



Q3-2025

MANAGEMENT'S DISCUSSION AND ANALYSIS – FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED APRIL 30, 2025.

INTRODUCTION

This Management's Discussion and Analysis provides the reader with an overview of the business and financial position of Devonian Health Group Inc. ("the Company") as at April 30, 2025. It also provides an overview of the Corporation's performance by comparing its operating results on a consolidated basis, for the three-month and nine-month periods ending April 30, 2025, with those for the corresponding periods ending April 30, 2024, as restated (Note 19 to the Interim Condensed Consolidated Financial Statements).

Unless otherwise indicated or as the context requires, references in this MD&A to "Devonian", the "Company", "we", "us", "our" or other similar terms refer to Devonian Health Group Inc. and its subsidiary, on a consolidated basis. This Management's Discussion and Analysis should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended April 30, 2025 and 2024 and the audited consolidated financial statements for the fiscal years ending July 31, 2024 and July 31, 2023 as restated (note 25 and 26 to the consolidated financial statements). The financial information in this MD&A has been prepared by Management in accordance with the International Financial Reporting Standards (IFRS), based on information available to Management as at June 25, 2025. All amounts presented in this document are expressed in Canadian dollars.

1. FORWARD-LOOKING STATEMENTS

The information presented in this MD&A, as well as the discussion and analysis of the results of operations and financial condition, may contain statements regarding future results of operations. Certain forward-looking statements made by management, relating to the results of research studies and with respect to the Company's objectives and expectations, may be affected by various risks and uncertainties and as a result, cause actual results to differ from those anticipated. The assumptions underlying management's forward-looking statements are based on information currently available to management.

2. COMPANY PROFILE

Devonian Health Group is a clinical stage pharmaceutical company specializing in the development of drugs for various autoimmune inflammatory conditions. The Company was incorporated on March 27, 2015, under the Quebec 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. (former Altius Healthcare Inc.) (Altius) is a wholly owned subsidiary of Devonian Health Group Inc.

The flagship product of the Company, Thykamine™, shows immunomodulatory, antioxidant and anti-inflammatory properties. It is the first product of a complex of active ingredients, extracted from spinach using the Supra Molecular Complex Extraction and Stabilization Technology (SUPREX™).

The Company has a pharmaceutical manufacturing complex 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.



Altius, a licensed generic pharmaceutical distribution division is primarily engaged in the licensing and distribution 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.

As of April 17, 2025, Altius's portfolio includes two pharmaceutical drugs: Pantoprazole magnesium and Cleo-35, since on February 7, 2025, the Company announced that the license agreement for the distribution of Dexlansoprazole was ending on April 17, 2025.

Pantoprazole Magnesium is a proton pump inhibitor (PPIs) indicated to relieve symptoms of acid reflux or gastroesophageal reflux disease (GERD) also known as heartburn or acid regurgitation, as well as gastric (stomach) or duodenal (intestinal) ulcers.

Cleo-35® is used to treat hormonal acne in women.

Altius' 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 Devonian to better fund its research activities and create value for its shareholders.

3. SUMMARY FOR THE QUARTER ENDED APRIL 30, 2025

DISTRIBUTION REVENUES AND OPERATING CASH FLOW

With distribution revenues of \$7.4 million in the third quarter of 2025 and a total of \$22 million for the nine-month period ending April 30, 2025 representing an increase of 59% and 26% from the respective comparative period in 2024 the Company generated \$1.3 million of net cash in the third quarter of the year and was close to cash flow neutral for the nine-month period with cash outflows slightly exceeding the inflows by \$0.1 million. The increase in distribution revenues was mainly driven by the sales of Dexlansoprazole which was launched in January 2024. As a result, the Company was also able to repay its term loan of \$2.2 million in December 2024.

The license agreement for the distribution of Dexlansoprazole ended in April 2025 as announced by the Company on February 7, 2025. Dexlansoprazole represents 95% of the sales of the Company for the nine-month period ending April 30, 2025. Given the significance of the product the Company revised its sales forecast and wrote off the Goodwill and the remaining carrying values of the licenses acquired as part of the acquisition of Altius in 2018. Thus, a total impairment loss of \$4.8 million was recorded in the third quarter of the year.

Altius is currently assessing different strategic options to mitigate the impact of the loss of Dexlansoprazole.

