybin drug candidate, PEX010, for two phase 2 clinical trials to explore effects on brain function, perception, and psychological wellbeing.
- On July 7, 2025, the Company announced that the U.S. Food and Drug Administration has authorized a phase 2 clinical trial studying its botanical psilocybin drug candidate, PEX010, for the treatment of alcohol use disorder and post-traumatic stress disorder in military veterans and first responders.
- On June 17, 2025, the Company announced that it entered into an exclusive global license agreement with the University of Alabama at Birmingham for intellectual property related to a recently completed phase 2 placebo-controlled clinical trial of psilocybin as a treatment for cocaine use disorder.
- On June 11, 2025, the Company announced that the Swedish Ethical Review Authority and Swedish Medical Products Agency have authorized a double-blind phase 2 clinical trial studying its botanical psilocybin drug candidate, PEX010, at Linköping University.
- On May 28, 2025, the Company's common shares shifted from the OTCQB Venture Market to the OTC Pink Limited Information tier and terminated its listing on the Frankfurt Stock Exchange.
- On May 6, 2025, the Company held a Special Meeting for the voluntarily delisting of its common shares from CBOE Canada, which was approved by shareholder vote, and the Company was delisted from the CBOE Canada Exchange as at May 21, 2025.
- On April 9, 2025, the Company closed a financing of \$961,275 further to the issuance of units, comprised of a secured convertible debenture of the company and a warrant.
- On March 17, 2025, the Company announced that a licensing partner studying the effects of its botanical psilocybin drug candidate, PEX010, for the treatment of alcohol use disorder ("AUD") produced positive data and results were published in the Journal of Psychopharmacology noting the safety and efficacy in reducing alcohol consumption in AUD patients.
- On January 21, 2025, the Company announced that it has shipped its botanical psilocybin drug candidate, PEX010, to the University of Wisconsin-Madison for investigation in two clinical trials studying the effects of psilocybin on neuroplasticity.

2024 FINANCIAL AND BUSINESS HIGHLIGHTS

- On December 16, 2024, the Company announced that Magdalena Biosciences, a joint venture formed by Filament and Jaguar Health, Inc., successfully completed an import of six kilograms of coca leaf from Peru to Filament's Metro Vancouver research and development facility.
- On October 4, 2024, the Company issued 5,600,000 common shares for the completion of services pursuant to an advisory agreement with Negev Capital Investments Limited.
- On August 13, 2024, the Company announced the expansion of its intellectual property portfolio with the acceptance of twelve patents by IP Australia related to the development of botanical psychedelic drugs, five patents by the Canadian Intellectual Property Office (CIPO), and three patents by the United States Patent and Trademark Office.

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2024 FINANCIAL AND BUSINESS HIGHLIGHTS (continued)

- On June 12, 2024, the Company completed a private placement for gross proceeds of \$135,000, received proceeds from the exercise of warrants for \$864,222, and issued common shares pursuant to the conversion of a \$1,250,000 convertible debenture.
- On June 3, 2024, the Company announced that it had received authorization from Health Canada and the US Food and Drug Administration for a Phase II clinical trial of PEX010 for the treatment of methamphetamine use disorder.
- On March 19, 2024, the Company announced that it had completed exports of PEX010 to four recipients in Canada, the United States, Belgium, and Israel for use in clinical trials related to a range of mental health indications such as cannabis use disorder, depression, anxiety, and alcohol use disorder.
- On February 15, 2024, the Company announced that it had completed an export of PEX010 to Israel, which is believed to be the first botanical psilocybin exported to Israel.
- On January 31, 2024, the Company announced that it had received authorization from the U.S. Food and Drug Administration ("FDA") had accepted the Investigational New Drug application for PEX010 for treatment of substance use disorders.
- On January 17, 2024, the Company announced that it had completed an export of PEX010 to Perth, Western Australia, which is believed to be the first botanical psilocybin to be exported to Australia to its licensing partner, Reset Pharmaceuticals Inc. ("Reset").

BUSINESS DESCRIPTION

Filament Health Corp. is a clinical-stage botanical psychedelic drug development company. Our mission is to see safe, approved, natural psychedelics in the hands of everyone who needs them, as soon as possible. Filament believes that psychedelic medicines may be a catalyst to addressing many of the world's mental health problems, and that natural psychedelics may provide an optimal option for widespread adoption of these substances.

Since our inception, we have concentrated our efforts on building a comprehensive platform which supports the treatment of mental health conditions and substance use disorders through the administration of natural psychedelic drug candidates whose safety and efficacy would be supported by the U.S. Food and Drug Administration ("FDA") authorized human clinical trials and ultimately approved to be marketed.

Filament seeks to leverage its natural botanical extraction technology, manufacturing expertise and clinical candidate development, utilizing its intellectual property portfolio, in-house good manufacturing practices ("GMP") facility, and Health Canada Dealer's License for controlled natural psychedelics. Filament has manufactured standardized, stable botanical psychedelic drug candidates including oral psilocybin (PEX010), as well as oral and sublingual psilocin (PEX020 and PEX030, respectively). These drug candidates are currently being administered in FDA, European Medicines Agency ("EMA"), and Health Canada authorized human clinical trials within Filament's internal drug development program, as well as through licensing agreements and academic agreements.

