



Psyence Group Inc.

Consolidated Financial Statements

Years ended March 31, 2025 and March 31, 2024

Expressed in Canadian Dollars

(CAD \$)

Independent Auditor's Report

To the Shareholders of Psyence Group Inc.:

Opinion

We have audited the consolidated financial statements of Psyence Group Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2025 and March 31, 2024, and the consolidated statements of net 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2025 and 2024, and its consolidated financial performance and its consolidated 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 audits 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 audits 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred accumulated loss and generated negative cash flows from operating activities during the year ended March 31, 2025. As stated in Note 1, these events and conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern or have a material adverse effect on the Company's business. 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 of the current period. 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 section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Control Assessment of Psyence Biomedical Ltd. ("PBM")

Key Audit Matter Description

As described in Note 2, 4 and 13 of the consolidated financial statements, as at March 31, 2025, the Company had a 15% ownership interest in PBM. This investment was consolidated on the basis of control in accordance with IFRS 10, Consolidated Financial Statements. We considered this to be a key audit matter due to the significant judgment required by management in determining whether the Company controls PBM. This in turn led to a high degree of auditor subjectivity, judgment and effort in performing procedures relating to the control assessment. The key considerations used in management's control assessment of PBM included the significant ownership interests held by the Company in PBM's voting rights, together with other factors described in Note 4.

Audit Response

We responded to this matter by performing procedures in relation to the control assessment of PBM. Our audit work in relation to this included, but not restricted to, the following:

- Assessed the reasonability of the Company's assessment of control under IFRS 10.
- Verified the shareholders of PBM to determine the size and dispersion of shareholdings of the other shareholders.
- Evaluated the existence of other facts and circumstances supporting control under IFRS 10, including an assessment of substantive potential voting rights held by the Company and other parties.
- Considered PBM's key management roles, including evaluation of related party transactions.
- Assessed composition of PBM's board members and appointment rights of the Board of Directors.
- Assessed the appropriateness of the disclosures relating to the control assessment of PBM in the notes to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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 audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis 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. 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 the consolidated financial statements in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 of the current period 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 Eduard Shvekher.

MNP LLP

Toronto, Ontario
July 28, 2025

Chartered Professional Accountants
Licensed Public Accountants

PSYENCE GROUP INC.
Consolidated Financial Statements
(Expressed in Canadian Dollars)

Consolidated Statements of Financial Position

As at March 31, 2025 and March 31, 2024

CAD \$	Note	As at March 31, 2025	As at March 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents	5	8,888,570	1,058,752
Restricted cash	5	51,702	50,123
Other receivables	6	200,733	237,223
Prepays		361,982	442,269
Total current assets		9,502,987	1,788,367
Non-current assets			
Investment in Psyence Labs Ltd	9	1,071,012	-
Property and equipment	7	15,951	1,466,680
Intangible assets	8	14,901	17,422
Total non-current assets		1,101,864	1,484,102
TOTAL ASSETS		10,604,851	3,272,469
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	776,075	1,477,138
NCAC promissory note	14	-	1,997,617
Convertible note liability	16	-	10,375,773
Derivative warrant liabilities	17	287,658	1,221,678
Current portion of lease liabilities		-	575
Total current liabilities		1,063,733	15,072,781
Non-current liabilities			
Lease liabilities		-	33,273
Total non-current liabilities		-	33,273
TOTAL LIABILITIES		1,063,733	15,106,054
SHAREHOLDERS' EQUITY/(DEFICIT)			
Share capital	11	21,826,722	21,662,052
Options reserve	11	1,949,797	2,013,786
Warrants reserve	11	-	1,574,721
Foreign currency translation reserve		737,522	124,365
Accumulated Deficit		(23,226,817)	(49,256,893)
TOTAL SHAREHOLDERS' EQUITY/(DEFICIT)		1,287,224	(23,881,969)
Non-controlling interest	13	8,253,894	12,048,384
TOTAL EQUITY/(DEFICIT)		9,541,118	(11,833,585)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)		10,604,851	3,272,469

Nature of operations and going concern (note 1)

Subsequent events (note 26)

Approved on behalf of the Board of Directors.

"Jody Aufrichtig"

Executive Chairman and Director

"Warwick Corden-Lloyd"

Director

The accompanying notes are an integral part of the Consolidated Financial Statements.

PSYENCE GROUP INC.
Consolidated Financial Statements
(Expressed in Canadian Dollars)

Consolidated Statements of Net Loss and Comprehensive Loss

For years ended March 31, 2025 and March 31, 2024

CAD \$	Note	2025	2024
Expenses			
Sales and marketing		676,310	152,162
Research and development		475,755	1,579,253
General and administrative		1,741,923	1,132,680
Professional fees and consulting fees		2,613,286	2,297,951
Depreciation and amortization	7,8	8,460	97,929
Loss before other items		(5,515,734)	(5,259,975)
Other items			
Other income	15	-	1,191,807
Interest income		133,399	3,572
Interest expense	15	(12,828)	(71,388)
Accretion expense		-	(1,238)
Foreign exchange gain/(loss)		1,471	8,965
Loss on disposal of subsidiaries	9	(540,970)	-
(Loss)/gain on settlement of debt	11	(6,000)	598,249
Listing expense	12	-	(55,943,552)
Transaction expense	12	-	(2,529,275)
Fair value gain/(loss) on NCAC promissory note	14	530,261	(81,901)
Fair value gain/(loss) on convertible note	16	4,671,367	(6,955,644)
Fair value gain/(loss) on warrant liability	17	966,259	(413,031)
Fair value loss on warrant exchange		(257,474)	-
NET LOSS		(30,249)	(69,445,310)
Other comprehensive income/(loss)			
Foreign exchange gain on translation		613,157	192,503
TOTAL COMPREHENSIVE INCOME/(LOSS)		582,908	(69,252,807)
Net loss is attributable to:			
Non-controlling interest share of net loss	13	369,981	(41,591,243)
Parent share of net loss		(400,230)	(27,854,067)
		(30,249)	(69,445,310)
Total comprehensive loss for the year is attributable:			
Non-controlling interest share of net loss	13	1,079,939	(41,391,670)
Parent share of net loss		(497,031)	(27,861,137)
		582,908	(69,252,807)
Loss per share - basic and diluted	23	(0.00)	(7.81)
Weighted average number of outstanding shares - basic and diluted		9,337,003	8,889,123

The accompanying notes are an integral part of the Consolidated Financial Statements.

PSYENCE GROUP INC.
Consolidated Annual Financial Statements
(Expressed in Canadian Dollars)

Consolidated Statements of Changes in Shareholders' Equity

For years ended March 31, 2025 and March 31, 2024

	Note	Number of shares	Share capital (\$)	Warrants reserve (\$)	Options reserve (\$)	Foreign currency translation reserve (\$)	Deficit (\$)	Non-controlling interest (\$)	Total shareholders' equity/(deficit) (\$)
Opening balance as at April 1, 2023		8,263,613	20,400,055	1,406,782	1,562,373	(68,138)	(21,966,856)	-	1,334,216
Share based compensation	11	-	-	-	566,284	-	-	-	566,284
Shares issued for cash, net of issuance costs	11	679,214	1,029,527	167,939	-	-	-	-	1,197,466
Exercise of RSUs	11	65,238	114,871	-	(114,871)	-	-	-	-
Shares issued on settlement of debt	11	265,683	117,599	-	-	-	-	-	117,599
Net assets transferred to NCI	13	-	-	-	-	-	-	54,203,657	54,203,657
Net assets acquired in RTO	13	-	-	-	-	-	564,030	(564,030)	-
Other comprehensive loss		-	-	-	-	192,503	-	-	(192,503)
Net loss		-	-	-	-	-	(27,854,067)	(41,591,243)	(69,445,310)
Balance, March 31, 2024		9,273,748	21,662,052	1,574,721	2,013,786	124,365	(49,256,893)	12,048,384	(11,833,585)
Opening balance as at April 1, 2024		9,273,748	21,662,052	1,574,721	2,013,786	124,365	(49,256,893)	12,048,384	(11,833,585)
Share based compensation	11	-	-	-	94,681	-	-	-	94,681
Exercise of RSU's	11	87,280	158,670	-	(158,670)	-	-	-	-
Expired warrants	11	-	-	(1,574,721)	-	-	1,574,721	-	-
Shares issued on settlement of debt	11	26,667	6,000	-	-	-	-	-	6,000
Noncontrolling interests adjustment for change in ownership	13	-	-	-	-	-	24,855,585	(2,632,413)	22,223,172
Warrants Reserve to PBM		-	-	-	-	-	-	(1,532,058)	(1,532,058)
Other comprehensive loss		-	-	-	-	613,157	-	-	613,157
Net (loss)/profit		-	-	-	-	-	(400,230)	369,981	(30,249)
Balance, March 31, 2025		9,387,695	21,826,722	-	1,949,797	737,522	(23,226,817)	8,253,894	9,541,118

The accompanying notes are an integral part of the Consolidated Financial Statements.

