



MANAGEMENT'S DISCUSSION AND ANALYSIS: FOR THE YEAR ENDED JULY 31, 2025 & THE QUARTER ENDED JULY 31, 2025

1. INTRODUCTION

This MD&A provides the reader with a summary of the business and financial position of Devonian Health Group Inc. ("the Corporation") as of July 31, 2025. It also provides an overview of the Corporation's performance by comparing its operating results on a consolidated basis for the fiscal year ending July 31, 2025 ("Fiscal 2025") with those for the fiscal year ending July 31, 2024 ("Fiscal 2024").

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 audited consolidated financial statements for the years ended July 31, 2025, and July 31, 2024. The financial information contained in this MD&A has been prepared by Management in accordance with International Financial Reporting Standards (IFRS), based on information available to Management on November 25, 2025. All amounts presented in this document are expressed in Canadian dollars.

2. FORWARD-LOOKING STATEMENTS

The information presented in this MD&A, as well as the discussion and analysis of 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.

3. COMPANY PROFILE

Devonian Health Group is a clinical-stage pharmaceutical company focused on the development of drugs for various autoimmune inflammatory diseases. 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 Health Group L.P. (formerly Altius Healthcare Inc.) is a wholly owned subsidiary of Devonian Health Group Inc. (Devonian). On December 31, 2024, following a corporate reorganization, Altius Healthcare Inc. 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. On the same date, right after the asset transfer, Altius Healthcare Inc. was amalgamated with Devonian Healthcare Group Inc.



The Company's lead product, Thykamine™, has immunomodulatory, antioxidant and anti-inflammatory/fibrotic properties. It is the first product of a complex of active ingredients, extracted from spinach using Supramolecular Complex Extraction and Stabilization Technology (SUPREX™).

The Company owns a pharmaceutical manufacturing complex in Montmagny, Quebec and will be able to carry out all its extraction activities there, once the scale-up process is completed. Devonian also has skin care products developed with the same approach as its pharmaceuticals. The first cosmeceutical product developed by Devonian, is an anti-aging treatment, consisting of day cream, night cream and eye contour. R-Spinasome®, Devonian's proprietary natural active ingredient, is an integral part of this product, ready to be marketed under the brand name Purgenesis™. Purgenesis™ has been awarded the designation of the first dermatologist-distributed product to be recognized by the Canadian Dermatology Association's (CDA) Skin Health Program™. Supported by independent medical specialists and led by an expert advisory board, the CDA program provides guidance for the maintenance of healthy skin, hair, and nails. This product is patented in Canada, Europe, Japan and the United States.

About Altius

Altius, a licensed generic pharmaceutical distribution division, is primarily dedicated to licensing and distributing safe and innovative medicines and health products, designed to help people of all ages lead healthier lives. Altius then leverages its expertise in the commercialization activities required to launch and distribute these drugs in Canada.

Altius' portfolio currently includes two pharmaceutical drugs: Pantoprazole magnesium and Cleo-35, since the license agreement for the distribution of Dexlansoprazole expired on April 17, 2025.

Pantoprazole magnesium is a member of the family of proton pump inhibitors (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. 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.

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

4. 2025 HIGHLIGHTS

OPERATING REVENUE AND CASH FLOW

Driven by the 30% growth of Dexlansoprazole sales the distribution revenues totaled \$23.6 m for fiscal 2025, representing an increase of 22% compared to 2024. Despite the higher cash inflows from sales the Company used cash of \$2.9 m while in 2024 it generated net cash of \$4.8 m. This is primarily due to the repayment of its \$2.2 m term loan in December 2024 and the significant reduction in operating liabilities which used up \$1.6 m of non-cash working capital in comparison to an increase of \$5.2 m in 2024.



The license agreement for the distribution of Dexlansoprazole ended in April 2025 and the one for Pantoprazole is expected to end in April 2026. Combined the two products contributed 98% of the Company's total sales for fiscal 2025 and 2024. Consequently, the Company revised its sales forecast and determined that the carrying value of the goodwill and the licenses acquired with the 2018 acquisition of Altius were no longer recoverable. As a result, the Company recorded an impairment loss of \$4.8 m in the third quarter of 2025 related to the Altius CGU.

