UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM_____ TO_____

Commission File Number 001-41106

Incannex Healthcare Inc.
(Exact name of Registrant as specified in its Charter)

Delaware	**93-2403210**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
Rialto South Tower Level 23, 525 Collins Street Melbourne VIC 3008 Australia	**Not applicable**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: +61 409 840 786

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, $0.0001 par value per share	**IXHL**	**The Nasdaq Capital Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 9, 2026, the registrant had 12,546,030 shares of common stock outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, adopted pursuant to the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will" or "would" or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our ability to implement our product development and business strategies, including our ability to continue to pursue development pathways and regulatory strategies for IHL-42X, PSX-001, and IHL-675A and any of our other drug candidates;
- estimates regarding market size and related future growth rates;
- our research and development ("R&D") activities, including clinical testing and manufacturing and the related costs and timing;
- the possibility that we may be required to conduct additional clinical studies or trials for our drug candidates and the consequences resulting from the delay in obtaining necessary regulatory approvals;
- the timing, scope or likelihood of regulatory filings and approvals, including the benefits of FDA Fast Track designation, and our ability to obtain and maintain regulatory approvals for our drug candidates for any indication;
- the pricing, coverage and reimbursement of our drug candidates, if approved and commercialized;
- the rate and degree of market acceptance and clinical utility of our drug candidates;
- our ability to compete with other drugs or therapies currently marketed or in development for our target indications;
- our expectations around feedback from and discussions with regulators, regulatory development paths and with respect to Controlled Substances Act designation;
- our ability to obtain or maintain effective patent rights and other intellectual property protection for our drug candidates, and to prevent competitors from using technologies we consider important to the successful development and commercialization of our drug candidates;
- our estimates regarding expenses, revenues, financial performance and capital requirements, including the length of time our capital resources will sustain our operations;
- our ability to commercialize drug candidates and to generate revenues;
- our financial condition, including our ability to obtain the funding necessary to advance the development of our drug candidates and our expectation regarding the sufficiency of our capital resources;
- our ability to retain and attract qualified employees, directors, consultants and advisors;
- our ability to continue to comply with applicable privacy laws, cybersecurity requirements and protect confidential information from security breaches;
- how recent and potential future changes in healthcare policy could negatively impact our business and financial condition;
- the extent to which global economic and political developments, including existing regional conflicts, pandemics, natural disasters, tariffs and trade restrictions affecting the pharmaceutical and life sciences industry, and the indirect and/or long-term impact of inflation, will affect our business operations, clinical trials, supply chain, or financial condition; and

- any statement of assumptions underlying any of the foregoing.

These risks are not exhaustive. Other sections of this Quarterly Report may include additional factors that could harm our business and financial performance.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled "Risk Factors" previously disclosed in Item 1A in our Annual Report on Form 10-K for the fiscal year ended June 30, 2026, as filed with the Securities and Exchange Commission (the "SEC") on September 25, 2026 (the "2026 Annual Report"). Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report and, while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report to reflect events or circumstances after the date of this Quarterly Report or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

We may announce material business and financial information to our investors using our investor relations website (https://www.incannex.com/investors/). We therefore encourage investors and others interested in our company to review the information that we make available on our website. Our website and information included in or linked to our website are not part of this Quarterly Report.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

INCANNEX HEALTHCARE INC.
Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except share and per share amounts)
(expressed in U.S. Dollars, unless otherwise stated)

	September 30, 2026	June 30, 2026
Assets		
Current assets:		
Cash and cash equivalents	$ 68,267	$ 67,711
Prepaid expenses and other assets	693	537
Research and development (“R&D”) tax incentive receivable	1,272	4,579
Total current assets	**70,232**	**72,827**
Property, plant and equipment, net	2	4
Investment in joint venture	77	51
Operating lease right-of-use assets	83	97
Total assets	**$ 70,394**	**$ 72,979**
Liabilities and stockholders’ equity		
Current liabilities:		
Trade and other payables	$ 944	$ 1,158
Accrued expenses and other current liabilities	30	272
Operating lease liabilities, current	62	62
Total current liabilities	**1,036**	**1,492**
Operating lease liabilities, non-current	21	34
Warrant Liabilities	**3,200**	**4,080**
Total liabilities	**4,257**	**5,606**
Commitments and contingencies (Note 8)		
Stockholders’ equity:		
Common stock, $0.0001 par value – 800,000,000 shares authorized; 12,544,607 and 12,544,298 shares issued and outstanding at September 30, 2026 and June 30, 2026 respectively	38	38
Additional paid-in capital	248,081	247,769
Accumulated deficit	(178,796)	(176,858)
Foreign currency translation reserve	(3,186)	(3,576)
Total stockholders’ equity	**66,137**	**67,373**
Total liabilities and stockholders’ equity	**$ 70,394**	**$ 72,979**

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

INCANNEX HEALTHCARE INC.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except share and per share amounts)
(expressed in U.S. Dollars, unless otherwise stated)

	For the three months ended September 30,	
	2026	**2025**
Revenue from customers	-	-
Operating expenses:		
Research and development	(1,123)	(1,120)
General and administrative	(2,313)	(5,674)
Total operating expenses	**(3,436)**	**(6,794)**
Loss from operations	(3,436)	(6,794)
Other income, net:		
R&D tax incentive	239	389
Foreign exchange losses	(3)	(13)
Interest income	410	5
Change in fair value of warrant liabilities	880	-
Share of earnings (loss) of joint venture	(28)	6
Total other income, net	**1,498**	**387**
Loss before income tax expense	**(1,938)**	**(6,407)**
Income tax expense	-	-
Net loss	**$ (1,938)**	**$ (6,407)**
Other comprehensive income:		
Currency translation adjustment, net of tax	390	223
Total comprehensive loss	**$ (1,548)**	**$ (6,184)**
Net loss per share: Basic and diluted	$ (0.15)	$ (0.62)
Weighted average number of shares outstanding, basic and diluted	12,544,407	10,343,655

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

INCANNEX HEALTHCARE INC.
Condensed Consolidated Statements of Stockholders' Equity (Deficit)
(unaudited)
(in thousands, except share amounts)
(expressed in U.S. Dollars, unless otherwise stated)

