Q2-2023
MANAGEMENT REPORT
FOR THE SIX-MONTH PERIOD ENDED JANUARY 31, 2023

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, 2023. It also provides an overview of the Company's performance by comparing its operating results on a consolidated basis for the six-month period ending January 31, 2023, with those of the six-month period ending January 31, 2022. It should be read in conjunction with the Company's consolidated and audited financial statements for the years ended July 31, 2022, and July 31, 2021. 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 17, 2023. 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, 2023

A) RESEARCH AND DEVELOPMENT

i) Atopic dermatitis (AD)

Following the positive results of the Phase 2 clinical study in the adult population with mild-to-moderate atopic dermatitis (AD), the Company decided to carry out a phase 2/3 clinical study on AD in the pediatric population. Following the drafting of the study protocol, in the pediatric population, drafted in fiscal year 2022, the Company continues to prepare for this study with the assistance of its service providers for the management of the clinical study and the manufacture of creams for the latter. Disruptions in the supply chain have delayed the manufacture of the creams needed for the study but the situation is now under control.

Furthermore, the Company has entered into an agreement with a company operating to pharmaceutical GMP (good manufacturing practices) standards, for the production of creams intended for clinical studies. The manufacturing processes have been transferred there and the production of two qualification batches will be necessary to validate compliance with the processes, after which the batch that will be used for the clinical study can be produced. The Company expects to be able to launch the clinical study by December 2023.

As the average costs for conducting such clinical study is approximately $12 millions, excluding G&A expenses, the company will need to raise additional funding.

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) Thykamine™ mechanism of action

A study on the mechanism of action of Thykamine ™, initiated in a specialized laboratory during the previous fiscal year, continued during the second quarter of fiscal year 2023. After obtaining positive results in June 2021, regarding the antioxidant properties of Thykamine ™, the study of the bioavailability of Thykamine ™ at the cellular level and the properties of Thykamine ™ linked to the health of skin cells, was initiated in September 2021. A full report was provided early December 2022. Results demonstrated that Thykamine™ may act at all phases of wound healing. The Company is currently working with its patent agent to file a new patent.

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.

iii) Other pharmaceutical applications of Thykamine™

Hand and Foot Syndrome (HFS) associated to chemotherapy

Hand-foot syndrome (HFS), a well-documented adverse effect of many chemotherapeutic agents whose prevalent characteristic manifestations include erythema, dysesthesia, pain, cracking, and scaling.

Discussions have been initiated, with a hospital dedicated to cancer research, for the design and implementation of a clinical trial (proof of concept (POC) with a population of cancer patients A draft protocol was written and reviewed by oncologists in early 2023. A new version of the protocol was written considering the feedback received and is undergoing final review by these oncologists.

A special cream formulation has been developed and is currently undergoing stability testing.

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.

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, low value scientific studies, or physician preferences. Furthermore, trials evaluating topical agents have failed to demonstrate effectiveness in the prevention and management of radiation-induced skin injury.

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.

A first version of the research protocol was written and reviewed by a radiation oncologist. A new version has been drafted to consider comments received and is undergoing final review by oncologists.

A special cream formulation, for this application, has been developed and is currently in stability testing.

Stability assays – New method

The development of a new analytical method to validate the stability and biological activity of Thykamine™ after extraction began during the third quarter of 2022. The development of this method was entrusted to a company specialized in the development of this type of test. This method will allow stability studies of the product with conditions global storage practices compliant with GMP (good manufacturing practices) and ICH (International Conference on Harmonization). Such data is required by regulatory agencies when approving pharmaceutical products for marketing.

As this method must be based on a model using cultured cells, the Company selected from four cell strains, two strains having generated the most promising preliminary results. The next step will be undertaken by the end of 2023 and will aim to verify 3 batches of Thykamine™ on the two cell strains in order to select the one giving reproducible results. The selection process includes tests with 3 different lots of Thykamine™. This should be completed during the third quarter of 2023.

The cell strain thus selected will then be subjected to a validation process respecting good manufacturing practices (GMP). This new method will become the cornerstone of Thykamine™ quality control.

