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DEVONIAN HEALTH GROUP (TSX-V:GSD)

EFFICIENT BOTANICAL DRUG DEVELOPMENT

SX-V listed company Devonian Health Group is a late-stage botanical pharmaceutical corporation that utilizes innovative therapeutic approaches designed to target unmet medical needs across the globe, following a more efficient drug development pathway for prescription botanical products.

President and CEO Dr André Boulet has vast experience in the pharmaceutical and biotech fields, standing out by combining strengths in applied science, business and finance. Since 2005, Dr Boulet has been leading the development of the technology and products owned by Devonian Health Group, raising more than \$40M in private and public equity. Here he talks to The Canadian Business Quarterly about the benefits of working with botanical drugs, the company's new science-backed cosmeceutical range, and the exciting avenues for growth in Devonian's future.

VAST EXPERIENCE IN DRUG DEVELOPMENT

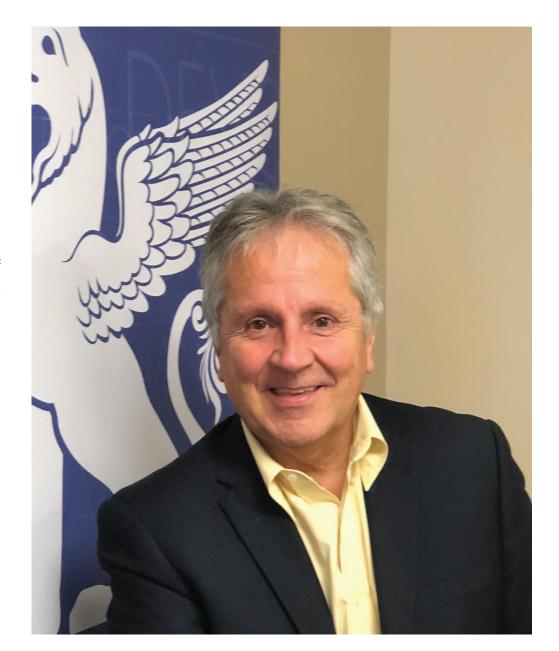
r Boulet achieved his PHD in physiology at Québec's Université Laval, before moving to the United States to undertake postdoctoral study in biochemistry-biophysics at the University of Pennsylvania.

"I worked in the pharma world for quite a few years," Dr Boulet says. "I managed the clinical trial development of different drugs within Marion Merrell Dow. I went then back to school at York in England as a trainee in economics, in the Pharmacoeconomics department."

After his economics education, Dr Boulet went on to lead the reimbursement program on a number of products for Hoechst Marion Roussel, before becoming partner in a venture capital fund in Montreal called BioCapital.

"Then I found [the] technology which is now in the Devonian Health Group," he says, "and I financed it with myself, my family and my own angel network - with \$50m invested in the company."

Having worked in botanical drug development before, Dr Boulet started the company by taking advantage of new FDA regulations in the US allowing companies to use plants to develop prescription medicine.







DEVONIAN

Botanical pharmaceutical corporation

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we are a Canadian late stage botanical pharmaceutical corporation with novel therapeutic approaches targeting worldwide unmet medical needs. We develop prescription botanical drugs sourced from plant materials, algae, macroscopic fungi, and combinations thereof.



Source of new products for the pharma industry



Extraction facilities in Canada

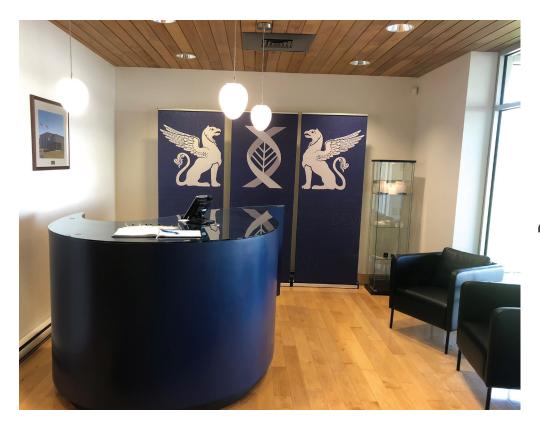


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"Devonian Health Group started as a botanical drug company, with at the beginning only one product, which was the anti-inflammatory drug we have in development right now, and we had a vision to have also a cosmeceutical unit."

Working with plants often leads to the discovery of by products with additional applications. This was the case when the company discovered R-Spinasome®, a patented anti-oxidant molecule that became part of its PurgenesisTM anti-aging cream.



Devonian Health Group went public in 2017, and conducts drug development with the aid of research from the University of Québec, where a chance discovery by a student found that part of the molecule they were working on was an anti-inflammatory drug.

The company works with four plant types onsite at its extraction facility in Quebec, the only one of its kind in Canada, purpose built in order for the company to safely run botanical drug developments.

With the risk of contamination surrounding botanical products, Devonian could not find a pharmaceutical facility willing to house its materials during the trial, and was forced to design its own sterile facility to accommodate them.

FASTER AND CHEAPER DEVELOPMENT

otanical drug development is an interesting field when you come from the pharma world," Dr Boulet explains, "because it allows you to move much faster and less costly than regular drugs in what we call the New Chemical Entities (NCEs)."