PSYENCE GROUP INC.
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Consolidated Statements of Cash Flows

For years ended March 31, 2025 and March 31, 2024

	Note	March 31, 2025	March 31, 2024
Net loss		(30,249)	(69,445,310)
Non-cash adjustments:			
Depreciation and amortization	7,8	8,460	97,929
Foreign exchange		(24,241)	231,513
Share based compensation - options	11	94,681	566,283
Accretion expense		-	1,238
Impairment reversal		-	(8,101)
Loss/(gain) on settlement of debt	11	6,000	(598,249)
Loss on disposal of subsidiaries		540,970	-
Listing expense	12	-	55,943,552
Transaction expense	12	-	1,348,673
Change in ROU assets	7	-	(17,716)
Third party advisors share issuance in PBM		349,881	-
Fair value gain/(loss) on NCAC promissory note	14	(530,261)	81,901
Fair value (gain)/loss on convertible note liability	16	(4,671,367)	6,955,644
Fair value (gain)/loss on derivative warrant liabilities	17	(966,259)	413,031
Fair value loss on warrant exchange		257,474	-
Changes in working capital:			
Other receivables		36,491	8,020
Prepays		80,287	244,645
Accounts payable and accrued liabilities		(701,064)	(739,534)
Cash used in operating activities		(5,549,197)	(4,916,481)
Additions to property and equipment	7	(13,742)	(988,050)
Loan to joint venture		-	8,101
Increase in restricted cash	5	(1,579)	(10,123)
Cash used in investing activities		(15,321)	(990,072)
Repayment of lease liabilities			(3,013)
Proceeds from PBM's shares issuance, net of issuance costs	18	9,215,584	1,197,466
Proceeds from convertible note liability	16	1,437,600	3,387,500
Proceeds from PBM's PIPE financing	19	2,504,371	-
Sale of PBM shares		236,781	-
Proceeds from loan	15	-	970,533
Settlement of loan	15	-	(970,533)
Cash provided from financing activities		13,394,336	4,581,953
Change in cash and cash equivalents		7,829,818	(1,324,600)
Cash and cash equivalents, beginning of year		1,058,752	2,383,352
Cash and cash equivalents, end of year		8,888,570	1,058,752

The accompanying notes are an integral part of the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1. Nature of operations and going concern

Psyence Group Inc. (the “**Company**” or “**PGI**”) is a life science biotechnology company focused on the research, cultivation and production of psychedelics and nature-based compounds to treat psychological trauma in the context of palliative care and in support of mental wellness. The safety and efficacy of psychedelics will be evaluated through rigorous clinical trials.

The Company's registered office is at 121 Richmond Street West, Penthouse Suite, 1300, Toronto, Ontario M5H 2K1. The Company commenced trading on the Canadian Securities Exchange (“**CSE**”) on January 27, 2021 under the symbol “**PSYG**”.

On April 23, 2025, the Company consolidated its common shares and warrants on the basis of 15:1.

All prior share capital information has been presented based on these ratios.

Business Combination Agreement and PBM NASDAQ listing

On January 9, 2023, the Company entered into a definitive business combination agreement, as amended (the “**Business Combination Agreement**” or “**BCA**”) with Newcourt Acquisition Corp. (NASDAQ: NCAC), a special purpose acquisition company (“**SPAC**”). The agreement aimed to create a public company leveraging natural psilocybin for palliative care treatment. The Company contributed its clinical trial activities to Psyence Biomedical Ltd. (“**PBM**”), the Company's subsidiary incorporated on June 29, 2023 under the laws of Ontario, Canada, as described below.

The transaction concluded on January 25, 2024, with PBM's listing on NASDAQ. This transaction involved PBM acquiring the SPAC through a merger, thereby making the SPAC a wholly-owned subsidiary of PBM.

Transaction Overview:

On January 25, 2024 (the “**Closing Date**”), PBM completed the previously announced business combination (the “**RTO Transaction**”) as per the BCA (Note 12). The parties involved in the BCA included:

- The Company
- Newcourt Acquisition Corp., a Cayman Islands exempted company (“**NCAC**”)
- Newcourt SPAC Sponsor LLC, a Delaware limited liability company (“**NCAC Sponsor**”).
- Psyence (Cayman) Merger Sub, a Cayman Islands exempted company and a wholly owned subsidiary of the Company.
- Psyence Biomed Corp., a corporation organized under the laws of British Columbia, Canada (“**Original Target**”).
- Psyence Biomed II Corp., a corporation organized under the laws of Ontario, Canada (“**Psyence Biomed II**”).
- Psyence Australia (Pty) Ltd (“**Psyence Australia**”).

*Key Transactions (collectively, the “**Business Combination**”):*

Formation of Subsidiaries: Prior to the Closing Date, the Company formed three wholly owned subsidiaries: Psyence Biomed II, Psyence Australia and PBM.

Amalgamation: Prior to the Closing Date, the Company amalgamated with the Original Target. Consequently, the Company transferred shares of Psyence Australia and related business assets previously owned by the Original Target to Psyence Biomed II.

Share Exchange: the Company contributed Psyence Biomed II to PBM in a share-for-share exchange (the “**Company Exchange**”).

Merger: Following the Company Exchange, Psyence (Cayman) Merger Sub merged with Newcourt Acquisition Corp., with Newcourt Acquisition Corp. being the surviving entity. Each outstanding ordinary share of Newcourt Acquisition Corp. was converted into the right to receive one common share of PBM.

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Warrant Conversion: Each outstanding warrant to purchase Newcourt Acquisition Corp. Class A ordinary shares was converted into warrants to acquire one common share of PBM on substantially the same terms as the original warrants.

Going concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will, in the foreseeable future, realize on its assets and discharge its liabilities in the normal course of business as they come due. Accordingly, the consolidated financial statements do not give effect to adjustments 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 and commitments in other than the normal course of business and at amounts different from those in these consolidated financial statements.

As of March 31, 2025, the Company has an accumulated deficit of \$23,226,817 (March 31, 2024- \$49,256,893). In addition, the Company generated negative cash flow from operating activities of \$5,549,197 (2023- \$4,916,481). Management has considered the significance of such condition in relation to the Company's ability to meet its current obligations and to achieve its business targets and determined that these conditions are indicators of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. The Company has historically raised funds from the issuance of shares and convertible debentures. The Company's ability to obtain additional financing is materially uncertain, as there is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company.

2. Basis of presentation

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standard Board ("IFRS") on a going concern basis.

The consolidated financial statements were authorized for issuance on July 28, 2025 by the directors of the Company.

Basis of measurement

These Consolidated Financial Statements have been prepared on a historical cost basis, except for certain financial instruments, which are classified as fair value through profit or loss ("FVTPL").

Functional and presentation currency

These consolidated financial statements are presented in Canadian Dollars ("**CAD \$**"), which is also PGI's functional currency. The functional currency of PGI's subsidiaries: Psyence Therapeutics Corp ("**PTC**") is Canadian Dollars; Psyence Australia (Pty) Ltd, is the Australian Dollar ("**AUD \$**"); Psyence Biomedical Ltd, Psyence Biomed II Corp. and Newcourt Acquisition Corp., is the United States Dollar ("**USD \$**").

Basis of consolidation

These consolidated financial statements incorporate the accounts of the Company and its subsidiaries. A subsidiary is an entity controlled by the Company and its results are consolidated into the financial results of the Company from the effective date of control up to the effective date of loss of control.

Control exists when an investor is exposed, or has rights, to variable returns from the involvement with the investee and has liability to affect those returns through its power over the investee. Where the Company's interest is less than 100%, the Company recognizes non-controlling interests ("**NCI**").

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The entities included in PGI consolidated financial statements as of March 31, 2025 are as follows:

Name of entity	Place of incorporation	% Ownership	Accounting method
Psyence Therapeutics Corp.	Ontario	100%	Consolidation
Psyence Jamaica	Jamaica	100%	Deregistered December 2023
Psyence Biomedical Ltd.	Ontario	15%	Consolidation
Psyence Australia (Pty) Ltd.	Australia	15%	Consolidation
Psyence Biomed II Corp.	Ontario	15%	Consolidation
Newcourt Acquisition Corp.	Cayman Islands	15%	Consolidation

On April 1, 2024, the Company disposed fully of its interests in Mind Health (Pty) Ltd, Psyence South Africa (Pty) Ltd, Psyence UK Group Ltd, and its 50% shareholding in Good Psyence (Pty) Ltd in exchange for 1,000 shares in Psyence Labs Ltd., Note 9.

