



## NOTICE TO THE READER

APRIL 11, 2025

### Refiling of Management's Discussion and Analysis for the year ended July 31, 2024 and the quarter ended July 2024

The Management's Discussion and Analysis for the year ended July 31, 2024, and the quarter ended July 31, 2024 is refiled to correct the misstatements identified in the filing of the restatement of the financial statements for the year ended July 31, 2024, and 2023.

In order to reflect and adjust the income tax expense for fiscal 2024, the reduction of distribution charge recognized after the end of the year, previously recorded during the quarter ending October 31, 2024, as well as the reclassification of previously recognized distribution expenses to a reduction of distribution revenues, or in the cost of sales, the following information had been adjusted:

- In section 5. **SELECTED FINANCIAL INFORMATION** (table)

	Year ended July 31, 2024	Year ended July 31, 2023	Year ended July 31, 2024	Year ended July 31, 2023
	Previously published	Previously published	Adjusted	Adjusted
	\$	\$	\$	\$
<b>Distribution revenues</b>	17,815,509	2,345,389	<b>19,305,986</b>	
<b>Selling And Administration Expenses</b>	5,559,974	3,862,371	<b>6,805,451</b>	<b>4,134,124</b>
<b>Cost of sales</b>	11,826,082	1,453,048		<b>1,181,295</b>
<b>Net loss and comprehensive loss</b>	(1,224,636)	(4,599,607)	<b>(1,826,834)</b>	
<b>Basic and diluted net loss per share</b>	(0,008)	(0,034)	<b>(0,012)</b>	
<b>Total liabilities</b>	16,271,266	4,930,026	<b>16,873,464</b>	
<b>Total shareholders' equity</b>	14,462,184	14,247,452	<b>13,859,986</b>	

- **Net loss**

For the year ended July 31, 2024, net loss attributable to shareholders amounted to \$1,826,834 (\$0.012) instead of \$1,224,636 (\$0.008)

- **Revenues**

During the year ended July 31, 2024, net distribution income of \$19,305,986 was recorded instead of \$17,815,509.

- **Operating expenses** (table)

To reflect the reclassification of distribution expenses that were previously presented as a reduction of distribution revenues:



	Year ended July 31, 2024	Year ended July 31, 2023	Year ended July 31, 2024	Year ended July 31, 2023
	\$	\$	\$	\$
<b>Distribution Fees</b>	-	-	<b>1,245,477</b>	<b>271,753</b>
<b>Total selling and administrative expenses</b>	5,559,974	3,862,371	<b>6,805,451</b>	<b>4,134,124</b>

**The following paragraph has been added:**

Distribution costs for fiscal 2024 totaled \$1,245,477 compared to \$271,753 for fiscal 2023. These fees are related to commissions paid to various Altius partners for the distribution of Dexlansoprazole, Pantoprazole magnesium and Cleo-35. The increase in these costs compared to the previous year is related to the sale of Dexlansoprazole, which has only been distributed since January 2024.

- In Section 6. **FOURTH QUARTER RESULTS**

Net earnings were \$750,090 (\$0.004) compared to \$1,080,904 (\$0.007 per share)

Distribution revenues for Cleo-35®, Pantoprazole Magnesium and Dexlansoprazole totaled \$10,149,360 for the last quarter of 2024, instead of \$9,140,248.

In section 7. **QUARTERLY INFORMATION** (table)

The information in the table has been adjusted as presented in the reclassification note in the restated financial statements for fiscal 2024.

- In Section 8. **FINANCIAL SITUATION**

Total liabilities as at July 31, 2024 are \$16,873,464 instead of \$16,271,266.

- In Section 11. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Liquidity risk**

As at July 31, 2024, the Company had current liabilities of \$16,747,740 instead of \$16,155,542.

- **EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

Subsequent events have been adjusted to consider items that occurred up to the date of refiling of the MD&A, namely:

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 date of grant and in accordance with the terms and conditions of the Company's stock option plan. These options, granted to independent directors of the Board of Directors, are exercisable on their grant date.

In December 2024, the Company repaid in full the external debt equal to \$2,111,781 at the end of the first quarter of 2025.