These significant benefits were evidenced during both Pre-clinical and Phase I of the group's Thykamine™ development, both of which were completed within eighteen months, as opposed to the 3-5 years it would usually take for an NCE.

"It saves a lot of time and money to reach the proof of concept. Phase II is the key component of drug development, where you realize if the drug works or not, and then [in] Phase III the regular rules for an NCE apply to a botanical drug."

The group is currently using its anti-inflammatory drug, Thykamine $^{\text{TM}}$, to develop a treatment for ulcerative colitis, for which it has completed a Phase II proof of concept, and is moving into a larger Phase II next year to continue development.

"We have an ongoing Phase II clinical trial in eczema, it should be completed in the coming months. We're going to move then into the pediatric population, because physicians don't want to prescribe corticosteroid to kids."

In addition, the company is developing a product to treat radiodermatitis, relevant to the nearly 50% of cancer patients receiving radiation treatment. Around 95% of these patients suffer from radiation beams burning the surrounding tissue of the affected area.

"We have a very good program there, where so far, we have some preliminary data, we protect the surrounding tissues, so obviously it would be a medical device application – so this is ongoing as well."

Also in Phase II is a program for treating inflammatory acne. The group is developing a specific formulation which would include Thykamine $^{\text{TM}}$ to help nearly 85% of adolescents who are affected by acne.



"At the end it will have taken about six years to develop the [eczema and colitis] indications," Dr Boulet explains, "with an overall cost of \$90-100m, compared to a New Chemical Entity which is now, as reported by the pharma industry, close to \$1bn."

The power of FDA approval means that North America is a significant focus. Once a drug is FDA approved, it's approval rate across other countries increases dramatically as other agencies follow suit.

"We will file all the reports to all countries around the world, probably not alone but with a partnership with big pharma. There are quite a few botanical drugs already on the market worldwide, so the big [pharmaceuticals] are coming there."

SCIENCE-BACKED COSMETIC RANGE

n addition to its therapeutic developments, Devonian Health Group is developing a cosmetic range, Purgenesis™ Cosmeceuticals, working on the basis that cosmetic products backed by science have the greatest market potential.

"The anti-aging treatment [we have developed] is patented," Dr Boulet explains, "and everything we do, we do at the pharmaceutical standard, which that means it's double-blind clinical study."

This means that every one of the group's cosmetic products will be compared in a double-blind clinical trial to prestige brand products. With the anti-aging cream, the results of this process have made it clear that Devonian is handling things a little differently.

"We've been told that we are the first company in that world that is mentioning that there is a placebo effect, and the massage effect around the eyes that treats the wrinkle. This is why we are marketing these products to Canadian dermatologists only."

Additionally, the anti-aging product has been accredited by the Canadian Dermatological Association, making these products the only ones sold by dermatologists across the country to have been so.

"It is very good for us, because they market to physicians, and they have a network of dermatologists, so the goal here is we deal only with physicians in everything that we do at Devonian."

As a result, dermatologists have become aware that the company has further sun-care and skin products in the pipeline, offering photoprotection against Blue light, Infrared A and UVA/UVB, lending extra credibility to its product offering.

With a stretch-mark program on the way as well, Devonian has a few formulations that will reach the market by early- or mid-next year, promising a sales increase. Additionally, the company has recently been awarded the Best Anti-Aging Skin Treatment Technology 2018 from UK-based LuxLife magazine.

A GROWING BUSINESS

arly in 2018, the Devonian Health Group acquired a specialty pharmaceutical company called Altius Healthcare, which was focused on acquiring and in-licensing safe and innovative medicines and healthcare products.

"They reviewed what we had in our pipeline, and we sat together and they said there was [a chance] to keep sales in Canada for Devonian, because globally the sales in Canada represent only 3% of the market."

With such a small market share, Devonian benefitted from Altius' sales and marketing acumen, which helped the company keep the Canadian share away from big pharmaceutical companies.

"When we develop a drug, it's always good to have feedback from the sales and marketing people, to be sure that we collect the data we will need, and also if we are targeting the right [areas] from a marketing point of view."

In addition, Devonian benefitted from the existing structure within Altius, which had existing sales of around 10 million, helping attain between \$1.5-2bn in revenue, which the company was able to put into holding to decrease the need for new investment.

"Right now, obviously Altius continues to license the distribution of NCE and other products for the Canadian market," Dr Boulet says. "We bring them our pipeline, so there will be growth in the revenues there."

Further growth will come from the expansion of the company's botanical drug program, which it expects to see grow rapidly over the coming years as the demand for botanical products for humans continues to rise.



"We expect to have another arm, which is animal health. As people see companion animals as family members, Devonian's goal is to offer innovative medicines to the entire family. We are coming with products there. Our Thykamine $^{\text{TM}}$ has application on the vet side, because the largest market in veterinary is the one with eczema for dogs and cats."

In the long term, the company is keen to expand as wide as it possibly can within its field. "The full name of the corporation is Devonian Health Group – so we really want to be a health group [which brings] new innovative products in human and veterinary, all validated through a pharmaceutical development pathway."

Find out more about Devonian Health by visiting www.groupedevonian.com.



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