	Common Stock		Additional paid-in capital Amount	Accumulated deficit Amount	Foreign currency translation reserve Amount	Total Stockholders' Equity (Deficit) Amount
	Shares	Amount				
	#	$	$	$	$	$
Balance at June 30, 2026	12,544,298	38	247,769	(176,858)	(3,576)	67,373
Stock-based compensation	-	-	312	-	-	312
Share issuance	309	-	-	-	-	-
Net loss	-	-	-	(1,938)	-	(1,938)
Currency translation adjustment, net of tax	-	-	-	-	390	390
Balance at September 30, 2026	12,544,607	38	248,081	(178,796)	(3,186)	66,137

	Common Stock		Additional paid-in capital Amount	Accumulated deficit Amount	Foreign currency translation reserve Amount	Total Stockholders' Equity (Deficit) Amount
	Shares	Amount				
	#	$	$	$	$	$
Balance at June 30, 2025	6,479,333	20	174,049	(157,556)	(3,124)	13,388
Stock-based compensation	-	-	2,626	-	-	2,626
Share issuance	5,110,850	15	69,450	-	-	69,465
Share issuance costs	-	-	(2,288)	-	-	(2,288)
Net loss	-	-	-	(6,407)	-	(6,407)
Currency translation adjustment, net of tax	-	-	-	-	223	223
Balance at September 30, 2025	11,590,183	35	243,837	(163,963)	(2,901)	77,008

On February 24, 2026, the Company effected a 1-for-30 reverse split of its issued and outstanding shares of common stock, (the "Reverse Split"). As a result of the Reverse Split, all figures in this Quarterly Report on Form 10-Q (this "Quarterly Report") relating to shares of the Company's common stock (such as share amounts, per share amounts, and conversion rates and prices), including but not limited to, the consolidated financial statements and footnotes included herein, have been adjusted to reflect the Reverse Split for all periods presented.

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

INCANNEX HEALTHCARE INC.
Condensed Consolidated Statements of Cash Flows
(unaudited)
(in thousands, except share and per share amounts)
(expressed in U.S. Dollars, unless otherwise stated)

	For the three months ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net loss	$ (1,938)	$ (6,407)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2	66
Unrealized loss on foreign currency remeasurement	-	13
Stock-based compensation expense	312	2,626
Change in fair value of warrant liabilities	(880)	-
Interest income	(410)	-
Share of (earnings) loss of joint venture	28	(6)
Change in operating assets and liabilities:		
Prepaid expenses and other current assets	232	299
R&D tax incentive	3,419	(364)
Trade and other payables	(244)	(5,390)
Net cash provided by (used in) operating activities	521	(9,163)
Cash flows from investing activities:		
Purchase of property, plant and equipment	-	(2)
Investment of joint venture	(54)	(40)
Net cash used in investing activities	(54)	(42)
Cash flows from financing activities:		
Proceeds from share issuance	-	69,465
Share issuance costs	-	(2,288)
Net cash provided by financing activities	-	67,177
Effect of exchange rate changes on cash and cash equivalents	89	269
Net increase in cash, cash equivalents, and restricted cash before exchange rate movements	467	57,972
Cash and cash equivalents, and restricted cash at beginning of period	67,711	15,039
Cash and cash equivalents, and restricted cash at end of period	$ 68,267	$ 73,280

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

INCANNEX HEALTHCARE INC.
Notes To Unaudited Condensed Consolidated Financial Statements
(in thousands, except share and per share amounts)
(expressed in U.S. Dollars, unless otherwise stated)

Note 1 – Business

Incannex Healthcare Inc. is a corporation formed under the laws of the State of Delaware in July 2023. Incannex Healthcare Inc. and its subsidiaries are referred to as "the Company" unless the text otherwise requires.

The Company's fiscal year end is June 30. References to a particular "fiscal year" are to the Company's fiscal year ended June 30 of that calendar year.

The unaudited condensed consolidated financial statements of the Company are presented in U.S. dollars and consist of the Company and the following wholly-owned subsidiaries:

Subsidiary	Jurisdiction
Incannex Healthcare Limited	Victoria, Australia
Incannex Pty Ltd	Victoria, Australia
Psychennex Pty Ltd	Victoria, Australia
APIRx Pharmaceutical USA, LLC	Delaware, United States of America
APIRx Pharmaceuticals Holding BV	IJsselstein, Netherlands
Clarion Clinics Group Pty Ltd	Victoria, Australia
Clarion Model Clinic Pty Ltd	Victoria, Australia
Psychennex Licensing and Franchising Pty Ltd	Victoria, Australia
Incannex Management Consultancies LLC	Dubai, United Arab Emirates

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The Company's unaudited condensed consolidated financial statements contained in this Quarterly Report have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC").

Reference is frequently made herein to the Financial Accounting Standards Board (the "FASB") Accounting Standards Codification ("ASC"). This is the source of authoritative US GAAP recognized by the FASB to be applied to non-governmental entities.

Unaudited Interim Financial Information

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position as of September 30, 2026, and its results of operations for the three months ended September 30, 2026, and 2025, and cash flows for the three months ended September 30, 2026, and 2025. The Company has condensed or omitted certain information and note disclosures normally included in financial statements prepared in accordance with U.S. GAAP pursuant to the applicable required disclosures and regulations of the SEC. As such, these unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended June 30, 2026, as filed with the SEC on September 25, 2026 (the "2026 Annual Report").

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

Going Concern Basis

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realization of assets and the settlement of liabilities in the ordinary course of business.

The Company has incurred total comprehensive losses of $1.5 million and $6.2 million for the three months ended September 30, 2026 and 2025, respectively, and experienced net cash provided by operating activities of $0.5 million and net cash used in operating activities of $9.2 million for the three months ended September 30, 2026 and 2025, respectively.

As of September 30, 2026 and June 30, 2026, the Company had cash and cash equivalents of $68.3 million and $67.7 million, respectively, and current assets exceeded its current liabilities by $69.2 million and $71.3 million, respectively.