On February 7, 2025, the Company announced that Altius Healthcare had been notified that one of its licensors did not intend to exercise its contractual option to renew its license for the distribution of Dexlansoprazole for an additional period. 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.



**2024**

**RESTATED MANAGEMENT REPORT - FOR THE YEARS ENDED JULY 31, 2024, AND 2023 AND THE QUARTER ENDED JULY 31, 2024 (see Notice to reader and Notes 25 and 26 in the restated consolidated financial statements for the same period)**

**1. INTRODUCTION**

This restated management report provides the reader with an overview of the activities and financial position of Groupe Devonian Inc. ("The Company") as of July 31, 2024. It also provides an overview of the Company's performance by comparing its operating results on a consolidated basis for the twelve-month period ending July 31, 2024 ("the year 2024") with those of the twelve-month period ending July 31, 2023 ("the year 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 consolidated and audited financial statements for the years ended July 31, 2024, and July 31, 2023. 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 April 9, 2025. 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 Group L.P. (formerly Altius Healthcare Inc.) (Altius) 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™".



The Company has a pharmaceutical complex extraction center in Montmagny and will be able to carry out all its extraction activities there, once the scaling process is completed. 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™ has earned the designation of being the first product distributed by dermatologists to be recognized by the Skin Health Program™ of the Canadian Dermatology Association (CDA). 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

The Company owns all the outstanding shares of Altius, a licensed generic pharmaceutical distribution company primarily engaged in the acquisition and licensing of safe and innovative medicines and healthcare products, designed to help people of all ages lead healthier lives. 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, Dexlansoprazole 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.

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. HIGHLIGHTS 2024**

### **A) RESEARCH AND DEVELOPMENT**

#### **i) Atopic dermatitis (AD) Pediatric**

Following the positive results of its phase 2 study on atopic dermatitis in the adult population, the Company intends to carry out a clinical study on Atopic Dermatitis (AD) in the pediatric population.

The Company continued the preparation of this study with the help of its service providers, for the management of the clinical study and the manufacturing of the clinical supplies.



The Company continues to track the production of clinical study creams within a leading global development and manufacturing organization, which provides drug substances, drug products and analytical services all throughout the life cycle of medicines. The manufacturing processes were transferred there and required additional information in the CMC (chemical manufacturing and control) section of the file. The additional information was finalized in October 2023. The production of two qualification batches necessary for validation of conformity, have been produced and meet the expected specifications. A qualification batch of the placebo with a color corresponding to the batches containing Thykamine™ should be produced soon.

The Company also drafted 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. We are awaiting confirmation of a physician who is expected to serve as principal investigator of the Society's pediatric program. An approval process from regulatory agencies is planned during the next fiscal year to allow the studies to begin.

Depending on the financing available, and the current cash generated through its subsidiary, the Company believes it will be able to begin the clinical study in 2025. As the estimated costs to conduct such a clinical study are estimated at approximately \$9 million over a duration of 18 to 24 months, excluding general and administrative costs, the Company will likely need to raise additional funds to help ensure successful completion.

Finally, the Company has drawn up 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 pediatric atopic dermatitis. This study should demonstrate the mechanisms of action of Thykamine™ in the skin. The Corporation expects to initiate this study once more than half of the Phase 2/3 clinical study's patients have been enrolled. Data using the patches will be collected on patients recruited for the second half of the study.

#### About Atopic Dermatitis (AD) Pediatric

Atopic dermatitis (AD), also known as eczema, is a type of inflammation of the skin. This results in itching, redness, swelling and cracking which can lead to secondary infection. The condition usually begins during childhood with changing severity over the years. Although the cause of AD is unknown, we believe it involves genetics, a weakened immune system, and can 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 an overall potential market estimated at over US\$25 billion.<sup>1</sup>

Atopic Dermatitis often occurs in the early years of life. Studies have shown that 45% of affected children had the condition before 6 months of age, 60% before 1 year of age, and up to 85% before 5 years of age. The onset of allergic disease begins in infancy with atopic dermatitis and food allergy and often develops into allergic asthma and allergic rhinitis in childhood; the process sequence is defined as "atopic march".<sup>2,3,4</sup>

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<sup>1</sup> Global Atopic Dermatitis Market, Market Data Forecast, June 2022

<sup>2</sup> N Maiello, P Comberiati, A Giannetti, et al. New Directions in Understanding Atopic March Starting from Atopic Dermatitis. *Children*, 9, 450, 2022.