B) DERMA COSMECEUTICAL PRODUCTS

After dealing with the slowness of the supply chains for some of the raw materials used in the composition of its cosmeceutical products, a new batch of cosmetic creams, the production of which had started during the previous quarter, was completed and is available for the Canadian market.

Altius Healthcare's new Chief Commercial Officer ("CAC") set to develop new marketing plan for Purgenesis™ brand.

The Company terminated the distribution agreement with Nexcure, signed in August 2021, to market and sell Purgenesis™ cosmeceutical products in Middle Eastern countries, through its subsidiary Nexcure FZE. Delays in the production of cosmeceutical products as well as Nexcure FZE's difficulty in setting up an adequate distribution network are the main reasons for this.

The Company had initiated, during the last quarter of 2022, the development of 2 other products based on R-Spinasome®, namely a serum and a regenerating cream. Stability studies have been successfully completed and dermatological studies are currently underway for the serum. The regenerating cream has been produced with 2 different concentrations of R-Spinasome® and one of them will be available to the consumer while the second, higher concentration, will be accessible to skincare professionals.

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).

C) FINANCING

During the quarter ended January 31, 2023, the Company issued 5,050,002 subordinate voting shares, for aggregate gross proceeds of $757,500, following the exercise of 5,050,002 warrants at the price $0.15 per unit. These warrants were issued in December 2020, during a private placement.

D) GOVERNANCE

As Altius Healthcare enters a new phase of development, the Company has decided to retain the services of Mr. Érick Shields as Chief Commercial Officer ("CCO"). This appointment strengthens Altius' management team, which is preparing to reassess its business strategy. Ms. Sybil Dahan, who stepped down as President of Altius, will continue to serve as Chair of the Devonian Board of Directors.
The Company also announced, in December 2022, the resignation of Mr. Martin Moreau as Vice-President Finance of Devonian. Mr. Moreau, who owns other companies requiring his managerial skills, will remain on the Devonian Board of Directors.

E) COMMUNICATION

The Company participated in the "6th Annual Dermatology Drug Development Summit for Inflammatory Skin Diseases ("ADDDS")" held from November 1 to 3, 2022 in Boston, MA, United States.
During this summit, the Company presented the results of the phase 2 clinical trial of Thykamine™ in atopic dermatitis as well as other therapeutic applications targeting dermatological inflammations.

F) OTHERS

During the second quarter of fiscal 2023, the Company rented corporate offices to facilitate the coordination of the management team. The five-year contract is presented in right-of-use assets with a counterpart in lease obligations, in the interim consolidated financial statements of January 31, 2023.

5. SUMMARY OF OPERATING RESULTS FOR THE QUARTER ENDED JANUARY 31, 2023

NET LOSS

For the quarter ended January 31, 2023, the net loss amounted to $1,053,778 ($0.008 per share) compared to a net loss of $1,123,688 ($0.01 per share) for the same corresponding period of the previous year. For the six months ended on the same date, the net loss totals $2,250,234 compared to $1,971,915 for the same six months of the previous fiscal year. This increase in net loss for the first half of 2023 compared to the six-month period of the prior year is mainly attributable to an increase in research and development expenses, and administrative expenses, partially offset by a reduction in the cost of sales. and financial charges.

REVENUES

During the second quarter of fiscal 2023, distribution revenues of $452,767 were recorded, from the distribution of Cléo-35 and Pantoprazole Magnesium through its subsidiary Altius Healthcare. These revenues are down slightly from those recorded for the same corresponding period of the previous fiscal year, which totaled $523,504. For the six-month period ended January 31, 2023, revenues from the distribution of the same products totaled $863,120 compared to $963,927 for the six-month period of the

previous fiscal year. It should also be noted that revenues from net sales may vary from quarter to quarter mainly due to fluctuations in distributor inventories.
The Company's management is continually exploring various business opportunities to maximize its revenue and profitability, with the intention of securing further distribution rights. Moreover, a new contract for the distribution is being negotiated while certain clauses must be specified.