Historically, the Company has financed its operations to date primarily through partnerships, funds received from public offerings of common stock, a debt financing facility, as well as funding from governmental bodies. The Company may consider future financing when appropriate to support its operating and development plans or take advantage of strategic investment opportunities, including participation by investors whose involvement could benefit the Company and its stockholders. Any such financing may be undertaken before additional funding is required, taking into account its terms, potential dilution and the Company's strategic objectives. Potential sources could include public offerings or private placements of common stock, debt financing, collaborations or other strategic transactions. These potential sources do not form part of the Company's assessment of its ability to fund its current plans for the period described below.

Based on its existing unrestricted cash and cash equivalents and current operating plans, the Company believes it is adequately funded to meet its planned operating expenses and capital expenditure requirements for at least twelve months from the issuance date of the financial statements. The timing and amount of any future capital requirements will depend on the progress, scope and cost of its operations, strategy and development activities.

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Details of all controlled entities are set out in Note 1. All intercompany balances and transactions have been eliminated on consolidation.

Equity Method Investment

The Company has a joint venture investment with Mind Medicine Australia Limited to operate a psychedelic-assisted therapies services clinic in Melbourne, Australia. The Company has an ownership interest of 50% in Mind Clinics Australia Pty Ltd and does not have control over the joint venture. The Company accounts for investments in unconsolidated entities where it exercises significant influence, but does not have control, using the equity method. Under the equity method of accounting, the Company recognizes its share of the investee's net income or loss. Losses are only recognized to the extent the Company has positive carrying value related to the investee. Carrying values are only reduced below zero if the Company has an obligation to provide funding to the investee. The Company's equity method investments are required to be reviewed for impairment when it is determined there may be an other than-temporary loss in value.

Comparative information

Comparative information has been reclassified where appropriate to conform to changes in presentation in the current year to enhance comparability.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that impact the reported amounts of assets, liabilities and expenses and the disclosure of contingent assets and liabilities in the Company's unaudited condensed consolidated financial statements and accompanying notes.

The most significant estimates and assumptions in the Company's unaudited condensed consolidated financial statements include the valuation of equity-based instruments issued, accrued research and development expense, and the research and development tax credit. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ materially from those estimates.

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

Risks and Uncertainties

The Company is subject to risks and uncertainties common to companies in the biopharmaceutical industry. The Company believes that changes in any of the following areas could have a material adverse effect on future financial position or results of operations: ability to obtain future financing; regulatory approval and market acceptance of, and reimbursement for, drug candidates; performance of third-party clinical research organizations and manufacturers upon which the Company relies; protection of the Company's intellectual property; litigation or claims against the Company based on intellectual property, patent, product, regulatory or other factors; and the Company's ability to attract and retain employees.

There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's intellectual property will be obtained or maintained, that any products developed will obtain necessary government regulatory approval or that any approved products will be commercially viable. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will generate significant revenue from product sales. The Company operates in an environment of rapid technological change and substantial competition from other pharmaceutical and biotechnology companies. In addition, the Company is dependent upon the services of its employees, consultants and other third parties.

Significant Accounting Policies

There are no significant changes to the Company's significant accounting policies disclosed in Note 2 to the Consolidated Financial Statements described in the 2026 Annual Report that have had a material impact on the Company's unaudited condensed consolidated financial statements and related notes.

Note 3 – Prepaid expenses and other current assets

	September 30, 2026	June 30, 2026
	$	$
	(in thousands)	
Prepayments[1]	626	295
GST recoverable	67	242
Total prepaid expenses and other current assets	693	537

[1] Prepayments consist of prepaid clinical trial insurances, prepaid R&D expenditure relating to PSX-001 and IHL-675A clinical trials and scientific, marketing, and advertising subscription services.

Note 4 – R&D tax incentive receivable

	September 30, 2026	June 30, 2026
	$	$
	(in thousands)	
R&D tax incentive receivable	1,272	4,579

R&D tax incentive is recorded within the unaudited condensed consolidated statements of operations and comprehensive loss and amounted to $0.2 million and $0.4 million for the three months ended September 30, 2026 and 2025, respectively.

Note 5 – Property, Plant and Equipment, net

	September 30, 2026	June 30, 2026
	$	$
	(in thousands)	
Furniture, fittings and equipment	655	648
Total property, plant and equipment, gross	655	648
Accumulated depreciation and amortization	(653)	(643)
Total property, plant and equipment, net	$ 2	$ 4

Depreciation expense is recorded within general and administrative expenses in the unaudited condensed consolidated statements of operations and comprehensive loss and amounted to $2,000 and $66,000 for the three months ended September 30, 2026 and 2025, respectively.

Note 6 – Trade and other payables, accrued expenses and other current liabilities

	September 30, 2026	June 30, 2026
	$	$
	(in thousands)	
Current liabilities		
Trade payables	944	1,128
Contract liabilities	-	30
Total trade and other payables	944	1,158
Accrued expenses	-	242
Employee leave entitlements	30	30
Total accrued expenses and other current liabilities	30	272
Total trade and other payables, accrued expenses and other current liabilities	974	1,430

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are a reasonable approximation of fair value.

Note 7 – Leases

As of September 30, 2026, the Company has two lease agreements for its corporate head office and sites located in Melbourne and Perth. The leases have original terms of approximately five and three years, respectively, require monthly payments that may be subject to annual increases, and include certain renewal options. During the year, the Company exercised an extension option relating to its Perth lease. The extension period was included in the measurement of the related right-of-use asset and lease liability as the Company determined it was reasonably certain to exercise the option.

The following table summarizes the weighted-average remaining lease term and discount rates for the Company's operating leases:

	September 30, 2026	June 30, 2026
Lease term (years)	1.05	0.57
Discount rate	9.18%	9.18%

Note 7 – Leases (continued)

The following table summarizes the lease costs pertaining to the Company's operating leases:

	September 30, 2026	June 30, 2026
	$	$
	(in thousands)	
Operating lease cost	17	206

Cash paid for amounts included in the measurement of operating lease liabilities during the three months ended September 30, 2026 and fiscal year June 30, 2026 was $17,000 and $0.2 million respectively, and was included within net cash used in operating activities in the cash flows.

