



## **DEVONIAN HEALTH GROUP INC.**

Interim Consolidated Financial Statements for the three-month periods ended  
**October 31, 2024 and 2023**  
(Unaudited)

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIODS ENDED ON OCTOBER 31, 2024, AND 2023**

Statement concerning the interim consolidated financial statements

Management has prepared the accompanying interim consolidated financial statements of Devonian Health Group inc. which include the interim consolidated statement of financial position as at October 31, 2024, and the interim consolidated statements of net loss and comprehensive loss, changes in equity and cash flows for the three-month periods ended October 31, 2024 and 2023. No auditing firm has reviewed or audited these interim consolidated financial statements.

**Devonian Health Group Inc.**  
**Interim Consolidated Statements of Financial Position**  
**As at October 31, 2024 and July 31, 2024**

(Unaudited)

	October 31, 2024 \$	July 31, 2024 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	12,454,995	9,862,511
Accounts receivable (note 4)	8,178,981	7,965,975
Tax credits receivable	154,210	154,210
Inventories (note 5)	57,849	60,889
Interest reserve	106,399	160,000
Prepaid expenses	185,838	256,225
	<hr/>	<hr/>
	21,138,272	18,459,810
<b>Property, plant, equipment, and right-of-use assets</b>	2,435,911	2,496,091
<b>Intangible assets</b>	5,122,849	5,134,465
<b>Goodwill</b>	4,643,084	4,643,084
	<hr/>	<hr/>
	33,340,116	30,733,450
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable (note 6)	16,572,433	14,025,243
Current portion of lease liability	45,407	44,682
Current portion of long-term debt (note 7)	2,111,781	2,075,617
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	18,729,621	16,145,542
<b>Lease liability</b>	114,144	125,724
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	18,843,765	16,271,266
<b>Shareholders' Equity</b>		
Share capital (note 8)	29,838,321	29,838,321
Stock options (note 9)	2,467,694	2,071,861
Warrants (note 10)	841,987	862,261
Contributed surplus	8,361,005	8,340,731
Deficit	(27,012,656)	(26,650,990)
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	14,496,351	14,462,184
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	33,340,116	30,733,450
<b>Material uncertainty related to going concern (note 1)</b>		

**Approved by the Board of Directors**

(s) Luc Grégoire, Director

(s) André Boulet, Director

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

# Devonian Health Group Inc.

## Interim Consolidated Statements of Net Loss and Comprehensive Loss

For the three-month periods ended October 31, 2024 and 2023

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(Unaudited)

	October 31 2024 \$	October 31 2023 \$
<b>Distribution revenues</b>	5,850,933	1,272,520
<b>Operating expenses</b>		
Cost of sales	4,144,574	756,465
Research and development expenses	494,131	367,931
Administrative expenses	1,536,376	788,874
Financial expenses (note 11)	37,518	80,812
	<u>6,212,599</u>	<u>1,994,082</u>
<b>Net loss and comprehensive loss</b>	<u>(361,666)</u>	<u>(721,562)</u>
<b>Net loss per share (note 12)</b>		
Basic	(0.002)	(0.005)
Diluted	(0.002)	(0.005)

**Additional information to the interim consolidated statements of net loss and comprehensive loss** (notes 1, 3 and 12)

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

# Devonian Health Group Inc.

## Interim Consolidated Statements of changes in Equity

For the three-month periods ended October 31, 2024 and 2023

(Unaudited)

