Q2-2022
MANAGEMENT REPORT
FOR THE THREE-MONTH PERIOD ENDED JANUARY 31, 2022

1. INTRODUCTION

This management report provides the reader with an overview of the activities and financial position of Groupe Devonian Inc. ("The Company") as of January 31,2022. It also provides an overview of the Company's performance by comparing its operating results on a consolidated basis for the three-month and six-month periods ending January 31, 2022, with those of the three-month and six-month periods ending January 31, 2021. It should be read in conjunction with the Company's consolidated and audited financial statements for the years ended July 31, 2021, and July 31, 2020. The financial data contained in this Management 's Discussion & Analysis report have been prepared by the Management, in accordance with the International Financial Reporting Standards (IFRS), based on the information available as of March 25, 2022. All amounts presented in this document are expressed in Canadian dollars.

2. FORWARD-LOOKING STATEMENTS

The information contained in this Management's Discussion & Analysis, as well as the analysis of the results of operations and the financial position may contain statements relating to future results of operations. Certain forward-looking statements made by Management, relative to the results of the research studies as well as the objectives and the expectations of the Company, can be influenced by various risks and uncertainties and therefore generate real results different from those anticipated. The assumptions that support forward-looking statements made by Management are made from data presently available.

3. COMPANY PROFILE

Devonian Health Group is a pharmaceutical company specializing in the development of botanical drugs. Incorporated on March 27, 2015, under the Québec Business Corporations Act. On May 12, 2017, the Company was continued under the Canada Business Corporations Act. Acquired on February 1, 2018, Altius Healthcare Inc., a corporation governed by the Business Corporations Act (Ontario), is a wholly owned subsidiary of Devonian Health Group Inc.

The first family of active ingredients available to the Company is currently extracted from organic baby spinach. The flagship product of the Company, PUR0110, shows immunomodulatory, antioxidant and anti-inflammatory properties. It is the first product of a family of active ingredients, extracted using the Supra Molecular Complex Extraction and Stabilization Technology (SUPREX™). It is customary that when a drug is at an advanced stage of development, the code name be changed to a generic name associated with the chemical structure of the product. The PUR0110 will now bear the name of "Thykamine™".
In addition to benefiting from a pharmaceutical complex extraction facility in Montmagny, Devonian also has skin care products developed with the same approach as its pharmaceutical products. The first cosmeceutical product developed by Devonian, is an anti-aging treatment for women, consisting of day creams, night cream and eye contour. R-Spinasome®, Devonian's proprietary natural active ingredient, is an integral part of this product, ready for marketing under the brand name Purgenesis ™. Purgenesis™ have earned the designation of being the first product distributed by dermatologists to be recognized by the Skin Health Program™ of the Canadian Dermatology Association. Backed by objective medical specialists and led by an Expert Advisory Board, the CDA Program provides advice for the maintenance of healthy skin, hair, and nails.

This product is patented in Canada, Europe, Japan, and United States.

About Altius Healthcare

Based in Concord, Ontario, Altius Healthcare is a specialty pharmaceutical company focused on the acquisition and licensing of safe and innovative medicines and health products designed to help people of all age to lead a healthier life. Altius then leverages its expertise in the commercialization activities required to successfully launch and distribute these drugs in Canada.
Altius' current portfolio includes two pharmaceutical drugs: Pantoprazole magnesium and Cleo-35.

Pantoprazole Magnesium belongs to the family of medications called proton pump inhibitors (PPIs). Proton pump inhibitors are used to relieve symptoms of acid reflux or gastroesophageal reflux disease (GERD) also known as heartburn or acid regurgitation. They are also used to treat conditions requiring reduction of stomach acid, such as gastric (stomach) or duodenal (intestinal) ulcers, in combination with antibiotics in many instances.
Cleo-35® is a drug that contains a combination of two ingredients: cyproterone and ethinyl estradiol. Cyproterone belongs to a group of medicines called antiandrogens. Ethinyl estradiol belongs to a group of medicines called estrogens. Together, they are used to treat hormonal acne in women. This medicine works by regulating the hormones affecting the skin.

Devonian Health Group's business strategy is also to build a portfolio of complementary products that are compatible with its expertise and technology, which will help it achieve revenue and cash flow to enable it to realize its research projects and create value for its shareholders.