The following table summarizes the future minimum lease payments due under operating leases as of September 30, 2026, (in thousands):

Operating leases	Amount $ (in thousands)
June 30, 2027	53
June 30, 2028	36
Total minimum lease payments	89
Less amount representing interest	(6)
Total operating lease liabilities	83

As of September 30, 2026, the Company's operating lease has a weighted average remaining lease term of 1.05 years and a discount rate of 9.18%

Note 8 – Commitments and contingencies

The Company records a loss contingency when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company also discloses material contingencies when it believes a loss is not probable but reasonably possible. Accounting for contingencies requires the Company to use judgment related to both the likelihood of a loss and the estimate of the amount or range of loss. Although the Company cannot predict with assurance the outcome of any litigation or tax matters, it does not believe there are currently any such actions that, if resolved unfavorably, would have a material impact on the Company's operating results, financial position or cash flows.

Note 9 – Stockholder's equity/issued capital

Common Stock

The Company has one class of common stock. The Company's amended and restated certificate of incorporation provides for the issuance of 800,000,000 authorized shares of common stock with one vote per share. Holders of common stock are entitled to receive any dividends as may be declared from time to time by the Company's board of directors.

Note 10 – Stock-based payments

	For the three months ended September 30, 2026	
	2026	2025
	$	$
	(in thousands)	
General and administrative	312	2,626
Total stock-based compensation expense	312	2,626

Restricted Stock

A summary of the changes in the Company's restricted stock unit for the three month period ended September 30, 2026, are as follows:

	Number of Restricted Stock	Weighted Average Grant Date Fair Value $
Unvested and Outstanding as of June 30, 2026	357,410	7.34
Vested	(309)	55.17
Unvested and Outstanding as of September 30, 2026	357,101	7.30

Stock Options

A summary of the changes in the Company's stock options activity for the three months ended September 30, 2026, are as follows:

	Number of Shares	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands) ($)
Outstanding as of June 30, 2026	3,439	528.11	2.39	-
Cancelled or forfeited	(1,111)	612.30	1.00	-
Outstanding as of September 30, 2026	2,328	519.65	1.06	-
Unvested as of September 30, 2026	-	-	0	-

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had exercise prices lower than the fair value of the Company's shares of common stock.

Note 11 – Income Tax

For each of the three months ended September 30, 2026 and 2025, the Company did not recognize a provision or benefit for income taxes as it incurred net losses. In addition, the net deferred tax assets generated from net operating losses were fully offset by a valuation allowance as the Company believes it is not more likely than not that the benefit will be realized.

Note 12 – Fair value of Financial Instruments

The Company measures certain financial assets and liabilities at fair value. ASC 820, Fair Value Measurement and Disclosures ("ASC 820"), specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair-value hierarchy:

Level 1: Quoted prices for identical instruments in active markets;

Level 2: Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Cash and cash equivalents, accounts receivable (including assets pledged as security for short-term debt and R&D tax incentive receivable), prepaid expenses and other current assets, accounts payable, accrued expenses, and current liabilities are reflected on the consolidated balance sheets at amounts that approximate fair value because of the short-term nature of these financial assets and liabilities.

March 2026 Common Warrants

On March 12, 2026, the Company entered into a Securities Purchase Agreement with certain institutional investors, pursuant to which it issued and sold, in a registered direct offering (the "March 2026 Offering") (i) 1,997,285 shares of Common Stock (the "March 2026 Shares"), (ii) pre-funded warrants to purchase up to 2,715 shares of common stock (the "March 2026 Pre-Funded Warrants"), and (iii) common stock warrants to purchase up to 2,000,000 shares of Common Stock (the "March 2026 Common Warrants") at a combined purchase price of $5.00 per March 2026 Share and accompanying March 2026 Common Warrant, or $4.9999 per March 2026 Pre-Funded Warrant and accompanying March 2026 Common Warrant. The March 2026 Common Warrants are exercisable for a period of five years commencing upon issuance at an exercise price of $6.50 per share, subject to certain adjustments set forth therein. The March 2026 Pre-Funded Warrants became exercisable upon issuance and expire upon the exercise of the March 2026 Pre-Funded Warrants in full, at an exercise price of $0.0001 per share, subject to certain adjustments set forth therein. The aggregate gross proceeds to the Company from the March 2026 Offering were approximately $10.0 million before deducting placement agent fees and other offering expenses.

Classification of the March 2026 Common Warrants defined as liability instruments was based on management's analysis of the guidance in ASC 815 and in a statement issued by the Staff of the SEC regarding the accounting and reporting considerations for warrants issued entitled "Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies." Refer to page F-13 of the 2026 Annual Report for additional background information regarding the March 2026 Common Warrants.

Management considered whether the March 2026 Common Warrants displayed the three characteristics of a derivative under ASC 815 and concluded that the warrant meets the definition of a derivative. However, the March 2026 Common Warrants failed to meet the equity scope exception in ASC 815-10-15-74(a) and thus is classified as a liability measured at fair value, subject to remeasurement at each reporting period. This conclusion is based on the fact that the warrant includes certain cash-settlement features in the event of a tender offer, which is outside the control of the Company. As a result, the instrument is not considered to be indexed to the reporting entity's own stock. The Company measured the March 2026 Common Warrants as a liability at fair value as at each reporting period with changes in fair value recognized as other (income) expense, net in the consolidated statements of operations and comprehensive income (loss).

The March 2026 Common Warrants was classified as a Level 3 financial instrument in the fair value hierarchy and was valued using the BlackScholes option pricing model ("BSOPM"). The following table presents the fair value of the warrant and the valuation assumptions under the BSOPM as of September 30, 2026 and at issuance.

	September 30, 2026	At Issuance
Fair Value (in thousands)	$3,200	$3,460
Exercise price	$6.50	$6.50
Common stock price	$3.24	$3.25
Expected option term (years)	5	5
Expected volatility	80.00 %	80.00 %
Risk free rate of return	3.85 %	3.80 %
Expected annual dividend yield	— %	— %

The changes in the fair value of the warrant liability resulted in a decrease of $0.9 million for the three months ended September 30, 2026.