Internal Drug Discovery and Development

Filament's internal drug discovery and development program is carried out by its wholly owned subsidiary, Psilo, and is focused on developing standardized pharmaceutical-grade drug candidates from botanical psychedelic biomass. Psilo's core technologies are focused on: (i) methods and systems for extracting psychoactive components from fungi; (ii) stabilization and formulation of psychoactive compounds; and (iii) delivery of alkaloid compounds.

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BUSINESS DESCRIPTION (continued)

Psilo operates out of a vertically integrated research and manufacturing facility with a fully operational mycology lab, production facility and head office. Psilo holds a Health Canada Dealer's License and is conducting its manufacturing processes under GMP conditions with current capacity of over 2,000 therapeutic psilocybin doses per month.

Filament has manufactured standardized, stable psychedelic candidates, including oral psilocybin as well as oral and sublingual psilocin, a notoriously unstable molecule. These drug candidates are currently being dosed under an IND accepted by the in an FDA authorized, which is believed to be Phase I clinical trial which is the first human clinical trial using naturally sourced psychedelic substances.

In addition, this trial is the first known direct administration of psilocin rather than its prodrug psilocybin. Other manufacturers have been able to produce a stable formulation of psilocin and enter it into a clinical trial. As a result of the need for psilocybin to convert into psilocin before becoming active in the human body, the direct administration of psilocin may yield several therapeutic benefits such as faster onset time, greater consistency, increased bioavailability, and lessened side effects.

Through experimentation, Psilo has come to believe that there are few viable methods to extract the psychoactive alkaloids from natural sources on a commercial scale and has obtained twenty-three (23) granted seven patents, as well has forty-five (45) pending patent filings for the protection of these methods. Filament believes this protection may provide an advantage over others wishing to commercialize similar extracts.

Licensing Agreements

Filament is also focused on expanding its partnership network, with the goal of enabling the Company to benefit from other avenues of commercialization that may be viable before FDA approval or Canadian drug product marketing authorization. These avenues include, but are not limited to, licensing agreements with other corporate entities, compassionate use exemptions, and sales in other jurisdictions with separate regulatory controls.

Filament has licensed its technology relating to the production of its PEX010 (oral psilocybin) drug candidate to Cybin Therapeutics ("Cybin Therapeutics"), ATMA Journey Centers ("ATMA"), Psyence Biomed Corp ("Psyence"), NeoLumina Bioscience Inc ("NeoLumina") and Reset Pharmaceuticals Inc. ("Reset Pharmaceuticals"), which have generated revenues of over \$700,000 as of June 30, 2024. Licensing the PEX010 drug candidate allows counterparties to take advantage of the natural extraction, purification, and standardization processes that are encompassed within Filament's intellectual property portfolio. In addition, supplying third-party companies with Filament's drug candidates provides the Company with exposure to multiple indications, and creates the potential to generate revenues from future operating milestones and royalty fees upon successful commercialization.

Filament also leverages partnerships with academic researchers and institutions to accumulate safety and efficacy data for its drug candidates. This data can be used in Filament's internal drug development program in exchange for supply of naturally derived psychedelic drug products. Filament retains the safety data from academic trials, which enhances Filament's in-house research and discovery programs. Additionally, Filament obtains an advanced data preview of the trial results, which provides Filament with clinical efficacy data in non-core indications

Filament has agreements for clinical trials of Filament's leading drug candidate, PEX010 (1 mg, 5 mg, and 25 mg), in Canada, the United States, and Europe. Indications under examination by these partners include depression and treatment-resistant depression, alcohol use disorder, MAUD, chronic pain, mild cognitive impairment, and existential crisis. Filament views these agreements as a competitive advantage to expand its pipeline into other potential indications, which Filament may choose to develop further in the future.

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BUSINESS DESCRIPTION (continued)

Health Canada restored access to certain restricted drugs including psilocybin through the Special Access Program ("SAP") on January 5, 2022. The SAP allows health care practitioners to request for patients, on an emergency basis, access to drugs that are not yet approved in Canada. Filament's wholly owned subsidiary Psilo Scientific Ltd. is included in Health Canada's list of licensed psilocybin producers, which is available upon request to parties interested in access to psilocybin through the SAP or for scientific research. On June 16, 2022, Filament announced that a patient was dosed with one of Filament's drug candidates through the SAP, making the Company one of the first to provide psilocybin through the program.

Research and Development

Psilo's core technologies are focused on: (i) methods and systems for extracting psychoactive components from fungi; (ii) stabilization and formulation of psychoactive alkaloid compounds (both fungal and non-fungal derived); and (iii) delivery of alkaloid compounds (both fungal and non-fungal derived). All of these technologies are involved in some aspects of drug candidates used in Filament's clinical trials.

