Devonian Health Group Inc.

Consolidated Financial Statements
July 31, 2025, and 2024

To the Board of Directors and Shareholders of Devonian Health Group Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Devonian Health Group Inc. (the "Company") as of July 31, 2025 and 2024, and the related consolidated statements of net loss and comprehensive loss, changes in equity, and cash flows for each of the years in the two-year period ended July 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of July 31, 2025 and 2024, and the results of its consolidated operations and its consolidated cash flows for each of the years in the two-year period ended July 31, 2025, in conformity with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Material Uncertainty Related to Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2024.

Montreal, Quebec

November 25, 2025

MNP LLP [1]

[1] CPA auditor, public accountancy permit No. A142237

Devonian Health Group Inc.

Consolidated Statements of Financial Position

As at July 31, 2025 and 2024

	2025 $	2024 $
Assets		
Current assets		
Cash and cash equivalents	6,983,620	9,862,511
Accounts receivable (note 4)	1,133,759	7,965,975
Tax credits receivable	368,994	154,210
Inventories	34,513	60,889
Interest reserve (note 8)	-	160,000
Prepaid expenses	203,404	256,225
	8,724,290	18,459,810
Property, plant and equipment and right-of-use asset (note 5)	2,203,143	2,496,091
Intangible assets (note 6)	4,902,870	5,134,465
Goodwill (notes 2 and 6)	-	4,643,084
	15,830,303	30,733,450
Liabilities		
Current liabilities		
Accounts payable (note 7)	6,533,602	13,780,243
Income tax liability (note 15)	33,229	847,198
Current portion of lease liability	47,648	44,682
Current portion of long-term debt (note 8)	-	2,075,617
	6,614,479	16,747,740
Lease liability	78,156	125,724
	6,692,635	16,873,464
Shareholders' Equity		
Share capital (note 9)	29,838,321	29,838,321
Shares subscribed to be issued (note 22)	600,000	-
Stock options (note 10)	2,663,081	2,071,861
Warrants (note 11)	371,487	862,261
Contributed surplus	8,930,758	8,340,731
Deficit	(33,265,979)	(27,253,188)
	9,137,668	13,859,986
	15,830,303	30,733,450

Material uncertainty related to going concern (note 1)

Approved by the Board of Directors

(s) Dennis Turpin, Director

(s) André Boulet, Director

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

Devonian Health Group Inc.

Consolidated Statements of Net Loss and Comprehensive Loss

For the years ended July 31, 2025 and 2024

	2025 $	2024 $
Distribution revenues (note 21)	23,590,335	19,305,986
Cost of sales (note 3)	15,031,784	11,826,082
Gross margin	8,558,551	7,479,904
Operating expenses		
Research and development expenses	2,006,051	1,287,895
Selling and administrative expenses	7,323,483	6,805,451
Financial expenses (note 13)	256,442	440,104
Loss from operations	(1,027,425)	(1,053,546)
Interest income	(278,071)	(73,910)
Intangible assets – Impairment loss (note 6)	195,983	-
Goodwill – Impairment loss (note 6)	4,643,084	-
Net loss and comprehensive loss before income tax	(5,588,421)	(979,636)
Income tax expense (notes 15)	424,370	847,198
Net loss and comprehensive loss	(6,012,791)	(1,826,834)
Net loss per share (notes 14)		
Basic and diluted	(0.041)	(0.012)

Additional information to the consolidated statements of net loss and comprehensive loss (notes 1, 3, 14 and 16)

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

Devonian Health Group Inc.

Consolidated Statements of Changes in Equity

For the years ended July 31, 2025 and 2024

	NUMBER OF UNITS				AMOUNT						
	Shares	**Units to be issued**	**Stock options**	**Warrants**	**Share capital $**	**Units to be issued $**	**Stock options $**	**Warrants $**	**Contributed surplus $**	**Deficit $**	**Total $**
Balance – as at July 31, 2023	144,457,805	-	10,725,000	45,570,160	29,345,454	-	1,555,408	5,008,023	3,764,921	(25,426,354)	14,247,452
Issuance of shares (note 9)	3,764,727	-	-	-	508,758	-	-	-	-	-	508,758
Share issuance costs											
In cash	-	-	-	-	(15,891)	-	-	-	-	-	(15,891)
Stock-based compensation (note 9)	-	-	7,400,221	-	-	-	731,459	-	-	-	731,459
Issuance of warrants (note 11)	-	-	-	3,764,727	-	-	-	215,042	-	-	215,042
Warrants expired (note 11)	-	-	-	(36,393,037)	-	-	-	(4,360,804)	4,360,804	-	-
Options expired (note 10)	-	-	(1,537,500)	-	-	-	(215,006)	-	215,006	-	-
Net loss and comprehensive loss	-	-	-	-	-	-	-	-	-	(1,826,834)	(1,826,834)
	3,764,727	-	5,862,721	(32,628,310)	492,867	-	516,453	(4,145,762)	4,575,810	(1,826,834)	(387,466)
Balance – as at July 31, 2024	148,222,532	-	16,587,721	12,941,850	29,838,321	-	2,071,861	862,261	8,340,731	(27,253,188)	13,859,986
Subscription of units (note 9)	-	3,999,999	-	-	-	600,000	-	-	-	-	600,000
Stock-based compensation (note 10)	-	-	6,122,922	-	-	-	690,473	-	-	-	690,473
Warrants expired (note 11)	-	-	-	(8,602,080)	-	-	-	(490,774)	490,774	-	-
Options expired (note 10)	-	-	(832,500)	-	-	-	(99,253)	-	99,253	-	-
Net loss and comprehensive loss	-	-	-	-	-	-	-	-	-	(6,012,791)	(6,012,791)
	-	3,999,999	5,290,422	(8,602,080)	-	600,000	591,220	(490,774)	590,027	(6,012,791)	(4,722,318)
Balance – as at July 31, 2025	148,222,532	3,999,999	21,878,143	4,339,770	29,838,321	600,000	2,663,081	371,487	8,930,758	(33,265,979)	9,137,668

Devonian Health Group Inc.