Note 13 – Loss per share

Basic and diluted net loss per share attributable to stockholders was calculated as follows (in thousands, except share and per share amounts):

	For the three months ended September 30,	
	2026	2025
	$	$
Basic and diluted loss per share (dollars per share)	(0.15)	(0.62)
The loss and weighted average number of shares of common stock used in the calculation of basic loss per share is as follows:		
Net loss for the period (in thousands)	(1,938)	(6,407)
- Weighted average number of shares of common stock (number)	12,544,407	10,343,655

The Company notes that the diluted loss per share is the same as basic loss per share.

Note 14 – Segment Information

The Company has one reportable segment: R&D of the use of psychedelic medicine and drug therapies.

The Company's chief operating decision maker ("CODM") is the Chief Executive Officer. The CODM reviews financial information on an aggregate basis for the purposes of allocating resources and evaluating financial performance. Operating expenses is assessed by the CODM to make decisions on how to allocate resources, such as determining additional costs for preclinical and clinical development of the Company's product candidates.

The following table summarized significant segment expenses for the three months ended September 30, 2026 and 2025:

	Psychedelic Medicine and Drug Therapies Segment	
	September 30, 2026	September 30, 2025
	(in thousands)	
Research and development expenses	(1,123)	(1,120)
General and administration expenses (excluding stock-based payment)	(1,999)	(2,982)
Stock-based payment	(312)	(2,626)

Note 15 – Related Party Transactions

Transactions between related parties are on commercial terms and conditions, no more favorable than those available to other parties unless otherwise stated.

There were no amounts payable to any related parties as of September 30, 2026 and June 30, 2026.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report. This Quarterly Report contains forward-looking statements. This discussion and analysis contain forward looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section in our 2026 Annual Report. We caution the reader not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date of this Quarterly Report. We undertake no obligation to update forward-looking statements, which reflect events or circumstances occurring after the date of this Quarterly Report.

Our accounting policies under accounting principles generally accepted in the United States ("US GAAP") are referred to in Note 2 of the unaudited condensed consolidated financial statements in this Quarterly Report. All amounts are in United States dollars, unless otherwise indicated.

Overview

We are a clinical-stage biopharmaceutical company dedicated to developing innovative combination therapies for patients living with serious chronic conditions and significant unmet needs. During the quarter, we continued to execute our clinical development strategy, advancing IHL-42X into patient dosing in DReAMzz following the positive RePOSA results. Our lead clinical program, IHL-42X, is an oral fixed-dose combination of dronabinol and acetazolamide for the treatment of obstructive sleep apnea ("OSA"). IHL-42X has completed a Phase 2 clinical program (RePOSA) with positive results, has been granted Fast Track designation by the U.S. Food and Drug Administration ("FDA"), and patient dosing has commenced in the DReAMzz Phase 2 crossover dose-optimization study, which is being conducted across 13 clinical sites in the United States. DReAMzz is designed to further refine the dosing profile ahead of a planned Phase 3 registration program. RePOSA demonstrated statistically significant reductions in the apnea-hypopnea index, a measure of OSA severity, compared with placebo in both IHL-42X dose groups. Building on those findings, patient dosing commenced in DReAMzz in August 2026. The study is expected to provide dose-selection data to inform the planned Phase 3 study design, with completion estimated for mid-2027. The Company has also secured U.S. patent protection for IHL-42X, covering its composition and methods of treatment, with a baseline expiry date of 2040. The patent was granted in June 2026, adding U.S. protection for the proprietary combination as the program advances through clinical development. PSX-001 is an oral synthetic psilocybin treatment in combination with psychological therapy for generalized anxiety disorder ("GAD"). Following positive results from its Phase 2 proof-of-concept study, PsiGAD1, the Company holds an FDA-cleared Investigational New Drug ("IND") application for PsiGAD2 and is evaluating the next stage of clinical development, including potential adjustments to the Phase 2 study design. The Company has also engaged with the United Kingdom Medicines and Healthcare products Regulatory Agency ("MHRA") through a scientific advice meeting to support the program's clinical and regulatory development strategy. In parallel, the Company has established a clinical advisory board comprising experts in psychiatry, drug development and mental health to support the continued advancement of PSX-001. The completed 73-participant PsiGAD1 study, IND clearance and MHRA engagement provide the clinical evidence and regulatory input for the next stage of the program. The Company is using this work to finalize its next clinical development plan. Each of these programs targets conditions that currently have limited, inadequate, or no approved pharmaceutical treatment options.

Results of Operations

Comparison of the Three Months Ended September 30, 2026 and 2025

The following tables summarize our results of operations for the periods presented (in thousands):

	For the three months ended September 30,			
	2026	**2025**	**$ Change**	**% Change**
Revenue from customers	$ -	$ -	$ -	- %
Operating expenses:				- %
Research and development	(1,123)	(1,120)	(3)	- %
General and administrative	(2,313)	(5,674)	3,361	59 %
Total operating expenses	(3,436)	(6,794)	3,358	49 %
Loss from operations	(3,436)	(6,794)	3,358	49 %
Other income (expense):				- %
R&D tax incentive	239	389	(150)	(39)%
Foreign exchange losses	(3)	(13)	10	77 %
Interest income	410	5	405	8,100 %
Change in fair value of warrant liabilities	880	-	880	- %
Share of earnings (loss) of joint venture	(28)	6	(34)	(567)%
Total other income / (expenses), net	1,498	387	1,111	287 %
Currency translation adjustment, net of tax	390	223	167	75 %
Comprehensive loss	$ (1,548)	$ (6,184)	$ 4,636	75 %

Revenue from Customers

We have not generated revenue for the three months ended September 30, 2026 and we do not expect to generate material revenues unless and until our drug candidates are approved.

Operating Expenses

Research and development

Research and development expenses consist primarily of external and internal costs incurred in performing clinical and preclinical development activities.