RESEARCH AND DEVELOPMENT

i) Pediatric Atopic Dermatitis (AD)

Following the positive results of its phase 2 study of Thykamine for the treatment of 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 qualifying production for 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 successfully transferred, enabling the production of Thykamine's cream needed for the clinical study.

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. A Canadian KOL Dermatologist has accepted to serve as principal investigator of the Company's Pediatric Atopic Dermatitis program. An approval process from regulatory agencies is planned during the next fiscal year to allow the study to begin.

Depending on the available financing the Company believes it could begin the clinical study in 2025. As the estimated costs to conduct such a clinical study are estimated at approximately \$10 million over a duration of 18 to 24 months, excluding general and administrative costs, the Company will need to raise additional funds to help ensure successful completion.

The Company has also 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 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.

About Pediatric Atopic Dermatitis (AD)

Atopic dermatitis (AD), also known as eczema, is a type of inflammation of the skin. This results in itching, redness, swelling and cracking 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, it is believed to involve genetics, a weakened immune system, and environmental triggers. 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.¹

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".^{2,3,4}

The atopic march is classically associated to concomitant comorbidities. Potential comorbidities include food allergies, asthma, rhino conjunctivitis, eyelid dermatitis, blepharitis, atopic keratoconjunctivitis, keratoconus, cataract and glaucoma (either primary atopic dermatitis or secondary to topical and systemic corticosteroids)⁵. 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 children⁶.

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. The Phase 3 clinical trials showed some side effects such as headache, application site pain, diarrhea and vomiting in very limited cases.

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 be resolved 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).

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

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

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

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

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

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



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.

The anti-inflammatory effects of Thykamine™ were compared to different corticosteroids (betamethasone valerate, clobetasol, 21-acetate hydrocortisone, prednisone) and to crisaborole in an invitro human cell model. The anti-inflammatory effect of Thykamine™, had a superior potency on the inflammatory biomarkers as compared to currently marketed corticosteroids and a phosphodiesterase inhibitor. The high potency and previously established clinical efficacy of Thykamine™, combined with its placebo-like safety, should compel practitioners to consider its use as a first line treatment, especially with the potential safety concerns of the present standard of care.

In its phase 2 clinical trial in adults diagnosed with 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 therapeutics⁷.

Devonian's management believes that Thykamine's safety profile associated with 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 study

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™

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 characteristics 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 considering 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 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.

⁷ 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.

Radiodermatitis 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 effectiveness 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.

The first version of the research protocol was written and reviewed by a radiation oncologist. A new final version was drafted considering 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 clinical study in 2025. As the estimated costs for conducting 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) Metabolic Dysfunction-Associated Steatohepatitis (MASH)

Metabolic dysfunction-associated steatotic liver disease (MASLD), formerly metabolic dysfunction associated fatty liver disease (MAFLD) or nonalcoholic fatty liver disease (NAFLD), is the most common form of chronic liver disease with a worldwide prevalence of 5%. It is represented by fat accumulation in the liver, a condition that is commonly associated with features of the metabolic syndrome (MetS), such as obesity, type 2 diabetes, dyslipidemia, and hypertension.

MASLD progresses to metabolic dysfunction-associated steatohepatitis (MASH), the hallmarks of which are inflammation, hepatocellular ballooning, and subsequent worsening fibrosis. Left untreated, MASH can ultimately progress to cirrhosis of the liver and hepatocellular carcinoma, liver failure and death.

Devonian has recently completed a study investigating the effects of Thykamine™ on liver disease progression in the widely used STAM™ mouse model of MASH/fibrosis at SMC Laboratories in Japan. In this model, diabetic mice were fed a high fat diet and rapidly develop fatty liver disease caused by inflammation and a buildup of fat in the organ. Resmetirom, the first drug approved by US-FDA for the management of MASH, was used as positive control at an oral dose of 3.0 mg/kg once a day for 3 weeks.

Thykamine™ administered orally, at doses of 0.5 mg/kg, 5.0 mg/kg and 50.0 mg/kg, once a day for 3 weeks provided a hepatoprotective effect preventing liver disease progression compared to the control group (vehicle).. The effects were comparable to the effects of Resmetirom. The MASH study demonstrates that Thykamine™ has anti-inflammatory and anti-fibrotic effects with the potential to target underlying disease pathology and therefore stop the progression of the disease. Other studies are planned to further highlight the potential of use of Thykamine™ for the treatment of MASH.

v) Fibrosis

Fibrosis is a complicated physiological process that includes both acute and long-term inflammatory conditions. It is distinguished by an overabundance of fibrous connective tissue accumulating in and around injured or inflammatory tissues, leading to the formation of long-lasting scars. Fibrosis is the last stage of chronic disease in a number of organs, including the skin, heart, lungs, gut, liver, and kidneys. Increased morbidity and mortality result from the loss of structural integrity and function caused by fibrotic tissue pathologic accumulation.