3. Material accounting policies

Financial instruments

Financial assets and financial liabilities, including derivatives, are recognized on the consolidated statements of financial position when the Company becomes a party to the financial instrument or derivative contract.

Summary of the Company's classification and measurements of financial assets and liabilities:

Financial Assets and Liabilities	Classification	Measurement
Cash and cash equivalents	Amortized cost	Amortized cost
Restricted cash	Amortized cost	Amortized cost
Other receivables (excluding sales tax receivable)	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Investment Psyence Labs Ltd.	FVTPL	Fair value
Derivative warrant liability	FVTPL	Fair value
Convertible note liability	FVTPL	Fair value
NCAC promissory note	FVTPL	Fair value

Classification

The Company classifies its financial assets in the following measurement categories: i) those to be measured subsequently at fair value through profit or loss ("FVTPL"); ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in net loss or other comprehensive income (loss).

The Company reclassifies financial assets only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets to collect contractual cash flows that meet the sole payments of principal and

interest ("SPPI") criterion. Financial assets classified in this category are measured at amortized cost using the effective interest method.

Fair value through profit or loss

This category includes derivative instruments as well as equity instruments which the Company has irrevocably elected, at initial recognition or transition, to classify at FVTPL. This category would also include debt instruments of which the cash flow characteristics fail the solely payments of principal and interest ("SPPI") criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in net loss. The Company records its financial liabilities including derivatives, convertible loans and promissory notes at FVTPL. Derivatives are mandatorily recorded at FVTPL, whereas the Company has elected to record convertible loans and promissory notes at FVTPL.

Financial assets at fair value through other comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through other comprehensive income (loss) instead of through net loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments.

Financial assets at fair value through other comprehensive income/(loss) are initially measured at fair value and changes therein are recognized in other comprehensive income/(loss).

Compound financial instrument and derivative liability

The Company determined that the warrants, including public warrants and the private warrants are derivative instruments and should be classified as a financial liability and are measured at FVTPL. Derivative and financial liabilities designated at FVTPL are carried subsequently at fair value with gains or losses recognized in net loss.

Each embedded derivative is measured and presented separately unless the whole hybrid financial instrument is designated as at FVTPL.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in net loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through net loss or other comprehensive income/(loss) (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value are recorded in profit and loss, except where changes in fair value are attributable to changes in own credit risk which is recorded in other comprehensive income.

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

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The Company applies the simplified approach for other receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether there has been a significant increase in credit risk since initial recognition or a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants.

For financial assets with a significant increase in credit risk since initial recognition and financial assets assessed as credit impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses. For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

The Company reverses impairment losses on financial assets carried at amortized cost when the decrease in impairment can be objectively related to an event occurring after the impairment loss was initially recognized.

Foreign currency translation

The consolidated financial statements are presented in CAD \$ which is PGI's functional currency. The functional currencies of the operating subsidiaries of the Company are the USD, the AUD \$, and CAD \$.

In each individual entity, a foreign currency transaction is initially recorded in the functional currency of the entity, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period, monetary assets and liabilities of the Company which are denominated in foreign currencies are translated at the period-end exchange rate. Non-monetary assets and liabilities are translated at rates in effect at the date the assets were acquired, and liabilities incurred.

The resulting exchange gains or losses arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition, are included in profit or loss in the period in which they arise.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the subsidiary are translated into CAD \$ at the exchange rates prevailing at the end of the reporting period. Income and expenses are translated at the average rates for the period. Reserves and inter-company balances are translated at their historical exchange rate. Exchange differences arising are recognized in foreign currency translation reserve.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income. Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years. Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net loss and comprehensive loss or in shareholders' equity depending on the item to which the adjustment relates. Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Share capital

Financial instruments issued by PGI are classified as shareholders' equity only to the extent that they do not meet the definition of a financial asset or financial liability. PGI's common shares, warrants, restricted stock units and share options are classified as equity instruments.

Incremental costs directly attributable to the issuance of new shares are recognized as a deduction from shareholders' equity.

Share-based payments

The Company operates equity settled share-based remuneration plans for its eligible directors, officers, employees and consultants. All goods and services received in exchange for the grant of any share-based payments are measured at their fair value unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted. Equity settled share-based payments under share-based payment plans are ultimately recognized as an expense in profit or loss with a corresponding credit to contributed surplus, in equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting. Market conditions are considered in the estimate of the fair value of share-based compensation on a grant date.

Property and equipment

Property and equipment are recognized as an asset when:

- it is probable that an associated future economic benefit will flow to the Company; and
- the cost can be measured reliably.

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes costs incurred initially to acquire or construct a capital asset and costs incurred subsequently to add to, replace part of or service it. If a replacement cost is recognized in the carrying amount of a capital asset, the carrying amount of the replaced part is derecognized.

Property and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual value. Their useful lives have been assessed as follows:

Asset	Method	Rate
Computer equipment	Straight-line	3 years
Right-of-use assets	Straight-line	20 years
Buildings	Straight-line	10 years
Equipment	Straight-line	3 years
Furniture & fixtures	Straight-line	3 years
Bulk infrastructure	Straight-line	10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The gains or losses arising from the derecognition of a capital asset is included in the consolidated statement of net loss and comprehensive loss when the item is derecognized. The gain or loss arising from the derecognition of a capital asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Intangible assets

Intangible assets are recognized when:

- it is probable that an associated future economic benefit will flow to the Company; and
- the cost can be measured reliably.

Intangible assets are initially recorded at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and/or impairment losses.

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives using the following rates:

Asset	Method	Rate
Website	Straight-line	5 years

The amortization period and the amortization method for intangible assets are reviewed every period end. During the years ended March 31, 2025 and March 31, 2024, the Company did not recognize any impairment losses.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and, when applicable, short-term, highly liquid deposits which are either cashable or with original maturities of less than three months at the date of their acquisition.

Restricted cash

Restricted cash comprises a collateral agreement with a major chartered bank in Canada with regards to a credit card facility against which the Company deposited in a guaranteed investment certificate with the bank.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or entities. A transaction is considered to be a related party transaction when there is transfer of resources or obligations between related parties.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets (which include property and equipment and intangible assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statements of net loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed to profit or loss if there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

Joint Arrangements

A joint arrangement represents an arrangement where two or more parties hold joint control. Joint control is deemed to exist under contractual agreement where decisions regarding relevant activities of the arrangement require the unanimous consent of those parties sharing control. A joint venture is a joint arrangement and represents a company or other entity in which each venturer has an interest, holds joint control and holds rights to the net assets of the entity. Interests in joint ventures are accounted for using the equity method of accounting. The Company does not recognize losses exceeding the carrying value of its interest in joint ventures

Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in the statements of net loss and comprehensive loss as incurred.

Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to complete development and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are expensed as incurred. Research and development expenses include all direct and indirect operating expenses supporting the products in development. The costs incurred in establishing and maintaining patents are expensed as incurred.

Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to purchase common shares at the average market price during the period. The impact of convertible securities issued during the year ended March 31, 2025 and March 31, 2024 are anti-dilutive.

Non- controlling interest

The Company recognizes non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets, determined on an acquisition-by- acquisition basis. In subsequent periods, the portion of the Company's net profit (loss) is allocated to non-controlling interest based on the ownership percentage of the non-controlling interest in the Company's subsidiaries. Changes in the Company's ownership interest after control is obtained, that do not result in a change in control of the subsidiary, are accounted for as equity transactions.

If the Company maintains control, it will recognize no gain or loss in the income statement on selling a subsidiary's shares. Similarly, the Company will not record any additional goodwill to reflect its subsequent purchases of additional shares in a subsidiary if there is no change in control. Instead, the carrying amount of the non-controlling interest will be adjusted to reflect the change in the ownership interest in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized in equity and attributed to the Company's equity holders.

Accounting Standards Effective January 1, 2024 and issued but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued *IFRS 18 – Presentation and Disclosure in Financial Statements* which will replace *IAS 1, Presentation of Financial Statements*. The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings or loss performance measures that are reported outside an entity's financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. The Company is still in the process of assessing the impact of this standard on its consolidated financial statements.

Classification of liabilities as current or non-current (amendments to IAS 1, presentation of financial statements)

On January 23, 2020, an amendment was issued to IAS 1 to address inconsistencies with how entities apply the standards over classification of current and non-current liabilities. The amendment serves to address whether, in the statement of financial position, debt and other liabilities with an uncertain settlement should be classified as current or non-current. This amendment is effective on January 1, 2024. The Company adopted the amendment on the effective date and the adoption did not have a material impact on the Company's consolidated financial statements.