Our R&D expenses include:

- external costs incurred under agreements with contract research organizations, contract manufacturers, consultants and other third parties to conduct and support our clinical trials and preclinical studies; and
- internal costs, including R&D personnel-related expenses such as salaries, and benefits, as well as allocated facilities costs and dues and subscriptions.

We expense research and development costs as incurred.

Research and development expenses increased by $3,000 for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. The primary R&D expense for the period related to the DReAMzz Study clinical trial investigating IHL-42X in patients with obstructive sleep apnea. We generally expect research and development costs to increase as we progress our drug candidates through clinical trials. Although research and development activities are central to our business model, the successful development of our drug candidates is highly uncertain.

There are numerous factors associated with the successful development of our drug candidates, including future trial design and various regulatory requirements, many of which cannot be determined with accuracy at this time based on our stage of development. In addition, future regulatory factors beyond our control may impact our clinical development programs. Drug candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later stage clinical trials. As a result, we expect our research and development expenses will increase substantially in connection with our ongoing and

planned clinical and preclinical development activities in the near term and in the future to the extent our development activities are successful. At this time, we cannot accurately estimate or know the nature, timing and costs of the efforts that will be necessary to complete the preclinical and clinical development of our drug candidates. Our research and development expenses have varied, and our future research and development expenses may vary, significantly based on a wide variety of factors such as:

- the number and scope, rate of progress, expense and results of our clinical trials and preclinical studies, including any modifications to clinical development plans based on feedback that we may receive from regulatory authorities;
- per patient trial costs;
- the number of trials required for approval;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the number of patients that participate in the trials;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- the potential additional safety monitoring requested by regulatory agencies;
- the duration of patient participation in the trials and follow-up;
- the cost and timing of manufacturing of our drug candidates;
- the costs, if any, of obtaining third-party drugs for use in our combination trials;
- the extent of changes in government regulation and regulatory guidance;
- the efficacy and safety profile of our drug candidates;
- the timing, receipt, and terms of any approvals from applicable regulatory authorities; and
- the extent to which we establish additional collaboration, license, or other arrangements.

A change in the outcome of any of these variables with respect to the development of our drug candidates could significantly change the costs and timing associated with the development of that drug candidate. We may never succeed in obtaining regulatory approval for any drug candidate.

General and Administrative

General and administrative expenses consist primarily of personnel-related expenses finance and accounting, human resources and other administrative functions, including salaries, stock-based compensation and benefits for employees, legal fees, expenses relating to patent and corporate matters and professional fees paid for accounting, auditing, consulting and tax services, as well as facilities-related costs not otherwise included in research and development expenses and other costs such as insurance costs and travel expenses.

General and administrative expenses decreased by $3.4 million for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. The decrease was primarily attributable to decreased in recognition of amortized stock-based payment expenses in the current quarter.

We anticipate our general and administrative expenses will increase substantially in the future as we expand our operations, including increasing our headcount to support our continued research and development activities and preparing for potential commercialization of our drug candidates. We also anticipate we will incur increased accounting, audit, legal,

regulatory, compliance, director and officer insurance, and investor and public relations expenses associated with operating as a U.S. public company.

Other Income (Expense)

Benefit from R&D tax incentives

We receive tax incentives from the Australian government for research and development activities. Subject to certain exclusions, the Australian Government tax incentives provide benefits for eligible research and development activities. Entities are entitled to either (i) a 48.5% refundable tax offset for eligible companies with an aggregated turnover of less than A$20 million per annum or (ii) a non-refundable 38.5% tax offset for all other eligible companies. Our aggregated turnover is less than A$20 million and we are not controlled by one or more income tax exempt entities, we anticipate being entitled to a claim of 48.5% refundable tax offset for costs relating to eligible research and development activities during the year.

Benefit from R&D tax incentive decreased by $0.2 million for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. The decrease in the R&D tax incentive for the three months ended September 30, 2026, was primarily due to a lower estimate based on historical experience of claims.

Foreign exchange losses and Interest Income

Foreign exchange losses decreased by $10,000 for the three months ended September 30, 2026 compared to the three months ended September 30, 2025, due to favorable currency exchange rates. Interest income increased by $0.4 million for the three months ended September 30, 2026 compared to the three months ended September 30, 2025 over the same period, reflecting higher interest received from cash deposits.

Share of earnings (loss) of joint venture

Share of earnings (loss) of joint venture decreased by $34,000 for the three months ended September 30, 2026, compared to the three months ended September 30, 2025, due to the losses generated from the Company's investment in Mind Clinics Australia Pty Ltd.

Currency translation adjustment, net of tax

Currency translation adjustment, net of tax, increased by $0.2 million for the three months ended September 30, 2026, compared to the three months ended September 30, 2025. The increase was due to the appreciation of the Australian dollar against the U.S. dollar. We maintain our consolidated financial statements in Australian dollars, our functional currency, while our financial statements are translated into U.S. dollars for reporting purposes.

Liquidity and Capital Resources

Sources of Liquidity

We have incurred net losses since inception and expect to incur substantial and increasing losses in the future as we expand our R&D activities in an effort to move our drug candidates into later stages of development.

We incurred total comprehensive loss of $1.5 million and $6.2 million for the three months ended September 30, 2026 and three months ended September 30, 2025, respectively. We incurred net loss of $1.9 million and $6.4 million for the three months ended September 30, 2026 and three months ended September 30, 2025, respectively. As of September 30, 2026, we had accumulated deficit of $178.8 million. For the three months ended September 30, 2026, we experienced net cash provided by operating activities of $0.5 million, an increase of $9.7 million compared to the three months ended September 30, 2025.