Unlike the vast number of synthetic manufacturing methods, there are a limited number of feasible ways to extract and purify naturally occurring psychedelic compounds. Filament's intellectual property portfolio, which includes twenty-three (23) granted patents and forty-five (45) pending patent filings, is focused on the limited number of known viable extraction and purification methods that exist, as well as specific standardization processes and compositions of matter.

Filament's GMP facility, Health Canada Dealer's License and manufacturing capabilities enable the Company to complete research and development within propagation, extraction, purification, standardization, stabilization, and human delivery methods, which support its intellectual property portfolio. Filament's vertically integrated manufacturing also provides the ability to supply in-house human clinical trials as well as license technology to drug developers, researchers, and other licensed parties.

Filament also has multiple ongoing research programs focused on psychedelic mushroom cultivation and the standardization of additional psychoactive plants.

Drug Candidates

Filament's first three botanical drug candidates are standardized, purified extracts of *psilocybe cubensis* fruiting bodies include:

- PEX010 Psilocybin - oral delivery (1mg and 25mg)
- PEX020 Psilocin - oral delivery (dose withheld)
- PEX030 Psilocin - sublingual delivery (dose withheld)

PEX010, PEX020 and PEX030 have successfully attained US Food and Drug Administration Botanical Drug classification, a unique development pathway in comparison to isolated natural and synthetic compounds. Filament's PEX010 drug candidate has obtained approval to be administered in clinical trials in Canada, the USA, the United Kingdom and the European Union from Health Canada, the FDA, and other governing bodies.

Filament has also developed the following standardized drug candidates which are in preclinical stage:

- AEX010 Ayahuasca - oral delivery (dose withheld)
- AEX020 Monoamine Oxidase Inhibitor - oral delivery (dose withheld)

BUSINESS DESCRIPTION (continued)

Filament does not currently market or sell any products for medical or recreational use. However, Filament has executed multiple agreements and has an active partnership network pipeline of parties relating to the licensing of intellectual property related to the production of extracts for clinical trial drug candidates. Filament is actively marketing manufacturing and intellectual property capabilities to third-party drug developers.

Internal Clinical Trials

Filament has manufactured standardized, stable oral psilocin, sublingual psilocin and oral psilocybin drug candidates that have been authorized by the FDA and are currently being dosed in a Phase I human clinical trial. Filament partnered with the Translational Psychedelic Research ("TrPR") Program at the University of California, San Francisco ("UCSF") to progress its US FDA clinical trials. Filament's research and development program has developed IP-protected botanical drug candidates of oral psilocin, sublingual psilocin and oral psilocybin.

1. FDA Authorized Phase I Trial - First-ever known direct administration of psilocin and first-ever clinical trial using naturally sourced psychedelic substances:
 - *Design* - Designed to include 20 healthy subjects to examine the effects of proprietary botanical drug candidates: PEX010 (oral psilocybin), PEX020 (oral psilocin), and PEX030 (sublingual psilocin);
 - *Timeline* - First dosing occurred July 2022;
 - *Intention* - Compare the direct administration of psilocin to psilocybin to identify whether psilocin yields therapeutic benefits such as faster onset time, greater consistency, increased bioavailability, and lessened side effects; and
 - *First to Market* - To date, synthetic manufacturers have been unable to produce a stable formulation of psilocin and enter it into a clinical trial.
2. Phase II Trial in Methamphetamine Use Disorder (PEX010) - on August 23, 2022, an IND that was opened 30 days later for a Phase 2 clinical trial studying the effect of Filament's PEX010 product, standardized in psilocybin, for the treatment of methamphetamine use disorder ("MAUD"). MAUD is a growing public health emergency that is associated with serious health consequences. In the United States, the prevalence and mortality of MAUD has doubled over the past decade, but available treatments have limited efficacy. The goal of this trial will be to determine the safety, tolerability, and feasibility of psilocybin therapy for people living with MAUD.
3. Phase II Opioid Use Disorder Trial (PEX010) - The trial has been authorized by Health Canada and will study the effects of PEX010 for the treatment of opioid use disorder (OUD). Dr. Christian Schütz, Professor of Psychiatry at UBC, will be the principal investigator for the trial, which will assess the safety and feasibility of delivering psilocybin in the treatment of OUD, and evaluate potential changes in participants' opioid use.

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BUSINESS DESCRIPTION (continued)Licensee Clinical Trials*EntheoTech Bioscience Inc. Clinical Trials*

On November 18, 2021, Filament entered into an agreement with EntheoTech to supply psilocybin for their upcoming trials. Under the agreement, Filament will exclusively license its botanical psilocybin drug candidate, PEX010, to EntheoTech for two upcoming clinical trials relating to addiction, chronic pain, and depression. Filament also announced that it would be co-developing psychedelic drug candidates derived from mushrooms grown from EntheoTech's proprietary spore library. The EntheoTech agreement terminated on October 1, 2023.

Cybin Therapeutics Clinical Trials

On January 14, 2021, Filament entered into an agreement with Cybin Therapeutics, a private therapeutic bioscience company on a mission to discover and develop psilocybin assisted therapeutic protocols. Under the agreement, Filament is licensing its botanical psilocybin drug candidate, PEX010, to Cybin Therapeutics for two upcoming phase II clinical trials addressing depression and alcohol use disorder. The agreement also includes the supply of two additional clinical trials.