The effects of Thykamine™ on genes associated to fibrosis were measured as part of the STAM™ mouse model study. Thykamine™ treatment was associated with down regulation of key genes associated with the progression of inflammatory diseases toward fibrosis.

The changes in gene expression observed following treatment with Thykamine™ provide further evidence of its potential benefit not only as anti-inflammatory medication and related diseases but may expand its potential use as antifibrotic medication for many chronic diseases in multiple organs. Devonian is currently planning to initiate other studies to further elucidate the potential use of Thykamine™ as an anti-fibrotic agent.

vi) Patents

Devonian has filed two (2) new provisional patents.

The first filing was directed to the use of Thykamine™ for treating metabolic dysfunction-associated steatotic liver disease (MASLD), such as MASH. Backed by in vivo data, the provisional patent application displays the potential effectiveness of thylakoid extracts in treating and slowing the progression of (MASLD), such as MASH.

The second filing was directed to Thykamine™ as an antifibrotic agent. Backed by in vivo data, the patent application displays the potential effectiveness of thylakoid extracts in treating and slowing the progression of fibrosis, and in downregulating several genes associated with fibrogenesis in several organs and tissues.

4. KEY FINANCIAL INFORMATION

	Three-month periods ended		Nine-month periods ended	
	April 30, 2025	April 30, 2024 (restated - Note 19 to the financial statements)	April 30, 2025	April 30, 2024 (restated - Note 19 to the financial statements)
	\$	\$	\$	\$
Revenues	7,363,371	5,431,483	22,311,781	9,156,626
Operating expenses				
Research and development expenses	624,976	292,674	1,693,827	962,118
Cost of sales	4,667,425	3,873,628	15,026,668	6,132,109
Selling and administrative expenses	2,101,182	1,549,900	5,947,976	4,130,688
Financial expenses	(65,877)	89,6000	5,016	237,300
Other expenses	4,839,067	-	4,839,067	-
Income taxes	-	271,3350	437,054	271,335
Net (loss) earnings and comprehensive loss	(4,803,402)	(645,160)	(5,637,827)	(2,576,924)
Net (loss) earnings per share	(0,032)	(0,004)	(0,038)	(0,02)

NET LOSS

For the third quarter ending April 30, 2025, net loss amounted to \$ 4,803,402 (\$0.032 per share) compared to a net loss of \$645,160 (\$0.004 per share) for the corresponding quarter last fiscal year.

For the nine-month period ending April 30, 2025, net loss amounted to \$ 5,637,827(\$0,038 per share) compared to \$2,576,924 for the same period in 2024.

This increase in net loss compared to 2024 is mainly attributable to the intangible assets and goodwill impairment loss which was not offset by the increase in distribution revenues.

REVENUES

For the three-month period ended April 30, 2025, net distribution revenue of \$ 7,363,371 was recorded in comparison to \$5,431,483 for the corresponding period in 2024. The increases is explained mainly by the fact that the sales of Dexlansoprazole only began in late January 2024.

For the nine-month period ending April 30, 2025, a total of \$22,311,781 was recorded for net distribution revenues compared to \$9,156,626 for the same period of 2024. This increase in revenues is mainly attributable to the sales of Dexlansoprazole,



which was launched at the end of January 2024 and has been very successful in the market, helping to improve the Company's liquidity.

On February 7, 2025, the company was informed that one of its licensors would not exercise its license renewal option for the distribution of Dexlansoprazole for an additional term. Revenue for Dexlansoprazole represented 86% of Devonian's total revenues for the fiscal year ended July 31, 2024, and 95% for the nine-month period ended April 30, 2025. The licenses agreement for the distribution of Dexlansoprazole ended in April 2025 but Altius continues to sell Pantoprazole Magnesium and Cleo-35®.