4. SUMMARY FOR THE QUARTER ENDING JANUARY 31, 2022

A) FINANCING

During its second quarter of fiscal 2022, the Company completed a private financing, without the intermediary of a broker, through the issuance of a total of 32,897,662 units at a price of $0.30 per unit, for gross proceeds of $9,869,299. Each unit consists of one subordinate voting share and one share purchase warrant. Each warrant entitles its holder to acquire one subordinate voting share at a price of $0.40 per share, until November 2023.
Total related costs of $119,251 were recorded for the issuance of these units.
The proceeds of the placement are expected to be used for the Company's research projects, including a clinical study for pediatric atopic dermatitis, a proof of concept clinical study for hand and foot syndrome associated with chemotherapy, a proof of concept clinical study for radiation dermatitis associated with radiotherapy, and also to the Company's working capital to consolidate its management team and consultants, and to assess various business opportunities.

B) RESEARCH AND DEVELOPMENT

i) Atopic dermatitis (AD)

The positive results of this study which were disclosed during the previous fiscal year, allow the Company to continue, possibly with a pharmaceutical partner, in phase 3 of clinical development in adult patients. The Company is also planning a clinical trial in the pediatric patient population. With Covid-19 having a major impact on the conduct of clinical studies on a North American scale, Devonian is evaluating various strategies for carrying out these studies.

Finally, the results of the clinical study were provided to a medical writer in order to prepare a manuscript for submission to a peer-reviewed scientific journal and the final manuscript has been accepted for publication in the peer-reviewed *Journal of Drugs in Dermatology*.
The phase 2 study protocol, in the pediatric population, has been written and will be reviewed, over the next few weeks, by an opinion leader in pediatric dermatology. The protocol will then be submitted to an ethics committee for approval, after which it must be submitted to Health Canada for final approval.

About Atopic Dermatitis (AD)
Atopic dermatitis (AD), also known as eczema, is a type of inflammation of the skin. This results in itching, redness, swelling and cracking that can lead to secondary infection. The condition usually begins during childhood with changing severity over the years. Although the cause of AD is unknown, it is thought to involve genetics, a weakened immune system, and may be triggered by environmental factors. AD is the most common skin disease, and its prevalence continues to increase worldwide. There is currently a pressing need for new, effective, and well tolerated therapeutic options for AD.

ii) Other pharmaceutical applications of Thykamine™

Hand and Foot Syndrome (HFS) associated to chemotherapy
Hand-and-foot syndrome (HFS) is a well-documented adverse effect of numerous chemotherapeutic agents. The prevalent characteristic manifestations include erythema, dysesthesia, pain, cracking, and desquamation. HFS incidence varies with causative agent. PLD and capecitabine have the highest reported HFS incidence at 40% to 50% and at 50% to 60%, respectively. Sorafenib and sunitinib cause HFS in 10% to 28% and in 10% to 62% of patients, respectively. Withdrawal or dose reduction of the implicated drug usually gives rise to amelioration of the symptoms.

The pathogenesis of HFS is poorly understood. It has been proposed that the predilection of HFS for the palms and soles may be a result of an accumulation of drug in the eccrine ducts in these areas. The Reactive Oxygen Species-Mediated Inflammation (ROS) and Apoptosis has been identified to be a crucial factor in the development of HFS. These ROS induced the release on chemokines and inflammatory cytokines from keratinocytes which induce apoptosis of these cells as well as positive chemotaxis in blood vessels. The physical and psychological burden of HFS should not be underscored. The lack of effective treatment to prevent HFS correspond to an unmet medical need for cancer patients.

As per HFS physiopathology, a new effective treatment should have multi-targets properties such as: decrease ROS production, Modulate TH1/TH2 ratio in order to interfere within the inflammation pathway, decrease TNF-α production, decrease IL-1 production, and restore basal layer functions. Pre-clinical and clinical data have shown that Thykamine™ decreases ROS production, TNF-α production and modulates TH1/TH2 ratio. Therefore, the Society believes that it could be effective in the prevention of HFS. Discussions are ongoing with a Cancer Research Hospital for the design and implementation of a clinical trial among cancer patient population. Such a study would be initiated during the third quarter of 2022.