<sup>3</sup> L Yang, J Fu and Y Zhou. Research Progress in Atopic March. *Frontiers in Immunology*, Vol 11, article 1907, 2020.

<sup>4</sup> M Tsuge, M Ikeda, N Matsumoto et al. Current Insights into Atopic March. *Children*, 8, 1067, 2021.



The atopic march is classically associated to concomitant comorbidities. Potential comorbidities include food allergies, asthma, rhinoconjunctivitis, eyelid dermatitis, blepharitis, atopic keratoconjunctivitis, keratoconus, cataract and glaucoma (either primary atopic dermatitis or secondary to topical and systemic corticosteroids) <sup>5</sup>. Its pathogenesis is a complex interplay involving impaired skin barrier function, immune dysregulation primarily involving the inflammatory pathway. Restoration of skin barrier integrity and topical anti-inflammatory therapies are mainstays of treatment to treat AD and stop the atopic march.

Corticosteroids, phosphodiesterase inhibitors (e.g. Pimecrolimus and Roflumilast) and topical calcineurin inhibitors (TCIs, such as Crisaborole) are pharmaceutical products available to treat mild-to-moderate Atopic Dermatitis in children <sup>6</sup>.

Pimecrolimus is FDA-approved for adults and children 2 years of age and older with mild to moderate atopic dermatitis. The product can be used for extended periods of time to control symptoms and reduce flares. Common side effects include mild burning or stinging sensation when the medication is first applied to the skin.

Crisaborole is for children with mild to moderate atopic dermatitis ages 3 months and up. In clinical trials, the most common side effect is application site pain, such as burning or stinging.

Roflumilast is available for children with mild to moderate atopic dermatitis ages 6 years and older. In Phase 3 clinical trials, the most common side effects were headache (2.9%), application site pain (1.5%), diarrhea (1.5%) and vomiting (1.5%).

One class of prescribed medication for all types of eczema is topical corticosteroids, as with any medication, there can be side effects to using topical steroids. The risk of side effects is related to the potency of the steroid, location and duration of use. Many of the potential side effects will resolve after stopping use of topical steroids.

The common side effects include thinning of the skin (atrophy), stretch marks (striae), Spider veins (telangiectasia), Perioral dermatitis (around the mouth), Acne or rosacea-like rashes.

Rare side effects may include Hypothalamic-pituitary-adrenal axis suppression, Growth retardation in young children, Glaucoma (damage to the eye's optic nerve), Cataracts (clouding of the eye lens).

Corticosteroids, including topical corticosteroids, are associated with a potentially serious condition called Topical Steroid Withdrawal (TSW). TSW is thought to be rare but can be debilitating for some patients.

In its phase 2 clinical trial in adult suffering of mild-to-moderate Atopic Dermatitis, Devonian's flagship product Thykamine presented an extremely favorable side effect profile comparable to placebo with an efficacy comparable to other therapeutics <sup>7</sup>. Devonian's management believes that Thykamine's safety profile associated with an enviable efficacy is very well positioned to become a first-choice pharmaceutical product for the treatment of mild to moderate atopic dermatitis.

## **ii) Thykamine™ mechanism of action**

A study on the mechanism of action of Thykamine™ demonstrated that Thykamine™ can act at all phases of healing.

In November 2023, the Company filed a Cooperative Treaty ("PCT") patent application for Thykamine™ in wound healing. On May 10, 2024, the Company received notification of publication of the patent from the World International Property Organization (WIPO/PCT). The filing of this application gives the Company the possibility of requesting patent protection from 157 contracting states with PCT.

### About Thykamine™

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<sup>5</sup> M SY Goh, SW Yun and J C Su. Management of atopic dermatitis: a narrative review. Med J Aust; 216 (11): 587-593, 2022.

