Q2-2024
MANAGEMENT REPORT - FOR THE THREE AND SIX-MONTH PERIODS ENDED JANUARY 31, 2024

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, 2024. 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, 2024 with those of the three-month and six-month periods ending January 31, 2023.
Unless otherwise stated or unless the context otherwise requires, any reference in this MD&A to "Devonian", the "Company", "we", "us", "our" or other similar terms refers to Devonian Health Group inc. and its subsidiary, on a consolidated basis.
It should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three-month and six-month periods ended January 31,2024 and 2023 and the consolidated and audited financial statements for the years ended July 31, 2023, and July 31, 2022. 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 26, 2024. 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

Altius Healthcare is a generic pharmaceutical distribution 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 three pharmaceutical drugs: Pantoprazole magnesium, Cleo-35 and Dexlansoprazole (Dexilant®).

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.

Dexlansoprazole also belongs to a class of drugs called proton pump inhibitors. It comes in capsule form and is available in two strengths: 30 milligrams ("mg") and 60 mg. Dexlansoprazole is approved for use in adults and children ages 12 and older.

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, 2024

A) RESEARCH AND DEVELOPMENT

i) Atopic dermatitis (AD)

Following the positive results in the adult population, the Company decided to carry out a clinical study on Atopic Dermatitis (AD) in the pediatric population.
The Company is continuing the preparation of this study with the help of its service providers, for the management of the clinical study and the manufacturing of the creams necessary for it.
The Company continues to monitor the production of clinical study creams within a leading global development and manufacturing organization, which provides drug substances, drug products and delivery services, analysis throughout the life cycle of medicines. The manufacturing processes were transferred there and required additional information on the CMC (chemical manufacturing and control) section of the file. The additional information was completed in October 2023. Subsequently, the production of two qualification batches will be necessary to validate compliance, after which the batch intended for the clinical study can be produced.
The Company also completed the drafting of the protocol for a 12-week, multicenter, phase II/III, randomized, double-blind, parallel-group, vehicle-controlled clinical study investigating the safety and efficacy of two concentrations. (0.05% and 0.1%) of PUR 0110 (Thykamine™) cream applied twice daily in pediatric patients (aged 3 months to 17 years) with mild to moderate atopic dermatitis. Discussions are underway with key opinion leaders (KOLs) in the pediatric sector for their participation in the study.

Depending on the funding available, the Company believes it will be able to begin the clinical study in 2024. As the estimated costs to conduct such a clinical study are estimated at approximately $9 million, excluding general and administrative costs, the Company will have to raise additional funds.

In addition, the Company is drafting the protocol for an auxiliary study to the study mentioned above, using skin patches to characterize the biomarkers of the immune and epidermal barrier of the lesional skin of children suffering from atopic dermatitis. In addition, the study should shed light on the mechanisms of action of Thykamine™.

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 with a global total addressable market estimated to be in excess of USD $25 billion. [1]

ii) Thykamine™ mechanism of action

We have performed a study on the mechanism of action of Thykamine which demonstrated that Thykamine™ can act at all phases of healing. In November 2023, the Company filed a Cooperation Treaty ("PCT") patent application for Thykamine™ in wound healing. Filing this application will give the Company the opportunity to request patent protection from 157 PCT contracting states.

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 and in a phase II clinical study in patients with mild to moderate atopic dermatitis.

Thykamine ™ and the SUPREX ™ platform are protected by multiple patents in North America, Europe and Asia.

iii) 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.

Discussions have begun, with a hospital dedicated to cancer research, for the design and implementation of a clinical trial (proof of concept (POC)) among a population of cancer patients. A draft protocol was written and reviewed by oncologists in early 2023. The final version of the protocol was written taking into account the various comments received. The study will include patients with newly diagnosed stage 1 to 3 non-metastatic breast, colon, or gastric cancer requiring treatment with capecitabine, 5-fluorouracil (5-FU), or liposomal doxorubicin monotherapy or in combination with other agents, including immunotherapy.

The protocol will make it possible to evaluate the effectiveness of PUR 0110 (Thykamine™) 0.1% cream compared to "Glaxal base" cream, in the prevention of HFS associated with chemotherapy.