RESEARCH AND DEVELOPMENT

i) Pediatric Atopic Dermatitis (AD)

Following the positive results in the adult population, the Company intends to conduct a clinical study on Atopic Dermatitis (AD) in the pediatric population.

During 2025, the Company continued to prepare for this study with the assistance of its service providers, for the management of the clinical study and the manufacturing of the creams required for the study. The Company continues to follow the production qualification process for creams for clinical studies, within a leading global development and manufacturing organization, which provides drug substances, pharmaceuticals and analytical services throughout the drug lifecycle. The manufacturing processes were successfully transferred, allowing the production of the Thykamine™ cream needed for clinical study.

The Company also drafted the protocol for a 12-week, multicenter, randomized, double-blind, vehicle-controlled, Phase II/III clinical study investigating the safety and efficacy of two strengths. (0.05% and 0.1%) of PUR 0110 (Thykamine™) Cream applied twice daily to pediatric patients (3 months to 17 years of age) with mild to moderate atopic dermatitis.

Discussions are ongoing with key opinion leaders (KOLs) in the pediatric sector for their participation in the study. A dermatologist has agreed to serve as the Principal Investigator of the Society's pediatric program. A regulatory agency approval process is planned for the next fiscal year to allow the initiation of clinical study.

Depending on the financing available, and the current cash generated through its subsidiary, the Company expects to be able to initiate the clinical study in 2026. As the estimated costs to conduct such a clinical study are estimated at approximately \$10 m over a period of 18 to 24 months, excluding general and administrative expenses, the Company will have to ensure that additional funds are raised.

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 chapping that can lead to a secondary infection. The condition usually begins during childhood with a changing severity over the years. While the cause of AD is unknown, we believe it involves genetics, a weakened immune system, and can be triggered by environmental factors. AD is the most common skin disease, and its prevalence continues to



increase worldwide. There is currently a pressing need for new effective and well-tolerated treatment options for AD, with an estimated global addressable market of more than US\$25 billion.¹

AD occurs in the first years of life. Studies have shown that 45% of affected children suffer from this disease before the age of 6 months, 60% before the age of one and up to 85% before the age of five. The onset of allergic disease begins in early childhood with atopic dermatitis and is often followed by a food allergy and can also develop into allergic asthma and allergic rhinitis during childhood. The process is defined as "atopic walking".^{2,3,4}

Atopic walking is classically associated with concomitant comorbidities. Potential comorbidities include food allergies, asthma, rhino conjunctivitis, eyelid dermatitis, blepharitis, atopic keratoconjunctivitis, keratoconus, cataracts, and glaucoma (either primary atopic dermatitis or secondary to topical and systemic corticosteroids).⁵ Its pathogenesis is a complex interaction involving an alteration of the skin barrier function, an immune dysregulation involving mainly the inflammatory pathway. Restoration of skin barrier integrity and topical anti-inflammatory therapies are the mainstays of treatment to treat AD and stop atopic walking. Corticosteroids, pimecrolimus, crisaborole, and roflumilast are pharmaceuticals available to treat mild to moderate atopic dermatitis in children.⁶

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 prolonged periods of time to control symptoms and reduce flare-ups. Common side effects include a slight burning or stinging sensation when first applying the medication to the skin.

Crisaborole is intended for children 3 months of age and older with mild to moderate atopic dermatitis. In clinical trials, the most common side effect is pain at the site of application, such as a burning or stinging sensation.

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



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

Topical corticosteroids are a class of medication prescribed for all types of eczema. As with any medication, the use of topical steroids can lead to side effects. The risk of side effects is related to the potency of the steroid, the location, and the duration of use. Most potential side effects will disappear after stopping the use of topical steroids.

Common side effects associated with corticosteroids include thinning of the skin (atrophy), stretch marks (streaks), spider veins (telangiectasia), oral perioral dermatitis (around the mouth), acne, or rosacea-like rashes.