Consolidated Statements of Cash Flows

For the years ended July 31, 2025 and 2024

	2025 $	2024 $
Cash flows from		
Operating activities		
Net loss and comprehensive loss	(6,012,791)	(1,826,834)
Items not affecting cash		
Amortization of property, plant and equipment and depreciation of right-of-use asset (Note 5)	310,298	301,901
Amortization of intangible assets (Note 6)	35,611	370,929
Amortization – deferred financial fees (Note 13)	84,383	-
Impairment loss (Note 6)	4,839,067	-
Interest on lease liability	9,162	7,382
Income tax expense (Note 15)	424,370	847,198
Stock-based compensation (Note 10)	690,473	731,459
	380,573	432,035
Changes in non-cash working capital items (note 17)	(1,628,350)	5,209,181
Cash provided by (used in) operating activities	(1,247,777)	5,641,216
Investing activities		
Acquisition of property, plant and equipment (Note 5)	(17,350)	(4,247)
Cash provided by (used in) investing activities	(17,350)	(4,247)
Financing activities		
Principal payments on lease liability	(53,764)	(40,920)
Repayment of long-term debt (Note 8)	(2,160,000)	(3,580,000)
Proceeds from loan (Note 8)	-	2,075,617
Issuance of shares and warrants, net of issuance costs (Note 9, 11)	-	707,909
Units to be issued (note 9, 22)	600,000	-
Cash provided by (used in) financing activities	(1,613,764)	(837,394)
Increase (decrease) in cash	(2,878,891)	4,799,575
Cash and cash equivalents – Beginning of year	9,862,511	5,062,936
Cash and cash equivalents – End of year	6,983,620	9,862,511

For the year ended July 31, 2025, cash flows from operating activities include interest paid of $129,201 (2024 – $362,073) .

In August 2024 the company invested $ 4,000,000 in 1 year cashable Guaranteed Investment Certificate (GIC) at a variable interest rate equal to Royal Bank of Canada (RBC) preferential interest rate (3.20% - 4.95%) less 2%. The company cashed $2,000,000 in December 2024 in order to repay long-term debt of $2,160,000 (note 8). The remaining balance of $2,000,000 was reinvested at the anniversary date in August 2025 in a new 1 year cashable GIC at a variable interest rate equal to RBC's preferential interest rate (4.95%) less 2%.

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

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

Devonian Health Group Inc. (the Company) domiciled at 360 Des Entrepreneurs, Montmagny, Quebec, G5V 4T1, was incorporated under the Business Corporations Act (Québec) on March 27, 2015. On May 12, 2017, the Company was continued under the Canada Business Corporations Act.

On December 31, 2024, following a corporate reorganization, Altius Healthcare Inc, a fully owned subsidiary of Devonian Health Group Inc. (Devonian), transferred all its assets and liabilities to Altius Healthcare LP (Altius), a limited partnership where Devonian is the ultimate holder of 100% of the units.

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

These consolidated financial statements have been prepared on a going concern basis, which assumes that assets will be realized and liabilities discharged in the normal course of business for the foreseeable future. Accordingly, these consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or on the discharge or classification of liabilities, should the Company be unable to continue its business in the normal course. The Company is committed to the development of botanical drugs and will have to obtain necessary funding to continue its operations until the commercialization phase of its products. For the year ended July 31, 2025, the Company incurred net losses from operations of $1,027,425 (2024 - $1,053,546) resulting in an accumulated deficit of $33,265,979 as at July 31, 2025 (2024 – 27,253,188). The Company's liquidities are limited considering its ongoing projects and the non-renewal of its distribution contracts for Dexlansoprazole (note 6) and Pantoprazole magnesium (note 22) which will materially affect the Company's cashflows from operations.

Consequently, the Company's ability to continue as a going concern depends on its ability to obtain, in a timely matter, further financing to complete research and development projects, and to market its developed products, as to which no assurance can be given.

Management continues to negotiate further financing and different agreements that could create positive cash flows. The success of these negotiations is contingent on many factors outside of the Company's control, and its ability to successfully complete such financings and agreements raises substantial doubt about the Company's ability to continue as a going concern.

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

2 Material accounting policies

Declaration of compliance

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were approved by the Board of Directors on November 25, 2025.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency.

Consolidation

These consolidated financial statements include the accounts of the Company and the accounts of its subsidiaries, Altius Healthcare Group L.P. (formerly Altius Healthcare Inc.) and Altius General Partner Inc. Intercompany balances, income, expenses and cash flows are fully eliminated upon consolidation.

Distribution revenues recognition

Revenues from the distribution of pharmaceutical products are recognized when the terms of a contract with a client are fulfilled, i.e., when:

- the control of the product has been transferred to the client; and
- the product is received by the client or the transfer to the client of the ownership title occurs upon delivery.

After delivery, the client assumes obsolescence and loss risks with respect to such goods. Revenues are recognized according to the prices set in the contracts, less estimated sale deductions such as cash discounts, allowances, returns, rebates, chargebacks and distribution fees.

For each distributed product the Company determines whether its obligation is:

- to provide the product itself in which case it acts as Principal and recognizes revenues in the gross amount of consideration to which it expects to be entitled in exchange for the product

2 Material accounting policies - continued

Distribution revenues recognition - continued

- to arrange for the product to be provided to the client by the manufacturer in which case it acts as an Agent and recognizes revenues in the net amount of consideration that the entity retains after paying the manufacturer the cost of the product

Use of estimates and judgments

The preparation of consolidated financial statements in compliance with IFRS Accounting Standards requires management to use judgment and make estimates and assumptions that affect the application of accounting policies and the carrying value of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized in the period in which the estimates are revised and in any future periods affected by these revisions.