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

Radio dermatitis associated with radiotherapy.

Radio dermatitis (radiation dermatitis, radiation-induced skin reactions, or radiation injury) is one of the most common side effects of ionizing radiation applied in radiotherapy of carcinoma of all locations, most commonly tumors in the breast region, head and neck, lung and soft tissue sarcomas.

Despite its prevalence, there is no gold standard for its prevention and management. Many of the interventions currently in use are often based on anecdotal evidence, underpowered studies, or physician preferences. Additionally, trials evaluating topical agents have failed to demonstrate efficacy in the prevention and management of radiation-induced skin damage.

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 could be effective for the prevention and treatment of radio dermatitis.

[1] Global Atopic Dermatitis Market, Market Data Forecast, June 2022

We are currently reviewing a research protocol with leading oncologists for a clinical study which will evaluate the effectiveness of PUR 0110 (Thykamine™) cream 0.1% compared to "Glaxal base" cream in the prevention of radiodermatitis in patients undergoing adjuvant radiotherapy for breast or head cancer and by the neck.

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

B) DERMA COSMECEUTICAL PRODUCTS

During this first halfof 2024 the Company continued its discussions with several distributors both in Canada and the US to find a potential partner to distribute our Purgenesis™ product line in Canada and the USA. Our objective is to find the ideal business partner to sell our Purgenesis product line in specialy markets such as medical spas, surgical clinics and dermatologist offices.

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).

The company has completed the development of three (3) products incorporating the R-Spinasome®, namely a serum, a regenerating cream for consumer and a regenerating cream for professionnals. Specific cosmetic studies were completed. Followign the design of specific packaging, these products will be offered to potential distributors as part of Purgenesis™ product line.

C) FINANCING

During the second quarter ended January 31,2024, the Company repaid all of its debt which matured on December, 2023 and January 17, 2024. On February 23, the Company reached a new financing agreement with Fiera Dette Privée Inc. for a term loan of $2,160,000, repayable 12 months after the disbursement date. Interest will be payable monthly, at the variable rate of the National Bank plus 8.80%.

D) DEXLANSOPRAZOLE

During the last week of January 2024, Altius Healthcare recorded its first sales of Dexlansoprazole in the amount of $2 million according to the distribution agreement signed in October 2022, with a branded commercial partner, for the authorized generic version of a major drug in Canada upon the end of the loss of its market exclusivity.

E) GOVERNANCE

On December 4, 2023, Devonian implemented several management and board changes to focus attention on near- and long-term revenue growth and accelerate the company's clinical development program. Thykamine™ program in atopic dermatitis. David Baker, a director of the Company, has been appointed Chairman of the Board of Directors. Luc Grégoire, a director of the Company, has been named President and Chief Executive Officer of the Company, replacing Pierre Montanaro who moved to a new role as President of Altius Healthcare, the Company's wholly owned subsidiary.

During the quarter ended January 31, 2024, the Company revised its bylaws, replacing the original bylaws adopted by the Board of Directors on May 12, 2017. These new bylaws of the Company were ratified by the shareholders, on February 20, 2024.

5. KEY FINANCIAL INFORMATION

	Three-month periods ended		Six-month periods ended	
	January 31, 2024	January 31, 2023	January 31, 2024	January 31, 2023
	$	$	$	$
Distribution revenues	2,277,170	452,767	3,549,690	863,120
Operating expenses				
Research and development expenses	301,513	335,613	669,444	674,683
Cost of sales	1,502,016	322,991	2,258,481	586,609
Administratives expenses	1,616,461	785,157	2,405,335	1,692,474
Financial expenses	67,382	62,784	148,194	159,588
Net loss and comprehensive loss	(1,210,202)	(1,053,778)	(1,931,764)	(2,250,234)
Net loss per share	(0,01)	(0,01)	(0,01)	(0,02)

NET LOSS

For the second quarter ended January 31, 2024, the net loss attributable to shareholders amounted to $1,210,202 ($0.01 per share) compared to a net loss of $1,053,778 ($0.01 per share) for the corresponding quarter of the previous financial year. This increase in net loss compared to the first quarter of fiscal 2023, is mainly attributable to an increase in administrative expenses, partially offset by the growth in distribution revenues. The net loss for the first half of fiscal 2024, was $1,931,764, compared to $2,250,234 for the first half of 2023. The reduction in net loss is mainly attributable to growth in distribution revenues partly offset by an increase in administrative expense.