Non-current liabilities with covenants (amendments to IAS 1)

The amendments to IAS 1 specify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that noncurrent liabilities with covenants could become repayable within twelve months. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are to be applied retrospectively. The Company adopted the amendment on the effective date and the adoption did not have a material impact on the Company's consolidated financial statements.

4. Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. Actual results may differ from these estimates. The Company's management reviews these estimates, judgments, and assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. The following are considered to be critical accounting estimates and judgements by management for the years ended March 31, 2025 and March 31, 2024 as these require a high level of subjectivity and judgement and could have a material impact on the Company's consolidated financial statements.

Going concern

These Consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations.

Management routinely plans future activities including forecasting future cash flows and forming judgements collectively with directors of the Company.

Judgement is required in determining if the Company's has sufficient cash reserves, together with all other available information, to continue as a going concern for a period of at least twelve months.

As at March 31, 2025 the Company has concluded that a material uncertainty exists that casts significant doubt about the Company's ability to continue as a going concern.

Reverse takeover transaction

The determination of fair values of consideration paid and net assets acquired is subject to significant estimation. The Company treated the RTO Transaction as a capital transaction equivalent to the issue

of shares of PBM in exchange for the net monetary assets of NCAC. PBM determined that the original shareholders of the Company became the single largest shareholder of PBM after the RTO Transaction, therefore PBM was the accounting acquiror and NCAC was the accounting acquiree.

The Company has determined the RTO Transaction did not constitute a business combination as defined under IFRS 3, Business Combinations, as NCAC was a non-operating entity that did not meet the definition of a business under IFRS 3. The excess of the consideration paid over the net liability acquired together with any transaction costs incurred for the Transaction was expensed as a listing expense in accordance with IFRS 2 Share-Based Payments. The fair value of the consideration paid was estimated by the closing trading price (\$2,863.22/share) of the NCAC's common shares listed on the NASDAQ on January 25, 2024.

Control

The Company holds a 15% equity interest in PBM, which has been included in the consolidated financial statements. Despite holding less than a majority share, the Company has concluded that it exercises control over PBM and, therefore, consolidates its financial results. This determination is based on the following key considerations.

The Company has the power to direct the relevant activities of PBM. This power is derived from various sources including, but not limited to, representation on the board of directors, and involvement in key decision-making processes. The Company is exposed to variable returns from its involvement with PBM. These returns may be in the form of dividends, potential capital appreciation, and other financial benefits resulting from its equity interest. The Company has the ability to use its power over PBM to affect the amount of the investor's returns. This ability is evidenced by the Group's active participation in the strategic and operational decision-making processes of PBM.

The assessment of whether the Company controls PBM involves significant judgement and the use of estimates. Key factors considered in this assessment include:

Shareholder voting power: The Company is the single largest shareholder, and other shareholders are unlikely to be able to form a larger voting bloc to override the Company's decisions.

Given the complexity and the subjectivity involved in these judgements, any changes in these estimates and assumptions could significantly impact the consolidated financial statements. Management reviews these estimates and assumptions periodically and adjusts them as necessary based on changes in facts and circumstances.

Convertible instruments

The valuation of convertible debt instruments is subject to significant management estimation. Convertible notes are compound financial instruments which have been designated as a FVTPL classification.

The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent remeasurement. As the Company has designated the entire convertible financial instrument as FVTPL given the embedded derivative liability that was contained by the convertible financial instrument, the debentures have not been separated into debt and derivative components. The fair values attributed to the different components of a financing transaction, and/or derivative financial instruments, are determined using valuation techniques. The Company uses judgement to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgement and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Contingencies

From time to time, the Company is named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at the reporting date, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to profit or loss in that period. The actual results may vary and may cause significant adjustments.

The rebate over the tax claim is subject to inherent uncertainty and could be subject to being denied and clawed back by the Australian Tax office at a future date. The Company expects that a claw back of the rebate is highly unlikely.

Share-based compensation

The Company measures equity settled share-based payments based on their fair value at the grant date and recognize compensation expense over the vesting period based on management's estimate of equity instruments that will eventually vest. The determination of the fair value of stock options using the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate.

For share-based payments granted to non-employees, the compensation expense is measured at the fair value of the goods and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of share-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if cash was paid instead of paying with or using equity instruments.

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 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.

Deferred tax assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Government grants

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the government grants will be received. Grants are recognized as income when they are received. The Company has recognized the government grant received during the period as research and development grants as other income in the consolidated statements of loss and comprehensive loss.

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5. Cash, restricted cash and cash equivalents

Cash and cash equivalents include the following amounts:

- An amount of \$8,888,570 unrestricted cash held with chartered banks and;
- an amount of \$51,702 in a guaranteed investment certificate with a bank as collateral for a credit card facility agreement with a leading chartered bank in Canada. Amounts are held in restricted cash on the consolidated statement of financial position.

6. Other receivables

Other receivables include the following amounts.

	March 31, 2025 \$	March 31, 2024 \$
Other receivables	53,286	14,112
Sales tax receivable	147,447	223,111
Total	200,733	237,223

The Company estimated the expected credit loss on other receivables to be nominal during the year ended March 31, 2025 and March 31, 2024.

7. Property and equipment

\$	Computer equipment	Buildings	Right-of-use asset	Production equipment	Furniture & fixtures	Bulk infrastructure	Total
<u>Cost</u>							
Opening Balance	9,273	603,081	52,728	38,316	20,578	57,124	781,100
Additions	9,692	952,318	-	25,449	591	-	988,050
Disposals	-	-	(15,672)	-	(238)	-	(15,910)
Foreign Exchange	(558)	(45,250)	(3,167)	(2,595)	(1,287)	(3,567)	(56,424)
At March 31, 2024	18,407	1,510,149	33,889	61,170	19,644	53,557	1,696,816
Additions	13,742	-	-	-	-	-	13,742
Disposals	(10,977)	(1,556,995)	(34,941)	(63,068)	(20,253)	(55,218)	(1,741,452)
Foreign exchange	1,261	46,846	1,052	1,898	609	1,661	53,327
At March 31, 2025	22,433	-	-	-	-	-	22,433
<u>Accumulated Depreciation</u>							
Opening Balance	6,383	87,151	7,863	14,960	14,817	23,877	155,051
Charge for the year	2,871	65,075	2,482	11,531	5,263	8,186	95,408
Disposals	-	-	(9,727)	-	(238)	-	(9,965)
Foreign exchange	(418)	(5 960)	(433)	(1 025)	(965)	(1 557)	(10 358)
At March 31, 2024	8,836	146,266	185	25,466	18,877	30,506	230,136
Charge for the year	5,939	-	-	-	-	-	5,939
Disposals	(8,776)	(150,803)	(191)	(26,255)	(19,463)	(31,453)	(236,941)
Foreign exchange	483	4,537	6	789	586	947	7,348
At March 31, 2025	6,482	-	-	-	-	-	6,482
<u>Carrying Value</u>							
At March 31, 2024	9,571	1,363,883	33,704	35,704	767	23,051	1,466,680
At March 31, 2025	15,951	-	-	-	-	-	15,951

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8. Intangible assets

The Company acquired a domain name and have commissioned additional improvements, which is recognized under intangible assets at cost and it is carried at the amortized value.

Intangible Assets	\$
<u>Cost:</u>	
Opening Balance	25,212
Additions	-
At March 31, 2024	25,212
Additions	-
At March 31, 2025	25,212
<u>Accumulated Amortization:</u>	
Opening Balance	(5,270)
Charge for the year	(2,520)
At March 31, 2024	(7,790)
Charge for the year	(2,521)
At March 31, 2025	(10,311)
<u>Carrying amount:</u>	
At March 31, 2024	17,422
At March 31, 2025	14,901

9. Investment in Psyence Labs Ltd.

On April 1, 2024, the Company sold its investment in Mind Health (Pty) Ltd, Psyence South Africa (Pty) Ltd, Psyence UK Group Ltd, and its 50% shareholding in Good Psyence (Pty) Ltd. in exchange for 1,000 shares in Psyence Labs Ltd. ("PsyLabs"). PsyLabs is a private company headquartered in the British Virgin Islands, and focused on the production of psychedelic active pharmaceutical ingredients and extracts.

As at April 1, 2024, the Company determined the fair value of its investment in PsyLabs to be \$1,011,259 (US\$745,000), based on a recent arm's length subscription transaction by a third-party investor at US\$745 per PsyLabs share.

The sale of subsidiaries for 1,000 PsyLabs shares resulted in a loss of \$540,970 which was recorded in the consolidated statements of loss and comprehensive loss.

On October 28, 2024, the Company transferred its ownership in 1,000 PsyLabs shares to PBM in exchange for 35,594 PBM shares.

The fair value of the investment in PsyLabs shares as at March 31, 2025, was estimated at \$1,071,012 (US\$745,000), based on a recent arm's length subscription transaction by a third-party investor at US\$745 per PsyLabs share.