Information relating to critical judgments in applying accounting policies that have the most significant impact on the amounts recognized in the consolidated financial statements is as follows:

- Impairment of goodwill and intangible assets

  Evaluating indicators of impairment of intangible assets being amortized at the end of each period requires the use of judgments, assumptions and estimates to determine whether there are indicators that could give rise to the impairment obligation to carry out an impairment test of these intangible assets. When there are indications that intangible assets may have become impaired, an impairment test should be carried out wherever possible at the level of the individual asset, or the cash generating unit (CGU), i.e. as much as possible, a small identifiable group of assets that generates cash inflows largely independent of the cash inflows generated by other assets, or group of assets, to which the asset belongs. An impairment loss is recognized when the carrying amount of the asset or CGU exceeds its recoverable amount. Evaluating recoverable values requires determination of value in use, which is based on use of estimates and assumptions for expected revenues, discount rates and operating expenses. In addition, the Company may use a fair value less costs of disposal approach to determine the recoverable amount. Changes in any of the assumptions and estimates used to determine the recoverable amount of intangible assets could impact the impairment analysis.

  Annually, management also carries out a Goodwill impairment test as well as an impairment test of its intangible assets that are not yet amortized.

2 Material accounting policies – continued

Use of estimates and judgments – continued

- Payables to wholesalers

  Management uses judgment in estimating provisions for sale deductions such as cash discounts, allowances, returns, rebates, chargebacks and distribution fees.

- Going Concern

  Determining whether there exists material uncertainty that casts substantial doubt about the Company's ability to continue as a going concern requires management to exercise its judgment in particular about its ability to obtain future financing and projected future cash flows and liabilities. Significant judgments related to the Company's ability to continue as a going concern are disclosed in Note 1.

- Income Taxes

  Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Currency translation

Transactions concluded in foreign currencies are translated into Canadian dollars as follows: monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect as at the date of the consolidated statements of financial position, while other assets and liabilities are translated at the exchange rate in effect as at the date of transactions. Revenues and expenses denominated in foreign currencies are translated at the average exchange rate, except for amortization, which is translated at the historical exchange rate. Exchange gains and losses resulting from this translation are recognized in net loss.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2 Material accounting policies – continued

Deferred tax

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Financial instruments

- Classification and measurement

  Classification and measurement of financial assets include the following categories: amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The classification of financial assets is generally based on the business model by which a financial asset is managed and the characteristics of the contractual cash flows. Financial liabilities are classified and measured in two categories: amortized cost and FVTPL.

- Financial assets measured at amortized cost

  Financial assets measured at amortized cost, i.e., cash and cash equivalents and accounts are measured at fair value as at the date on which the Company becomes a party to the contractual provisions of the instrument. They are subsequently measured at amortized cost using the effective interest rate method, net of impairment losses.

- Financial liabilities measured at amortized cost

  Financial liabilities measured at amortized cost, i.e., accounts payable, are initially measured at fair value. They are subsequently measured at amortized cost using the effective interest rate method.

- Fair value

  The fair value of a financial instrument generally corresponds to the consideration for which the instrument would be exchanged in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act. This measurement is carried out at a definite time and could be modified over the future presentation periods due to market conditions and other factors.

2 Material accounting policies – continued

Financial instruments – continued

Fair value is established using the quoted prices of the most advantageous active market for that instrument to which the Company has immediate access. If there is no active market, fair value is established on internal or external valuation methods, such as discounted cash flow models. The fair value established using these valuation models requires the use of assumptions in regard to the amount and timing of the estimated future cash flows, as well as for many other variables. To determine these assumptions, readily observable market data are used when available. Otherwise, the Company uses the best possible estimates. Since they are based on estimates, fair values may not be realized in the event of an actual sale or immediate settlement of these instruments.

- Impairment of financial assets

  Financial assets recognized at amortized cost are subject to an impairment test at each reporting date. The Company estimates the expected credit losses based on the history of its credit losses and the credit risk assessment of its customers, and, if applicable, the net change in expected credit losses on accounts receivable is recognized in net loss.

  The amount of the impairment loss is equal to the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the original effective interest rate of the financial asset. The Company uses historical trends of the probability of default, the timing of recovery and its judgment in estimating future cash flows.

  The Company applies the IFRS 9 Financial Instruments simplified approach to measuring expected credit losses using a lifetime expected credit loss allowance for trade receivables. The expected loss rates are based on the Company's historical credit losses. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company assumes that there is no significant increase in credit risk for instruments that have a low credit risk.

Research and development expenses and tax credits

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. A development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria are usually met when a regulatory filing has been made in a major market and approval is considered highly probable.

2 Material accounting policies – continued

Research and development expenses and tax credits – continued

Tax credits for research and development are recognized in net loss and comprehensive loss or deferred as a reduction of related expenses. Tax credits are recognized when there is reasonable assurance that the Company has met the requirements and that the credits will be received.

Share issuance costs

Costs directly identifiable with the issuance of shares are deferred as an asset until the issuance of the shares. At issuance, these costs are recorded as a reduction of share capital.

Property, plant and equipment

Property, plant and equipment are initially recorded at cost and, subsequently, at cost less amortization and accumulated impairment losses.

Amortization is based on the estimated useful life of each component of property, plant and equipment using the straight-line method and over the following periods:

Building	
Structure and shell	40 years
Improvements, mechanical and plumbing systems	20 years
Leasehold improvements	5 years
Production and laboratory equipment	10 years
Computer equipment	3 years
Furniture and equipment	5 years

The residual value, the estimated useful life and the amortization method are reviewed at the end of each reporting date, and any changes in estimates are accounted for on a prospective basis. Amortization is recorded when the asset is ready to be used.

Right-of-use asset and lease liability

Leases are recognized as a right-of-use asset and a corresponding lease liability at the commencement date. Each lease payment is allocated between a reduction of the liability and interest on lease liability. The interest on lease liability is recognized in net financial expenses in the consolidated statements of net loss and comprehensive loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is measured at the value of lease payments to be made, discounted using the incremental borrowing rate at the lease commencement date, over the lease term.