Radiodermatitis associated to radiotherapy

Radiation dermatitis (radiation dermatitis, radiation induced skin reactions, or radiation injury) is one of the commonest side effects of ionizing radiation which is applied in radiotherapy of carcinoma of all localizations, most frequently of tumors of breast, head and neck region, lungs, and soft tissue sarcomas.
More specifically, 95 % of cancer patients receiving radiation therapy will develop some form of radiodermatitis, including erythema, dry desquamation, and moist desquamation2. Erythema is the first visible manifestation, occurring in more than 90 % of these patients, followed by moist desquamation.

An understanding of the pathophysiology of radiation-induced skin changes is essential to appreciating new therapeutics' role in the process. Studies investigating skin toxicity associated with radiotherapy have highlighted a multitude of irregularities within the tissue. Several cytokines are affected by radiotherapy and play a significant role in the development of radiodermatitis. These include TGF-β , interleukin-1, TNF-α. TGF-β affect dermal fibroblasts and inactivate the coagulation cascade through the thrombin pathway. Increased interleukin-1 and TNF-α increase the production of metalloproteases causing the degradation of dermal components. The up-regulation of ICAM-1 with the increase in TNF-α contributes to the inflammatory process.

Radiotherapy additionally causes damage to Langerhans cells, basal cells, and vascular endothelium. The decreased number of Langerhans cells and the depletion of basal layer stem cells lead to impaired barrier and immune function, increasing the risk of wound infection. Damage to vasculature can induce hypoxia and TGF-β production, further driving fibrosis. Tissue hypoxia with associated necrosis can lead to the generation of reactive oxygen species (ROS).

Several endogenous physiologic substances are present to control the effects of ROS, including the superoxide dismutase, catalase, and glutathione peroxidase system. Following radiotherapy, however, ROS overwhelm these systems, leading to excess ROS causing cellular damage. Additionally, these ROS can drive the production of cytokines, perpetuating the cycle of inflammatory changes. Targeting these ROS has been a goal in the development of therapies to prevent and treat radiodermatitis.

Despite significant development in radiotherapy techniques, efficacious interventions in the prevention of acute skin reactions is still lacking for the management of radiodermatitis. Therefore, the treatment should be conducted according to the basic guidelines with preventive measures, including self-care (daily hygiene practices i.e., washing and the use of soaps and deodorants), clothing (i.e., wearing loose-fitted clothing over the site receiving radiotherapy), and diet (e.g., avoiding tobacco and alcohol, and maintaining adequate hydration).

Despite its prevalence, a gold standard does not exist for its prevention and management. Many of the currently used interventions are often based upon anecdotal evidence, poorly powered studies, or physician preferences. Furthermore, trials evaluating topical agents have failed to demonstrate effectiveness in the prevention and management of radiation-induced skin injury. These therapies did not account for the underlying pathophysiology (i.e., dermal damage), a process that involves the disruption of the intricate cellular balance between dermis and epidermis.

The anti-inflammatory, antioxidant, and immunomodulatory properties of Thykamine ™ have been demonstrated by a considerable number of in vitro and in vivo studies. The Company believes that through the multi-target approach offered by Thykamine ™, it may be effective for the prevention and treatment of Radiodermatitis. The Company plans to initiate a phase 2 study (proof of concept) in Q4-2022.

The synopsis of the study has been developed and will be presented to opinion leaders in oncology. Following their comments, a complete protocol will be written and thoroughly reviewed by the same oncologists.

About Thykamine™

Thykamine™, the first pharmaceutical product issued from the Devonian SUPREX ™ platform, is a highly innovative product to use in the prevention and treatment of health problems related to inflammation and oxidative stress, including ulcerative colitis, atopic dermatitis, psoriasis, rheumatoid arthritis, and other autoimmune diseases. The anti-inflammatory, anti-oxidative and immunomodulatory properties of Thykamine™ have been demonstrated in a considerable number of in vitro and in vivo studies as well as in a phase IIa clinical study on patients with mild to moderate distal ulcerative colitis. Thykamine ™ is currently being developed for ulcerative colitis and atopic dermatitis. Thykamine ™ and the SUPREX ™ platform are protected by several patents in North America, Europe, and Asia.