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10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include the following amounts:

	March 31, 2025 \$	March 31, 2024 \$
Trade payables	399,066	926,122
Accrued liabilities	71,083	296,498
Provisions	305,926	254,518
Total	776,075	1,477,138

For the year ended March 31, 2025, the Company recognized total provisions amounting to \$305,926. These provisions reflect the Company's obligation to settle these amounts in the future. The provisions are based on the best estimate of the expenditures required to settle the present obligations at the reporting date.

11. Share capital

Authorized share capital

Unlimited number of voting common shares without par value.

Issued and outstanding

On April 23, 2025, the Company consolidated its common shares and warrants on the basis of 15:1.

As at March 31, 2025, there were 9,387,695 (March 31, 2024 – 9,273,748) issued and outstanding Common Shares.

Common shares	2025		2024	
	Number	Amount (\$)	Number	Amount (\$)
Opening balance April 1	9,273,748	21,662,052	8,263,613	20,400,055
Issuance of shares in private placement	-	-	679,214	1,054,647
Issuance of shares for RSUs exercise	87,280	158,670	65,238	114,871
Issuance of shares for debt settlement	26,667	6,000	265,683	120,018
Share issuance costs	-	-	-	(27,539)
Balance as at March 31,	9,387,695	21,826,722	9,273,748	21,662,052

Common shares

Private placements

On May 25, 2023 the Company issued 518,398 units with a subscription price of \$1.80 in a private placement. The Company received proceeds of \$933,116. Each unit comprises one (1) common share and one-half (0.5) of a common share purchase warrant, with each whole warrant exercisable into an additional common share of the Company at a price of \$2.25 per common share for a period of 18 months from the date of grant.

The fair value of the shares was determined by allocating the gross proceeds to common shares and share purchase warrants using the relative fair market value method of each at the time of the issuance. The relative fair value of the shares was determined using the share price on the date of issuance and the relative fair value of the warrants was determined in accordance with the Black-Scholes valuation model. The fair value of the shares was determined to be \$765,177. The fair value of the warrants was determined to be \$167,939.

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On August 21, 2023 the Company issued 70,429 shares with a subscription price of \$1.80 in a private placement. The Company received proceeds of \$126,773.

On October 30, 2023 the Company issued 90,387 shares with a subscription price of \$1.80 in a private placement. The Company received proceeds of \$162,697.

In relation to the private placements aforementioned, the Company incurred share issuance costs of \$27,539. The share issuance costs were comprised of \$25,416 of cash settled issuance costs and \$2,123 in equity settled issuance costs.

RSU exercise

On August 21, 2023 the Company issued 32,238 shares for the exercise of RSU's by various consultants and an employee of the Company. Upon exercise, amounts totalling \$65,371 was transferred from contributed surplus to share capital, determined by reference to the original fair value of the RSU's determined on the date of grant.

On October 30, 2023 the Company issued 33,000 shares for the exercise of RSU's by various consultants and an employee of the Company. Upon exercise, amounts totalling \$49,500 was transferred from contributed surplus to share capital, determined by reference to the original fair value of the RSU's determined on the date of grant.

On May 1, 2024 the Company issued 61,667 shares for the exercise of RSU's by various consultants and an employee of the Company. Upon exercise, amounts totalling \$120,250 was transferred from contributed surplus to share capital, determined by reference to the original fair value of the RSU's determined on the date of grant.

On January 10, 2025 the Company issued 25,613 shares for the exercise of RSU's by various consultants and an employee of the Company. Upon exercise, amounts totalling \$38,420 was transferred from contributed surplus to share capital, determined by reference to the original fair value of the RSU's determined on the date of grant.

Debt settlement

On August 21, 2023 the Company issued 1,179 shares in settlement of debt to the value of \$2,123.

On October 30, 2023 the Company issued 153,301 shares in settlement of debt in lieu of an asset purchase to the value of \$275,942. The shares issued were determined to have a fair value equal to \$34,493 by reference to the trading price of the Company's shares on the date of settlement, resulting in a gain on settlement of debt totalling \$241,449 recognized in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2024.

On March 11, 2024 the Company issued 111,203 shares debt in lieu of consulting fees to the value of \$60,550. The shares issued were determined to have a fair value equal to \$83,402 by reference to the trading price of the Company's shares on the date of settlement, resulting in a loss on settlement of debt totalling \$22,852 recognized in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2024.

On March 14, 2025 the Company issued 26,667 shares debt in lieu of consulting fees to the value of \$70,000. The shares issued were determined to have a fair value equal to \$76,000 by reference to the trading price of the Company's shares on the date of settlement, resulting in a loss on settlement of debt totalling \$6,000 recognized in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2025.

Stock Options

The changes in stock options outstanding during the years ended March 31, 2025 and March 31, 2024 are as follows:

Year ended March 31, 2025	
Number of options	Weighted average exercise price (\$)
Outstanding, at beginning of year	403,396 1.35
Options outstanding, ending	403,936 1.35
Options exercisable, ending	403,936 1.35

Year ended March 31, 2024	
Number of options	Weighted average exercise price (\$)
Outstanding, at beginning of year	637,055 4.50
Granted (vi)(vii)(viii)	416,936 0.90
Cancelled / forfeited (ix)	(650,055) 1.95
Options outstanding, ending	403,936 1.35
Options exercisable, ending	394,677 1.35

- (i) On May 25, 2023, the Company granted 10,000 options to a director of the Company with each option exercisable into one common share of the Company at a price of \$2.10 per share until March 31 2028. Options are to vest 50% at the date of grant and 50% 6 months from the date of grant. The fair value of the options was determined to be \$14,504 on the date of grant using the Black-Scholes option pricing model.
- (ii) On November 14, 2023, the Company granted 259,158 options to consultants and employees of the Company with each option exercisable into one common share of the Company at a price of \$0.9 per share until December 31, 2025. Options are to vest at the grant date. The fair value of the options was determined to be \$99,653 on the date of grant using the Black-Scholes option pricing model.
- (iii) On November 14, 2023, the Company granted 120,000 options to an employee of the Company with each option exercisable into one common share of the Company at a price of \$0.9 per share until December 31, 2025. Options are to vest 67% at the date of grant and 33% on July 1, 2024. The fair value of the options was determined to be \$50,948 on the date of grant using the Black-Scholes option pricing model.
- (iv) On November 14, 2023, the Company granted 27,778 options to a consultant of the Company with each option exercisable into one common share of the Company at a price of \$0.9 per share until December 31, 2027. Options are to vest one third at the date of grant, one third on February 1, 2024 and one third on February 1, 2025. The fair value of the options was determined to be \$13,578 on the date of grant using the Black-Scholes option pricing model.
- (v) During the year ended March 31, 2024, a total of 270,897 options were forfeited due to the termination of services from consultants of the Company and a total of 379,158 options were cancelled by mutual consent with consultants of the Company. In connection with the options forfeited and cancelled, previous share-based payment expenses totaling \$1,336 were reversed and accelerated under professional fees and consulting fees and general and administrative expenses in the condensed consolidated interim statements of net loss and comprehensive loss.

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The following stock options are outstanding at March 31, 2025:

Expiry date	Number of options outstanding	Exercise price \$	Weight average remaining life (years)	Number of options exercisable
December 31, 2025	13,333	4.50	0.75	13,333
December 31, 2025	259,158	0.90	0.75	259,158
December 31, 2027	27,778	0.90	1.75	27,778
March 31, 2028	93,667	2.10	3.00	93,667
May 25, 2028	10,000	2.10	3.15	10,000
	403,936		1.70	403,936

The fair value of the options was determined at the grant date based on the Black-Scholes pricing model, using the following assumptions:

	Options granted on November 14, 2023	Options granted on November 14, 2023	Options granted on March 31, 2023	Options granted on May 25, 2023
Numbers issued	272,491	27,778	93,667	10,000
Share price	0.75	0.75	1.95	1.95
Expected dividend yield	Nil	Nil	Nil	Nil
Exercise price	0.90	0.90	2.10	2.10
Risk-free interest rate	4.39%	3.76%	2.92%	3.52%
Expected life	2.13	4.13	5.00	5.00
Expected volatility	100%	100%	100%	100%
Expiry date	December 31, 2025	December 31, 2027	March 31, 2028	May 25, 2028

During the year ended March 31, 2025, \$3,111 (March 31, 2024 - \$340,703) was expensed and recorded as share-based payments under professional fees and consulting fees and general and administrative in the consolidated statements of net loss and comprehensive loss based on the vesting terms and forfeiture of the options.