Rarer side effects associated with this class of medication may include suppression of the hypothalamic-pituitary-adrenal axis, growth retardation in young children, glaucoma (damage to the optic nerve of the eye), cataract (clouding of the lens of the eye). Corticosteroids, including topical corticosteroids, are associated with a potentially serious condition called topical steroid withdrawal (TSW). TSW is considered rare but can be disabling for some patients. In its Phase 2 clinical trial in adults diagnosed with mild-to-moderate atopic dermatitis, Devonian's lead product, Thykamine, showed a side effect profile comparable to placebo with significant efficacy.⁷

Devonian's management believes that Thykamine's safety profile combined with enviable efficacy could become a first-choice pharmaceutical product for the treatment of mild to moderate atopic dermatitis in the pediatric population.

About Thykamine™

Thykamine™, the first pharmaceutical product to emerge from Devonian's SUPREX™ platform, is a highly innovative product for the prevention and treatment of health conditions related to inflammation and oxidative stress, including ulcerative colitis, atopic dermatitis, psoriasis, rheumatoid arthritis and other autoimmune diseases. The anti-inflammatory, antioxidant 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 in 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.

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



ii) Other Pharmaceutical Applications of Thykamine™

Radiodermatitis Associated with Radiotherapy

Radiodermatitis (radiological dermatitis, radiation-induced skin reactions or radiological injury) is one of the most common side effects of ionizing radiation applied in radiation therapy to carcinoma of all sites, most commonly tumors of the breast, head and neck area, lungs, and soft tissue sarcomas.

Despite its prevalence, there is no absolute reference for its prevention and management. Many of the interventions currently used are often based on anecdotal evidence, low-value studies, or physician preferences. In addition, trials evaluating topical agents have failed to demonstrate their efficacy in the prevention and management of radiation-induced skin damage.

The anti-inflammatory, antioxidant and immunomodulatory properties of Thykamine™ have been demonstrated by a considerable number of in vitro and in vivo studies. The Company believes that through the multi-target approach offered by Thykamine™, it could be effective for the prevention and treatment of radiodermatitis.

A first draft of the research protocol was written and reviewed by a radiation oncologist. A new final version was drafted taking into account the comments received. The protocol will evaluate the efficacy of PUR 0110 (Thykamine™) 0.1% Cream in preventing radiodermatitis in patients undergoing adjuvant radiation therapy for breast or head and neck cancer. A special cream formulation for this application has been developed and met stability requirements.

Depending on the funding available, the Company estimates that it could start clinical study in 2026. As the costs to conduct such a clinical study are estimated at approximately \$2 m, excluding general and administrative expenses, the Company will need to raise additional funds. However, the necessary fundraising cannot be guaranteed.

iii) Steatohepatitis Associated with Metabolic Dysfunction (MASH)

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

MASLD progresses to metabolic dysfunction-associated steatohepatitis (MASH), which features inflammation, hepatocellular bloating, and subsequent worsening of fibrosis. If left untreated, MASH can progress to cirrhosis of the liver and hepatocellular carcinoma, liver failure, and death. Devonian 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 developed fatty liver disease caused by inflammation and fat accumulation in the organ. Resmetirom, a drug approved by the



U.S. FDA for the management of MASH, was used as a positive control at an oral dose of 3.0 mg/kg once daily for 3 weeks.

Thykamine™ administered orally, at doses of 0.5 mg/kg, 5.0 mg/kg and 50.0 mg/kg, once daily for 3 weeks, provided a hepatoprotective effect preventing the progression of liver disease compared to the control (vehicle) group. The MASH study demonstrates that Thykamine™ has anti-inflammatory and anti-fibrotic effects with the potential to target the underlying pathology of the disease and thus halt the progression of the disease. Further studies are planned to highlight the potential of Thykamine™ to be used in the treatment of MASH.

iv) Fibrosis

Fibrosis is a complex 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 final stage of chronic disease in a number of organs, including the skin, heart, lungs, intestine, liver, and kidneys. The increase in morbidity and mortality results from the loss of structural integrity and function caused by the pathological accumulation of fibrous tissue.