On January 31, 2022, Cybin Therapeutics announced they obtained Health Canada approval for the first phase II clinical trial. The trial will include individuals with major depressive disorder who are undergoing selective serotonin reuptake inhibitor ("SSRI") therapy, commonly used to treat depression, as well as those who are SSRI-naive.

Cybin Therapeutics' current clinical program is on hold due to internal capital constraints.

ATMA Journey Centers Clinical Trials

On February 23, 2022, Filament entered into an agreement with ATMA, Canada's first private therapy company to conduct legal psilocybin therapy through the Health Canada Section 56 Exemption, assisting Canadians facing end-of-life distress from terminal illness. Under the agreement, Filament is licensing its botanical psilocybin drug candidate, PEX010, to ATMA for use in clinical trials. The first clinical trial ATMA is pursuing, which was granted a No Objection Letter by Health Canada on January 7, 2022, is a phase I psilocybin safety trial in healthy individuals enrolled in a psychedelic assisted therapy training program. On September 1, 2022, Filament and ATMA announced the dosing of 14 patients in their Health Canada approved clinical trial.

On September 1, 2022, Filament and ATMA announced that 14 healthy subjects were dosed with PEX010 in a Health Canada-approved clinical trial as part of ATMA's psychedelic-assisted therapist training program. Participants in the study described the common experience of feeling "better," "happier," and "lighter" after the psilocybin session. No serious adverse events were reported, and the adverse events experienced were generally mild, expected, and occurred within two days following the psilocybin session.

Psyence Group Inc. Clinical Trial

On April 19, 2022, Filament entered into an exclusive licensing agreement with Psyence Group Inc. Under the agreement, Filament is licensing its botanical psilocybin drug candidate, PEX010, to Psyence for use in clinical trials in the United Kingdom. Psyence is pursuing clinical trials in the field of palliative care. Filament has granted Psyence exclusivity in the United Kingdom for the indications of anxiety and depression, and associated ailments.

On December 15, 2022, Filament and Psyence entered into a royalty-bearing, binding term sheet for the commercial licensing of intellectual property from Filament, which is subject to the terms of a definitive licensing agreement, and grants Psyence the worldwide right to commercialize PEX010 within the context of palliative care. On July 10, 2024 and effective July 22, 2024, Filament and Psyence entered into an addendum to terminate the binding term sheet and the commercialization rights were rescinded.

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BUSINESS DESCRIPTION (continued)Licensee Clinical Trials (continued)*NeoLumina Bioscience Inc.*

On June 30, 2023, Filament announced that it had entered into an agreement with NeoLumina, a company focused on the development and commercialization of novel therapeutics inspired by psychedelics. Under the terms of the agreement, Filament granted an exclusive license of its proprietary botanical psilocybin drug candidate, PEX010, and associated intellectual property, to NeoLumina for clinical and commercial development related to eating disorders.

Reset Pharmaceuticals Inc.

On August 31, 2023, Filament announced that it had entered into an agreement with Reset, a company focused on the development of innovative treatments to address mental health indications related to life-altering diseases. Under the terms of the agreement, Filament granted a license of its proprietary botanical psilocybin drug candidate, PEX010, and associated intellectual property, to Reset for clinical and commercial development related a Phase 2 clinical trial studying demoralization syndrome.

Facility and Health Canada Dealer's License

Filament operates out of a fully operational mycology lab, production facility and head office (the "Burnaby Facility"). The Burnaby Facility includes cultivation space and laboratory space used for the preparation of genetic material for the cultivation process as well as processing space and equipment for the drying, extraction, purification and standardization of psychedelic substances and secure controlled substances environs that are only accessible to authorized individuals. The Burnaby Facility measures 3,416 square feet and is a leased facility.

In February 2021, Psilo became one of a few solely psychedelic focused operators to be granted a Dealers License, which enables Psilo to possess, produce and transport psilocybin and other compounds found in natural, botanical fungus.

Filament's current Dealer's License was issued on March 1, 2025 and expires on February 29, 2028 and provides Level 8 clearance which allows Filament to store up to \$6,250,000 of controlled substance inventory on-site in the designated storage areas. Filament's Dealer's License permits the conduct of the possession, production, assembling, sale/provision, sending, transportation and delivery of thirteen different controlled substances including cathinone, coca leaf, cocaine, harmaline, harmalol, ketamine, mescaline, N,N-Dimethyltryptamine (DMT), N-Methyl-3,4-Methylenedioxyamphetamine, psilocin, psilocybin, salvia divinorum and salvinorin.

Leadership

Filament and its team of extraction experts bring a wealth of relevant experience having founded, commercialized and sold Mazza Innovation Ltd. ("Mazza"), a botanical extraction company. Filament's team has been applying its knowledge of botanical extraction to natural psychedelics to develop and commercialize novel processes.