C) DERMA COSMECEUTICAL PRODUCTS

The partnership with the American company SkinScipac Inc. (SkinScipac), announced in 2020, and which entered into an exclusive sales and marketing agreement, comprising the supply of R-Spinasome® on a per kg basis as well as royalties on sales gross of products marketed by SkinScipac, enabled the Company to record royalty income during this second quarter.

The start of SkinScipac's marketing activities had been postponed several times, due to the situation related to COVID-19. Recent advertising activity has taken place in the United States, and further launch activities are planned by SkinScipac.

An agreement with a private Canadian company has been signed to carry out an assessment of business opportunities and a strategic study to facilitate the distribution of Purgenesis™ products in North America. This study will be carried out for the anti-aging treatment for women, consisting of day, night, and eye contour creams, as well as for 2 other products, namely a serum and a regenerating balm, for which development began during the second trimester.
The report of this study should be completed in May 2022.

About Purgenesis ™ anti-aging Treatment
R-Spinasome®, an active complex of thylakoids extracted from organic green leaves, is the basis of the first anti-aging cosmeceutical treatment marketed under the Purgenesis ™ product line. The structure of this complex is essential for its antioxidant action, which allows it to capture and dissipate the harmful energy generated by reactive oxygen derivatives (ROS), thus restoring the complex to a state ready to be subjected to new activation cycles. This regenerative capacity invests the R-Spinasome® complex with long-lasting antioxidant activity that is still unmatched. In a clinical study of 72 subjects, Purgenesis ™ anti-aging treatment has been shown to provide anti-wrinkle, firmness and hydration results far superior to leading anti-aging creams. Made of a day cream, night cream and eye cream, the anti-aging treatment is recognized by the Skin Health Program™ of the Canadian Dermatology Association. Purgenesis ™ anti-aging treatment is protected by patents in Japan, Canada, United States and Europe (#JP5952261; #CDN 2,699,6795; #US 13 / 261,472; #EUR 11 768 299.7).

D) OTCQB

During the quarter ended January 31, 2022, the Company entered into the application process with the OTCQB so that its subordinate voting shares may be traded on the OTCQB® Venture Exchange, (the "OTCQB"), a US trading platform operated by OTC Markets Group in New York.
The Company has also submitted its Form 211 to the Financial Industry Regulatory Authority ("FINRA") in order to qualify the trading of the shares of the Company, in the United States' market. Finally, the Company has also applied to the Depository Trust Company ("DTC") to be eligible for DTC, which will allow electronic trading of the shares of the Company on the OTCQB.
The OTCQB is the premiere marketplace for early stage and developing U.S. and international companies that are committed to providing a high-quality trading and information experience for their U.S. investors. To qualify for OTCQB, companies must meet high financial standards, follow best practice corporate governance, and demonstrate compliance with applicable securities laws. The OTCQB quality standards provide a strong baseline of transparency as well as the technology and regulation to improve the information and trading experience for investors. The OTCQB is recognized by the Securities and Exchange Commission as an established public market providing public information for analysis and value of securities.
On March 4, 2022, the Company received confirmation of its listing on the OTCQB® Venture Exchange.

E) COMMUNICATION

The Company participated in the "BIO-partening" event, during the JP Morgan Healthcare 2022 Annual Conference, which was held virtually from January 10 to 14, 2022.
The conference, a leading virtual partnering and business development initiative for the biotech industry and hosted by the Biotechnology Innovation Organization (BIO), provides a one-on-one partnering platform to give companies,

access to potential strategic partners and qualified investors worldwide. BIO-partening offers the use of the BIO One-on-One Partnering™ system to allow attendees to host virtual or in-person meetings at the annual J.P. Morgan Healthcare conference in San Francisco.

The Company presented its advances in botanical therapies and was able to explore mutual interests with pharmaceutical and other life science companies seeking new botanical therapies. The positive results obtained during the phase 2 clinical trial of Thykamine™ for atopic dermatitis, as well as the Company's strategic plan were also presented to investors.