The effects of Thykamine™ on genes associated with fibrosis were measured in the STAM™ mouse model study. Thykamine™ treatment has been associated with the downregulation of key genes associated with the progression of inflammatory diseases to fibrosis.

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

(v) Patents

Devonian has filed two (2) new provisional patents.

The first filing was for the use of Thykamine™ for the treatment of Metabolic dysfunction–associated steatotic liver disease (MASLD), such as MASH. Supported by vivo data, the provisional patent application demonstrates the potential efficacy of thylakoid extracts in treating and slowing the progression of (MASLDs), such as MASH.

The second provisional patent, backed by in vivo data, displays the potential effectiveness Thykamine™ in treating and slowing the progression of fibrosis, and in down regulating several genes associated with fibrogenesis in different organs and tissues.

C) CASH, FINANCING AND SHAREHOLDING



On October 8, 2024, the Board of Directors approved the grant of 3,298,611 stock options of the Company at an exercise price of \$0.16 for a period of 10 years from the date of grant and in accordance with the terms and conditions of the Company's stock option plan. These options granted to managers are exercisable on their date of grant.

On October 10, 2024, the Company amended its articles of amalgamation by creating a new class of shares, consisting of an unlimited number of common shares with one vote per share. Each issued and outstanding Subordinate Voting Share was converted into one Common Share and, upon giving effect to the above-mentioned change, the following classes of shares of the Company and the rights, privileges, restrictions and conditions thereon were repealed:

- i. an unlimited number of multiple voting shares of the Company;
 - ii. an unlimited number of exchangeable voting shares of the Company; and
 - iii. an unlimited number of Subordinate Voting Shares of the Company.
- All of the Company's stock incentive plans will cover the Common Shares as of the date of the Secondary Offering.

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

On December 23, 2024, the Company repaid in full its external debt of \$2.1 m. On December 31, 2024, following a corporate reorganization, Altius Healthcare Inc. 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. On the same date, right after the asset transfer, Altius Healthcare Inc. was amalgamated with Devonian Healthcare Group Inc.

During the second quarter of 2025, following the announcement of the non-renewal of the distribution agreement for Dexamethasone, the Company updated its financial forecast and decided not to pay the bonuses of \$700,000 recorded in accrued expenses as of July 31, 2024. The entire accrual was reversed in the second quarter of 2025.

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.

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 until the closing of August 7, 2025.

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.

Management is currently in discussions with various potential financial partners to support the above-mentioned clinical studies. However, there can be no assurance that these discussions will lead to the funding needed to support these studies.

E) GOVERNANCE

On June 9, 2025, the Company announced the appointment of Dr. André Boulet as Chief Executive Officer of the Company, replacing Mr. Luc Grégoire who has agreed to continue in the new role of Executive Vice President of Strategy of the Company.

In March 2025, the Company renewed and modified its stock option plan to a “fixed plan up to 20%”, as defined under the policies of the TSX Venture Exchange. As a result, 29,644,506 shares of the Company are reserved for the grant of stock options.

5. KEY FINANCIAL INFORMATION

	For the year ended July 31, 2025	For the year ended, July 31, 2024
	\$	\$
Distribution revenues	23,590,335	19,305,986
Operating expenses		
Research and development	2,006,051	1,287,895
Cost of goods	15,031,784	11,826,082
Sales and administrative expenses	7,323,483	6,805,451
Financial charges	256.442	440.104
Interest income	(278.071)	(73.910)
Impairment charge	4,839,067	-
Income taxes	424.370	847.198
Net loss and comprehensive loss	(6,012,791)	(1,826,834)
Net loss per share	(0.041)	(0.012)
Total assets	15,830,303	30,733,450
Total liabilities	6,692,635	16,873,464
Shareholder's equity	9,137,668	13,859,986

NET LOSS

For the year ended July 31, 2025, net loss attributable to shareholders amounted to \$6,012,791 (\$0.041 per share) compared to a net loss of \$1,826,834 (\$0.012 per share) for the previous year. This increase in net loss compared to the prior year is due to \$4,839,067 one-time, non-cash impairment charge of intangible assets and goodwill of the Altius CGU, following the termination of the license agreement for the distribution of Dexametazone in April 2025. Excluding the impact of the impairment charge, the Company's net loss for the year is \$653,110 (36%) lower than in 2024 reflecting stronger sales performance by 22%.