As of June 30, 2025, Filament's Board of Directors includes:

- Ben Lightburn, Co-founder, Director and Chief Executive Officer - Former CEO, Mazza
- Michael Messinger, Director – Former CFO, ContraFect Corporation
- Jon Conlin, Director – Corporate lawyer, Fasken
- Konstantin Adamsky, Ph.D, Director – COO of Negev Capital

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SIGNIFICANT TRANSACTIONS AND FINANCINGSMagdalena Biosciences Inc.

On January 9, 2023, the Company entered a transaction to form a joint venture to create Magdalena Biosciences Inc. ("Magdalena"), a development company specializing in novel, natural prescription medicines derived from plants for mental health indications, with Jaguar Health Inc. ("Jaguar") and One Small Planet Capital LLC ("One Small Planet"). Magdalena will leverage the know-how, trade secrets, expertise of both Jaguar and Filament to develop a potential plant-based alternative drug for adult ADHD that is safe and efficacious. Jaguar has a library of 2,300 highly characterized plants and 3,500 plant extracts from firsthand ethnobotanical investigations whereby an exclusive license is provided to Magdalena. Filament has entered into a services agreement to provide Magdalena with its expertise, technologies, and will utilize its licensed facility to contribute towards the development of a new botanical drug to address indications such as ADHD. Initial funding of US \$1,000,000 will be provided by One Small Planet for the purchase of 2,000,000 common shares of Magdalena at a price of \$0.50 per share.

The joint venture was formed with Filament owning 40%, Jaguar owning 40%, and One Small Planet owning 20% of the new entity. No cash consideration was paid upon incorporation of the entity by the Company.

The Company recognized its investment in Magdalena in accordance with IAS 28, Investments in Associates and Joint Ventures, based on its share of the net identifiable assets of Magdalena of \$1,578,961 in exchange for Filament's stand-ready series of services from one year from the effective date of January 9, 2023, to January 9, 2024 ("Initial Services Period"). Upon initial recognition, these amounts have been recognized as deferred revenue on the statements of financial position. As at June 30, 2025, the Company has an investment balance of \$1,277,993 (December 31, 2024 - \$1,512,907) after incorporating the Company's share of Magdalena losses of \$105,533 (December 31, 2024 - \$154,212) in profit or loss and a loss of \$129,382 (December 31, 2024 - loss of \$217,410) in accumulated other comprehensive income (loss) related to the exchange difference on translating foreign operations.

The deferred revenue relates to Filament's obligations under the services agreement to provide consulting services related to research and development, know-how, and clinical trial support on an as needed basis for the Initial Services Period. The revenue was recognized on a straight-line basis over the period of one year. As at June 30, 2025, the Company recognized services revenue of \$Nil (year ended December 31, 2024 - \$38,934) related to the Initial Services Period. During the six months ended June 30, 2025, the Company recognized additional services revenue of \$Nil (year ended December 31, 2024 - \$86,137), which includes an elimination of amounts billed from Filament in the amount of \$Nil (year ended December 31, 2024 - \$34,454) for the investment in the joint venture when incorporating the Company's share of Magdalena losses.

For the six months ended June 30, 2025, the Company recognized its share of the profit and loss of Magdalena as follows:

	March 31, 2025	
EXPENSES		
General and administrative	\$	22,804
Foreign exchange on translating foreign operations		323,454
Professional and consulting fees		82,449
Research and development		39,956
Travel		34,337
Wages and benefits		84,284
Net income (loss) for the period	\$	587,284
Filament share of net income (loss)	\$	234,915
Net (loss) attributed to the Company	\$	(105,533)
Exchange difference on translating foreign operations attributed to the Company	\$	(129,382)

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SELECTED ANNUAL INFORMATION

The table below sets out certain selected financial information regarding the operations of the Company for the period indicated. The selected financial information has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements and related notes.

	December 31, 2024	December 31, 2023	December 31, 2022
	\$	\$	\$
	(Audited)	(Audited)	(Audited)
Total revenues	616,678	2,130,974	364,500
Net loss for the period	(4,970,272)	(5,322,032)	(16,466,465)
Basic and diluted income (loss) per share	(0.02)	(0.03)	(0.10)
Total assets	3,412,226	5,576,109	4,740,657
Total long-term liabilities	116,830	1,498,674	1,130,490
Cash dividends	-	-	-

During the year ended December 31, 2024, the Company focused on engaging in contracts with new licensing partners to utilize its proprietary PEX010 capsules in research activities and/or use in clinical trials in addition to research and development of its intellectual property and filing of additional patents. Further to the establishment of the joint venture arrangement with Magdalena, the Company provided services to source extracts and other pre-cursors for use in Magdalena's research endeavours.

During the year ended December 31, 2023, the Company focused on research and development of its intellectual property and filed additional patents. The Company increased outreach in the industry to sign licensing agreements for provision of the Company's proprietary drug candidates. The Company also engaged in a joint venture arrangement with Magdalena to engage in the research and development of organic drug candidates.