Right-of-use asset is measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the lease commencement date, any initial direct costs and related restoration costs. The right-of-use asset is depreciated over the lease term on a straight-line basis. The depreciation starts at the commencement date of the lease.

2 Material accounting policies – continued

Right-of-use asset and lease liability – continued

Costs associated with short-term leases and leases of low-value assets are included in the consolidated statements of net loss and comprehensive loss.

Intangible assets

Intangible assets are recorded at cost and, subsequently, at cost less amortization (except intangible assets not yet ready for use), and accumulated impairment losses.

Intangible assets acquired in the business combination, being licences, trademarks and distribution rights, are initially recognized at fair value as at the acquisition date. After initial recognition, they are recorded at cost less accumulated amortization and accumulated impairment losses, using the same method used for intangible assets acquired separately.

Amortization is based on the estimated useful life using the straight-line method and the following periods:

Patents	2 to 13 years
Licences, trademarks and distribution rights	4 to 12 years

No amortization for the in-process research and development has been recognized, since it is not ready for use. The amortization method and estimated useful life will have to be reviewed at each reporting date.

Goodwill

Goodwill is allocated to the group of CGUs benefiting from the synergy of the business combination. Goodwill is initially recognized at cost as an asset, and is subsequently measured at cost less accumulated impairment losses. Goodwill is not amortized, but is subject to annual impairment testing or more frequently when events or circumstances indicate that there may be impairment. The Company determines whether there is impairment by assessing whether the carrying amount to which the goodwill relates exceeds its recoverable amount. In such a case, the loss of value is initially attributed to goodwill and any excess is allocated to the carrying amount of assets proportionately. Any impairment of goodwill is recognized in loss in the period in which it is recognized as a loss. Impairment losses on goodwill are not reversed in subsequent periods.

Impairment of non-financial assets

The carrying value of property, plant and equipment and intangible assets is tested for impairment at each reporting date in order to determine if there is any indication that an asset has experienced a loss of value. If any such evidence exists, the recoverable value of the asset is estimated.

2 Material accounting policies – continued

Impairment of non-financial assets – continued

The recoverable value of an asset, CGU or group of CGUs for goodwill impairment purposes is the higher between its value in use and its fair value less costs of disposal. To determine the value in use, the estimated future cash flows are discounted to their present value by applying a discount rate that reflects current market assessments, the time value of money and risks specific to the asset. For the purpose of impairment testing, assets are grouped to form the smallest group of assets that generates cash flows that are largely independent of cash flows from other assets or groups of assets (CGU).

An impairment loss is recognized whenever the carrying value of an asset or a CGU exceeds its estimated recoverable value. Impairment losses are recognized in net loss.

Impairment losses recognized in previous years are assessed at the reporting date to determine whether there are indications that confirm that the loss has decreased or if it still exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the

extent that the carrying value of assets does not exceed the carrying value that would have been determined, after depreciation, if no impairment loss had been recognized.

Fair value of warrants

The proceeds from the issuance of units are allocated between shares and warrants issued based on their relative fair values. At the time the warrants are exercised, their value is reclassified to share capital. The value of warrants that have not been exercised at maturity, as well as for warrants that expire, is reclassified to contributed surplus.

Cash and cash equivalents

Cash and cash equivalents comprise cash and highly liquid financial instruments with an initial term of three months or less, when applicable.

Stock-based compensation

The Company has a Stock Option Plan under which directors, executives, employees and consultants can be granted stock options of the Company.

2 Material accounting policies – continued

Stock-based compensation – continued

Each grant is treated separately with its proper vesting period and its own fair value at the grant date, determined by the Black-Scholes option pricing model. Compensation expense is recognized over the vesting period of each grant according to the number of options granted that are estimated to ultimately vest. Any revision of estimate is immediately recognized. Any consideration paid by the employees on exercise or purchase of stock options is credited to share capital. The value attributed to stock options is transferred to share capital at the issuance of shares.

In the normal course of business, the Company grants options in exchange for goods or services to parties other than staff members. For these transactions, the Company evaluates the fair value of goods or services received and, in counterpart, increases the equity by the same amount unless the fair value cannot be reliably estimated. In this case, the fair value is the value of options issued on the market as at the date the goods or services are received.

Net loss per share

Basic loss per share is calculated by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding during the year. Diluted loss per share is calculated by taking into account the potential dilution that could occur in the event that the warrants and stock options are exercised at the beginning of the year or at the date of their issuance, if later. The treasury stock method is used to determine the dilution effect of the warrants and options.

Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and if it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are not recognized for future operating losses.

If the effect of time value of money is material, provisions are measured at the present value of cash flows expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

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

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

	2025 $	2024 $
Research and development – amortization of property, plant and equipment and depreciation of right-of-use asset	310,298	301,901
Selling and administrative expenses – salaries and employer's contributions	1,221,039	2,019,847
Selling and administrative expenses – stock-based compensation	690,473	731,459
Research and development expenses – salaries and employer's contributions (i)	297,537	179,980
Cost of sales – profit sharing & royalties	3,019,463	2,635,886
Cost of sales – cost of inventories	11,762,793	8,381,785
Cost of sales – logistic expenses	213,917	295,472
Cost of sales – inventory write-off	-	142,010
Cost of sales – amortization of intangible assets (note 6)	35,611	370,929

i) The Company is eligible for refundable tax credits for research and development from the Government of Quebec for an amount of $214,784, which has been credited against research and development expenses (2024 – $143,991).