REVENUE

During the year ended July 31, 2025, net distribution revenues of \$23,590,335 were recorded. These revenues come from the sales of Dexlansoprazole, Pantoprazole Magnesium and Cleo-35, through its subsidiary Altius. For the previous fiscal year, revenues of \$19,305,986 were recorded from the sales of the same three products. This increase in revenue was primarily driven by sales of Dexlansoprazole, which was only launched at the end of January 2024. Dexlansoprazole was highly successful on the market and achieved 30% higher sales in 2025 in comparison to 2024. The sales of Pantoprazole magnesium and Cleo-35 decreased in 2025 by 35% and 7% respectively. The distribution agreement for Dexlansoprazole expired in April 2025 and the Company was advised that the distribution agreement for Pantoprazole Magnesium will not be renewed after its end date in April 2026.

Given that both products contributed 98% of Altius' total revenues, the Company is currently assessing strategic options to mitigate the impact of this change. These options include the pursuit of partnerships with established pharmaceutical companies for the commercialization of other generic molecules, as well as the potential divestment of its operations in this segment.

A divestment from the generic pharmaceutical distribution sector would allow the Company to completely focus resources and focus on its core area of expertise — namely, the research and development of novel and innovative pharmaceutical therapies.

RESEARCH AND DEVELOPMENT EXPENSES

For the year ended July 31, 2025, research and development expenses amounted to \$2,006,051, an increase from \$1,287,895 in the previous fiscal year. Of these costs, \$482,426 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 equipment. Fees of \$837,605 are related to other applications of Thykamine™, including Steatohepatitis associated with metabolic dysfunction (MASH) and fibrosis.

These Research and Development expenses also include patent maintenance costs totaling \$78,185, a payroll of employees assigned to this sector of \$512,321 and \$310,298 attributable to the amortization of tangible assets at the Montmagny extraction centre. It should be noted that the total amount of \$2,006,051 is net of the repayment in the form of a research and development credit of \$214,784 that will be claimed by government authorities for the 2025 fiscal year.

Management estimates that additional costs of nearly \$10 m will be required to complete the clinical study of pediatric Atopic Dermatitis and \$2 m to conduct the Radiodermatitis clinical study, excluding administrative burdens. The Company does not currently have the necessary funds to complete such studies and will therefore have to raise funds from external sources if it intends to complete it. There can be no assurance that these funds will be raised.

COST OF SALES



Cost of goods sold amounted to \$15,031,784 for fiscal 2025 and comprises acquisition, distribution, royalties and direct expenses attributable to revenues sold by our subsidiary Altius, as well as an amortization expense of \$35,611 on intangible assets. For fiscal 2024, these costs, which totaled \$11,826,082, were also attributable to the same products sold by Altius but with an amortization expense of \$370,929.

This increase is justified by the growth in sales in 2025, particularly Dextansoprazole.

OPERATING EXPENSES

Sales & Administration Expenses

The distribution of items related to general administrative expenses is as follows:

	Year ended July 31, 2025	Year ended July 31, 2024
	\$	\$
Salaries	1,221,039	2,019,847
Stock options compensation	690,473	731,459
Professional fees	1,695,582	1,323,762
Property taxes	126,156	121,561
Distribution fees	1,877,444	1,245,477
Others	1,712,789	1,363,345
	7,323,483	6,805,451

For the year ended July 31, 2025, general administrative expenses amounted to \$7,323,483 compared to \$6,805,451 for fiscal 2024. This increase compared to fiscal 2024 is mainly due to higher professional fees, distribution charges and other expenses, partially offset by lower payroll expenses and stock-based compensation.

