



NOTICE TO THE READER

April 11, 2025,

Refiling of the consolidated interim Financial Statements for the three-month period ended October 31, 2024, and 2023.

The consolidated interim financial statements for the three-month periods ended October 31, 2024, and 2023 have been refiled to reflect the following:

Income and expenses

The Company has in the past recorded certain expenses related to the sale of medicines as a reduction in sales, on a net basis. Following the release of the 2025 quarterly financial statements, the Company found that the accounting treatment of a portion of these expenses was incorrect, as these expenses did not meet the criteria for net revenue presentation. It has been determined that these identified expenses should be recognized as expenses on the Interim Consolidated Statement of Net loss and Comprehensive loss and are now included in the line now titled Selling and Administrative Expenses.

In addition, after obtaining additional information, one of the estimates of accrued expenses as of July 31, 2024, has been updated by the Company, leading to a decrease in accrued costs related to certain selling costs in the amount of \$245,000. This decrease previously recorded during the quarter ending October 31, 2024, was instead taken into account in the year ending July 31, 2024.

Income tax

Following the issuance of the interim consolidated financial statements on December 21, 2024, it was noted that income taxes and tax liabilities had not been recorded in the consolidated statement of net loss and comprehensive loss for the 2024 financial year. The interim consolidated financial statements have been corrected for this income tax expense attributable to the year ended July 31, 2024, and its balance sheet counterpart.

The following table shows the impact of the changes on the lines of the adjusted interim consolidated financial statements:



	<u>As of October 31, 2024</u>		
	Previously Reported \$	Adjustment \$	Adjusted amount \$
Current liabilities			
Accounts payable (note 6)	16,572,433	390,000	16,962,433
Taxes payable	-	457,198	457,198
Other current liabilities	2,157,188	-	2,157,188
	<u>18,729,621</u>	<u>847,198</u>	<u>19,576,819</u>
Equity			
Deficit	(27,012,656)	(847,198)	(27,859,854)
Other equity	41,509,007	-	41,509,007
	<u>14,496,351</u>	<u>(847,198)</u>	<u>13,649,153</u>
	<u>For the three-month period ended October 31, 2024</u>		
	Previously Reported \$	Adjustments \$	Adjusted amount \$
Net loss and comprehensive loss			
Distribution revenues	5,850,933	269,848	6,120,781
Selling and administrative expenses	(1,536,376)	(514,848)	(2,051,224)
Other operating expenses	(4,676,223)	-	(4,676,223)
	<u>(361,666)</u>	<u>(245,000)</u>	<u>(606,666)</u>
	<u>For the three-month period ending October 31, 2023</u>		
	As previously reported \$	Impact \$	Adjusted \$
Net loss and comprehensive loss			
Distribution revenues	1,272,520	97,543	1,370,063
Selling and administrative expenses	(788,874)	(97,543)	(886,417)

This notice does not form part of the consolidated interim financial statements.



DEVONIAN HEALTH GROUP INC.

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



**RESTATED 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 restated 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 statement 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)

	(Restated-see note 15) October 31, 2024 \$	July 31, 2024 \$
Assets		
Current assets		
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
	<u>21,138,272</u>	<u>18,459,810</u>
Property, plant, equipment, and right-of-use assets	2,435,911	2,496,091
Intangible assets	5,122,849	5,134,465
Goodwill	<u>4,643,084</u>	<u>4,643,084</u>
	<u>33,340,116</u>	<u>30,733,450</u>
Liabilities		
Current liabilities		
Accounts payable (note 6)	16,962,433	13,780,243
Income tax liability	457,198	847,198
Current portion of lease liability	45,407	44,682
Current portion of long-term debt (note 7)	2,111,781	2,075,617
	<u>19,576,819</u>	<u>16,747,740</u>
Lease liability	<u>114,144</u>	<u>125,724</u>
	<u>19,690,963</u>	<u>16,873,464</u>
Shareholders' Equity		
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	(27,859,854)	(27,253,188)
	<u>13,649,153</u>	<u>13,859,986</u>
	<u>33,340,116</u>	<u>30,733,450</u>
Material uncertainty related to going concern (note 1)		

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

(Unaudited)

	(Restated- see note 15) October 31 2024 \$	October 31 2023 \$
Distribution revenues (note 15)	<u>6,120,781</u>	<u>1,370,063</u>
Operating expenses		
Cost of sales	4,144,574	756,465
Research and development expenses	494,131	367,931
Selling and administrative expenses (note 15)	2,051,224	886,417
Financial expenses (note 11)	<u>37,518</u>	<u>80,812</u>
	<u>6,727,447</u>	<u>2,091,625</u>
Net loss and comprehensive loss	<u>(606,666)</u>	<u>(721,562)</u>
Net loss per share (note 12)		
Basic	(0.004)	(0.005)
Diluted	(0.004)	(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										
Balance as at July 31, 2023	144,457,805	10,725,000	45,570,160	200,752,965	29,345,454	1,555,408	5,008,023	3,764,921	(25,426,354)	14,247,452
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)
	<u>2,272,727</u>	<u>-</u>	<u>(146,363)</u>	<u>2,130,364</u>	<u>354,434</u>	<u>-</u>	<u>(128,767)</u>	<u>268,929</u>	<u>(721,562)</u>	<u>(226,966)</u>
Balance as at October 31, 2023	146,730,532	10,725,000	45,427,797	202,883,329	29,699,888	1,555,408	4,879,2568	4,033,850	(26,147,916)	14,020,486
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	(27,253,188)	13,859,986
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	-	-	-	-	-	-	-	-	(606,666)	(606,666)
	<u>-</u>	<u>3,298,611</u>	<u>(201,982)</u>	<u>3,096,629</u>	<u>-</u>	<u>395,833</u>	<u>(20,274)</u>	<u>20,274</u>	<u>(606,666)</u>	<u>(210,833)</u>
Balance, as at October 31, 2024 (restated-see note 15)	148,222,532	19,886,332	12,739,868	180,848,732	29,838,321	2,467,694	841,987	8,361,005	(27,859,854)	13,649,153