4 Accounts receivable

	2025 $	2024 $
Trade receivables	475,884	7,686,347
Sales taxes	579,392	279,628
Interest receivable	78,483	-
	1,133,759	7,965,975

Based on collection history the Company expects to collect its trade receivables in full and therefore did not set up an allowance for expected credit losses. The ageing of the trade receivables is as follows:

	2025 $	2024 $
Not overdue	419,187	7,686,347
0 to 3 months overdue	56,697	-
More than 3 months	-	-
	475,884	7,686,347

5 Property, plant and equipment and right-of-use asset

							2025
	Building **$**	**Land** **$**	**Production and laboratory equipment** **$**	**Computer equipment** **$**	**Furniture and equipment** **$**	**Right-of-use asset** **$**	**Total** **$**
Cost							
Balance – Beginning of year	2,537,676	562,324	1,611,646	27,328	65,600	219,273	5,023,847
Additions	-	-	17,350	-	-	-	17,350
Balance – End of year	2,537,676	562,324	1,628,996	27,328	65,600	219,273	5,041,197
Accumulated amortization							
Balance – Beginning of year	949,676	-	1,443,155	26,201	63,850	44,874	2,527,756
Amortization (note 3)	102,616	-	162,467	1,127	700	43,388	310,298
Balance – End of year	1,052,292	-	1,605,622	27,328	64,550	88,262	2,838,054
Carrying value – End of year	1,485,384	562,324	23,374	-	1,050	131,011	2,203,143

							2024
	Building **$**	**Land** **$**	**Production and laboratory equipment** **$**	**Computer equipment** **$**	**Furniture and equipment** **$**	**Right-of-use asset** **$**	**Total** **$**
Cost							
Balance – Beginning of year	2,537,676	562,324	1,607,399	27,328	65,600	127,047	4,927,374
Additions	-	-	4,247	-	-	79,592	83,839
Disposal	-	-	-	-	-	(39,938)	(39,938)
Lease modification	-	-	-	-	-	52,572	52,572
Balance – End of year	2,537,676	562,324	1,611,646	27,328	65,600	219,273	5,023,847
Accumulated amortization							
Balance – Beginning of year	847,060	-	1,282,579	23,948	63,150	26,615	2,243,352
Disposal	-	-	-	-	-	(17,497)	(17,497)
Amortization	102,616	-	160,576	2,253	700	35,756	301,901
Balance – End of year	949,676	-	1,443,155	26,201	63,850	44,874	2,527,756
Carrying value – End of year	1,588,000	562,324	168,491	1,127	1,750	174,399	2,496,091

6 Intangible assets and goodwill

				2025
	In-process research & development $	**Patents $**	**Licences, trademarks and distribution rights $**	**Total $**
Cost				
Balance – Beginning of year	4,888,000	136,693	3,812,822	8,837,515
Balance – End of year	4,888,000	136,693	3,812,822	8,837,515
Accumulated amortization				
Balance – Beginning of year	-	118,759	3,584,291	3,703,050
Amortization	-	3,064	32,547	35,611
Impairment	-	-	195,983	195,983
Balance – End of year	-	121,823	3,812,822	3,934,645
Carrying value – End of year	4,888,000	14,870	-	4,902,870

				2024
	In-process research & development $	**Patents $**	**Licences, trademarks and distribution rights $**	**Total $**
Cost				
Balance – Beginning of year	4,888,000	136,693	3,812,822	8,837,515
Balance – End of year	4,888,000	136,693	3,812,822	8,837,515
Accumulated amortization				
Balance – Beginning of year	-	112,803	3,219,318	3,332,121
Amortization	-	5,956	120,573	126,529
Impairment	-	-	244,400	244,400
Balance – End of year	-	118,759	3,584,291	3,703,050
Carrying value – End of year	4,888,000	17,934	228,531	5,134,465

6 Intangible assets and goodwill - continued

The Company is in the process of developing pharmaceutical products and has recognized an IPR&D asset not yet available for use, that is subject to an annual impairment review. As of July 31, 2025, the carrying value of the IPR&D asset was $4,888,000 (2024: $4,888,000).

Goodwill from the acquisition of Altius was allocated to the products distribution cash generating unit (CGU) i.e. Altius Healthcare Group LP. In April 2025 following the non-renewal of the Dexlansoprazole distribution license, the Company determined that the product distribution CGU was impaired. The recoverable amount of the CGU was determined based on the value in use approach, with key inputs and assumptions including a discount rate of 20% and forecasted cash flows over a five-year period. The Company recorded an impairment loss on goodwill of $4,643,084. A 1% change in any of the key inputs will not result in any change in the impairment loss that was recognized.

The licences, trademarks and distribution rights valued in the consolidated statements of financial position relate to Pantoprazole, Cléo-35, Dexlansoprazole and PurGenesis.

The Company recorded an impairment loss on distribution rights of $195,983 for the year ended July 31, 2025, and an impairment loss on license of $244,400 for the year ended July 31, 2024.

7 Accounts payable

	2025 $	2024 $
Suppliers	4,356,518	3,716,003
Accrued expenses	2,079,154	10,049,394
Salaries, payroll deductions and contributions	97,930	14,846
	6,533,602	13,780,243

8 Long-term debt

	2025 $	2024 $
Loan, secured by the universality of movable and immovable property, tangible and intangible, present and future of the Company, for a carrying value of $7,700,557, interest payable monthly at the National Bank's prime rate plus 8.80% and principal payable in January 2025 [(i)]	-	2,075,617
	-	2,075,617

i) In 2024 the lender had made available to the borrowers a term loan in the amount of $2,160,000, which included an interest reserve (prepaid interest) in the amount of $160,000. Interest was payable to the lender monthly. As of the sixth month the interest due was applied against the prepaid interest. This loan was also subject to financial covenants. As at July 31, 2024 and during 2025, the Company was in compliance with its covenants. The loan and any accrued interest were settled in full in December 2024.

9 Share capital

Description of authorized share capital

An unlimited number of subordinate voting shares, exchangeable subordinate voting shares and multiple voting shares, participating, without par value, have a non-cumulative dividend.

The subordinate voting shares, exchangeable subordinate voting shares and multiple voting shares are handled as if they were of one and the same category.