Warrants

The changes in warrants outstanding during the years ended March 31, 2025 and March 31, 2024 are as follows:

	Year ended March 31, 2025	
	Number of warrants	Weighted average exercise price (\$)
Outstanding, at beginning of year	400,672	4.50
Expired	(400,672)	4.50
Warrants outstanding, ending	-	-
Warrants exercisable, ending	-	-

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	Year ended March 31, 2024	
	Number of warrants	Weighted average exercise price (\$)
Outstanding, at beginning of year	714,313	4.50
Granted (Note 24)	259,199	2.25
Expired	(572,840)	4.5
Warrants outstanding, ending	400,672	3.00
Warrants exercisable, ending	400,672	3.00

On May 25, 2023 the Company issued 259,199 warrants in a private placement. The fair value was determined to be \$167,939 using a relative fair value method. The assumptions used in the Black-Scholes calculation were as follows: Expected dividend yield – Nil; Exercise Price \$2.25; Risk free interest rate – 2.45%; Expected life – 1.5 years and expected volatility of 100%.

On December 31, 2023, 572,840 warrants expired unexercised. The warrants were granted on December 31, 2020.

On September 3, 2024, 141,473 warrants expired unexercised. The warrants were granted on September 2, 2022.

On November 25, 2024, 259,199 warrants expired unexercised. The warrants were granted on May 25, 2023.

Restricted stock units (RSUs)

The changes in RSUs outstanding during the years ended March 31, 2025 and March 31, 2024 are as follows:

	Year ended March 31, 2025	
	Number of RSUs	
Outstanding, at beginning of year	210,613	
Exercised during year	(87,280)	
Cancelled during year (i)	(23,556)	
RSUs outstanding, ending	99,777	
RSUs exercisable, ending	49,889	

	Year ended March 31, 2024	
	Number of RSUs	
Outstanding, at beginning of year	393,809	
Issued during the year (ii)(iii)(iv)	(65,238)	
Exercised during year	(117,958)	
RSUs outstanding, ending	210,613	
RSUs exercisable, ending	61,666	

- (i) During the year ended March 31, 2025, a total of 23,556 RSUs were forfeited due to the termination of services from consultants and an employee of the Company. In connection with the RSUs forfeited and cancelled, previous share-based payment expenses totaling \$33,572 were reversed under professional fees and consulting fees and general and

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administrative expenses in the condensed consolidated interim statements of net loss and comprehensive loss.

The RSUs granted are accounted for as an equity instrument whereby share-based payments recognized in the consolidated statements of net loss and comprehensive loss are held in options reserve until exercised.

During the year ended March 31, 2025, \$91,570 (March 31, 2024 - \$566,284) was expensed and recorded as share-based payments under professional fees and consulting fees and general and administrative in the consolidated statements of net loss and comprehensive loss on the vesting of RSUs.

12. Listing expense

On January 25, 2024 the Company's subsidiary PBM completed the RTO Transaction (See Note 1). As disclosed in Note 4, the RTO Transaction did not constitute a business combination as defined under IFRS 3, Business Combinations, as NCAC is a non-operating entity that does not meet the definition of a business under IFRS 3. The excess of the consideration paid over the net liability acquired together with any transaction costs incurred for the Transaction is expensed as a listing expense in accordance with IFRS 2 Share-Based Payments. The fair value of the consideration paid was determined by the closing trading price (CAD \$3,861.46/share based on USD \$2,863.22/share) of the NCAC's common shares listed on the NASDAQ on January 25, 2024.

Accordingly, upon consummation of the BCA the Company subsidiary PBM issued 13,040 common shares in exchange for the outstanding ordinary shares held by NCAC stockholders.

The calculation of listing expenses is as follows:

	Listing Expense
Consideration paid:	
Shares issued to NCAC shareholders	13,040
Total consideration shares issued	13,040
Fair value of the common shares	\$ 3,861.46
Deemed consideration amount for the common shares issued	\$ 50,353,497
Net identifiable liabilities acquired:	
Cash and cash equivalent	\$ 274
Accounts payable and accrued liabilities	\$ (2,881,447)
NCAC promissory note (Note 14)	\$ (1,906,389)
Derivative warrant liabilities (Note 17)	\$ (802,493)
Net liabilities acquired	\$ 5,590,055
Listing expense	\$ 55,943,552

The listing expense has been included in the consolidated statements of net loss and comprehensive loss.

Transaction expenses included in the consolidated statements of net loss and comprehensive loss are others costs of \$2,529,275 in connection with the RTO Transaction composed of legal, banking and professional fees. Transaction expenses include an amount incurred between PGI and PBM of \$855,569 which is eliminated upon consolidation.

Some payments to brokers and advisors were in the Company's subsidiary's shares upon RTO at the closing trading price on January 25, 2024.

13. Non-controlling interest (NCI)

On January 25, 2024, the Company completed a transaction to list its subsidiary, PBM, on the NASDAQ. Following the transaction, the Company exchanged its shares in its subsidiaries performing clinical trials for 8,365 shares in the newly listed PBM, representing a 37% ownership stake. Despite this, the Company retained control over PBM.

Initial Consideration for NCI:

The initial consideration for the non-controlling interest, as described in Note 12, was \$54,203,657, (13,040 shares to NCAC shareholders and 997 shares to advisors at a fair value of \$3,861.46. The historic net liabilities were transferred to NCI.

Disposal of Net Liabilities:

As of the Closing date, the Company disposed of historic net liabilities amounting to \$2,775,945. The fair value of the net liabilities acquired in PBM was \$2,211,915. The difference between these figures \$564,030 has been recognized in the statement of changes in equity.

Non-Controlling Interest:

As a result of transactions with NCI, including issuance of PBM shares to extinguish convertible note liability and NCAC promissory note and sales of PBM shares to third parties, non-controlling shareholders hold 85% (March 31, 2024 - 63%) interest in PBM. The transactions with NCI resulted in the NCI adjustment of \$2,632,413 which was recorded in Deficit in the consolidated statements of changes in shareholders' equity.

During the year ended March 31, 2025, the share of profits attributable to non-controlling shareholders was \$369,981 (March 31, 2024 – loss of \$41,591,243).

14. NCAC Promissory Note

On January 25, 2024, PBM issued an unsecured convertible promissory note to the NCAC Sponsor (the "**NCAC Note**"), in the principal amount of USD \$1,615,501, which is equal to the total amount owed to NCAC Sponsor under certain existing promissory notes previously issued by NCAC to the NCAC Sponsor (the "**Existing Notes**"). The NCAC Note bore no interest, and (i) USD \$100,000 of the principal balance of the NCAC Note became owing on the Closing Date and (ii) USD \$1,515,501 of the principal balance of the NCAC Note was payable on the date that is the one-year anniversary after the Closing Date, or January 25, 2025. This note is convertible into shares at the option of NCAC Sponsor.

NCAC Note was designated at FVTPL due to the embedded conversion features, as the conversion prices were not fixed.

At inception on January 25, 2024 the fair value of the NCAC note was \$1,906,389 (USD \$1,413,529).

On September 30, 2024, PBM entered into Debt for Equity Exchange Agreement with NCAC Sponsor pursuant to which PBM issued 5,405 of PBM's common shares to extinguish the outstanding balance of NCAC Note, representing a conversion price of USD \$298.88 per PBM's share.

In accordance with the Debt for Equity Exchange Agreements, as amended, PBM will need to issue additional shares to NCAC Sponsor if PBM's volume weighted average share price for the 10 days prior to November 26, 2024 is lower than USD \$298.88 per PBM's share ("**NCAC make whole payment**").

In December 2024, PBM issued 46,870 common shares to extinguish the NCAC make whole payment.

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The issuance of shares pursuant to the Debt for Equity Exchange Agreements resulted in a fair value gain of \$525,757 which was recorded in the consolidated statements of net loss and comprehensive loss.

The fair value of the NCAC Note was calculated using a credit adjusted market borrowing rate as at March 31, 2024. The fair value of the NCAC Note was \$nil as at March 31, 2025 (March 31, 2024 - \$1,997,617). A fair value gain of \$530,261 was recognized during the year in the consolidated statements of net loss and comprehensive loss (March 31, 2024 -\$81,901).

15. Other income

During the year ended March 31, 2024, the Company received a research and development rebate of AUD \$1,336,622 (\$1,185,719) from the Australian Taxation office (March 31, 2025 – nil). The Company benefits from the Australian Federal Government's Research & Development tax incentive program, which provides up to a 43.5% rebate on research and development expenses in Australia.

This rebate represents a government grant aimed at supporting research and development activities. Therefore, in accordance with IAS 20, Accounting for governmental grants, the grant is recognized as income when there is a reasonable assurance that the grant will be received and that the Company will comply with the conditions attached to it. These conditions were satisfied when the Company received the rebate on October 5, 2023.