5. SUMMARY OF OPERATING RESULTS FOR THE QUARTER ENDED JANUARY 31, 2022

NET LOSS

For the quarter ended January 31, 2022, net loss attributable to shareholders amounted to $1,123,688 ($0.01 per share) compared to a net loss of $846,031 ($0.01 per share) for the same corresponding period of the previous financial year. As for the six months ended January 31, 2022, the net loss totals $1,971,915 ($0.02 per share) compared to $1,651,083 for the same six- month period of the previous year.

This increase in net loss compared to the corresponding periods of the previous fiscal year is mainly attributable to an increase in administrative expenses, partially offset by a decrease in research and development expenses and financial expenses.

REVENUES

During the three-month period, ended January 31, 2022, revenues of $523,504 were recorded, mainly from the distribution of Cléo-35 and Pantoprazole Magnesium through its subsidiary, Altius Healthcare. These revenues also come from royalties on the gross sales of products marketed by SkinScipac, according to the partnership with the American company SkinScipac Inc. (SkinScipac), announced in 2020.

For the same corresponding period of the previous fiscal year, revenues from Altius for the distribution of these two products amounted to $342,967.

For the six months ended January 31, 2022, these revenues totaled $963,927 compared to $884,886 for the same period of the previous fiscal year. This increase in revenues is mainly attributable to the steady increase in sales of Cléo-35 as well as royalty income recorded with SkinScipac.

Management is currently in discussions with a major company, with the intention of obtaining further distribution rights.

RESEARCH AND DEVELOPMENT

During the three-month period ended January 31, 2022, research and development expenses amounted to $119,861, compared to $130,708 for the same quarter of the previous fiscal year. Research and development expenses totaled $262,863 for the first half of fiscal 2022, compared to $406,307 for the six months ended January 31, 2021.

These costs are mainly attributable to costs related to the clinical study on Atopic Dermatitis, patent maintenance costs, the payroll of employees assigned to this sector as well as the amortization of the tangible assets of the extraction from Montmagny. The significant decrease in research and development expenses is mainly explained by the end of the Phase II clinical study on Atopic Dermatitis, during the 2021 financial year.

COST OF SALES

The cost of goods sold, which amounted to $508,925 for the second quarter of fiscal 2022, is composed of acquisition, distribution, royalties, and direct expenses attributable to products sold by our subsidiary Altius Healthcare, as well as an amortization charge for intangible assets of $184,823. For the same quarter of the previous fiscal year, these costs

totaled $395,841 and were also attributable to the same products sold by Altius and an amortization expense of $189,948.

For the six-month period, ended January 31, 2022, cost of sales amounted to $956,970 compared to $941,138 for the same corresponding period of the previous fiscal year and had the same components, with expenses of amortization of intangible assets of $374,286 and $379,621, respectively.

This slight increase in the cost of sales is directly related to the increase in sales.

OPERATING EXPENSES

General administrative expenses

The allocation of positions related to overhead is as follows:

	Three-month period ended		Six-month period ended	
	January 31 , 2022	January 31 , 2021	January 31, 2022	January 31, 2021
	$	$	$	$
Salaries	161,987	81,613	268,628	133,649
Stock based compensation	496,285	58,712	532,687	64,515
Professionnel Fees	118,908	68,784	248,435	147,890
Property taxes	28,466	25,590	56,593	53,494
Others	241,343	207,893	441,01	426,281
	1,046,989	442,592	1,547,353	825,829

For the quarter ended January 31, 2022, general administrative expenses amounted to $1,046,989 compared to $442,952 for the same period of the previous fiscal year. For the six-month period ended January 31, 2022, general administrative expenses totaled $1,547,353 compared to $825,829 for the same corresponding period of fiscal 2021. This increase compared to the corresponding periods of the previous fiscal year is mainly due to the increase in expenses relating to stock-based compensation, salary expenses and professional fees. The increase in salaries and social charges compared to those recorded during the corresponding periods of the previous fiscal year is mainly attributable to the government's Canada Emergency Wage Subsidy program for which the Company had benefited during the previous year, as well as salary adjustments made in November 2021.

The stock-based compensation expense of $532,6872 (a non-cash expense) is mainly composed of an amount recorded following the granting of 150,000 options to a director and consultant, in September 2021, the granting, in November 2021, of 525,000 options and 820,000 options respectively to employees and members of management and directors of the Company. Finally, this expense also includes an amount recognized following the granting of 725,000 stock options granted to consultants in January 2022.