RESEARCH AND DEVELOPMENT

During the three-month period ended January 31, 2023, research and development expenses amounted to $335,613, compared to $119,861 for the same quarter of the previous fiscal year. These costs are mainly attributable to costs related to the clinical study on Atopic Dermatitis in the pediatric population, patent maintenance costs, the payroll of employees assigned to this sector as well as the amortization of tangible assets from the Montmagny extraction center. The increase in research and development expenses is mainly explained by the expenses incurred for the next Phase II clinical study on Atopic Dermatitis and is also related to the extraction activities in order to prepare the material for the clinical study. For the six months ended January 31, 2023, research and development expenses amounted to $674,683 compared to $262,863 for the same six months of fiscal 2022 and are related to the same costs.

COST OF SALES

The cost of goods sold which amounted to $322,991 for the second quarter of fiscal 2023, and $586,609 for the six-month period, ended January 31, 2023, is composed of acquisition costs, fees, royalties and direct charges attributable to products sold by our subsidiary Altius Healthcare, as well as an amortization charge for intangible assets. For the same corresponding periods of 2022, these costs totaled $508,925 and $956,970 respectively, and were also attributable to the same charges related to products sold by Altius. This decrease in the cost of sales compared to the same periods of the previous fiscal year, is mainly explained by the decrease in the amortization expense of distribution contracts which totals $60,287 for the first half of 2023 while this expense was instead of $361,098 for the corresponding half of 2022.

OPERATING EXPENSES

General administrative expenses

The breakdown of the administrative expenses is as follows:

	Three-month period ended		Six-month period ended	
	January 31 2023	January 31 2022	January 31 2023	January 31 2022
	$	$	$	$
Salaries	131,832	161,987	312,324	268,628
Stock based compensation	89,700	496,285	305,750	532,687
Professionnel Fees	120,486	118,908	297,402	248,435
Property taxes	29,598	28,466	58,742	56,593
Others	413,541	241,343	718,256	441,010
	785,157	1,046,989	1,692,474	1,547,353

For the quarter ended January 31, 2023, general administrative expenses amounted to $785,157 compared to $1,046,989 for the quarter ended January 31, 2022. For the six-month period ended on the same date, the administrative expenses totaled $1,692,474 compared to $1,547,353 for the same half of the previous year.

This increase compared to the corresponding half of 2022, is mainly due to the increase in other expenses, professional fees, and salary expenses, partially offset by a decrease in expenses related to stock-based compensation.

The decrease in salaries and social charges compared to those recorded during the corresponding quarter of the previous fiscal year is mainly attributable to salary expenses which were instead recorded in research and development expenses, due to the hours spent on research.

As for the increase in payroll expenses observed for the first half of 2023 as a whole, it is mainly explained by the hiring of Mr. Pierre Montanaro as President and Chief Executive Officer as well as the salary adjustments made during the second quarter of 2022.

The stock-based compensation expense (a non-cash expense) of $89,700 and $305,750 respectively for the three and six-months period ended January 31, 2023, arose from charges recorded following the grant of stock options to employees, consultants and members of the board of directors. For the same corresponding periods of 2022, these charges totaled $496,285 and $532,687 respectively and were also related to the granting of stock options to consultants, management and board members.

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 preparation of the annual information form as well as to the various development and corporate affairs of the Company.

Other expenses which total $413,541 and $718,256 for the second quarter and the first half of 2023, respectively, are attributable to operating expenses for the Montmagny extraction site and Altius Healthcare, management fees, consulting and expenses of the Board of Directors, miscellaneous supplies as well as costs related to the Corporation's securities and travel expenses. This increase compared to the same corresponding periods of the previous fiscal year is mainly related to costs incurred for the Board of Directors, as well as the hiring, in November 2022, of a Chief Commercial Officer for Altius Healthcare, and an adjustment to the Altius Healthcare COO contract.