	Number				Amount					
	Shares	Stock options	Warrants	Total	Share capital \$	Stock options \$	Warrants \$	Contributed surplus	Deficit \$	Total \$
For the three-month period ended October 31, 2023										
<b>Balance as at July 31, 2023</b>	<b>144,457,805</b>	<b>10,725,000</b>	<b>45,570,160</b>	<b>200,752,965</b>	<b>29,345,454</b>	<b>1,555,408</b>	<b>5,008,023</b>	<b>3,764,921</b>	<b>(25,426,354)</b>	<b>14,247,452</b>
Issuance of shares and warrants	2,272,727	-	2,272,727	4,545,454	359,838	-	140,162	-	-	500,000
Share issuance cost:										
In cash	-	-	-	-	(5,404)	-	-	-	-	(5,404)
Warrants expired	-	-	(2,415,090)	(2,415,090)	-	-	(268,929)	268,929	-	-
Net loss and comprehensive loss for the period	-	-	-	-	-	-	-	-	(721,562)	(721,562)
	2,272,727	-	(142,363)	2,130,364	354,434	-	(128,767)	268,929	(721,562)	(226,966)
<b>Balance as at October 31, 2023</b>	<b>146,730,532</b>	<b>10,725,000</b>	<b>45,427,797</b>	<b>202,883,329</b>	<b>29,699,888</b>	<b>1,555,408</b>	<b>4,879,256</b>	<b>4,033,850</b>	<b>(26,147,916)</b>	<b>14,020,486</b>
For the three-month period ended October 31, 2024										
Balance as at July 31, 2024	148,222,532	16,587,721	12,941,850	177,752,103	29,838,321	2,071,861	862,261	8,340,731	(26,650,990)	14,462,184
Stock-based compensation (note 9)	-	3,298,611	-	3,298,611	-	395,833	-	-	-	395,833
Warrants expired (note 10)	-	-	(201,982)	(201,982)	-	-	(20,274)	20,274	-	-
Net loss and comprehensive loss for the period	-	-	-	-	-	-	-	-	(361,666)	(361,666)
	-	3,298,611	(201,982)	3,096,629	-	395,833	(20,274)	20,274	(361,666)	34,167
<b>Balance, as at October 31, 2024</b>	<b>148,222,532</b>	<b>19,886,332</b>	<b>12,739,868</b>	<b>180,848,732</b>	<b>29,838,321</b>	<b>2,467,694</b>	<b>841,987</b>	<b>8,361,005</b>	<b>(27,012,656)</b>	<b>14,496,351</b>

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

# Devonian Health Group Inc.

## Interim Consolidated Statements of changes in Equity

For the three-month periods ended October 31, 2024 and 2023

(Unaudited)

	October 31 2024 \$	October 31 2023 \$
<b>Cash flows from</b>		
<b>Operating activities</b>		
Net loss	(361,666)	(721,562)
Items not affecting cash:		
Amortization of property, plant, equipment, and right-of-use asset	77,530	73,387
Amortization of intangible assets	11,615	33,159
Interest on convertible debentures	36,164	-
Stock-based compensation	395,833	-
	159,476	(615,016)
Net change in non-cash working capital items (note 13)	2,461,216	6,966
	2,620,692	(608,050)
<b>Investing activities</b>		
Acquisition of property, plant, and equipment	(17,350)	-
<b>Financing activities</b>		
Principal payments on lease liability	(10,858)	(6,435)
Issuance of shares and warrants	-	495,875
	(10,858)	489,440
<b>Increase (decrease) in cash</b>	2,592,484	(118,610)
<b>Cash and cash equivalents– Beginning of period</b>	9,862,511	5,062,936
<b>Cash and cash equivalents– End of period</b>	12,454,995	4,944,326

For the period ended October 31, 2024, cash flow from operating activities includes interest paid of \$84,136 (2023 - \$116,449).

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

# Devonian Health Group Inc.

## Notes to Interim Consolidated Financial Statements

October 31, 2024

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(Unaudited)

### 1 Statutes of incorporation, nature of activities and material uncertainty related to going concern

The Company was incorporated under the *Business Corporations Act* (Québec) on March 27, 2015. On May 12, 2017, the Company was continued under the *Canada Business Corporations Act*.

Its main activity is the development of drugs for auto-immune inflammatory conditions. It is also involved in the development of value-added products for dermo-cosmetics and the distribution of pharmaceutical products through its subsidiary. The Company has established a research effort focused towards new solutions in the medical sector as well as in the cosmetic sector. The Company's head office is located at 360, Rue des Entrepreneurs, Montmagny, Québec.