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 \$
Cash flows from		
Operating activities		
Net loss	(606,666)	(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	-
	(85,524)	(615,016)
Net change in non-cash working capital items (note 13)	2,706,216	6,966
	2,620,692	(608,050)
Investing activities		
Acquisition of property, plant, and equipment	(17,350)	-
Financing activities		
Principal payments on lease liability	(10,858)	(6,435)
Issuance of shares and warrants	-	495,875
	(10,858)	489,840
Increase (decrease) in cash	2,592,484	(118,610)
Cash and cash equivalents– Beginning of period	9,862,511	5,062,936
Cash and cash equivalents– End of period	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

(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 April 9, 2025.

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	-
	<hr/> 8,178,981	<hr/> 7,965,975

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

	(Restated- see note 15) October 31 2024 \$	July 31 2024 \$
Suppliers	4,534,660	3,716,003
Accrued expenses	12,376,740	10,049,394
Salaries, payroll deductions and contributions	51,033	14,846
	<u>16,962,433</u>	<u>13,780,243</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

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 which carries one vote per share. Each issued and outstanding subordinate voting share has been converted into one common share and after giving effect to the foregoing 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.

Devonian Health Group Inc.

Notes to Interim Consolidated Financial Statements

October 31, 2024

(Unaudited)

All of the Company's stock incentive plans will cover the common shares on the date of the reclassification.

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

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

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	8.38 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	(213,006)	(67,455)
Inventories	3,040	15,686
Prepaid expenses	70,388	15,258
Interest reserve	53,601	-
Accounts payable	3,182,193	43,477
Income tax payable	(390,000)	-
	2,706,216	6,966

14 Subsequent events

On December 23, 2024, the Board of Directors approved the grant of 1,535,715 stock options of the Company at an exercise price of \$0.19 for a period of 10 years from the grant date and in accordance with the terms and conditions of the Company's stock option plan. These options granted to independent directors of the Company are exercisable on their grant date.

In December 2024 the Company repaid the entirety of its external debt which amounted to \$2,111,781 at the end of October 31, 2024 (see note 7).

Devonian Health Group Inc.

Notes to Interim Consolidated Financial Statements

October 31, 2024

(Unaudited)

On February 7, 2025, the company announced that, Altius Healthcare had been informed that one of its licensors had not intend to exercise its contractual license renewal option for the distribution of Dexlansoprazole for an additional term. Revenue for Dexlansoprazole represented 86% of Devonian's total reported revenues for the fiscal year ended July 31, 2024. Altius will continue to sell Dexlansoprazole until April 17, 2025, when the license agreement will end and plans to continue selling Pantoprazole Magnesium and Cleo-35® thereafter.

During the second quarter of 2025, following the announcement of the non-renewal of the distribution agreement for Dexlansoprazole (see above), the Company updated its financial forecast and decided not to pay the bonuses recognized for a total amount of \$700,000 in accrued expenses as at July 31, 2024. As a result, in the second quarter of 2025, the Company reversed the entire amount.

15 Restatements

Revenues and Expenses

The Company has historically recognized all revenues and expenses related to drug sales on a net basis. During its review of the 2025 quarters, the Company noted that the accounting treatment of a portion of these expenses was incorrect, as they did not meet the criteria for presentation as net revenue. It was determined that all identified expenses should be recognized in the interim consolidated statement of income and comprehensive income under selling and administrative expenses.

Furthermore, after obtaining additional information, one of the estimates of accrued expenses as of July 31, 2024, was updated by the Company, resulting in a reduction of accrued expenses related to certain selling expenses by an amount of \$245,000. This reduction, recognized prior to the quarter ended October 31, 2024, was instead considered in the fiscal year ended July 31, 2024.

Income Tax

Following the issuance of the interim consolidated financial statement on December 21, 2024, it was noted that income tax had not been recorded in the consolidated statement of income and comprehensive income for the year ended July 31, 2024. The interim consolidated financial statements were corrected to account for this tax expense attributable to the fiscal year ended July 31, 2024, and its corresponding entry in the balance sheet.

The following table shows the impact of the changes on the lines of the adjusted interim consolidated financial statements:

Devonian Health Group Inc.

Notes to Interim Consolidated Financial Statements

October 31, 2024

(Unaudited)

		<u>For the three-month period ending October 31, 2023</u>	
	As previously reported \$	Impact \$	Adjusted \$
Net loss and comprehensive loss			
Distribution revenues	1,272,520	97,543	1,370,063
Selling and administrative expenses	(788,874)	(97,543)	(886,417)