REVENUES

During the three-month period, ended January 31, 2024, net distribution revenues of Altius Healthcare were $2,277,170, an increase of 403% as compared to the same period last year. This increase was mainly driven by the launch of Dexlansoprazole in the last week of the quarter, and the ongoing strong performance of Pantoprazole Magnesium which had suffered supply disruption in the same period last year.

For the entire first half-year ended January 31, 2024, revenues totaled $3,549,690 as compared to $863,120 for the half-year of the previous fiscal year. The significant increase in net revenues is attributable to sales of Dexlansoprazole during the last week of January as well as increased sales of Pantoprazole, which resoloved the supply disruptions experienced in the first half of last year.

RESEARCH AND DEVELOPMENT

During the quarter ended January 31, 2024, research and development expenses amounted to $301,513, compared to $335,613 for the same quarter of the previous fiscal year.

For the six-month period ended on the same date, research and development costs were $669,444, mainly in line with the same period last year. For both periods the costs mainly attributable to the preparation of the clinical study on Atopic Dermatitis in the pediatric population, such as extraction activities and the purchase of materials, the development of a new analytical method to validate the biological activity of Thykamine™ after extraction, the study of the mechanisms of action of Thykamine™ and other applications of Thykamine™. These Research and Development expenses also include patent maintenance costs, payroll as well as $149,376 which is attributable to depreciation of facilities and equipment.

COST OF SALES

The cost of products sold, which amounted to $1,502,016 for the second quarter of fiscal 2024, is composed of acquisition costs, distribution costs, royalties and direct charges attributable to the three products sold by our subsidiary Altius Healthcare, as well as an amortization charge for intangible assets. For the same corresponding quarter of the previous fiscal year, these costs which totaled $322,991 were attributable to Cléo-35, Pantoprazole Magnesium sold by Altius and an amortization charge. The increase in sales for this quarter ended January 31, 2024 mainly explains the increase in cost of sales compared to the same quarter of the previous fiscal year.

For the six months ended January 31, 2024, cost of sales amounted to $2,258,481 compared to $586,609 for the corresponding six months of fiscal 2023, an increase which is also driven by the significant growth in sales.

OPERATING EXPENSES

General administrative expenses

The allocation of positions related to overhead is as follows:

	Three-month periods ended		Six-month periods ended	
	January 31,2024	January 31,2023	January 31,2024	January 31, 2023
	$	$		$
Salaries	357,059	131,832	574,110	312,324
Stock based compensation	350,202	89,700	350,202	305,750
Professional Fees	520,152	120,486	762,028	297,402
Property taxes	30,874	29,598	61,937	58,742
Others	358,174	413,541	657,058	718,256
	1,616,461	785,157	2,405,335	1,692,474

For the three-month period ended January 31, 2024, general administrative expenses amounted to $1,616,461 compared to $785,157 for the same corresponding period of the previous fiscal year. This increase is mainly due to the stock-based compensation expense, the increase in salary costs and professional fees.

The increase in salaries compared to the same quarter of 2023 is mainly attributable to the hiring of Mr. Luc Grégoire in December 2023, as President and Chief Executive Officer. A salary increase granted to a member of management, as well as bonuses recorded in December 2023, also explains part of this increase in salary costs.
The increase in salary expenses for the entire six-month period ended January 31, 2023, which totals $574,110 compared to $312,324 for the same corresponding period of 2023, is also explained by the same elements as those identified in the three-month period variation above.