For the corresponding periods of the previous fiscal year, this charge, which amounted to $58,512 and $64,515 respectively, was related to options granted in December 2020 and between 2018 and 2019

The increase in professional fees compared to the previous fiscal year is mainly due to the costs related to the preparation of the annual financial statements and those related to the various development projects and corporate affairs of the Company. In addition, for the first half of 2022, fees related to Devonian's OTCQB listing have been incurred.

Other expenses total $241,343 for the quarter ended January 31, 2022, and $441,010 for the six months ended the same date. These costs are attributable to operating costs, management fees and promotional costs for products distributed by Altius, as well as various operating costs for the Montmagny site, travel costs, office supplies and as

well as the costs related to the Company's stock market securities. These costs are similar to those recorded during the same corresponding periods of the previous financial year.

FINANCIAL EXPENSES

Financial expenses amounted to ($28,583) and $168,656 respectively, for the three and six months ended January 31, 2022, compared to $260,051 and $408,511 for the same corresponding periods of the previous fiscal year. Among these financial expenses, $149,089 is attributable to the interest paid on the long-term debt. Financial expenses also include non-cash charges totaling $300,716 related to the amortization of the discount on debentures and interest charges payable in units of the Corporation. In addition, an unrealized gain of $287,077 on the change in the fair value of the derivative embedded in the convertible debentures issued in July 2018 and August 2018 was recognized for the first half of fiscal 2022 and significantly reduces financial expenses. These net non-cash charges totaled $224,858 for the corresponding six-month period of the previous fiscal year, whereas it was instead an unrealized loss of $31,273 that had been recorded for the change in the fair value of the derivative embedded in the convertible debentures, and mainly explaining the decrease in financial expenses for the current period.

6. QUARTERLY INFORMATION

	Quater ended								
	January 31,, 2022	October 31, 2021	July 31, 2021	April 30, 2021	January 31, 2021	October 31, 2020	July 31, 2020	April 30, 2020	January 31 2020
	$	$	$	$	$	$	$	$	$
Revenues	523,504	440,423	334,695	255,109	342,967	541,919	324,115	379,362	401,692
Net (loss)	(1,123,688)	(848,227)	(888,727)	(806,871)	(846,031)	(805,051)	(1,244,979)	(990,893)	(1,316,683)
Net (loss) per share	(0.009)	(0.009)	(0.009)	(0.009)	(0.010)	(0.010)	(0.014)	(0.013)	(0.018)
Diluted (loss) per share	(0.009)	(0.009)	(0.009)	(0.009)	(0.010)	(0.010)	(0.014)	(0.013)	(0.018)

7. FINANCIAL SITUATION

Liquidities and capital resources

As at January 31, 2022, the Company had cash available, totaling $9,996,966 compared to $344,795 as at July 31, 2021. For the six months ended January 31, 2022, the net increase in cash of $9,652,171 is mainly attributable financing activities totaling $10,760,883 which were only partially offset by funds used for operating activities totaling $1,050,309. The Company estimates that it will be able to adequately fund its operations and meet its cash requirements over the next 12 months.

Total assets as at January 31, 2022 amounted to $23,878,042 compared to $14,607,745 as at July 31, 2021. The increase is mainly due to the increase in cash, generated through private placements.

Total liabilities as at January 31, 2022 amounted to $6,896,991 compared to $7,084,260 as at July 31, 2021, a slight decrease, mainly due to the decrease in operating debts, and a decrease in the value of debentures, in link with the change in the derivative portion of convertible debentures. Among these liabilities, accrued amounts of $140,032 and $461,667 are payable in units of the Company, in connection, respectively, with interest payable on the convertible debentures and an amount due to a consultant of the Subsidiary of the Company. (see subsequent events).

Financing activities

Cash provided by financing activities for the six months ended January 31, 2022, is mainly attributable to the net proceeds of $10,763,182 for the issuance of new shares and warrants through private placements that occurred during the September 2021 and November 2021.

To date, the Company has financed its activities through private placements of common shares and subscription rights as well as the issuance of convertible debentures and operating income generated by its subsidiary.