Salary expenses amounted to \$1,221,039 for fiscal 2025, compared to \$2,019,847 for the prior fiscal year. The decrease is primarily attributable to the reversal of bonus accruals totaling \$700,000 that had been recorded as of July 31, 2024. Following the announcement of the non-renewal of the distribution agreement for Dextansoprazole, the Company reassessed its financial forecasts and determined that the previously accrued bonuses would not be paid. Accordingly, the entire accrual was reversed in 2025.

The stock-based compensation expense of \$690,473 (a non-cash expense) is attributable to the 6,122,922 stock options granted to officers, directors and employees in accordance with the terms of the stock option plan. During fiscal 2024, an expense of \$731,459 was recorded as a result of the grant of 7,400,221 stock options also to members of management, directors and employees of the Company.

Professional fees, totaling \$1,695,582 for the full year 2025, are mainly related to fees for the audit of the Company's consolidated financial statements, legal fees associated with ongoing



development projects and corporate matters, as well as costs incurred to enhance systems, controls and corporate structure and to evaluate potential financing opportunities and access to capital markets. Professional fees of \$1,323,762 were incurred in the prior fiscal year.

Distribution costs for fiscal 2025 totaled \$1,877,444 compared to \$1,245,477 for fiscal 2024. These fees are related to commissions paid to various Altius partners for the distribution of Dexlansoprazole, Pantoprazole magnesium and Cleo-35. The year-over-year increase is in line with the higher sales volumes of Dexlansoprazole.

Other expenses totaled \$1,712,789 for fiscal 2025 compared to \$1,363,345 and include operating expenses related to Altius and the Montmagny site, travel expenses, management and consulting fees, and costs associated with the Company's publicly traded securities. The increase compared to fiscal 2024 primarily reflects higher insurance premiums, increased maintenance costs, and additional fees incurred in connection with regulatory compliance.

FINANCIAL REVENUES AND EXPENSES

Financial expenses amounted to \$256,442 for the year ended July 31, 2025, compared to \$440,104 for the previous year and are attributable to the amortization of deferred expenses and interest paid on long-term debt, repaid in December 2024.

The Company also reported interest income of \$278,071 for fiscal 2025, compared to \$73,910 in 2024. This increase reflects higher returns generated on surplus cash invested in term deposit certificates.

6. FOURTH QUARTER

RESULTS

For the three-month period ended July 31, 2025, the Company recorded a net loss of \$374,964 (\$0.003 per share), compared to net income of \$750,090 (\$0.005 per share) for the same period in 2024. The decrease is primarily attributable to a reduction in distribution revenues, particularly those related to Dexlansoprazole, for which distribution concluded in the third quarter of 2025.

Distribution revenues for Cleo-35® and Pantoprazole Magnesium totaled \$1,278,554 in the fourth quarter of 2025, compared to \$10,149,360 for the corresponding period in 2024 which also included sales of Dexlansoprazole.



7. QUARTERLY INFORMATION

For the three months ended

	July 31, 2025	April 30, 2025	Jan. 31, 2025	Oct. 31, 2024	July 31, 2024	April 30, 2024	Jan. 31, 2024	Oct. 31, 2023
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	1,278,554	7,363,371	8,827,629	6,120,781	10,149,360	5,431,483	2,355,080	1,370,063
Net income (loss)	(374,964)	(4,803,402)	(227,759)	(606,666)	750,090	(645,160)	(1,210,202)	(721,562)
Basic earnings (loss) per share	(0.003)	(0.032)	(0.002)	(0.004)	0.005	(0.004)	(0.01)	(0.005)
Diluted earnings (loss) per share	(0.003)	(0.032)	(0.002)	(0.004)	0.005	(0.004)	(0.01)	(0.005)

8. FINANCIAL SITUATION

Liquidity and Capital Resources

As of July 31, 2025, the Company had cash and cash equivalents totaling \$6,983,620 compared to \$9,862,511 as of July 31, 2024. For fiscal 2025, the net decrease in cash was primarily due to the repayment of its \$2.2 m term loan in December 2024 and the significant reduction in operating liabilities which used up \$1.6 m of non-cash working capital in comparison to an increase of \$5.2m in 2024.