Stock-based compensation expense amounted to $350,202 for the quarter ended January 31, 2024, and for the six-month period ended on the same date, following the grant of 3,765 610 stock options to officers of the Company and a member of the board of directors resulting from the December 2023 leadership changes referred to above. For the corresponding quarter and six-month period of the previous fiscal year, a charge of $89,700 and $305,750, respectively, was recorded following the granting of stock options to a consultant, directors of the Company and employees of the Company.

Professional fees totaling $520,152 for the second quarter of fiscal 2024 are mainly related to fees related to the audit of the Company's financial statements, professional consulting fees and legal fees relating to various development projects and corporate affairs of the Company, the review of employment contracts as well as the preparation of the annual meeting. Fees of $120,486 were incurred during the corresponding quarter of the previous fiscal year. Also, last year's annual's fees meeting were incurred in the 3rd quarter.
For the first half of fiscal year 2024, professional fees total $762,028 compared to $297,402, an increase which can be explained by the same elements as the second quarter cited above.

The other costs which total respectively $358,174 and $657,058 for the three-month and the six-month periods, ended January 31, 2024, are attributable to the operating costs of Altius and the Montmagny site, to the travel costs, consulting fees,

as well as costs related to the Company's stock market securities. These other expenses are similar and in line with those recorded for the same corresponding periods of the previous financial year.

FINANCIAL EXPENSES

Net finance costs were $67,382 and $148,194 for the second quarter and six-month periods ended January 31, 2024, respectively. These expenses are similar to those of the corresponding period of the 2023 financial year. These net financial expenses are mainly attributable to interest paid on long-term debt and for which the increase in interest rates occurring during 2023 has been offset by interest income generated by guaranteed investment certificates.

6. QUARTERLY INFORMATION

	For the thee-month periods ended								
	January 31 2024	October 31 2023	July 31 2023	April 30 2023	January 31 2023	October 31 2022	July 31 2022	April 30 2022	January 31 2022
		$	$	$	$	$	$	$	$
Revenues	2,277,170	1,272,520	1,076,169	406,100	452,767	410,353	612,122	729,139	523,504
Net (loss)	(1,210,202)	(721,562)	(863,307)	(1,486,066)	(1,053,778)	(1,196,456)	(781,177)	(695,210)	(1,123,688)
Net (loss) per share	(0.01)	(0.005)	(0.01)	(0.01)	(0.008)	(0.009)	(0.006)	(0.006)	(0.009)
Diluted (loss) per share	(0.01)	(0.005)	(0.01)	(0.01)	(0.008)	(0.009)	(0.006)	(0.006)	(0.009)

7. FINANCIAL SITUATION

Liquidities and capital ressources

As of January 31, 2024, the Company had cash and cash equivalents totaling $1,004,084 compared to $5,062,936 as of July 31, 2023. For the six-month period ended January 31, 2024, the net decrease in cash is mainly attributable to the repayment of long-term debt of $3,580,000 and expenses incurred to finance operating activities which were not yet offset by other financing activities as of quarter end. Considering the financing agreement with Fiera Dette Privée Inc. for a term loan of $2,160,000, concluded in February 2024, as well as the revenues that will be generated by the distribution of the three products by Altius, the Company estimates that it will be able to adequately finance its activities and meet its cash flow needs until the end of its 2024 fiscal year.

Total assets as of January 31, 2024 amounted to $17,229,996 compared to $19,177,478 as of July 31, 2023. The decrease is mainly due to the drop in liquidity following the repayment of long-term debt, offset partially by the increase in receivables from the launch sales of Dexilan at the very end of the quarter.

Total liabilities as of January 31, 2024 amount to $4,069,510 compared to $4,930,026 as of July 31, 2023, a slight decrease related to the repayment of long-term debt which was partially offset by the increase in payables and accuals resulting from the increase in sales as well as tighted liquidity management while the new financing was being negotiated .

Financing activities

The cash generated by financing activities for the six-month period ended January 31, 2024, is mainly attributable to the net proceeds of $494,596 for the issuance of new shares and warrants through a private placement in September 2023.