These interim consolidated financial statements (the "consolidated statements") have been prepared on a going concern basis, which assumes that assets will be realized, and liabilities discharged in the normal course of business for the foreseeable future. Accordingly, these consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or on the discharge or classification of liabilities, should the Company be unable to continue its normal course of business. The company is engaged in the development of botanical drugs and will need to obtain necessary financing to continue its operations until the commercialization phase of its products. The Company has incurred losses since its inception and expects this situation to continue for the foreseeable future. The Company's liquidity is limited to its ongoing operations and related activities. Consequently, the Company's ability to continue as a going concern depends also on its ability to source products from its pharmaceutical suppliers, its ability to distribute its products and generate positive cash flows, its ability to obtain further financing in a timely manner in order to complete research and development projects, and to market its developed products. There is no assurance about that.

Management continues to negotiate for further financing and enter into various agreements that could generate positive cash flows. The Company's ability to successfully complete such financings and agreements is subject to significant uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities in the normal course of operations. Such adjustments could be material.

### 2 Significant accounting policies

#### Declaration of compliance

The consolidated financial statements have been prepared in accordance with *International Accounting Standard 34*, Interim Financial Reporting. As a result, certain information and notes normally included in annual financial statements prepared in accordance with IFRS, as published by IASB, have been omitted or summarized. These consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the years ended July 31, 2024, and 2023.

These interim consolidated financial statements were adopted by the board of directors on December 17, 2024.

# Devonian Health Group Inc.

## Notes to Interim Consolidated Financial Statements

October 31, 2024

(Unaudited)

### Significant accounting policies

The interim consolidated financial statements were based on the significant accounting policies described in the Company's consolidated financial statements for the year ended July 31, 2024.

### Use of estimates and judgments

The preparation of interim consolidated financial statements requires management to use judgment, make estimates and make assumptions that affect the application of accounting policies and the carrying value of assets, liabilities, revenues and expenses. Actual results could differ from estimated results. Significant accounting judgments and estimates applied by the Company are presented in the consolidated financial statements for the year ended July 31, 2024, and remain unchanged. Estimates and underlying assumptions are reviewed regularly. Any revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected by such revisions.

### 3 Additional information to the interim consolidated statements of net loss and comprehensive loss

The interim consolidated statements of net income and comprehensive income include the following items:

	October 31 2024 \$	October 31 2023 \$
Research and development – Amortization of property, plant and equipment and right-of-use asset	77,530	73,387
Cost of sales – Amortization of intangible assets	11,615	32,435
Administrative expenses – Salaries and employer's contributions	416,283	217,051
Administrative expenses – Stock-based compensation	395,833	-
Research and development expenses – Salaries and employer's contributions	129,330	71,597

### 4 Accounts receivable

	October 31 2024 \$	July 31 2024 \$
Trade	7,677,914	7,686,347
Sales taxes	430,107	279,628
Interest receivable	70,960	-
	<u>8,178,981</u>	<u>7,965,975</u>



# Devonian Health Group Inc.

## Notes to Interim Consolidated Financial Statements

October 31, 2024

(Unaudited)

### 5 Inventories

	October 31 2024 \$	July 31 2024 \$
Finished goods	57,849	60,889
	<u>57,849</u>	<u>60,889</u>

### 6 Accounts payable

	October 31 2024 \$	July 31 2024 \$
Suppliers	4,144,660	3,716,003
Accrued expenses	12,376,740	10,294,394
Salaries, payroll deductions and contributions	51,033	14,846
	<u>16,572,433</u>	<u>14,025,243</u>

### 7 Long-term debt

	October 31 2024 \$	July 31 2024 \$
Loan, secured by the universality of movable and immovable property, tangible and intangible, present and future of the Company, for a carrying value of \$7,177,526, interest payable monthly at the National Bank's prime rate plus 8.80% (15.25%) principal repayable at maturity in January 2025	2,111,781	2,075,617
	<u>2,111,781</u>	<u>2,075,617</u>

### 8 Share capital

#### Description of authorized share capital

On October 10, 2024, the Company amended its articles of merger by creating a new class of shares, i.e. an unlimited number of ordinary shares each carrying one vote per share. Each issued and outstanding subordinate voting share has been converted into one ordinary share and subsequent to this change, the following classes of shares of the Company and the rights, privileges, restrictions and conditions therein related have been repealed:

- i. an unlimited number of shares with multiple voting rights in the Company;
- ii. an unlimited number of shares with exchangeable voting rights in the Company; and
- iii. an unlimited number of Subordinate Voting Shares of the Company.