FINANCIAL EXPENSES

Financial expenses amounted to $62,784 for the quarter ended January 31, 2023, and $159,588 for the six-month period ended on the same date, compared to ($28,583) and $168,656 for the same corresponding periods of fiscal 2022. This increase in financial expenses, for the second quarter, compared to that of the previous fiscal year, is mainly attributable to the gain on the change in the fair value of the embedded derivative on the convertible debentures issued in July 2018, which had been recognized during the second quarter of 2022. As for the increase in interest on long-term debt bearing interest at a variable rate, it would have been offset by investment income generated by certificates of deposit, for the six-month period ended January 31, 2023

6. QUARTERLY INFORMATION

	Three-month period ended								
	January 31, 2023	October 31, 2022	July 31, 2022	April 30, 2022	January 31 2022	October 31, 2021	July 31, 2021	April 30, 2021	January 31 2021
	$	$	$	$	$	$	$	$	$
Revenues	452,767	410,353	612,122	255,109	523,504	440,423	334,695	255,109	342,967
Net (loss)	(1,053,778)	(1,196,456)	(781,177)	(695,210)	(1,123,688)	(848,227)	(888,727)	(806,871)	(846,031)
Net (loss) per share	(0.008)	(0.009)	(0.006)	(0.006)	(0.009)	(0.009)	(0.009)	(0.009)	(0.010)
Diluted (loss) per share	(0.008)	(0.009)	(0.006)	(0.006)	(0.009)	(0.009)	(0.009)	(0.009)	(0.010)

7. FINANCIAL SITUATION

Liquidities and capital resources

As at January 31, 2023, the Company had cash and cash equivalents totaling $5,962,277 compared to $2,805,191 in cash and $5,000,000 in guaranteed investment certificates as at July 31, 2022. The Company estimates that it will be able to adequately finance its activities and meet its cash requirements until the end of fiscal year 2023.

Total assets as at January 31, 2023 amounted to $19,725,860 compared to $21,586,071 as at July 31, 2022. The decrease in assets is mainly attributable to the decrease in liquidities as well as the reduction in tangible and intangibles as a result of amortization expense for the period.

Total liabilities as at January 31, 2023 amounted to $4,548,905 compared to $5,313,542 as at July 31, 2022, a decrease, mainly due to the repayment of the second tranche of debentures issued on August 31, 2018 as well as a decrease operating debts.

Financing activities

Cash generated from financing activities for the quarter ended January 31, 2023, follows the exercise of warrants in December 2022 for gross proceeds of $757,500.

To date, the Company has financed its activities through private placements of subordinated voting 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 17, 2023, the number of issued and outstanding shares reached 136,366,476 while the number of outstanding options granted under the issued stock option plan was 10,150,000, of which 9,200,000 are exercisable immediately at a price ranging from $0.12 to $1.20. The Company also had 37,748,162 warrants, entitling holders to subscribe for one subordinate voting share of the Company at a price ranging from $0.19 per share to $0.95 per share.

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, 2023, the Company paid them total compensation of $832,017, including $433,012 in salaries and benefits, $66,668 in management fees, $169,417 in professional fees and attendance fees and finally $162,920 in 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.

Exchange rate risk

During the six-month period ended January 31, 2023, 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, which bears interest at a variable rate. Based on the net exposures presented above as at January 31, 2023, 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, 2023.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in honoring commitments related to financial liabilities. As at January 31, 2023, the Company had current debts of $ 885,266. The operating and capital expenditure budgets of the Company as well as major operations outside the normal framework of its activities are reviewed 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 rials 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. 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, 2022, 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.

12. CONTINUITY OF OPERATIONS

The Company is engaged on a process of developing botanical drugs and will have to obtain the necessary financing to continue its activities until the marketing phase of its products. 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.

13. SUBSEQUENT EVENTS

At its Annual General and Special Meeting held on March 17, 2023, in person and via videoconference, six (6) nominees proposed for election to Devonian's Board of Directors and listed in the Company's Management Proxy Circular Company, dated February 15, 2023, were elected by a majority of the votes cast by the shareholders present in person or represented by proxy at the meeting.

The elected candidates are: Pierre J. Montanaro, André P. Boulet, Louis Flamand, Terry L. Fretz, Ashish B. Chabria, and Luc Grégoire. The number of shares represented in person or by proxy represented 42.54% of the voting rights attached to all issued and outstanding shares of Devonian Health Group Inc.

In addition, the 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. The shareholders also ratified and confirmed the Corporation's stock option plan as well as the Corporation's restricted share unit plan.