On August 21, 2023 the Company entered into a loan agreement via its Australian subsidiary Psyence Australia (Pty) Ltd (the "**Borrower**"), to borrow up to AUD \$1,100,000 by way of a secured loan from RH Capital Finance Co., LLC. The Loan is secured by way of a General Security Agreement and company guarantee against the assets of the Borrower and the Company.

The loan was granted to the Borrower after it successfully registered its research and development activities with the Australian Federal Government. The Borrower benefits from the Australian Federal Government's Research & Development tax incentive program, which provides up to a 43.5% rebate on research and development expenses in Australia. The Loan bore interest at 16% per annum subject to a minimum interest chargeable period of 91 days and is repayable at the earlier of: (a) 21 business days after the notice of assessment (in respect of R&D refunds) is issued by the Australian Taxation Office to the Borrower for the financial year ended June 30, 2023 (b) an event of default and (c) 30 November 2023.

The loan with RH Capital Finance Co., LLC was repaid in full on October 5, 2023 when the Company received the research and development rebate from the Australian Taxation office, which was utilized to settle the loan payable.

\$nil (March 31, 2024 - \$40,045) in interest expense was incurred during the year ended March 31, 2025, on this loan.

16. Convertible note liability

On January 15, 2024, in connection with the RTO Transaction (Note 12), PBM and Psyence Biomed II entered into the Securities Purchase Agreement with the Investors and the NCAC Sponsor, relating to up to four senior secured convertible notes obligations under which are guaranteed by certain assets of PBM and Psyence Biomed II, issuable to the Investors at or after the Closing Date, as the case may be, for the aggregate principal amount of up to \$17,970,000 (USD \$12,500,000) in exchange for up to \$14,376,000 (USD \$10,000,000) in cash subscription amounts (the "**Convertible Note Financing**").

The First Tranche Notes, for an aggregate of \$3,387,500 (USD \$3,125,000) principal, were delivered by PBM to the Investors on January 25, 2024, in exchange for an aggregate of \$2,710,000 (USD \$2,500,000) in financing, which occurred substantially concurrently with the consummation of the RTO Transaction. On the original issuance date of the First Tranche Notes, interest began accruing at 8.0% per annum based on the outstanding principal amount of the First Tranche Notes and is payable monthly in arrears in cash or in common shares of PBM. The maturity date of the First Tranche Note was January 25, 2027.

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The Second Tranche Notes, for an aggregate of \$1,437,600 (USD \$1,000,000) principal, were delivered by PBM to the Investors between May and July 2024, in exchange for an aggregate of \$1,797,000 (USD \$1,250,000) in financing. On the original issuance date of the Second Tranche Notes, interest began accruing at 8.0% per annum based on the outstanding principal amount of the Second Tranche Notes and is payable monthly in arrears in cash or in common shares of PBM. The maturity date of the Second Tranche Notes is May 31, 2027.

PBM designated the entire instrument as FVTPL.

On August 20, 2024, PBM and the Investor entered into an addendum to the Securities Purchase Agreement (the "Addendum"). Under the provisions of the Addendum, the First and Second Tranche Notes would be extinguished by the Company issuing common shares within the conversion limits detailed in the Securities Purchase Agreement.

As a consideration to the Investor entering into the Addendum, PBM issued to the Investor 1,673 common shares valued at \$751,864 (USD \$523,000) based on the market price of the PBM's common shares on the date of issuance and 837 warrants to acquire common shares of PBM with a two-year expiry, exercisable at USD \$298.88 per PBM's share. The warrants were valued at \$61,138 (USD \$42,528) using the Black-Scholes pricing model with the following assumptions:

Warrant Inputs at August 20, 2024	
PBM share price	USD \$312.62
Expected dividend yield	Nil
Exercise price	USD \$298.88
Risk-free interest rate	3.93%
Expected life	2.00
Expected volatility	17.7%
Expiry date	August 20, 2026

The fair value of shares and warrants issued pursuant to the Addendum as detailed above, was recorded in the consolidated statements of net loss and comprehensive loss as part of the fair value gain on convertible note.

On November 27, 2024, PBM and the Investor entered into the Termination Agreement pursuant to which all obligations, covenants and liabilities of the Company and the Investor under the Securities Purchase Agreement will be fully and finally terminated.

As a consideration to the Investor entering into the Termination Agreement, PBM issued to the Investor 18,947 common shares valued at \$703,846 (USD \$489,598) based on the market price of the common shares on the date of issuance and 22,876 warrants to acquire common shares of PBM with nominal exercise price for a one-year period. The warrants were valued at \$919,997 (USD \$639,954) by the reference PBM's common share price.

The fair value of shares and warrants issued pursuant to the Termination Agreement as detailed above, was recorded in the consolidated statements of net loss and comprehensive loss as part of the fair value gain on convertible note.

Between May and September 2024, PBM converted all outstanding balance of the First and Second Tranche Notes into common shares by issuing 17,536 common shares.

PBM measured the fair value of the convertible loan liability before each conversion using Monte Carlo valuation model with the following main assumptions: expected dividend yield 0%, exercise price USD \$224.22- USD \$320.45, risk free interest rate 3.63%- 5.23%, expected life 0.1 – 2.7 years.

The change in fair value resulted in a fair value gain of \$7,108,202 (USD \$5,052,708) (2024 – loss of \$6,955,644 (USD \$5,157,397)) which was recorded in the consolidated statements of net loss and comprehensive loss as part of the fair value gain on convertible note.

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As at March 31, 2024, the fair value of the convertible notes was estimated at \$10,375,773 (USD\$7,657,397) using a combined discounted cash flow approach and Monte Carlo simulation with the following assumptions:

	Inputs
PBM share price	USD \$681.44
Note principal amount	USD \$3,125,000
Prepayment Amount	130%
Discount rate shares	4.43%
Discount rate cash	20.83%
Volatility annual	100%
Volatility daily	6.30%
Risk free annual	4.43%

17. Derivative warrant liabilities

PBM has two classes of warrant liabilities outstanding: Public Warrants and Private Warrants. As of March 31, 2025, there were 20,762 warrants issued and outstanding, consisting of 19,808 Public Warrants and 954 Private Warrants (March 31, 2024 – 20,912 Public Warrants and 954 Private Warrants). Each warrant is exercisable to purchase one PBM's common share at a price of USD \$6,874.13 per share.

During the year ended March 31, 2025, PBM entered into the Warrant Exchange Agreement. Pursuant to the Warrant Exchange Agreement, PBM issued to the Holder 1,104 PBM's common shares in exchange for the surrender and cancellation of 1,104 Public Warrants held by the Holder. The warrants exchange resulted in a loss of \$257,474 (USD\$185,064) which was recorded in the consolidated statements of net loss and comprehensive loss.

Public Warrants: The fair value of the Public Warrants is determined based on the observable market price, as they continue to be traded on the Nasdaq under the symbol "PBMWW." Changes in fair value during the years ended March 31, 2025 and March 31, 2024, have been recognized in the consolidated statements of net loss and comprehensive loss.

Private Warrants: The Company utilizes a Black-Scholes options valuation model to value the private warrants at each reporting period, using the following main assumptions:

	Warrant Inputs at March 31, 2025	Warrant Inputs at March 31, 2024
PBM share price	USD \$4.78	USD \$681.44
Expected dividend yield	Nil	Nil
Exercise price	USD \$6,874.13	USD \$6,874.13
Risk-free interest rate	4.21%	4.21%
Expected life	4.00	5.00
Expected volatility	59.98%	59.98%
Expiry date	January 25, 2029	January 25, 2029

At March 31, 2025 the fair value of the Public and Private Warrants was \$287,658 (USD\$200,096) (March 31, 2024 – \$1,185,793 (USD\$875,000)) and \$nil (March 31, 2024 – \$35,885 (USD\$26,608)), respectively. A fair value loss of \$966,259 (USD\$694,516) was recognized on the consolidated statements of income/(loss) and comprehensive income/(loss).

The expected volatility was based on implied volatility of the Public Warrants.

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Derivative warrant liability – Public and Private Warrants		
	Number	Amount (\$)
At listing January 25, 2024	21,866	806,710
Fair value loss	-	414,968
Opening balance April 1, 2024	21,866	1,221,678
Warrant exchange	(1,104)	(10,057)
Fair value gain	-	(966,259)
Forex movement	-	42,296
Balance as at March 31, 2025	20,762	287,658

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Public Warrants		Private Warrants	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, April 1, 2023	-	-	-	-
Issued	20,912	\$9,882.25	954	\$9,882.25
Balance, March 31, 2024	20,912	\$9,882.25	954	\$9,882.25
Warrant exchange	(1,104)	\$9,882.25	-	\$9,882.25
Balance, March 31, 2025	19,808	\$9,882.25	954	\$9,882.25

The following warrants were outstanding and exercisable at March 31, 2025:

Issue Date	Expiry Date	Exercise Price	Number of Warrants Outstanding	Number of Warrants Exercisable
January 25, 2024	January 25, 2029	\$9,882.25	20,762	20,762

18. PBM ELOC

On August 28, 2024, PBM entered into a US\$25 million equity line of credit (ELOC) agreement with White Lion Capital, LLC, which was declared effective by the U.S. Securities and Exchange Commission (SEC). This agreement allows the Company to sell up to US\$25 million in shares over a 24-month period, subject to specific conditions outlined in the Purchase Agreement.