COST OF SALES

Cost of goods sold amounted to \$ 4,667,425 for the third quarter of 2025, consisting of acquisition, distribution, royalties and direct charges attributable to the three products sold by our subsidiary Altius Healthcare, as well as an amortization charge on intangible assets. For the corresponding quarter of 2024, these costs totaled \$3,873,628 and were attributable to the same three products sold by Altius.

For the nine-month period ending April 30, 2025 and 2024 the cost of goods sold totaled respectively \$15,026,668 and \$6,132,109. This significant increase is justified by the significant growth in sales volume, particularly Dexlansoprazole.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses for the three-month period ended April 30, 2025 amounted to \$624,976 an increase compared to \$292,674 for the third quarter of 2024.

For the nine-month period ending April 30, 2025 and 2024, research and development expenses amounted to \$1,693,827 and \$962,118, respectively.

Of these costs, \$424,120 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 material. Fees of \$548,807 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 potential applications of Thykamine™ for the Metabolic Dysfunction-Associated Steatohepatitis (MASH) and as Anti-Fibrotic agent.

These Research and Development expenses also include patent maintenance costs totaling \$55,552, salaries of \$432,451 to employees assigned to this sector and \$232,897 attributable to the amortization of tangible assets at the Montmagny extraction facility.

Management estimates that additional costs of nearly \$10 million will be required to complete the clinical study of pediatric Atopic Dermatitis, excluding administrative burdens. The company does not currently have the necessary funds to complete such a study and will therefore have to raise funds from external sources to conduct it. There can be no assurance that these funds will be raised.

OPERATING EXPENSES

Selling and administration expenses

The allocation of costs related to overhead is as follows:

	Three-month periods ended		Nine-month periods ended	
	April 30, 2025	April 30, 2024 (restated - Note 19 to the financial statements)	April 30, 2025	April 30, 2024 (restated - Note 19 to the financial statements)
	\$	\$	\$	\$
Salaries	492,012	363,191	648,859	937,300
Stock based compensation	-	347,057	610,833	697,259
Professional fees	518,282	163,035	1,482,559	925,063
Property taxes	31,212	29,812	94,444	91,749
Distribution fees	694,573	305,911	1,717,382	481,365
Others	365,103	340,894	1,393,949	997,952
	2,101,182	1,549,900	5,947,526	4,130,688

For the third quarter ended April 30, 2025, selling and administrative expenses amounted to \$2,101,182 compared to \$1,549,900 for the same quarter of 2024. For the nine-month periods these expenses totaled \$5,947,526 for 2025 compared to 4,130,688 for the 2024 fiscal year.

This increase is mainly due to higher distribution and professional expenses as well as the other expenses. Salary expenses for the quarter ended April 30, 2025, amounted to \$492,012 compared to \$363,191 for 2024. The increase is primarily related to the hiring of six new full and part-time employees since June 2024.

The decrease in salary expenses for the nine-month period ended April 2025 is mainly explained by the reversal of bonuses, following the announcement of the non-renewal of the distribution agreement for Dextansoprazole. After updating its financial forecast, the Company decided not to pay the bonuses totaling \$700,000 and recognized in accrued expenses as of July 31, 2024. Thus, the Company reversed the entire accrued amount in the second quarter of 2025. Excluding the bonus reversal of \$700,000 the salaries for the nine-month period ended April 2025 total \$1,348,859 which represents an increase of \$411,559 in comparison to prior year. The increase is related to the hiring of six new full and part-time employees since June 2024.

The stock-based compensation expense of \$610,833 for the nine-month period ending April 30, 2025, (a non-cash expense) is attributable to the 3,298,611 stock options granted to members of management and 1,535,715 to independent members of the Board respectively on October 8, 2024, and December 23, 2024, in accordance with the terms of the stock option plan. For the nine-month period of 2024 a total of \$697,259 for stock-based compensation expense was recorded.

Professional fees totaling \$ 518,282 for the third quarter of the current fiscal year are mainly related to fees for the audit of the Company's consolidated financial statements, as well as legal fees related to the Company's various development projects and corporate affairs. Fees of \$163,035 were incurred in the same period of the previous year for similar activities. For the nine-month period ended April 30, 2025, and 2024 professional fees totaled \$1,482,559 and \$925,063, respectively. This increase compared to the previous fiscal year is primarily explained by higher audit fees due to the increased business activity of Altius, conducting an audit of the 2024 and 2023 financial statements under the PCAOB standards as well as the restatement of the 2024 financial statements.