<sup>6</sup> National Eczema Association, <https://nationaleczema.org/>, 2024

<sup>7</sup> C Lynde, Y Poulin, J Tan, et al. Phase 2 rial of Topical Thykamine in Adults with Mild to Moderate Atopic Dermatitis. J Drugs in Dermatology, 21 (10), 1091-1097, 2022.



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 several patents in North America, Europe and Asia.

### **iii) Other pharmaceutical applications of Thykamine™**

#### Hand and Foot Syndrome (HFS) associated with 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 would 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.

Depending on available funding, the Company estimates it could start the clinical study in 2025. The estimated costs to conduct such a clinical study are estimated at approximately \$5 million, excluding general and administrative expenses. To undertake this study the Company will need to raise additional funds. However, the necessary fundraising cannot be guaranteed.

#### 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 currently 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.

A first version of the research protocol was written and reviewed by a radiation oncologist. A new final version was drafted taking into account the comments received. The protocol will evaluate the effectiveness of PUR 0110 (Thykamine™) cream 0.1% 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.

Depending on available funding, the Company estimates that it could start the clinical study in 2025. As the estimated costs to conduct such a clinical study are estimated at approximately \$5 million, excluding general and administrative expenses, the Company will need to raise additional funds. However, the necessary fundraising cannot be guaranteed.





#### iv) Patents

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

### **B) DERMA COSMECEUTICAL PRODUCTS**

During fiscal 2024, the Company continued its discussions with various distributors in Canada and the United States to find a potential partner to distribute our Purgenesis™ line of products in Canada and the United States. Our goal is to find the ideal business partner to sell our Purgenesis™ product line in specialty 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. Comprising 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**

On September 1, 2023, the Company completed a private financing by issuing 2,272,727 units at a unit price of \$0.22 for gross proceeds of \$500,000. Each unit consists of one subordinate voting share and one warrant. Each warrant entitles its holder to subscribe for one subordinate voting share of the Company's capital stock at a price of \$0.28 for a period of 24 months following their date of issue.

During fiscal 2024, the Company fully repaid its long-term debt maturing in December 2023 and January 17, 2024. The company entered into a new financing agreement with Fiera Dette Privée Inc. on February 23 Inc. for a term loan of \$2,160,000, repayable 12 months following the disbursement date. Interest is payable monthly at the National Bank's variable rate plus 8.80%.

On March 13, 2024, the Company closed a second 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 share and one warrant exercisable at a price of \$0.20 for a period of 2 years following the issue date.

During the 2024 financial year, the Company granted a total of 7,400,221 stock options to members of management, directors and employees of the Company, allowing them to acquire shares at exercise price varying from \$0.125 to \$0.21, for a period of 10 years, in accordance with the terms of the stock option plan, with 7,200,221 have been exercisable since their grant date while 200,000 will vest over 4 years .

Management is currently in discussions with various potential financial partners in order to support the clinical studies mentioned above. However, it cannot be assured that these discussions will lead to the funding necessary to support these studies.



## D) COMMUNICATIONS

During the year, the Company retained the services of Renmark Financial Communications Inc. to support its investor relations activities. During the past quarter, the Company participated in a series of Renmark Financial Communications Inc. virtual roadshows in Chicago, Boston and Los Angeles, to unveil its latest investor presentation.

## 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 of the Thykamine™ program in atopic dermatitis. Mr. David Baker, director of the Company, was appointed chairman of the board of directors. Mr. Luc Grégoire, also a director of the Company, was appointed President and Chief Executive Officer of the Company, replacing Mr. Pierre Montanaro who moved to a new role as President of Altius, the Company's wholly owned subsidiary.

On February 21, 2024, following the results obtained at the Annual Meeting of Shareholders, Messrs. Luc Grégoire, André Boulet, Louis Flamand, David C. Baker, Edward Dahl and Jean Forcione, were elected as directors of the Company until the next meeting. On February 28, 2024, Ms. Kathryn J. Gregory joined the board of directors of the Company.

To better facilitate the necessary integration of all aspects of its development strategy, the Company announced, on June 3, 2024, that Dr. André P. Boulet had been appointed Chairman of the Board of Directors of the Company and Chief Operating Officer. Dr. Boulet, founder of the Company, has been a member of the Board since 2015 and also holds the position of Head of Operations as well as Head of Scientific Services since August 2022.