During the year ended December 31, 2022, the Company focused on research and development of its intellectual property and filed additional patents. The Company increased outreach in the industry to sign licensing agreements for provision of the Company's proprietary drug candidates.

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SELECTED QUARTERLY INFORMATION

The following is a summary of the Company's quarterly financial results for the eight most recently completed quarters to June 30, 2025:

	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
For the quarter ended:	\$	\$	\$	\$
Revenue	155,533	103,480	155,563	19,021
Comprehensive loss	(691,199)	(847,053)	(1,916,903)	(986,803)
Loss per share from operations	(0.00)	(0.00)	(0.01)	(0.00)

	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
For the quarter ended:	\$	\$	\$	\$
Revenue	109,708	297,932	1,731,004	337,470
Comprehensive loss	(1,009,929)	(839,497)	(1,294,862)	(1,310,069)
Loss per share from operations	(0.00)	(0.00)	(0.01)	(0.01)

RESULTS OF OPERATIONS

For the six months ended June 30, 2025:

During the six months ended June 30, 2025, the Company recorded a comprehensive loss of \$1,538,330 as compared to a net and comprehensive loss of \$1,849,426 for the comparable six months ended June 30, 2024. The net and comprehensive loss for the six months ended June 30, 2025 includes \$322,564 of non-cash expenditures.

Total expenses for the six months ended June 30, 2025, amounted to \$1,574,863 as compared to \$2,309,866 for the comparable period, which includes non-cash expenditures of \$107,418 for depreciation, \$80,255 for interest and accretion, and \$134,891 in share-based compensation included in professional and consulting fees and wages and benefits. The decrease in overall expenditures can be attributed to the following:

- Professional and consulting fees have decreased to \$225,769 from \$411,268 as the Company has engaged third party consultants for professional services, accounting and audit services, research and advisory services, communications and corporate development and legal fees. The decrease is primarily attributed to legal consultations engaged for a proposed transaction in the prior year.
- Research and development expenses have decreased to \$282,830 from \$388,071, which is largely consistent given the Company's continued efforts to focus available resources towards research and development efforts in the current and prior year.
- Sales and marketing expenses have decreased to \$26,139 from \$31,561 as the Company has engaged third party consultants to develop and refine investor relations and digital marketing services, which has decreased as the Company focuses expenditures towards wages and salaries towards and for research and development activities.
- Wages and benefits have decreased to \$594,041 from \$807,188, which can be attributed to the fees paid to management and employees for professional services related to executive officer services, research and development and administration. Also included in wages and benefits were fees paid to companies controlled or connected to officers of the Company. See related party section for details. Overall, the decrease in wages and benefits is primarily attributed to the equity compensation in the form of stock options and RSUs issued to employees of the Company.

Filament Health Corp.**Management's Discussion & Analysis**

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LIQUIDITY AND CAPITAL RESOURCES

The Company's financial success is reliant on management's ability to identify and evaluate suitable growth and acquisition opportunities and maximizing the potential of these opportunities. In order to fund future growth opportunities and to corporate overhead, the Company may seek additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

As at June 30, 2025, and December 31, 2024, the Company has a working capital deficit of \$1,173,304 and \$858,508, respectively. The decrease in working capital is attributable to the Company using funds in operations, and raising funds through the issuance of convertible debentures during the six months ended June 30, 2025. During the year ended December 31, 2024, the Company closed a private placement for \$135,000 and received gross proceeds of \$864,222 from the exercise of warrants. The Company has no commitments for capital expenditures.

Cash and Financial Conditions

As at June 30, 2025, and December 31, 2024, the Company has cash and cash equivalents of \$679,972 and \$391,237, respectively. The Company does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements. The Company does not use hedges or other financial derivatives.

Lease Outstanding

On June 11, 2020, Psilo entered into a three-year lease agreement for the Facility beginning on August 1, 2020. The initial term of the sub-lease agreement is three years and expired on July 31, 2023. On July 20, 2021, Psilo entered into a lease extension agreement to extend the lease for an additional three years, until July 31, 2026. The Facility conforms to Health Canada's Directive on Physical Security Requirements for Controlled Substances and Good Manufacturing Practice ("GMP").

Assuming operating expenses and property taxes charged to Filament are consistent, monthly payments for the extended three (3) year lease term are anticipated to be approximately \$15,110 per month compared to \$13,687 per month under the initial term. In addition to a \$27,633 security deposit as of December 31, 2021, the Company agreed to deposit an additional \$18,910 to be held by the landlord as a security deposit as of June 30, 2024 for a total security deposit of \$46,543.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments based on the funds available to the Company. The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern in order to support ongoing initiatives, to provide sufficient working capital to meet its ongoing obligations and to pursue potential acquisitions.

The Company is largely dependent upon external financings to fund its operations. In order to carry out any planned business transaction, and to continue to support the general administrative activities, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the six months ended June 30, 2025.

The Company is not subject to externally imposed capital requirements. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

Filament Health Corp.
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OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

None to report.

RELATED PARTY TRANSACTIONS

Related Party Transaction Disclosure

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Chief Executive Officer, President, Chief Operating Officer and Chief Finance Officer.