The Company's profitability is based on factors such as its ability to market, sell and distribute its cosmetics and pharmaceutical products, the success of the various clinical studies, the various approvals of the regulatory bodies as well as the ability to obtain the necessary funding. The Company's ability to continue as a going concern depends on its ability to realize other types of financing and its ability to generate profitable sales.

8. OUTSTANDING SHARE DATA

As of March 25, 2022, the number of issued and outstanding shares reached 130,438,634 while the number of outstanding options granted under the issued and exercisable stock option plan was 8,785,000, exercisable at a price ranging from $0.12 to $1.20. The Company also had 44,463,447 warrants, allowing holders to subscribe for one subordinate voting share of the Company at a price ranging from $0.15 per share to $0.64.

9. RELATED PARTY OPERATIONS

The principal officers of the Company are the President, the President of the subsidiary, the interim Chief Financial Officer, and the directors. During the six-month period, ended January 31, 2022, the Company paid them total compensation of $691,949, including $312,889 in salaries and benefits, $100,000 in management expenses and $279,060 under the form of stock-based compensation.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Use and impact of financial instruments

The main financial instruments used by the Company arise from its operating activities, namely through its accounts payable, the recovery of taxes paid on its purchases, refundable tax credits on research and development expenses, and through its sales. Its financing activities carried out during the six months ended January 31, 2022, mainly resulted in the issuance of Company securities.

Exchange rate risk

During the six-month period ended January 31, 2022, the Company completed a few foreign currency transactions with a minimum value. Management will evaluate options to deal with future changes in the Canadian dollar against the US dollar, should the value of foreign currency transactions be significant. Financial charges as well as general administrative expenses could be influenced by these financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the risk of interest rate fluctuations on its debt with the Private Lender Group, which bears interest at a variable rate. Based on the net exposures presented above as at January 31, 2022 and assuming all other variables remain constant, a 1% increase or decrease in the interest rate would result

in an increase or decrease of approximately $17,500 of the net loss of the Company for the six-month period, ended January 31, 2022.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in honoring commitments associated with financial liabilities. As of January 31, 2022, the Company had current debts of $1,747,200. Of these current debts, $140,032 is attributable to interest payable in Company units, while an amount of $461,667 was paid in consideration for 1,311,553 units issued on March 10, 2022. The operating and The Company's investment expenditures as well as major transactions outside the normal scope of its activities are examined and approved by the Board of Directors.

Risk of economic dependence (Altius)

The revenues of Altius Healthcare (Altius) currently come from the sale of Cléo-35 and Pantoprazole Magnesium. Altius obtains its supplies from third parties and cannot be sure of the manufacture and delivery of these drugs, despite reports of forecasts provided to them.

A break in the supply of Pantoprazole Magnesium would have a negative impact on the company's revenues.

In order to reduce the associated economic risk, Altius' strategy is to acquire rights to market other pharmaceutical products.

Risks related to research and development operations

The Company's operations involve risks and uncertainties specific to its business that could have an impact on its business, financial condition, and results of operations. Conducting clinical trials requires the recruitment of patients, and difficulties in recruiting patients could delay the completion of our clinical trials or result in non-completion. In addition, because our human resources are too limited to conduct preclinical studies and clinical trials, we will need to rely on a service provider to conduct our studies and trials and to perform certain data collection and analysis processes. Preclinical or non-clinical studies must be conducted in accordance with good laboratory practice and must conform to the international governance standards of the International Council for Harmonization (ICH). If for any reason, including as a result of failure to comply with the rules and regulations governing the conduct of preclinical studies and clinical trials, or if he neglects to fulfill his contractual obligations in accordance with the terms of the agreements concluded with us, such as failing to conduct tests, compile data or produce reports as a result of testing, we may be subject to delays that may be significant in our commitments.

Risks related to our shares

The price of our shares has been volatile, and an investment in our common shares could suffer a decline in value. Since our listing on the TSX Venture Exchange (TSXV), our valuation and the price of our shares have fluctuated and have had no material relationship to our financial results, asset values, book values, current or historical, or many other criteria based on conventional measures of the value of common shares. Our share price will continue to vary based on several factors, including the risk factors described herein and other circumstances beyond our control. The value of an investment in our common shares or our common share purchase warrants, or both, may fall significantly or vary significantly.