Total assets as of July 31, 2025, amounted to \$15,830,303 compared to \$30,733,450 as of July 31, 2024. This significant decrease is mainly due to the decrease in accounts receivable, the write-off of goodwill and intangible assets, as well as the reduction of cash and cash equivalents.

Total liabilities as of July 31, 2025, amounted to \$6,692,635 compared to \$16,873,464 as of July 31, 2024, a decrease mainly due to the reduction of operating liabilities and the repayment of the term loan.



Financing Activities

The cash used for financing activities for fiscal 2025 is mainly attributable to the repayment of the \$2,160,000 term loan, partially offset by \$600,000 in subscribed share capital to be issued as part of a private placement closed on August 7, 2025.

Until recently, the Company has financed its operations through private placements of common shares and rights, as well as the issuance of convertible debentures and operating revenues generated by its subsidiary.

The Company's profitability is based on factors such as its ability to commercialize, sell and distribute its cosmeceutical and pharmaceutical products, the success of the various clinical studies as well as the various approvals from regulatory bodies, as well as the ability to obtain the necessary financing to pursue its projects. The Company's ability to continue operations on a going concern basis depends on its ability to raise capital and secure strategic alliances and licensing agreements.

9. OUTSTANDING SHARE DATA

As of November 25, 2025, the number of issued and outstanding shares was 165,943,512 while the number of outstanding stock options granted under the stock option plan was 21,878,143, of which 20,388,143 are exercisable. These options are exercisable at a price ranging from \$0.12 to \$0.60. The Company also had 19,608,744 warrants, entitling holders to subscribe for one subordinate voting share of the Company at a price ranging from \$0.17 to \$0.95 per share.

10. RELATED PARTY TRANSACTIONS

The Company's principal officers are the President, the President of the Subsidiary, the Chief Financial Officer and the Directors. During the fiscal year ended July 31, 2025, the Company paid total compensation of \$2,441,770, including \$1,732,141 in salaries, bonuses, and benefits, \$37,396 in consulting fees and \$672,233 in the form of stock-based compensation. As of July 31, 2025, the Company owes them \$101,139 accrued for salaries, vacation, and expense reimbursements.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Use and Impact of Financial Instruments

The main financial instruments used by the Corporation are derived 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 its sales. Its financing activities during fiscal 2025 resulted primarily in subscribed capital of the Company.



Currency Risk

During the year ended July 31, 2025, the Company conducted few transactions in foreign currencies and of minimal value. Management will evaluate options to deal with future fluctuations in the Canadian dollar against the U.S. dollar in the event that 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 since it has repaid all of its debt to Fiera Dette Privée.

Liquidity Risk

Liquidity risk is the risk that the Company will have difficulty meeting commitments related to financial liabilities. As of July 31, 2025, the Company had current liabilities of \$6,614,479 compared to \$16,747,740 in 2024. 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' revenues in 2025 were derived from three products: Dexlansoprazole, Cleo-35, Pantoprazole Magnesium. The distribution agreement for Dexlansoprazole ended in April 2025 and the one for Pantoprazole Magnesium will end in April 2026.

In fiscal year 2025, Altius realized 47% of its revenue from one customer and 99% of its purchases from a single supplier. 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.

Given that Dexlansoprazole contributed 93% of Altius' total revenues, the Company is currently assessing strategic options to mitigate the impact of this change. These options include the pursuit of partnerships with established pharmaceutical companies for the commercialization of other ultra-generic molecules, as well as the potential divestment of its operations in this segment.

A divestment from the generic pharmaceutical distribution sector would allow the Company to completely focus resources and focus on its core area of expertise — namely, the research and development of novel and innovative pharmaceutical therapies.

The Company relies heavily on a number of key leaders and scientists.