	2025 $	2024 $
Share capital issued and subscribed		
148,222,532 shares (2024 – 148,222,532)	29,838,321	29,838,321
3,999,999 units subscribed (2024 – nil) (note 22)	600,000	-
	30,438,321	29,838,321

On July 31, 2025 the Company was in the process of securing a private financing which was completed on Aug. 7 2025 (note 22). As of July 31, 2025 the Company received proceeds of $600,000 in escrow for 3,999,999 subscribed units (consisting of one common share and one common share subscription warrant) to be issued.

9 Share capital - continued

Private financing

On March 13, 2024, the Company completed a private financing by issuing 1,492,000 units at a price of $0.15 per unit, for gross proceeds of $223,800. Each unit consists of one subordinate voting share and one share subscription warrant. Each warrant entitles its holder to acquire one subordinate voting share at a price of $0.20 per share until March 2026.

The related issuance costs of $10,487 were proportionately split between share capital and warrants and recognized as a reduction in their respective initial value.

The fair value of the 1,492,000 shares issued was estimated at $148,920 using the residual method. The fair value of the 1,492,000 warrants issued was estimated at $74,880 using the Black-Scholes valuation model and the following assumptions:

Risk-free interest rate	5%
Average expected duration	2 years
Expected volatility	94%
Share price	$0.20
Expected dividend	$nil

On September 1, 2023, the Company completed a private financing by issuing 2,272,727 units at a price of $0.22 per unit, for gross proceeds of $500,000. Each unit consists of one subordinate voting share and one share subscription warrant. Each warrant entitles its holder to acquire one subordinate voting share, at a price of $0.28 per share, until September 2025.

The related issuance costs of $5,404 were proportionately split between share capital and warrants and recognized as a reduction in their respective initial value.

The fair value of the 2,272,727 shares issued was determined at $359,838 using the residual method. The fair value of the 2,272,727 warrants issued was estimated at $140,162, using the Black-Scholes valuation model and the following assumptions:

Risk-free interest rate	5%
Average expected duration	2 years
Expected volatility	94%
Share price	$0.22
Expected dividend	$nil

10 Stock Option Plan

Under the Stock Option Plan put in place in May 2017 and modified in February 2024 and March 2025 for a fixed options plan up to 20%, the Board of Directors can attribute stock options to directors, executives, employees and consultants of the Company to acquire shares of the Company.

The maximum number of options that may be granted under the Stock Option Plan is equal to a maximum of 20% of the number of subordinate voting shares outstanding as of March 24, 2025, or 29,644,506 options to purchase actions. If a stock option granted under the Stock Option Plan is canceled, terminated, expired, abandoned or forfeited for any reason in accordance with the terms of the Stock Option Plan without having been exercised, the unexercised shares in question will again be available for the purposes of the Stock Option Plan.

No stock purchase option may be granted to an eligible participant in the Stock Option Plan if the shares covered by this grant added to those covered by the options already granted, combined with all the shares reserved for all other equity compensation mechanisms of the Company, exceed 10% of the total shares of the Company issued and in circulation, this number being calculated on the date of grant of stock options, for a period of twelve (12) months, subject to the Company obtaining disinterested shareholder approval in accordance with the policies of the exchange.

The options granted under the Stock Option Plan cannot exceed a duration of ten years and must be granted at the price and under the conditions that the members of the Board of Directors deem necessary in order to achieve the objective of the Stock Option Plan, in accordance with the applicable regulations. The exercise price of the option cannot be lower than the market price.

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

The fair value of these granted options was estimated at $395,833 based on the Black Scholes option pricing model and using the following assumptions:

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

On December 23, 2024, the Company granted 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.

10 Stock Option Plan - continued

The fair value of these granted options was estimated at $215,000 based on the Black Scholes option pricing model and using the following assumptions:

Risk-free interest rate	3.9 %
Average expected duration	5 years
Expected volatility	95 %
Share price	0.19$
Expected Dividend	Nil

On June 9, 2025 the Company granted 1,288,596 stock options of at an exercise price of $0.15 for a period of ten years from the grant date. 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). 210,000 of these options are exercisable on the grant date while the other 640,000 vest in equal instalments over a period of 4 years at the grant anniversary date.

The fair value of these granted options was estimated at $146,900 based on the Black Scholes option pricing model and using the following assumptions:

Risk-free interest rate	3.52 %
Average expected duration	5 years
Expected volatility	100 %
Share price	0.15$
Expected Dividend	Nil

During the year ended July 31, 2024, the Company granted 7,400,221 stock options to consultants and directors, employees and members of management. These options can be exercised at a price ranging from $0.125 to $0.21 for a period of ten years from the date of grant. Of these stock options, 7,200,221 are exercisable on the grant date while 50,000 vest on the anniversary of the grant date in each of the following four years.

The fair value of these options was estimated at $754,259 based on the Black-Scholes option pricing model and using the following weighted average assumptions:

Risk-free interest rate	3.4% to 5.0%
Average expected life	5 – 6 years
Expected volatility	95%
Share price	$0.125 – $0.15
Expected dividend	$nil

The Company recorded stock-based compensation expense of $690,473 during the year ended July 31, 2025 (2024 – $731,459).

The share volatility is determined by comparison to other companies in the same industry and with a similar level of risk.

10 Stock Option Plan - continued

The following table summarizes the situation of the Company's Stock Option Plan and the changes incurred during the years ended July 31, 2025 and 2024:

	2025		2024	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Outstanding – Beginning of year	16,587,721	0.26	10,725,000	0.34
Options expired	(832,500)	0.22	(1,537,500)	0.31
Options granted to directors and members of management	5,772,922	0.17	6,750,221	0.14
Options granted to employees	350,000	0.15	650,000	0.15
Outstanding – End of year	21,878,143	0.23	16,587,721	0.26
Options exercisable – End of year	20,388,143	0.23	15,687,721	0.25
Weighted average fair value of the options granted during the year		0.12		0.10

The following table summarizes information about the options outstanding and exercisable as at July 31, 2025:

		Options outstanding and exercisable	
Exercise price $	Number of options outstanding	Number of options exercisable	Weighted average remaining contractual life
0.12	751,645	751,645	5.42 years
0.125	3,765,610	3,765,610	8.34 years
0.145	500,000	350,000	8.89 years
0.15	5,686,562	5,046,562	8.04 years
0.16	3,298,611	3,298,611	9.19 years
0.19	1,535,715	1,535,715	9.40 years
0.20	785,000	785,000	7.62 years
0.21	675,000	675,000	5.01 years
0.34	50,000	50,000	7.44 years
0.40	920,000	920,000	6.30 years
0.50	2,700,000	2,000,000	6.40 years
0.60	1,210,000	1,210,000	2.94 years
	21,878,143	20,388,143	

10 Stock Option Plan - continued

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

Exercise price $	Number of options outstanding	Options outstanding and exercisable Number of options exercisable	Weighted average remaining contractual life
0.12	751,645	751,645	7.42 years
0.125	3,765,610	3,765,610	9.34 years
0.145	500,000	300,000	9.89 years
0.15	4,972,966	4,972,966	8.21 years
0.20	835,000	835,000	8.63 years
0.21	675,000	675,000	6.01 years
0.34	50,000	50,000	8.44 years
0.40	1,127,500	1,127,500	7.30 years
0.50	2,700,000	2,000,000	7.40 years
0.60	1,210,000	1,210,000	3.94 years
	16,587,721	15,687,721	

11 Warrants

The following table summarizes information about the Company’s warrants and the changes during the years:

	2025		2024	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Outstanding – Beginning of year	12,941,850	0.24	45,570,160	0.37
Issued	-		3,764,727	0.25
Expired	(8,602,080)	0.20	(36,393,037)	0.40
Outstanding – End of year	4,339,770	0.30	12,941,850	0.24

11 Warrants - continued

The following table summarizes information about warrants outstanding as at July 31, 2025:

	Warrants outstanding	
Exercise price **$**	**Number of warrants outstanding**	**Average remaining contractual life**
0.20 – 0.28	3,764,727	0.08 – 0.62 years
0.52 – 0.69	535,044	0.01 – 1.67 years
0.95	39,999	1.13 year
	4,339,770	

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

	Warrants outstanding	
Exercise price **$**	**Number of warrants outstanding**	**Average remaining contractual life**
0.194 – 0.30	12,366,805	0.22 – 1.62 years
0.52 – 0.69	535,046	1.14 – 2.73 years
0.95	39,999	2.13 years
	12,941,850	

12 Capital management

The Company includes all components of equity in its capital definition: share capital, stock options, warrants, contributed surplus and deficit. In terms of capital management, the Company's objectives are to preserve its ability to continue as a going concern to ensure its sustainability by obtaining the necessary funding to realize its development activities and to provide in the future an adequate return to its shareholders.

The Company's objectives and policies in terms of capital management have not changed since July 31, 2024.

13 Financial expenses

Net financial expenses are as follows:

	2025 $	2024 $
Interest expenses and bank charges	33,696	10,377
Interest on long-term debt	129,201	362,073
Interest on lease liability	9,162	7,381
Amortization of financial fees	84,383	60,273
	256,442	440,104

14 Net loss per share

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

	2025 $	2024 $
Weighted average number of shares used to calculate the basic loss per share	148,222,531	147,109,779
Items excluded from the calculation of diluted loss per share:		
Stock options	21,878,143	16,587,721
Warrants	4,339,770	12,941,850

For the years ended July 31, 2025 and 2024, the impacts of the warrants and stock options were excluded from the calculation of diluted loss per share as they would have had an anti-dilutive effect.

15 Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2024 – 26.5%) to the effective tax rate is as follows:

	2025 $	2024 $ (Restated- Note 25)
Net Income (Loss) before recovery of income taxes	(5,588,421)	(979,636)
Recovery calculated using the statutory tax rates	(1,480,932)	(259,604)
Increase (decrease) in income tax expense from:		
Stock-based compensation	182,975	193,837
Variation of potential tax assets not recognized	748,543	1,035,757
Impairment of goodwill and intangible assets	1,230,417	-
Non-deductible fees	6,348	392
Previously unrecognized deferred tax asset	(264,256)	(128,982)
Adjustment of previous year tax rate allocation	-	12,299
Other individually insignificant items	1,275	(6,501)
Current tax expense	**424,370**	**847,198**

The significant components of the deferred tax assets (liabilities) of the Company are as follows:

	2025 $	2024 $
Deferred tax		
Deferred tax asset - Operating tax losses carry forward	869,818	1,360,633
Deferred tax liabilities - intangible assets	(869,818)	(1,360,633)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

15 Income taxes - continued

Unrecognized Deferred tax asset

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2025 $	2024 $
Property, plant and equipment	146,369	1,130,072
Lease liabilities	125,804	170,407
Share issuance costs	164,913	158,829
Operating tax losses carried forward	18,219,165	15,697,383
Federal Investment Tax Credits	797,117	665,457
Research and development tax pool	5,418,350	4,590,048
	24,871,718	22,412,196

Operating tax losses carry forward

The Canadian operating tax loss carry forwards expire as noted in the table below. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian operating tax losses expire as follows:

Year	$
2036	1,176,130
2037	419,700
2038	1,881,780
2039	1,985,130
2040	1,692,280
2041	1,673,300
2042	2,464,040
2043	2,772,870
2044	3,383,090
2045	770,860
	18,219,180

16 Related party transactions

The members of key management are the President of the Company, the President of the subsidiary, the Chief Financial Officer and the Directors. During the year ended July 31, 2025, the members of key management were compensated for a total amount of $2,441,770 (2024 – $2,852,725):

	2025 $	2024 $
Included in selling and administrative expenses		
Salaries and benefits	1,439,641	1,848,294
Consultant fees	37,396	83,047
Stock-based compensation (note 10)	672,233	680,759
	2,149,270	2,612,100
Included in research and development expenses		
Salaries and benefits	292,500	240,625
Included in accounts payable		
Accrued salaries and expense reimbursements	101,139	7,890
Bonus	-	680,667
	101,139	688,557

The bonus accrued as of July 31, 2024 was reversed in January 2025 following a decision by the Board of Directors to forfeit the payment due to the announcement of the termination of the Dexlansoprazole distribution license in April 2025.