As part of the consideration for entering into the ELOC, PBM issued 3,392 PBM's common shares to White Lion at a fair value of \$269,550 (US\$187,500) as a commitment fee.

During the year ended March 31, 2025, PBM issued 218,900 PBM's common shares for total consideration of \$9,621,130 (US\$6,692,495). PBM incurred \$405,546 (US\$282,100) in cash settled share issuance costs.

19. PBM's PIPE Financing - Private Placement and Warrants

Private placement

On December 24, 2024, PBM completed a private placement with HC Wainwright & Co., LLC ("HCW"), raising gross proceeds of \$2,875,200 (US\$2,000,000) through the issuance of:

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- 47,679 PBM's common shares,
- 77,792 pre-funded warrants (each exercisable into one PBM's common share at a nominal exercise price), and
- 250,942 PBM's common share purchase warrants, comprising:
 - 125,471 PBM warrants with an exercise price of US\$15.94 per PBM's share and a 5-year term (expiring December 24, 2029), and
 - 125,471 PBM warrants with an exercise price of US\$15.94 per PBM share and a 2-year term (expiring December 24, 2026).

The proceeds were allocated between the common shares and the warrants based on their relative fair values on the date of issuance.

PBM incurred \$370,829 (US\$257,949) in cash settled share issuance costs

20. Segmented information

For the year ended March 31, 2025 management determined that the Company operated in two segments: clinical trial activities and non-clinical trial activities.

The following is an analysis of non-current assets by geographical location:

Asset location (\$)	March 31, 2025	March 31, 2024
Canada	14,901	17,422
United States of America	15,951	7,435
Southern Africa (Lesotho and South Africa)	-	1,459,245
British Virgin Isles	1,071,012	
Non-current segment assets	1,101,864	1,484,102

The following is segment analysis of clinical trials vs non-clinical trials:

Asset location (\$)	Clinical Trials	Non-clinical trials	Total
Segment Assets			
Cash & cash equivalents	8,819,915	68,655	8,888,570
Restricted cash	51,702	-	51,702
Other receivables	197,452	3,281	200,733
Prepays	361,982	-	361,982
PP&E	15,951	-	15,951
Intangible assets	-	14,901	14,901
Investment in Psyence Labs Ltd	1,071,012	-	1,071,012
Segment liabilities			
Accounts payable and other liabilities	(566,803)	(209,272)	(776,075)
Derivative warrant liabilities	(287,658)	-	(287,658)
Expenses			
Sales & marketing	(672,721)	(3,589)	(676,310)
Research & development	(475,755)	-	(475,755)

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General & administrative	(1,671,078)	(70,845)	(1,741,923)
Professional fees & consulting fees	(2,270,448)	(342,837)	(2,613,286)
Depreciation & amortization	(5,939)	(2,520)	(8,460)
Interest income	133,265	134	133,399
Interest expense	(12,824)	(4)	(12,828)
Foreign exchange gain (loss)	325	1,147	1,471
Loss on disposal of subsidiary's	-	(540,970)	(540,970)
Loss on settlement of debt	-	(6,000)	(6,000)
Fair value gain	6,393,735	(483,321)	(5,910,413)

21. Transactions with related parties

All related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts either due from or due to related parties other than specifically disclosed are non-interest bearing, unsecured and have no fixed terms of repayments. The Company incurred the following transactions with related parties during the year ended March 31, 2025 and March 31, 2024:

Compensation to key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Directors.

Key Management Personnel	March 31, 2025	March 31, 2024
Short term benefits	573,071	574,831
Share-based compensation	68,311	387,687
Total	641,382	962,518

Short term benefits consist of consulting fees, payroll and other benefits paid to key management personnel.

Balances

As at March 31, 2025, the Company held amounts totalling \$68,311 (March 31, 2024 - \$28,111) in accounts payable and accrued liabilities. These are amounts owing to key management personnel.

22. Financial instruments and financial risk management

In the normal course of business, the Company is exposed to a variety of financial risks: credit risk, liquidity risk, foreign exchange risk and interest rate risk. These financial risks are subject to normal credit standards, financial controls, risk management as well as monitoring. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Credit risk

Credit risk arises from cash and cash equivalents, restricted cash, other receivables and loan to joint venture. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions. The Company also assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors.

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Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

As at March 31, 2025, the Company's financial liabilities consist of account payable and accrued liabilities.

The Company manages liquidity risk through an ongoing review of future commitments and cash balances available. Historically, the Company's main source of funding has been the issuance of shares for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity or debt funding.

The following table illustrates the contractual maturities of financial liabilities as at March 31, 2025:

Financial Instrument Maturity (\$)	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 3 years
Accounts payable and accrued liabilities	776,075	776,075	776,075	-
Total	776,075	776,075	776,075	-

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company operates internationally and is exposed to foreign exchange risk from the AUD and USD. Foreign exchange risk arises from transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

A 10% adverse change in exchange rate would have resulted in a loss of \$881,291 as at March 31, 2025.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant interest-bearing assets or liabilities and therefore its income and operating cash flows are substantially independent of changes in market interest rates.

23. Loss per share

The calculation of basic and diluted profit/(loss) per common share for the year ended March 31, 2025 and March 31, 2024 was calculated as follows:

Earnings per share (\$)	March 31, 2025	March 31, 2024
Basic and diluted loss per share:		
Net loss	(30,249)	(69,445,310)
Average number of common shares outstanding	9,337,033	8,889,123
Loss per share – basic and diluted	(0.00)	(7.81)

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The diluted weighted average number of common shares does not take into account the effects of stock options and warrants as they would be anti-dilutive for the year ended March 31, 2025 and March 31, 2024.

24. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2024 – 26.5%) to the effective tax rate is as follows:

	2025	2024
Net Income/(Loss) before recovery of income taxes	(30,249)	(69,445,310)
Expected income tax (recovery)/expense	(8,016)	(18,403,007)
Difference in foreign tax rates	9,552	103,521
Listing expense	-	14,825,460
Non-taxable fair value gain adjustment	(2,396,195)	-
Non-deductible loss on loan settlement	745,821	-
Non-deductible loss on disposal of subsidiaries	143,357	-
Taxable capital gain on dispositions	50,886	-
Non-deductible share-based compensation	25,090	-
Share issue costs booked to equity	(343,400)	-
Other permanent expenses	163	2,718,801
Change in tax benefits not recognized	1,772,742	755,225
Income tax (recovery)/expense	-	-

Unrecognized deferred tax asset

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

Unrecognized deductible temporary differences	2025	2024
Property and equipment	6,481	265,515
Restricted interest and financing expenses - Canada	1,098,753	-
Investment in Joint Venture	-	264,822
Loan liability	-	21,468
Intangible assets	143,030	140,509
Share issuance cost and others	1,112,767	285,799
Non-capital losses carried forward-Canada	13,454,995	8,823,244
Non-capital losses carried forward-Lesotho	-	1,594,883
Non-capital losses carried forward-South Africa	-	235,512
Non-capital losses carried forward-Australia	857,116	223,389
Non-capital losses carried forward-UK	-	122,966
Promissory note	-	146,730
	16,673,142	12,124,837

Share issuance and financing costs will be fully amortized in 2029.

The Company's non-capital loss carry forwards will expire as noted in the table below:

Year of expiry	Canada	Australia
2041	314,280	-
2042	3,266,780	-
2043	3,103,086	-
2044	2,251,214	-
2045	4,519,635	-
Indefinite	-	857,116
Total	13,454,995	857,116

25. Capital management

The Company manages its cash and cash equivalents and the components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of natural health business, to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk level.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and short-term investments on hand.

In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

Management considers its approach to capital management to be appropriate given the relative size of the Company. There were no changes in the Company's approach to capital management during the year.

26. Subsequent Events

On April 1, 2025 the Company granted 602,299 restricted stock units ("**RSU's**") to consultants of the Company. This was granted according to the equity incentive scheme of the Company.

On April 23, 2025 the Company consolidated its common shares on the basis of 15:1.

In May 2025, the Company sold all its ownership in PBM for the net proceeds of \$302,300 to third party investors. As a result, the Company lost control over PBM.

The Company issued 6,000,000 common shares through a private placement at a price of \$0.10 per share for total gross proceeds of \$600,000.