The Company is highly dependent on its management. As such, the loss of key employees of the Company could be detrimental to the Company. Although the Company enters into employment contracts with all members of its staff, these employment contracts 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 on its ability to attract and retain highly qualified scientific, management, medical, manufacturing, clinical and regulatory staff as the Company expands its operations and seeks regulatory approvals for its clinical trial activities. The Company enters into agreements with its scientific and clinical collaborators and advisors, key opinion leaders, and academic partners in the normal course of business. The Company also enters into agreements with physicians and institutions that will recruit patients on its behalf for the Company's clinical trials in the normal course of business. In the event of the departure of key academic and scientific personnel, including employees or collaborative partners who work on the development of the Company's research activities, the Company's current and future development programs could be delayed or adversely affected. Notwithstanding these agreements, the Company faces significant competition for such personnel from other companies, research and academic institutions, government entities, and other organizations. The Company cannot predict its success in hiring or retaining the staff it needs to continue to grow. In addition, due to limited financial resources, the Company may not be able to successfully expand its operations due to difficulties in recruiting and training new qualified personnel. Increasing staff can lead to a significant diversion of management time and resources.

The Company's success also depends on its ability to recruit, retain and motivate qualified scientific, clinical, manufacturing and marketing staff. The Company may not be able to attract and retain such personnel on acceptable terms given the competition among many pharmaceutical and biotechnology companies for similar personnel. The Company also faces competition for the hiring of scientific, clinical, university and research staff from universities.

Risks Related to Research and Development Activities

The Company's operations involve industry-specific risks and uncertainties that could affect its operations, financial condition and results of operations. The conduct of clinical trials may not support the hypotheses envisaged. The need to recruit patients and the difficulties in recruiting patients could delay the progress 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 indications 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 allegations of patent infringement or other intellectual property infringement claims. The Company may be required by Health Canada, the FDA or other comparable foreign authorities to conduct additional studies in addition to those currently planned by the Company or experience delays in the completion of its clinical trials.



In addition, as our human resources are too limited to conduct preclinical studies and clinical trials, we will have 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 comply with international governance standards of the International Council for Harmonisation (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 they fail to perform their contractual obligations in accordance with the terms of the agreements entered into with us, such as failure to conduct tests, compile data or produce reports following trials, We could experience delays that could prove significant in meeting our commitments.

Risks of our Actions

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.

12. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

In August 2025, the Company was informed that the distribution agreement for pantoprazole magnesium would not be renewed after its expiration on April 23, 2026.

In addition to the private placement completed on August 7, 2025 (see section Cash, financing and shareholding above) 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.

13. 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 ending July 31, 2025, for further details regarding significant accounting policies and estimates for the purpose of evaluating and understanding the Company's financial statements.



14. GOING CONCERN ASSUMPTION

The consolidated financial statements have been prepared on a going concern basis, which assumes that assets will be realized and liabilities will be realized in the normal course of operations for the foreseeable future. Accordingly, these consolidated financial statements do not include any adjustments to reflect the potential impact on the recovery and classification of assets, or on the settlement or classification of liabilities, should the Company no longer be able to continue its normal course of business. The Company is engaged in a botanical drug development process and will need to secure the necessary financing to continue operations until the commercialization phase of its products. The Company has incurred losses since its incorporation and expects this situation to continue for the foreseeable future. The Company's liquidity remains constrained, considering all ongoing projects. As a result, the Company's ability to continue to operate depends on its ability to source from its pharmaceutical suppliers, its ability to distribute its products on a positive cash flow basis, and to obtain additional financing in a timely manner in order to carry out its research and development projects and to commercialize the products developed. There can be no assurance about that. Management is continuing discussions to obtain additional funding and enter into various discussions to generate the cash flow required to complete all of its anticipated research projects. The success of these negotiations is based on a large number of factors beyond the Company's control and its ability to successfully complete such financings and agreements is subject to significant uncertainty that may cast significant doubt on its ability to complete all of its projects. These consolidated financial statements do not reflect the adjustments to the carrying amount of assets and liabilities and the reported expenses and reclassifications that would be required if the Company were unable to realize its assets and settle its liabilities in the normal course of business. Such adjustments could be significant.