11. SUBSEQUENT EVENTS

On February 4, 2022, the Company issued 100,822 units, at a unit price of $0.50 in exchange for the $50,411 of interest it owed as of January 19, 2022, to the holder of debentures issued in July 2018. Each unit consists of one

subordinate voting share and one warrant. Each warrant entitles its holder to subscribe to one subordinate voting share of the capital stock of the Company at a price of $0.65 for a period of 48 months.

On March 1, 2022, the Company announced the voting results of its annual and extraordinary general meeting held on February 25, 2022, via videoconference. The number of shares represented in person or by proxy represented 66.72% of the voting rights attached to all the issued and outstanding shares of Devonian Health Group inc.

Election of Directors

The nine (9) nominees proposed for election to the Devonian Board of Directors and listed in the management information circular dated January 26, 2022, were elected by a majority of shareholders present or represented by proxy at the Assembly. The results of the vote are as follows:

Name	Votes in favor (%)	Votes withheld (%)
André Boulet	97.56	2.44
Sybil Dahan	90.08	9.92
Guy Dancosse	97.63	2.37
Louis Flamand	97.71	2.29
Terry L. Fretz	97.71	2.29
Martin Moreau	97.65	2.35
Pierre J. Montanaro	97.63	2.37
Denis Poirier	97.63	2.37
Erick Shields	97.63	2.37

In addition, 100% of its shareholders approved the renewal of the mandate of PricewaterhouseCoopers s.r.l/s.e.n.c.r.l. as auditor of the Company until the next annual meeting of shareholders.

99.77% of shareholders have ratified and confirmed the Company's stock option plan and 93.85% of its shareholders have ratified and confirmed the restricted stock unit plan's Company, while 99.97% of its shareholders have ratified and confirmed the Company's shareholder rights plan agreement.
Finally, 99.97% of its shareholders approved the issuance of 1,311,553 subordinate voting shares at a price of $0.352 per subordinate voting share for a total amount of $461,666.74 to 9294-5039 Québec inc. a non-arm's length business with the Company. The subordinate voting shares are issued in settlement of a debt due for consulting services.
On March 9, 2022, the Company issued 73,540 units, at a unit price of $0.47 in exchange for the $34,564 of interest it owed as of February 28, 2022, to the holders of convertible debentures issued in August 2018 Each unit consists of one subordinate voting share and one warrant. Each warrant entitles its holder to subscribe to one subordinate voting share of the capital stock of the Company at a price of $0.61 for a period of 48 months following their date of issue.

On March 10, 2022, a total of 1,311,553 subordinate voting shares were issued at a price of $0.352, for a total consideration of $461,666.73. These shares were issued in settlement of the total amount of $461,666.73 due to a consultant of the Company's wholly owned subsidiary, Altius Healthcare Inc., which was assumed by the Company.

12. CRITICAL ACCOUNTING POLICIES AND ESTIMATE

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that may affect the amounts reported as assets, liabilities and income and expenses. These amounts

reflect management's best estimate based on overall economic conditions and decisions based on the Company's most probable course of action. Any changes to these assumptions and estimates could have an impact on actual results. The consolidated and audited financial statements for the year ended July 31, 2021, should be referenced for further details regarding significant accounting policies and estimates for the purpose of evaluating and understanding the financial statements of the Company.

Continuity of operations

The Company has incurred losses since its inception and expects that this situation will continue in the foreseeable future. The Company's liquidities are limited considering its ongoing projects. Consequently, the Company's ability to continue as a going concern depends on its ability to obtain, in a timely matter, further financing to complete research and development projects and market products, achieve profitable operations while generating positive cash flows. No assurance can be given in that matter. Further financing will continue to be required since it is impossible to estimate when the Company will achieve profitability. Management continues to negotiate further financing and different agreements that could create positive cash flows. The success of these negotiations is contingent on many factors outside the Company's control and there is substantial uncertainty about the Company's ability to successfully complete such financings and agreements that may cast significant doubt on the Company's ability to continue as a going concern. However, the Company believes that the private funding obtained during November 2021 will allow it to pursue its promising research projects.