These transactions are incurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties unless otherwise stated. Remuneration attributed to key management personnel can be summarized as follows:

	Six months ended June 30,	
	2025	2024
Management		
Wages and benefits		
Benjamin Lightburn, CEO	\$ 90,150	\$ 90,150
Steven Nguyen, Interim CFO	30,000	15,000
Warren Duncan, Former CFO	-	30,665
Lisa Ranken, COO	65,000	65,000
Ryan Moss, VP Research and Development	56,650	28,325
Share-based compensation		
Benjamin Lightburn, CEO	23,535	30,656
Steven Nguyen, Interim CFO	1,432	-
Warren Duncan, Former CFO	-	9,709
Lisa Ranken, COO	8,393	12,357
Ryan Moss, VP Research and Development	11,466	13,565
Total management	\$ 286,626	\$ 331,732
Board of Directors		
Professional and consulting fees		
Michael Messinger, Director	84,514	81,688
Share based compensation		
Chris Wagner, Former Director	-	7,473
Jonathan Conlin, Director	9,056	12,066
Michael Messinger, Director	11,566	-
	\$ 391,762	\$ 432,959

During the six months ended June 30, 2025, the Company incurred \$32,192 (June 30, 2024 - \$58,626) in legal and professional fees to Fasken Martineau DuMoulin LLP, a law firm, where one of the Company's directors is a partner and acts as counsel to Filament.

Accounts payable and accrued liabilities at June 30, 2025, includes \$97,684 (December 31, 2024 - \$25,203) owed to related parties.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are disclosed in Note 4 of the condensed interim consolidated financial statements.

FINANCIAL INSTRUMENTS**Fair value**

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and
- Level 3 - Valuation techniques using inputs that are not based on observable market data.

The fair value of cash and cash equivalents are measured using Level 1 inputs. The Company determined that the carrying values of its other short-term financial assets and liabilities approximate the corresponding fair values because of the relatively short periods to maturity and limited credit risk.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and trade receivables. The carrying amount of these financial assets represent the maximum credit exposure. Filament holds cash at a major Canadian financial institution, and management believes the exposure to credit risk with respect to these institutions is not significant.

Expected credit loss ("ECL") analysis is performed at each reporting date using an objective approach to measure expected credit losses on its accounts receivable. The provision amounts are based on direct management interactions with the customer. The calculations reflect the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecast of future economic conditions. Accounts receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, but are not limited to, business failure, failure of a debtor to engage in a repayment plan, and a failure to make contractual payments. As at June 30, 2025, \$242,071 (December 31, 2024 - \$252,145) of trade receivables are past due, of which the Company has recognized an allowance equal to the expected credit loss of \$229,174 (December 31, 2024 - \$240,793) recognized as bad debt expense in the statement of loss and comprehensive loss. Management expects to be able to collect the remainder of amounts outstanding.

Filament Health Corp.**Management's Discussion & Analysis**

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FINANCIAL INSTRUMENTS (continued)*Credit risk (continued)*

As at June 30, 2025, receivables are comprised of \$89,627 (December 31, 2024 - \$182,538) in trade receivables and the remainder arise from taxes receivable. The Company's aging of receivables is below:

	June 30, 2025		December 31, 2024	
0 – 90 days	\$	76,730	\$	171,186
91+ days		242,071		252,145
Provision for doubtful accounts (ECL)		(229,174)		(240,793)
Total trade receivables	\$	89,627	\$	182,538

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The accounts payable are typically due in 30 days, which are settled using cash. As at June 30, 2025, the Company has a working capital deficit of \$1,173,304.

At present, the Company's operations do not generate positive cash flow. The Company's primary source of funding has been the issuance of equity securities. Despite previous success in acquiring financing, there is no guarantee of obtaining future financings.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at June 30, 2025, the Company had US \$208,780 in cash, US \$24,000 in accounts receivable, €7,500 in accounts receivable in European Euros, £23,000 in accounts receivable in Great Britain Pounds, US \$103,395 in accounts payable, €18,403 in European Euros, £7,275 in accounts payable in Great Britain Pounds, and considers foreign currency risk to be negligible.

A fluctuation in the exchange rates between the Canadian dollar, US dollars, European Euro, and Great Britain Pounds of 10% would result in an approximately \$19,000 change in the Company's net assets. The Company does not use any techniques to mitigate currency risk.

SUBSEQUENT EVENTS

None to disclose.

Filament Health Corp.**Management's Discussion & Analysis**

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OUTSTANDING SHARE DATA

As of June 30, 2025 and December 31, 2024, the Company had 261,793,970 and 261,793,970 issued and outstanding shares, respectively.

During the year ended December 31, 2024, the Company completed a private placement for the issuance of 2,700,000 common shares for gross proceeds of \$135,000.

During the year ended December 31, 2023, the Company completed a private placement for the issuance of 27,777,773 common shares and warrants exercisable at a price of \$0.117 and expires on July 24, 2026 and a private placement for the issuance of 5,999,998 common shares and warrants at a price of \$0.15 and expires on December 5, 2026.