In 2024, the Company renewed its stock option plan as amended, within the meaning of the policies of the TSX Venture Exchange according to a “fixed up to 20%” plan. As such, 29,346,106 shares of the Company corresponding to 20% of the number of Shares in circulation as of January 9, 2024, are reserved for the grant of combined stock purchase options.

## 5. KEY FINANCIAL INFORMATION

	Year ended July 31, 2024	Year ended July 31, 2023
	\$	\$
<b>Distribution revenues</b>	19,305,986	2,345,389
<b>Operating expenses</b>		
Research and development expenses	1,287,895	1,354,221
Cost of sales	11,826,082	1,181,295
Administrative expenses	6,805,451	4,134,124
Financial expenses	366,194	275,356
Income tax expense	847,198	-
<b>Net loss and comprehensive loss</b>	(1,826,834)	(4,599,607)
Net loss per share	(0.012)	(0.034)
Total Assets	30,733,450	19,177,478
Total Liabilities	16,873,464	4,930,026
Shareholder's equity	13,859,986	14,247,452



## NET LOSS

For the year ended July 31, 2024, the net loss attributable to shareholders amounted to \$1,826,834 (\$0.012 per share) compared to a net loss of \$4,599,607 (\$0.034 per share) for the previous exercise. This decrease in net loss compared to the previous year is mainly attributable to a major increase in distribution revenues and a slight decrease in research and development expenses, partially offset by an increase in selling, general and administrative expenses, financial charges and income tax.

## REVENUES

During the year ended July 31, 2024, net distribution revenue of \$19,305,986 was recorded. This revenue comes from sales of Dexlansoprazole, Pantoprazole Magnesium and Cléo-35, via its subsidiary Altius. For the previous fiscal year, revenues of \$2,345,389 were recorded, from the sale of two products, Cleo-35 and Pantoprazole Magnesium. This significant increase in revenue is mainly attributable to sales of Dexlansoprazole, launched at the end of January 2024 and which is enjoying strong success in the market, thus contributing to improving the Company's liquidity. Note that sales of Pantoprazole also experienced significant growth during 2024. Sales of Cléo-35, however, experienced a decline due to a supply shortage. Altius management is currently exploring potential new business opportunities to further expand its portfolio and generate new revenue. However, it cannot be assured that this exercise will be successful in generating new distribution licenses.

## RESEARCH AND DEVELOPMENT

During the fiscal year ended July 31, 2024, research and development expenses amounted to \$1,287,895, a slight decrease compared to \$1,354,221 for the previous fiscal year. Among these costs, \$440,873 is mainly attributable to activities related to the preparation of the clinical study on Atopic Dermatitis in the pediatric population, extraction activities and the purchase of materials. Costs of \$292,910 are related to 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 for a total of \$72,230, a payroll of employees assigned to this sector for a sum of \$323,971 as well as \$301,901 which is attributable to the depreciation of tangible assets of the Montmagny extraction center. Note that the total amount of \$1,287,895 is net of the reimbursement in the form of a research and development credit of \$154,210 which will be claimed from government authorities for the 2024 fiscal year.

Management estimates that additional costs of nearly \$9 million will have to be incurred to complete the clinical study on pediatric Atopic Dermatitis, excluding administrative costs. The company does not currently have the funds necessary to complete such a study and will therefore have to raise funds from external sources if it intends to complete it. There can be no assurance that these funds will be raised. The company estimates that studies in radiodermatitis and hand and foot syndrome would cost approximately \$5 Million each, subject to the additional availability of external financing. There can be no assurance that these funds will be raised.

## COST OF SALES

The cost of products sold, which amounted to \$11,826,082 for fiscal year 2024, is composed of acquisition costs, distribution costs, royalties and direct charges attributable to products sold by our subsidiary Altius, as well as an amortization charge for intangible assets of \$370,929. For fiscal year 2023, these costs which totaled \$1,181,295 were also attributable to products sold by Altius, which did not include Dexlansoprazole, which was launched in fiscal 2024, and an amortization charge of \$135,708.