All of the Company's stock incentive plans will cover the ordinary shares as of the date of the reclassification.

# Devonian Health Group Inc.

## Notes to Interim Consolidated Financial Statements

October 31, 2024

(Unaudited)

An unlimited number of ordinary, participating shares, without par value, carrying a non-cumulative dividend.

	October 31 2024 \$	July 31 2024 \$
<b>Share Capital issued</b>		
148 222 532 ordinary shares (July 2024- 148,222,532 subordinate voting shares)	29,838,321	29,838,321

### 9 Stock option plan

On October 8, 2024, the Company granted 3,298,611 stock options to members of management. These options, exercisable on their grant date, can be exercised at a price of \$0.16, for a period of 10 years from the grant date.

The fair value of these granted options was estimated at \$395,833 based on the BlackScholes valuation model and using the following assumptions:

Risk-free interest rate	4.4 %
Average expected duration	5 years
Expected volatility	95 %
Share price	0.16\$
Expected Dividend	Nil

The following table summarizes information about the options outstanding and exercisable as at October 31, 2024:

Exercise price \$	Options outstanding and exercisable		
	Number of options outstanding	Weighted average remaining contractual life	Options exercisable
0.12	751,645	6.17 years	751,645
0.125	3,765,610	9.09 years	3,765,610
0.145	500,000	9.64 years	300,000
0.15	4,972,966	7.96 years	4,972,966
0.16	3,298,611	9.94 years	3,298,611
0.20	835,000	8.39 years	835,000
0.21	675,000	5.76 years	625,000
0.34	50,000	8.19 years	50,000
0.40	1,127,000	7.05 years	1,127,000
0.50	2,700,000	7.15 years	2,000,000
0.60	1,210,000	3.69 years	1,210,000

# Devonian Health Group Inc.

## Notes to Interim Consolidated Financial Statements

October 31, 2024

(Unaudited)

### 10 Warrants

The following table summarizes information about the Company's warrants and the changes during the three-month period ended October 31, 2024, and the year ended July 31, 2024, all of which are exercisable:

	October 31 2024		July 31 2024	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding, beginning of period	12,941,850	0.24	45,570,160	0.37
Issued	-	-	3,764,727	0.25
Expired	(201,982)	0.19	(36,393,037)	0.40
Outstanding, end of period	12,739,868	0.24	12,941,850	0.24

The following table summarizes information about warrants outstanding as at October 31, 2024:

	Warrants outstanding		
Exercise price \$	Number of warrants outstanding	Average remaining contractual life	
0.20 to 0.30	12,164,823	0.22 to 1.62	year
0.52 to 0.69	535,046	0.89 to 2.48	year
0.95	39,999	1.88	year

### 11 Financial expenses

Financial expenses are as follows:

	October 31 2024 \$	October 31 2023 \$
Interest expenses and bank charges	3,010	2,283
Interest on long-term debt	84,136	116,449
Interest on lease liability	2,585	1,273
Interest on deposit certificate	(88,377)	(39,193)
Amortization of financial cost	36,164	
	37,518	80,812

# Devonian Health Group Inc.

## Notes to Interim Consolidated Financial Statements

October 31, 2024

(Unaudited)

### 12 Net loss per share

The following table provides the weighted average number of shares used to calculate the basic loss per share:

	October 31 2024	October 31 2023
Weighted average number of shares used to calculate the basic loss per share	148,222,531	145,964,721
Items excluded from the calculation of diluted loss per share:		
Stock options	19,886,332	10,725,000
Warrants	12,739,868	45,427,797

For the three-month periods ended October 31, 2024, and 2023, the impacts of the warrants, stock options and the convertible debentures were excluded from the calculation of diluted loss per share as they would have an anti-dilutive effect.

### 13 Details of consolidated statements of cash flows

#### Changes in non-cash working capital

The changes in non-cash working capital items for the nine-month periods ended October 31, 2024, and 2023 are as follows:

	October 31 2024 \$	October 31 2023 \$
Accounts receivable	(603,006)	(67,455)
Inventories	3,040	15,686
Prepaid expenses	70,388	15,258
Interest reserve	53,601	-
Accounts payable	2,937,193	43,477
	<u>2,461,216</u>	<u>6,966</u>