Until now, the Company has mainly financed its activities through private placements of common shares and subscription rights as well as the issuance of convertible debentures and operating revenues generated by its subsidiary.The Company's profitability is based on factors such as its ability to market, sell and distribute its cosmeceutical and pharmaceutical products, the success of various clinical studies as well as the various approvals from regulatory bodies as well as the ability to obtain the necessary financing. for the continuation of its projects. The Company's ability to continue its activities on a going concern basis depends

on its ability to continue to attract capital, secure other types of financing and its ability to generate profitable sales.

8. OUTSTANDING SHARE DATA

As of March 26, 2024, the number of shares issued and outstanding reached 148,222,531 while the number of outstanding options granted under the stock option plan stood at 16,087,721 of which 15,387,721 are exercisable. The Company also had 13,360,878 warrants, allowing holders to subscribe for one subordinate voting share of the Company at a price ranging from $0.194 per share to $0.95

9 . 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 receivable, 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-month period ended January 31, 2024, mainly resulted in the issuance of Company securities.

Exchange rate risk

During the six-moth period ended January 31, 2024, 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, 2024, 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, 2024.

Liquidity risk

Liquidity risk is the risk that the Company will have difficulty honoring commitments linked to financial liabilities. As of January 31, 2024, the Company had current debts of $3,955,011, against cash of $1,004,084 and account and tax credits receivable of 2,825,965. The Company's operating and capital expenditure budgets as well as major operations outside the normal scope of its activities are examined and approved by the board of directors. The Company invests its available cash in highly liquid fixed income securities. The Company monitors its liquidity, which allows it to be able to seek additional liquidity in a timely manner.

Risk of economic dependence (Altius)

Altius Healthcare Inc. revenues (Altius) currently come from the sale of three products, namely Cléo-35, Pantoprazole Magnesium and Dexlansoprazole. Altius sources its supplies from third parties and cannot ensure the manufacturing and delivery of these drugs, despite forecast reports provided to them.
A disruption in the supply of one of these products would have a negative impact on the company's revenues. In order to reduce the associated economic risk, the Company's strategy is to acquire marketing rights for other pharmaceutical products.

The Company relies heavily on a number of key executives and scientists.

The Company is highly dependent on its executive officers. Thus, the loss of key members of the Company’s staff could harm the Company. Although the Company enters into employment agreements with all members of its staff, such employment agreements do not guarantee their retention. The Company also depends on its scientific and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability to the Company. In addition, the Company believes that its future success will depend in large part upon its ability to attract and retain highly skilled scientific, managerial, medical,

manufacturing, clinical and regulatory personnel, particularly as the Company expands its activities and seeks regulatory approvals for clinical trials. The Company enters into agreements with its scientific and clinical collaborators and advisors, key opinion leaders and academic partners in the ordinary course of its business. The Company also enters into agreements with physicians and institutions who will recruit patients into the Company's clinical trials on its behalf in the ordinary course of its business. Should key academic and scientific personnel including employees or collaborative partners who work on the development of the Company's research activities leave, the Company's current and future development programs may be delayed or adversely affected. Notwithstanding these arrangements, the Company faces significant competition for these types of personnel from other companies, research and academic institutions, government entities and other organizations. The Company cannot predict its success in hiring or retaining the personnel it requires for continued growth. In addition, due to limited financial resources, the Company may not be able to successfully expand its operations due to challenges in recruiting and training qualified new staff. Expansion of personnel may result in significant diversion of management time and resources.

The Company's success is also dependent on the Company's ability to recruit, retain and motivate qualified scientific, clinical, manufacturing and commercialization personnel. The Company may not be able to attract and retain these personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. The Company also experiences competition for the hiring of scientific and clinical personnel from universities and research institutions.

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 unclear material correlation 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.

10. SUBSEQUENT EVENTS

On March 13, 2024, the Company closed a private placement, issuing 1,492,000 units at a price of $0.15 per unit for gross proceeds of $223,800. Each unit is composed of one subordinate voting share and one warrant exercisable at a price of $0.20 for a period of 2 years following the issue date.

On February 20, the Company granted 3,084,611 stock options to an officer and employees of the Company, allowing them to acquire shares at an exercise price of $0.15 for a period of 10 years in accordance with the terms of the stock option plan. All stock options granted are immediately exercisable.