This significant increase is justified by the significant growth in revenue volume, in particular of Dexlansoprazole.



## OPERATING EXPENSES

### General administrative expenses

The allocation of costs related to overhead is as follows:

	Year ended July 31, 2024	Year ended July 31, 2023
	\$	\$
Salaries	2,019,847	832,46
Stock based compensation	731,459	484,875
Professional Fees	1,291,762	575,394
Property taxes	121,561	115,898
Distribution fees	1,245,477	271,753
Others	1,395,345	1,853,744

For the fiscal year ended July 31, 2024, general administrative expenses amounted to \$6,805,451 compared to \$4,134,124 for 2023. This increase compared to 2023 is mainly due to the increase in salary costs, professional fees, as well as the increase in costs related to stock-based compensation and distribution fees.

Salary expenses total \$2,019,847 for fiscal year 2024, compared to \$832,460 for the previous fiscal year. This increase in salary costs is mainly explained by the hiring of the new President and CEO in December 2023, salary increases granted to members of management, as well as bonuses recorded during the financial year.

The stock-based compensation expense of \$731,459 (a non-cash expense) is attributable to the 7,400,221 stock options granted to members of management, directors, as well as employees, in accordance with the terms of the stock option plan. During the 2023 financial year, an expense of \$484,875 was recorded following the granting of 2,900,000 stock options to consultants and directors of the Company as well as to employees and members of the management of the Company.

Professional fees totaling \$1,291,762 for the 2024 fiscal year are mainly related to fees for the audit of the Company's consolidated financial statements, legal fees related to the various development projects and corporate affairs of the Company, as well as consulting costs incurred to improve its corporate structure and documentation, as well as in connection the various options considered for accessing external funding from financing and capital markets. Professional fees of \$575,394 were incurred during the previous fiscal year were primarily related to audit and legal fees.

Distribution expenses for fiscal year 2024 total \$1,245,477 compared to \$271,753 for fiscal year 2023. These expenses are related to commissions paid to various Altius partners for the distribution of Dexlansoprazole, Pantoprazole magnesium and Cléo-35. The increase in these expenses compared to the previous fiscal year is related to the sale of Dexlansoprazole, distributed only since January 2024.

Other costs, which total \$1,395,345, are attributable to operating costs from Altius and the Montmagny site, travel costs, management and consulting fees, as well as costs related to securities on the stock exchange of the Company. The decrease in



these other expenses, compared to 2023, is mainly explained by the decrease in consulting fees, fees related to regulatory authorities as well as expenses related to the board of directors.

## FINANCIAL EXPENSES

Net financial expenses increased to \$366,194 for the year ended July 31, 2024, compared to \$275,356 for the previous year. These financial costs are mainly attributable to the \$362,073 in interest paid on the long-term debt, repaid in full in January 2024, and on the new term loan with Fiera Dette Privée. Interest expenses for 2024 were partially offset by income generated on term deposit certificates. For the previous fiscal year, interest paid on long-term debt totaled \$428,895, which was partially offset by interest income generated by guaranteed investment certificates for an amount of \$184,318.

## 6. FOURTH QUARTER RESULTS

For the quarter ended July 31, 2024, net income stood at \$750,090 (\$0.005 per share) while for the same period for the previous year, the Company had a net loss of \$863,307 (\$0.01 per share).

This increase in net income compared to that recorded during the same quarter of the previous financial year is mainly explained by an increase in distribution revenues, and more particularly those related to sales of Dexlansoprazole, for which Altius has started distribution at the end of January 2024.

Distribution revenues for Cleo-35<sup>®</sup>, Pantoprazole Magnesium and Dexlansoprazole, total \$10,149,360 for the last quarter of 2024, while for the same corresponding period in 2023, a total of \$1,076,169 in revenues had been recorded. This significant increase in revenue for the last quarter of 2024 is mainly attributable to sales of Dexlansoprazole, which was not yet distributed at the end of fiscal 2023.