Our material cash requirements for the next twelve months are expected to consist primarily of costs associated with our clinical development activities, payments to contract research organizations, contract manufacturers and consultants, personnel and public-company costs, lease obligations and other working capital needs. Over the longer term, our cash requirements will depend on the timing, scope and results of our clinical development programs, regulatory interactions, manufacturing activities and any commercialization activities if we obtain regulatory approval for any drug candidate. Historically, the Company has financed its operations to date primarily through partnerships, funds received from public offerings of Common Stock, a debt financing facility, as well as funding from governmental bodies. Based on

our current operating plans, we do not expect to require additional financing to fund our planned operating expenses and capital expenditure requirements for at least twelve months from the issuance date of these financial statements. We may nevertheless consider financing before additional funding is required where the terms or the involvement of strategic investors would support our development plans or otherwise benefit the Company and our stockholders. We would assess any such opportunity in light of our capital needs, potential dilution and strategic objectives. Potential sources could include public offerings or private placements of common stock, debt financing, collaborations or other strategic transactions. Any additional equity fundraising in the capital markets may be dilutive for our stockholders. To the extent that we raise additional capital through the sale of equity, convertible debt or other securities convertible into equity, the ownership interest of our stockholders will be diluted, and the terms of new securities may include liquidation or other preferences that adversely affect rights of our stockholders. Debt financing, if available at all, would likely involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, completing acquisitions or declaring or paying dividends. If we raise additional funds through strategic collaborations or licensing arrangements with third parties, we may have to relinquish valuable rights to our drug candidates or future revenue streams or grant licenses on terms that are not favorable to us. There can be no assurance that any future financing would be available on acceptable terms or at all. Our assessment of our ability to fund our current plans for the period described above is based on existing cash resources and does not depend on completing any such financing.

As of September 30, 2026, we had cash and cash equivalents of $68.3 million, compared to our cash and cash equivalents as of June 30, 2026 of $67.7 million. As of September 30, 2026, our current assets exceed our current liabilities by 69.2 million, a 2.1 million decrease compared to the difference between our current assets and current liabilities as of June 30, 2026 of 71.3 million. Although we expect to use cash in operating activities as we advance our development programs, we believe our existing unrestricted cash and cash equivalents are sufficient to meet our obligations and sustain operations for at least one year from the issuance date of the financial statements included in this Quarterly Report. However, we could use our capital resources sooner than we expect. Our operating plans may change, and we may need additional funds sooner than planned. The process of testing drug candidates in pre-clinical and clinical studies is costly, and the timing of progress in studies is uncertain. Because the outcome of these efforts is uncertain, we cannot estimate the actual amounts necessary to successfully complete the development and commercialization of our drug candidates or whether, or when, we may achieve profitability.

Off-Balance Sheet Arrangements

We did not have, during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Cash Flows

Comparison of cash flows for the three months ended September 30, 2026 and 2025

The following table summarizes our cash flows for the periods presented (in thousands):

	For Three Months Ended September 30, 2026	For Three Months Ended September 30, 2025
Net cash provided by (used in) operating activities	$ 521	$ (9,163)
Net cash used in investing activities	(54)	(42)
Net cash provided by financing activities	-	67,177
Net increase in cash before exchange rate movements	$ 467	$ 57,972

Net cash flows from operating activities

Cash provided in operating activities increase by $9.7 million for the three months ended September 30, 2026, compared to the three months ended September 30, 2025. The increase primarily reflected changes in working capital, including movements in trade and other payables, together with R&D tax receipts of $3.4 million received during the period.

Net cash flows from investing activities

Cash used in investing activities increased by $12,000 for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. The increase was due to our investment in Mind Clinics Australia Pty Ltd.

Cash flows from financing activities

No cash was provided by financing activities during the three months ended September 30, 2026, compared to the $67.2 million for the three months ended September 30, 2025. In the three months ended September 30, 2025, proceeds from stock issuances were $69.5 million, less stock issuance costs of $2.3 million, including financing under our then-active at-the-market offering program. The at-the-market offering program was terminated on March 11, 2026.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our unaudited interim condensed consolidated financial statements as of September 30, 2026, which have been prepared in accordance with U.S. GAAP. The preparation of these unaudited interim condensed consolidated financial statements requires our management to make judgments and estimates that affect the reported amounts of assets, liabilities, costs and expenses, and the disclosure of contingent assets and liabilities during the reporting periods. We base our estimates on historical experience, known trends and events, and various other factors we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in Note 2 to our consolidated financial statements described in the 2026 Annual Report, we believe the following accounting policies are those most critical to the judgments and estimates used in the preparation of our financial statements.

Stock Based Compensation

We account for stock-based compensation arrangements with employees and non-employees using a fair value method which requires the recognition of compensation expense for costs related to all stock-based payments including stock options. The fair value method requires us to estimate the fair value of stock-based payment awards on the date of grant using an option-pricing model. We use either the trinomial pricing or Black-Scholes option-pricing model to estimate the fair value of options granted. Stock-based compensation awards are expensed using the graded vesting method over the requisite service period, which is generally the vesting period, for each separately vesting tranche. We have elected a policy of estimating forfeitures at grant date. Option valuation models, including the trinomial pricing and Black-Scholes option-pricing model, require the input of several assumptions. These inputs are subjective and generally require significant analysis and judgment to develop.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development costs consist of salaries, benefits and other personnel related costs including equity-based compensation expense, laboratory supplies, preclinical studies, clinical trials and related clinical manufacturing costs, costs related to manufacturing preparations, fees paid to other entities to conduct certain research and development activities on our behalf and allocated facility and other related costs.

Nonrefundable advance payments for goods or services that will be used or rendered for future research and development activities are deferred and capitalized as prepaid expenses until the related goods are delivered or services are performed.

We record accrued liabilities for estimated costs of research and development activities conducted by third-party service providers, which include the conduct of preclinical studies and clinical trials, and contract manufacturing activities. We record the estimated costs of research and development activities based upon the estimated amount of services provided but not yet invoiced and includes these costs in trade and other payables on the consolidated balance sheets and within research and development expenses on the consolidated statements of operations and comprehensive loss.

We accrue for these costs based on factors such as estimates of the work completed and in accordance with agreements established with its third-party service providers. We make significant judgments and estimates in determining the accrued liabilities balance at the end of each reporting period. As actual costs become known, we adjust our accrued liabilities. We have not experienced any material differences between accrued costs and actual costs incurred.