On February 21, the Company announced that, taking into account the proxies received and the votes cast at the Annual Meeting of Shareholders, the following individuals were elected as directors of the Company until the next annual meeting of shareholders: Luc Grégoire, André Boulet, Louis Flamand, David C. Baker, Edward Dahl and Jean Forcione.

On the same date, the Company announced the renewal of the Company's stock option plan as amended, was approved by the requisite number of disinterested shareholders. Within the meaning of the policies of the TSX Venture Exchange, the Option Plan is a "fixed up to 20%" plan. Thus, 29,346,106 subordinate voting shares of the Company corresponding to 20% of the number of Shares outstanding as of January 9, 2024 are reserved for the grant of combined stock options.
In order to notably modify the qualification of the Option Plan for a "fixed up to 20%" plan, in accordance with the requirements of Policy 4.4 of the Stock Exchange, modifications have been made to the Option Plan. The full text of the Option Plan is available in Appendix A of the Management Proxy Circular, a copy of which can be found on the Company's SEDAR+ profile at www.sedarplus.ca.

On February 20, 2024, the Company announced that the United States Patent and Trademark Office ("USPTO") issued Patent No. 11,723,938 B2 entitled "Thylakoid Extract Composition and Formulation for the Treatment of Inflammatory Bowel Disease", covering a method of treating inflammatory bowel disease ("IBD"), such as ulcerative colitis and Crohn's disease, in humans with an effective amount of active thylakoid extract.

On February 23, the Company concluded a twelve-month term loan for an amount of $2,160,000 with Fiera Dette Privée inc. The loan will bear interest, payable monthly, at the prime rate of the National Bank of Canada plus 8.80%. The Loan will be guaranteed by the universality of the movable and immovable, tangible and intangible, present and future assets of the Company.

On February 28, 2024, Ms. Kathryn J. Gregory joined the Board of Directors of the Company. Ms. Gregory has over 25 years of executive leadership experience in start-ups ,mid-sized and large pharmaceutical and biotechnology companies. She has extensive experience in international business development, including corporate strategies, licensing, mergers and acquisitions, strategic deal management and operational expertise in marketing, strategic sourcing and purchasing. Ms. Gregory currently serves as a director of Carmell Corporation, a bio-aesthetics company focused on skin and hair care. Throughout her career, Ms. Gregory has led global business development functions for multiple pharmaceutical companies of all sizes. On February 29, 2024 the Company granted 50,000 stock options to a director of the Company, allowing her to acquire subordinate voting shares of the Company at an exercise price of $0.21 for a period of ten years, in accordance with the terms and conditions of the Company's stock option plan. These stock purchase options granted to the director of the Company are immediately exercisable.

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, 2023, 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. MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The consolidated condensed interim financial statements (the "Consolidated Financial Statements") have been prepared on a going concern basis, which assumes that the assets will be realized and liabilities discharged in the normal course of business for the foreseeable future. . Accordingly, the consolidated financial statements do not include any adjustments to reflect possible future effects on the recovery and classification of assets or on the settlement or classification of liabilities, should the Company be unable to continue its operations in the normal course of its operations. It is engaged in the development of botanical medicines and will need to obtain the necessary financing to continue its operations until the commercialization phase of its products. The Company has incurred accumulated losses of $27,358,118 since its inception and expects these losses to continue for the foreseeable future. The Company's liquidity is limited to its ongoing operations and related activities. Therefore, the Company's ability to continue as a going concern also depends on its ability to source its products from pharmaceutical suppliers, its ability to distribute its products and generate positive cash flow, its ability to obtain additional capital funding or additional financing to carry out its research and development projects, and to market or license its developed products. There can be no assurance that the Company will be able to carry out all of these planned activities. Management continues to negotiate

additional financing that could allow the Company to continue its research and development activities. Based on current cash flow forecasts, the Company has sufficient cash flow through July 2024. The success of these negotiations depends on numerous factors beyond the Company's control and ability to successfully complete a such financing, which raises concerns about significant uncertainty over the Company's ability to continue as a going concern.