## 7. QUARTERLY INFORMATION

	Quarter ended							
	July 31 2024	April 30 2024	January 31 2024	October 31, 2023	July 31, 2023	April 30, 2023	January 31 2023	October 31, 2022
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>	10,149,360	5,431,483	2,355,080	1,370,063	1,076,169	406,100	452,762	410,358
<b>Net Income (loss)</b>	750,090	(645,160)	(1,210,202)	(721,562)	(863,307)	(1,486,066)	(1,053,778)	(1,196,456)
<b>Net Income (loss) per share</b>	0,005	(0.004)	(0.01)	(0.005)	(0.01)	(0.01)	(0.008)	(0.009)
<b>Net Income (loss) diluted per share</b>	0,005	(0.004)	(0.01)	(0.005)	(0.01)	(0.01)	(0.008)	(0.009)



## **8. FINANCIAL SITUATION**

### **Liquidity and capital resources**

As of July 31, 2024, the Company had cash and cash equivalents totaling \$9,862,511 compared to \$5,062,936 as of July 31, 2023. For the year ended July 31, 2024, the net increase in cash is mainly attributable to funds generated by operating activities totaling \$5,633,834, which were partially offset by financing and investing activities during the year. The Company estimates that it will be able to adequately finance its activities and meet its cash flow needs over the next 12 months.

Total assets as of July 31, 2024, amount to \$30,733,450 compared to \$19,177,478 as of July 31, 2023. This increase is mainly due to the increase in liquidity and accounts receivable.

Total liabilities as of July 31, 2024, amounted to \$16,873,464 compared to \$4,930,026 as of July 31, 2023, an increase mainly due to operating liabilities, and linked to the increase in distribution activities for the 3 products.

### **Financing activities**

Cash used for financing activities for fiscal year 2024 is mainly attributable to the repayment of long-term debt of \$3,580,000, partially offset by private placements totaling net proceeds of \$707,909 and a new loan term of \$2,160,000.

Until recently, the Company financed its activities through private placements of common shares and subscription rights as well as the issuance of convertible debentures and operating income generated by its subsidiary. The recent launch of Dextansoprazole, has generated an increased proportion of the Company's liquidity from its operating cash flows.

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 maintain the performance of its distribution activities and, in order to support its contemplated larger clinical studies, as well as to realize other types of financing.

## **9. OUTSTANDING SHARE DATA**

As of April 9, 2025, the number of shares issued and outstanding reached 148,222,532 while the number of outstanding options granted under the stock option plan stood at 20,589,547 of which 19,689,547 are exercisable. These options are exercisable at a price varying from \$0.12 to \$0.60. The Company also had 12,337,535 warrants, allowing holders to subscribe for one subordinate voting share of the Company at a price ranging from \$0.19 to \$0.95 per share.

## **10. RELATED PARTY OPERATIONS**

The principal officers of the Company are the President, the Chief Operating Officer, the Subsidiary President, the Interim Chief Financial Officer and the Directors. During the fiscal year ended July 31, 2024, the Company paid them total compensation of



\$2,852,725, including \$2,088,919 in salaries, bonuses and benefits, \$83,047 in consulting fees and \$680,759 in the form of stock-based compensation.

## **11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### **Use and impact of financial instruments**

The main financial instruments used by the Company arise from its operating activities, namely through its accounts payable, the recovery of taxes paid on its purchases, refundable tax credits on research and development expenses, and through its sales. Its financing activities carried out during the fiscal year ended July 31, 2023, mainly resulted in the issuance of Company securities.

### **Exchange rate risk**

During the year ended July 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 due to changes in market interest rates. The Company is exposed to the risk of interest rate fluctuations with respect to its debt with Fiera Dette Privée, which bears interest at a variable rate. Based on the net exposures presented above as of July 31, 2024, and assuming that all other variables remain constant, an increase or decrease of 1% in the interest rate would result in an increase or decrease of approximately \$21,600 of the Company's net loss for the entire year.

### **Liquidity risk**

Liquidity risk is the risk that the Company will have difficulty honoring commitments linked to financial liabilities. As of July 31, 2024, the Company had current liabilities of \$16,747,740. 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's revenues currently come from the distribution of three products, namely Cléo-35, Pantoprazole Magnesium and Dxlansoprazole. During the financial year, Altius generated 45% of its revenues from one customer and 99% of its purchases came from a single supplier. 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 three 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 additional 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 industry-specific risks and uncertainties that could impact its business, financial condition and results of operations. The results of clinical trials may not support the hypotheses considered.