Distribution expenses for the three-month and nine-month periods for fiscal year 2025 amount to \$ 694,573 and \$1,717,382 respectively. These expenses are related to commissions paid to various Altius partners for the distribution of Dextansoprazole, Pantoprazole magnesium and Cléo-35. The increase in these expenses compared to the previous fiscal year is related to increased revenues.

Other selling and administrative expenses were \$ 365,103 for the third quarter of 2025 compared to \$340,894 for the same quarter of 2024.

For the nine-month periods ending April 30, 2025 and 2024, other expenses totaled respectively \$ 1,392,949 and \$ 997,952. These other expenses are attributable to the operating costs of Altius and the Montmagny site, travel expenses, consulting fees, insurance premiums, as well as expenses related to the Company's securities on the stock exchange. The increase in these other costs, compared to the same period in 2024, is mainly due to maintenance work at the Montmagny extraction site, as well as an increase in insurance premiums.

FINANCIAL EXPENSES

Net financial (revenues) expenses amounted to \$ (65,877) and \$ 5,016 respectively for the three-month and nine-month periods ending April 30, 2025, compared to \$89,106 and \$237,300 for the same corresponding periods of last fiscal year. For each of these periods compared, financial expenses are mainly attributable to interest expenses on term loans, partially offset by interest revenues generated on term deposit certificates. During the three and nine-month periods ending April 30, 2025 there is a significant decrease of interest expenses explained by the full repayment of the term debt in December 2024.

OTHER EXPENSES

The license agreement for the distribution of Dextansoprazole expired in April 2025 and was not renewed for an additional term. The product represents 95% of the total sales of the Company for the 9-month period ended April 30, 2025. Given the materiality of this event the Company tested the recoverability of the intangible assets of its subsidiary Altius Healthcare Group LP as well as the goodwill allocated to the Altius CGU. The results demonstrated that the present value of the future cash flows expected to be derived from the intangible assets and the Altius CGU are lower than their carrying value. Therefore, the Company recorded an impairment loss of intangible assets of \$195,983 and an impairment loss of \$4,643,084 of goodwill, both equal to their respective carrying values as of April 30, 2025.

7. QUARTERLY INFORMATION

For the three-month periods ended (as restated – Note 19 to the Interim Condensed Consolidated Financial Statements)

	April 30, 2025	January 31, 2025	October 31, 2024	July 31, 2024	April 30, 2024	January 31, 2024	October 31, 2023	July 31, 2023
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	7,363,371	8,827,629	6,120,781	10,149,360	5,431,483	2,355,080	1,370,063	1,076,169
Net earnings (loss)	(4,803,402)	(227,759)	(606,666)	750,090	(645,160)	(1,210,202)	(721,562)	(863,307)
Basic earnings (loss) per share	(0,032)	(0,001)	(0,004)	0,005	(0,004)	(0,01)	(0,005)	(0,01)
Diluted earnings (loss) per share	(0,032)	(0,001)	(0,004)	0,005	(0,004)	(0,01)	(0,005)	(0,01)

8. FINANCIAL SITUATION

Liquidity and capital resources

As of April 30, 2025, the Company had cash and cash equivalents totaling \$9,760,305 compared to \$9,862,511 as of July 31, 2024. The significant increase in sales of 59% in the nine-month period ended April 30, 2025 allowed the company to generate \$1.3 million of net cash in the third quarter of the year and was close to cash flow neutral for the nine-month period with cash outflows slightly exceeding the inflows by \$0.1 million. Thus, the Company was also able to repay in full term its debt of \$2.2 million in December 2024.

Following the non-renewal of the Dextansoprazole distribution license effective April 2025 the Company reassessed its cash forecast and engaged in cost optimization as well as renewed efforts to secure external financing through private placements. The Company believes it will be able to adequately finance its operations, maintain positive working capital, and meet its cash flow needs over the next 12 months.



Total assets as of April 30, 2025, amounted to \$22,956,782 compared to \$30,733,450 as of July 31, 2024. This decrease is mainly due to the non-cash impairment of the intangible assets and goodwill.

Total liabilities as of April 30, 2025, amounted to \$14,123,790 compared to \$16,873,464 as of July 31, 2024, a decrease mainly due to the full repayment of \$2.2 million of the Company's term loan in December 2024. Currently the Company only carries liabilities related to operating expenses, tax liability and leases obligations.