17 Details of consolidated statements of cash flows

Changes in non-cash working capital items

The changes in non-cash working capital items for the years ended July 31, 2025, and 2024 are as follows:

	2025 $	2024 $
Accounts receivable	6,832,216	(7,100,261)
Tax credits receivable	(214,784)	(79,156)
Inventories	26,376	98,894
Prepaid expenses	52,821	(74,735)
Interest reserve	160,000	(160,000)
Accounts payable	(7,246,640)	12,524,439
Income taxes payable	(1,238,339)	-
	(1,628,350)	5,209,181

18 Reconciliation of liabilities from financing activities

The table below shows the changes in liabilities arising from the Company's financing activities, which includes changes in cash flows and changes without cash consideration:

			Changes without cash consideration	
	Balance as at July 31, 2024 $	Net cash flows from financing activities $	Other changes [(i)] $	Balance as at July 31, 2025 $
Term loan (note 8)	2,075,617	(2,160,000)	84,383	-
	2,075,617	(2,160,000)	84,383	-

			Changes without cash consideration	
	Balance as at July 31, 2023 $	Net cash flows from financing activities $	Other changes $	Balance as at July 31, 2024 $
Term loan (note 8)	-	2,075,617	-	2,075,617
Long-term debt	3,580,000	(3,580,000)	-	-
	3,580,000	(1,504,383)	-	2,075,617

(i) The amortization of deferred financing fees in 2025 is $84,383 (2024 – nil).

19 Economic dependence

During the year, the Company realized 47% (2024 – 45%) of its revenues from one client and 99% (2024 – 99%) of its purchases of inventories from one supplier.

20 Financial instruments

In the normal course of business, the Company is exposed to risks, the most significant of which are market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market factors. Market risk comprises three types of risk: interest rate risk, currency risk and price risk. The Company is exposed to one of these risks: interest rate risk.

Interest rate risk

In 2024, the Company had a long-term loan bearing interest at a variable rate. Consequently, the Company was exposed to interest rate risk based on changes in the prime rate. Based on the balance as at July 31, 2024, a 1% increase in the prime rate would have increased interest expense by $21,600 over a 12-month horizon. The loan was fully repaid during the year ended July 31, 2025.

Credit risk

The Company's cash and cash equivalents are maintained at major financial institutions; therefore, the Company considers the risk of non-performance of these instruments to be remote.

The Company is exposed to credit risk on the loss associated with a counterparty's inability to fulfill its payment obligations. The maximum credit risk is equal to the carrying value of accounts receivable. The Company does not expect to be exposed to a higher-than-normal credit risk.

As at July 31, 2025, approximately 67% (2024 – 67%) of receivables were due from a single client.

Liquidity risk

Liquidity risk is the risk that the Company might have difficulty meeting its commitments associated with financial liabilities. As at July 31, 2025, the Company had current liabilities of $6,614,479 (2024 – $16,747 740). The maturity date of the long-term debt is presented in note 8.

The Company monitors its cash resources. The Company believes that it does not have sufficient liquidity to meet its obligations, and management is considering the possibility of obtaining additional funds through the issuance of shares or debentures, or finding another financial partner (note 1).

20 Financial instruments - continued

Liquidity risk - continued

The table below categorizes the Company's financial liabilities into relevant maturity groupings based on the remaining periods as of July 31, 2025 to the contractual maturity dates.

				2025
	Less than 3 months $	3 months to 1 year $	1 year to 5 years $	Total $
Lease liability	11,566	36,082	78,156	125,804
Accounts payable	6,533,602	-	-	
Income tax liability	33,229	-	-	33,229
	6,578,397	36,082	78,156	6,692,635

The table below categorizes the Company's financial liabilities into relevant maturity groupings based on the remaining periods as of July 31, 2024 to the contractual maturity dates.

				2024
	Less than 3 months $	3 months to 1 year $	1 year to 5 years $	Total $
Long-term debt	85,392	2,242,350	-	2,327,742
Lease liability	11,170	33,512	125,725	170,407
Accounts payable	7,517,669	6,262,574	-	13,780,243
Income tax liability	-	847,198	-	847,198
	7,614,231	9,385,634	125,725	17,125,590

21 Segment information

The Company is currently operating in a single reportable operating segment in Canada, which is the pharmaceutical sector.

The following table details the breakdown of distribution revenues during the financial years:

	July 31 2025 $	July 31 2024 $
Pantoprazole Magnesium	1,320,433	2,038,954
Cléo-35	357,650	384,620
Dexlansoprazole	21,912,252	16,882,412
	23,590,335	19,305,986

22 Subsequent events

On August 7, 2025, the company completed a private placement by issuing 15,753,332 units at a price of $0.15 par unit for gross proceeds of $2,363,000. Each unit consists of one subordinate voting share and one warrant allowing its holder to acquire one subordinate voting share, at a price of $0.20 per share, until August 7, 2027.

The related issuance costs of $44,768 were proportionately split between share capital and warrants and recognized as a reduction in their respective initial value.

As of July 31, 2025 the company received subscriptions for 3,999,999 units to be issued and received proceeds of $600,000 which were held in escrow (note 9).

In August 2025, the Company was informed that the distribution agreement for Pantoprazole magnesium would not be renewed after its expiry date of April 23, 2026.

On October 22, 2025, the Company completed a non-brokered private placement for aggregate gross proceeds of $334,500. The Offering consisted of the issuance of 1,967,649 units of the Corporation at a price of $0.17 per Unit. Each Unit consists of one common share of the Corporation and one Share purchase warrant. Each Warrant entitles the holder thereof to purchase one Share at an exercise price of $0.17 per Share for a period of 24 months from the date of issuance thereof.