The Company had the following securities issued and outstanding as at the dates noted below:

	June 30, 2025	August 8, 2025
Common shares	261,793,970	261,793,970
Warrants	82,506,419	82,506,419
Stock options	14,088,000	14,088,000
Restricted share units	8,934,070	8,934,070
Fully diluted shares	367,322,459	367,322,459

BOARD APPROVAL

The Board of Directors of the Company approved this MD&A on August 8, 2025.

RISK FACTORS

Please refer to the Management Information Circular for additional information on the background and operational highlights of Filament Health Corp. The Management Information Circular may be viewed under the SEDAR+ profile of Filament Health Corp. at www.sedarplus.ca.

The Company is subject to a number of risks and uncertainties that could significantly affect its financial condition and performance. As the Company grows and enters into new markets, these risks can increase. These risk factors are not a definitive list of all risk factors associated with the Company or in connection with the Company's operations.

The natural psychedelic industry is new in Canada and at a very early stage. As a result, there is a high degree of risk associated with the Company's business. There are significant risks that the Company's expenditures in developing its psychedelic business will not result in profitable operations.

The Company has no history of profitable operations and a limited operating history. Filament's present business is at an early stage. As such, many risks common to such early-stage enterprises, including cash shortages and limitations with respect to personnel, financial and other resources, lack of revenues and access to capital, exist.

Certain risks and assumptions include, among others:

- substantial fluctuation of losses due to numerous external risk factors out of the Company's control that cause the Company to incur significant losses in the future;
- uncertainty as to the Company's ability to raise additional funding to support operations;
- uncertainty as to the Company's ability to continue as a going concern;
- ability to generate product revenue to maintain its operations without additional funding;
- fluctuation of foreign exchange rates;
- the duration of COVID-19 and the extent of its economic and social impact;
- regulatory approval as well as with health and data protection laws and risks;
- risks associated with the development of the Company's products which are at early stages of development;
- pharmaceutical products can develop unexpected safety or efficacy concerns, which could have a material adverse effect on our revenues, income, and reputation;
- uncertainty surrounding the Company's reputation and its brand recognition;
- compliance with environmental, health and safety laws and regulations;
- unfavourable publicity, consumer perception, or future clinical research results;
- heightened scrutiny and changing regulatory requirements by government authorities;
- inaccurate information posted on social media platforms;
- reliance on third parties to plan, conduct and monitor Filament's preclinical studies and clinical trials;
- unforeseen disruption in the process of drug development activities;
- the Company's products may fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or may not otherwise produce positive results;
- delays in clinical testing;
- the risks of delays and inability to complete clinical trials;

Filament Health Corp.**Management's Discussion & Analysis**

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RISK FACTORS (continued)

- competition from other psychedelic, biotechnology and pharmaceutical companies;
- the Company's reliance on the capabilities and experience of Filament's key executives and scientists and the resulting loss of any of these individuals;
- misconduct or improper activities of the Company's employees, contractors, consultants and agents;
- failure, inadequacy, breach of, or unauthorized access to, our IT systems or those of our third-party service providers, unauthorized access to our confidential information, or violations of data protection laws, could each result in material harm to our business and reputation;
- the outbreak of infectious disease;
- the Company's limited operating history;
- the Company's ability to adequately protect its intellectual property and trade secrets;
- the Company's ability to source and maintain licenses from third-party owners;
- changes in patent laws and patent-related litigation risks;
- risks related to sharing trade secrets;
- risks related to various tax matters;
- liquidity of the Company's securities;
- risks related to additional issuances and dilution of the Company's securities;
- the failure to maintain an effective system of internal controls may result in material misstatements of the Company's financial statements or cause the Company to fail to meet its reporting obligations or prevent fraud;
- risks related to the Company's capital structure;
- risks related to published research and reports;
- the costs associated with maintain public listings; and
- other factors beyond the Company's control.

There is no assurance that the Company will be successful in executing its business plan and generating a return on shareholders' investments. The likelihood of success must be considered in relation to its early stage of operations and industry. There are a number of risk factors that could cause future results to differ materially from those described herein.

FORWARD LOOKING INFORMATION

This MD&A may contain certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or management, are intended to identify forward-looking statements.

All forward-looking statements reflect management's beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but rather on management's expectations regarding future activities, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, known and unknown, that contribute to the possibility that the predictions, forecasts, projections or other forward-looking statements will not occur. In evaluating forward-looking statements, readers should specifically consider various factors, including the risks outlined under the heading "Risk Factors" in this MD&A.

There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented for the purposes of assisting readers in understanding the Company's expected financial and operating performance and the Company's plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this MD&A represent the Company's views as of the date of this MD&A and forward-looking information and statements contained in the documents incorporated by reference herein represent the Company's views as of the date of such documents, unless otherwise indicated in such documents. The Company anticipates that subsequent events and developments may cause its views to change. However, while the Company may elect to update such forward-looking information and statements at a future time, it has no current intention of doing so except to the extent required by applicable law.