Benefit from R&D Tax Incentive

Benefit from R&D tax incentive consists of the R&D tax incentive received in Australia, which is recorded within other income (expense), net. We recognize grants once both of the following conditions are met: (i) we are able to comply with the relevant conditions of the grant and (ii) the grant will be received.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a "smaller reporting company" (as defined by Item 10 of Regulation S-K), we are permitted to omit information required by this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e)) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated, as of the end of the period covered by this Quarterly Report, the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2026, our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weakness in our internal control over financial reporting described below.

Management's Annual Report on Internal Control over Financial Reporting

As required by SEC rules and regulations implementing Section 404 of the Sarbanes-Oxley Act, our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external reporting purposes in accordance with US GAAP. Our internal control over financial reporting includes those policies and procedures that:

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company,

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with US GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and

3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

A control system, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. In addition, the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of its inherent limitations, internal control over financial reporting may not prevent or detect errors or misstatements in our consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate. Management, with the participation of our principal executive and principal financial officers, assessed the effectiveness of our internal control over financial reporting on September 30, 2026. In making these assessments, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control - Integrated Framework (2013). Based on its assessment, management has concluded that our internal control over financial reporting was not effective as of September 30, 2026.

A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Management has concluded that we did not maintain effective disclosure controls and procedures due to the material weakness in internal control over financial reporting which existed as of September 30, 2026. Due to the limited number of accounting personnel we employ in light of the size and nature of our business, our Chief Financial Officer initiates, oversees and approves financial reporting activities without an independent internal review control. Journal entries and reporting adjustments are also communicated by our Chief Financial Officer to a third party for processing. As the preparation, review and approval processes ultimately remain directed by our Chief Financial Officer, effective segregation of duties has not been achieved.

Remediation Efforts

The measures that we are undertaking to remediate the material weakness in internal control over financial reporting have and will include: (a) hiring qualified internal control personnel or consultants to manage the implementation of internal control policies, procedures and improvement of the internal audit function, as applicable; (b) developing and implementing written policies and procedures for accounting and financial reporting that meet the standards applied to public companies listed in the United States; and (c) conducting internal control training to management, key operations personnel and the accounting department, so that management and relevant personnel understand the requirements and elements of internal control over financial reporting mandated by the US securities laws. Further, we have implemented a series of manual checks and balances to verify that the initiation, approval and recording of certain financial transactions in the current and prior reporting periods has been properly authorized and recorded. While management has identified a material weakness in our system of internal control over financial reporting, management believes that it has taken reasonable and sufficient steps to ascertain that the financial information contained in this Quarterly Report is presented in accordance with US GAAP.

We believe we have made progress in accordance with our remediation plan even though the material weakness will not be considered remediated until we have completed implementing the necessary additional applicable controls and operate with them for a sufficient period of time to allow management and our auditors to conclude that these controls are operating effectively. Management does not believe that this material weakness has resulted in deficient financial reporting because management has implemented manual compensating controls, including checks and balances to verify that the initiation, approval and recording of financial transactions has been properly authorized and recorded.

We cannot determine when our remediation plan will be fully completed and we cannot provide any assurance that these remediation efforts will be successful or that our internal control over financial reporting will be effective as a result of these efforts.

Changes in Internal Control over Financial Reporting

Other than the remediation of the material weakness discussed above, there were no changes in our internal controls over financial reporting (as such term is defined in Rules 13a-15(d) and 15d-15(d) under the Exchange Act) that occurred during three months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in litigation or other legal proceedings arising in the ordinary course of our business. We and our subsidiaries are not currently a party to any material litigation or legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, negative publicity, reputational harm and other factors.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth in Part I, Item 1A, "Risk Factors," of the 2026 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable

Item 5. Other Information

Rule 10b5-1 trading arrangements

During the three months ended September 30, 2026, none of our directors or officers adopted or terminated "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

The information required by this Item 6 is set forth on the Exhibit Index that immediately precedes the signature page to this report and is incorporated herein by reference.

Exhibit No.	Description
2.1	Deed of Amendment and Restatement to Scheme Implementation Deed, dated September 13, 2023, between Incannex Healthcare Limited and Incannex Healthcare Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed with the SEC on November 29, 2023).
3.1	Amended and Restated Certificate of Incorporation, as filed with the Secretary of State of the State of Delaware on July 31, 2023 (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the SEC on November 29, 2023).
3.1.1	Certificate Amendment to Amended and Restated Certificate of Incorporation, as filed with the Secretary of State of Delaware on May 27, 2025 (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the SEC on May 28, 2025).
3.2	Amended and Restated Bylaws, dated November 20, 2023 (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K filed with the SEC on November 29, 2023).
31.1*	Certification of Principal Executive Officer Required Under Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Principal Financial Officer Required Under Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
32.1**	Certification of Principal Executive Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350.
32.2**	Certification of Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
0.104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Incannex Healthcare Inc.

Date: November 12, 2026

By: /s/ Joel Latham

Joel Latham

Chief Executive Officer, Director and President

Date: November 12, 2026

By: /s/ Joseph Swan

Joseph Swan

Chief Financial Officer, Treasurer and Secretary

Exhibit 31.1

I, Joel Latham, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2026 of Incannex Healthcare Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: November 12, 2026

By: /s/ Joel Latham
Name: Joel Latham
Title: President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

I, Joseph Swan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2026 of Incannex Healthcare Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: November 12, 2026

By: /s/ Joseph Swan

Name: Joseph Swan

Title: Chief Financial Officer, Treasurer and Secretary
(principal financial and accounting officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES OXLEY ACT OF 2002

In connection with the Quarterly Report of Incannex Healthcare Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2026 (the "Report") as filed with the Securities and Exchange Commission on the date hereof, I, Joel Latham, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2026

By: /s/ Joel Latham

Name: Joel Latham

Title: President and Chief Executive Officer
(principal executive officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES OXLEY ACT OF 2002

In connection with the Quarterly Report of Incannex Healthcare Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2026 (the "Report") as filed with the Securities and Exchange Commission on the date hereof, I, Joseph Swan, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2026

By: /s/ Joseph Swan
Name: Joseph Swan
Title: Chief Financial Officer, Treasurer and Secretary
(principal financial and accounting officer)