Carrying out clinical trials requires the recruitment of patients and difficulties in recruiting patients could delay the conduct of our clinical trials or result in them not being carried out.

The Company is a pharmaceutical company in the clinical trial phase and may need to obtain additional guidance with respect to its current therapeutic products or may need to obtain additional regulatory approvals or more rigorous reviews. It must also obtain, maintain and protect its intellectual property portfolio and may be exposed to litigation costs associated with defending patent infringement allegations or against other intellectual property infringement claims. The Company may be required by Health Canada, the FDA or other comparable foreign authorities to carry out other studies in addition to those currently planned by the Company or experience delays in carrying out its clinical trials.

In addition, because our human resources are too limited to conduct preclinical studies and clinical trials, we will need to rely on a service provider to conduct our studies and trials and to perform certain data collection and analysis processes. Preclinical or non-clinical studies must be conducted in accordance with good laboratory practice and must conform to the international governance standards of the International Council for Harmonization (ICH). If for any reason, including as a result of failure to comply with the rules and regulations governing the conduct of preclinical studies and clinical trials, or if he neglects to fulfill his contractual obligations in accordance with the terms of the agreements concluded with us, such as failing to conduct tests, compile data or produce reports as a result of testing, we may be subject to delays that may be significant in our commitments.

### **Risks related to our shares**

The price of our shares has been volatile, and an investment in our common shares could suffer a decline in value. Since our listing on the TSX Venture Exchange (TSXV), our valuation and the price of our shares have fluctuated and have had no material





relationship to our financial results, asset values, book values, current or historical, or many other criteria based on conventional measures of the value of common shares. Our share price will continue to vary based on several factors, including the risk factors described herein and other circumstances beyond our control. The value of an investment in our common shares or our common share purchase warrants, or both, may fall significantly or vary significantly.

## **12. SUBSEQUENT EVENTS**

On October 8, 2024, the Board of Directors approved the granting of 3,298,611 stock options of the Company at an exercise price of \$0.16 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 managers are exercisable on their grant date.

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 a 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.

All share incentive plans of the Company will cover the Ordinary Shares on the date of the Reclassification.

In December 2024 the Company repaid the entirety of its external debt which amounted to \$2,111,781 at the end of the first quarter of 2025.

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.

On February 7, 2025 the company announced that, Altius had been informed that one of its licensor does not intend to exercise its contractual license renewal option for the distribution of Dextansoprazole for an additional term. Revenue for Dextansoprazole represented 86% of Devonian's total reported revenues for the fiscal year ended July 31, 2024. Altius will continue to sell Dextansoprazole 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 Dextansoprazole (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.

## **13. 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, 2024, 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.

### **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

The consolidated financial statements have been prepared using the going concern assumption, which assumes the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. Consequently, these consolidated financial statements do not include any adjustment to reflect the possible impact on the recovery and classification of assets, or on the settlement or classification of liabilities, if the Company were no longer able to continue business as usual of its activities. The Company is engaged in a process of developing botanical medicines and will need to obtain the necessary financing to continue its activities until the commercialization phase of its products. The Company has suffered losses since its incorporation and expects this to continue in the foreseeable future. The Company's liquidity remains limited, considering all ongoing projects. Consequently, the Company's ability to continue as a going concern depends on its ability to obtain supplies from its pharmaceutical product suppliers, its ability to distribute its products while generating positive cash flows, to obtain, in a timely manner, additional financing in order to carry out its research and development projects and commercialize the products developed. There can be no assurance about this. Management is continuing negotiations to obtain additional funding and enter into various agreements allowing it to generate the cash flow necessary to carry out all of its anticipated research projects. The success of these negotiations is based on a large number of factors beyond the control of the Company and its ability to successfully complete such financing and agreements is tinged with significant uncertainty likely to cast significant doubt on its ability to achieve all his projects. These consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities and reported expenses and reclassifications 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 significant.