Financing activities

The Company finances 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.

9. OUTSTANDING SHARE DATA

As at June 25, 2025, the number of issued and outstanding shares was 148,222,532 while the number of outstanding stock options granted under the stock option plan was 21,878,143 of which 21,028,143 are exercisable. These options are exercisable at a price ranging from \$0.12 to \$0.60. The Company also has 4,339,770 warrants, entitling holders to subscribe for one subordinate voting share of the Company at a price ranging from \$0.20 to \$0.95 per share.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Use and impact of financial instruments

The main financial instruments used by the Company arise from its operating activities, namely through its accounts payable, the recovery of taxes paid on its purchases, refundable tax credits on research and development expenses, and through its sales. Its financing activities carried out during the nine-month period, ending April 30, 2025, mainly resulted in sales.

Currency risk

During the period ended on April 30, 2025, the Company made few transactions in foreign currencies and of low value. Management will evaluate options to deal with future fluctuations in the Canadian dollar against the U.S. dollar if the value of foreign currency transactions is material. Financial expenses as well as general administrative expenses could be influenced by these financial instruments.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate as a result of changes in market interest rates. The Company is not exposed to the risk of interest rate fluctuations given that the entirety of its debt was repaid in December 2024.

Liquidity risk

Liquidity risk is the risk that the Company will have difficulty meeting commitments related to financial liabilities. As of April 30, 2025, the Company had current liabilities of \$14,033,457. The Corporation's operating and capital expenditure budgets and significant transactions outside the normal scope of its operations are reviewed 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 seek additional liquidity in a timely manner.

Risk of economic dependence (Altius)

Altius Healthcare Inc.'s (Altius) revenues are currently derived from the sale of three products: Cleo-35, Pantoprazole Magnesium and Dexlansoprazole. During the nine-month period ending April 30, 2025 Altius derived 56% of its revenue from one customer and made 99% of its purchases from a single supplier. Over this nine-month period, gross sales of Dexlansoprazole accounted for nearly 95% of total gross sales.

Altius sources from third parties and cannot ensure the manufacture and delivery of these drugs, despite forecasting reports provided to them.



A disruption in the supply of any 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 marketing rights for other pharmaceutical products.

The Company relies heavily on a number of key leaders 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 meeting our commitments.

Risks related to our stock

Our share prices are volatile, and an investment in our common shares may be subject to a decline in value. Since our listing on the TSX Venture Exchange (TSXV), our valuation and share prices have fluctuated and have not materially affected our financial results, asset value, book value, current or historical book value, or many other criteria based on traditional measures of common share value. The price of our shares will continue to fluctuate, depending on a variety of factors, including the risk factors



described herein and other circumstances beyond our control. The value of an investment in our common shares and/or common share purchase warrants could fall or fluctuate significantly.

11. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to use judgment, make estimates and make assumptions that could affect the amounts reported as assets, liabilities and income and expenses. These amounts presented reflect management's best estimate based on overall economic conditions and decisions based on the Company's most likely course of action. Any changes in these assumptions and estimates could have an impact on actual results. Reference should be made to the audited consolidated financial statements for the year ended July 31, 2024, and 2023 for further details regarding significant accounting policies and estimates for the purposes of evaluating and understanding the Company's financial statements.

12. SUBSEQUENT EVENTS

On June 9, 2025, the Board of Directors approved the grant of 1,288,596 stock options of the Company at an exercise price of \$0.15 for a period of ten years from the grant date and in accordance with the terms and conditions of the Company's Stock Option Plan. Of those options, 438,596 were granted to an independent director of the Company and are exercisable on the grant date. The remaining 850,000 options were granted to employees of the Company (of which 500,000 were granted to an officer of the Company). 200,000 of these options are exercisable on the grant date while the other 750,000 vest in equal instalment over a period of 4 years at the grant anniversary date.

13. MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The interim condensed 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 interim condensed 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.

The Company is engaged in the 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 and contemplated projects. Consequently, the Company's ability to continue as a going concern depends on its ability, to obtain, in a timely manner, additional financing to carry out its research and development projects and commercialize the products developed. There can be no assurance about this. Management is continuing efforts 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 many factors beyond the control of the Company and its ability to successfully complete such financing and agreements is associated with uncertainty likely to cast substantial doubt on its ability to achieve all its projects.