



Q1 2026

**MANAGEMENT'S DISCUSSION AND ANALYSIS:
FOR THE THREE-MONTH PERIODS ENDED
OCTOBER 31, 2025 AND OCTOBER 31, 2024**

1. INTRODUCTION

This MD&A provides the reader with a summary of the business and financial position of Devonian Health Group Inc. ("Devonian" or the "Company") as of October 31, 2025. It also provides an overview of the Corporation's performance by comparing its operating results on a consolidated basis for the three-month period ended October 31, 2025 with those for the three-month period ended October 31, 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 unaudited condensed consolidated financial statements ("consolidated financial statements") for the three-month periods ended October 31, 2025 and 2024 and the audited consolidated financial statements for the fiscal 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 the International Financial Reporting Standards (IFRS), based on information available to Management on December 11, 2025. All amounts presented in this document are expressed in Canadian dollars unless otherwise specified.

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 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 subsidiary of 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.

Devonian'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 organic baby 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 business ("the subsidiary of Devonian"), 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, Altius 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. HIGHLIGHTS FOR THE THREE-MONTH PERIOD ENDED OCTOBER 31, 2025

FINANCING

During the quarter ended October 31, 2025, the Company successfully completed \$2.7 million gross proceeds through private placements, strengthening its liquidity. Cash and cash equivalents totaled \$6.6 million at the end of the period, modestly lower than the \$7.0 million reported as of July 31, 2025. The Company is debt free.

DISTRIBUTION REVENUES, NET LOSS AND OPERATING CASH FLOWS

Distribution revenues for the three-month period ended October 31, 2025 were \$1.05 million, an 83% decrease from \$6.12 million in the prior year, reflecting the expiry of the Dexlansoprazole distribution agreement in April 2025. The revenue decline reduced the comparative gross margin by \$1.5 million.

The Company reported a net loss during the quarter of \$1.6 million (versus \$0.6 million for the same period in 2024). The comparative increase in net loss of nearly \$1 million is mainly related to the mentioned-above reduction of the gross margin of \$1.5million, partially offset by a \$0.5 million reduction in sales and administrative as well as financial expenses.

The Company during the quarter ended October 31, 2025, used \$2.3 million in operating activities cash flows, compared with generating \$2.6 million in the same period last year. The \$4.9 million decrease in operating cash flows is mainly due to the net change in non-cash working capital items for an amount of nearly \$3.5 million related to the payments of accounts payable, as well as the \$1.4 million higher comparative net loss net of items not affecting cash.

RESEARCH AND DEVELOPMENT

Stages of Development

Dermatology

Therapeutic Indication	Development stage
Atopic dermatitis in adult population	Phase 3 (ready)
Atopic dermatitis in pediatric population	Phase 2/3 (ready)
Radiodermatitis associated to radiotherapy	Pivotal (ready)



Others

Therapeutic Indication	Development stage
Inflammatory Bowel Disease (Gastroenterology)	Phase 2a (completed)
MASH	Preclinical (ongoing)
Fibrosis	Preclinical (ongoing)

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 the quarter ended October 31, 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 finalized the protocol for a 12-week, multicenter, randomized, double-blind, vehicle-controlled, Phase 2/3 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 (the “Pediatric AD clinical study”).

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 Company's pediatric program. A regulatory agency approval process is planned for the current fiscal year to allow the initiation of Pediatric AD clinical study.

Depending on the financing available, and the current cash generated through its subsidiary, the Company expects to be able to initiate the Pediatric AD clinical study in 2026. As the estimated costs to conduct such a clinical study are estimated at approximately \$10 million 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 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

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 2a clinical study in patients with mild to moderate distal ulcerative colitis and in a Phase 2 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.

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 considering the comments received. The protocol will evaluate the

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



efficacy of PUR 0110 (Thykamine™) 0.1% Cream in preventing radiodermatitis in patients undergoing adjuvant radiation therapy for breast 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 million, 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 into 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 ongoing 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 several 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 has initiated further studies to further elucidate the potential use of Thykamine™ as an anti-fibrotic agent.

(v) Patents

Devonian has filed during the fiscal year 2025 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.

During the quarter, further analyses were made to support additional claims for the above-mentioned provisional patents.

CASH, FINANCING AND SHAREHOLDING

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

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.



OTHER

On November 26, 2025, the Company announced the appointment of Mr. Pierre Labbé as new board member following the resignation from the board of directors of Mr. Jean Forcione on September 30, 2025.

In October 2025 Dr. André Boulet, PhD, Chairman and Chief Executive Officer of the Company, presented at the ThinkEquity Conference in New York City. The event brought together leading institutional investors, analysts, and growth-oriented companies for presentations and networking opportunities.

5. KEY FINANCIAL INFORMATION

	For the three months ended Oct. 31, 2025	For the three months ended Oct. 31, 2024
	\$	\$
Distribution revenues	1,052,243	6,120,781
Operating expenses		
Research and development	460,271	494,131
Cost of goods	522,131	4,144,574
Sales and administrative expenses	1,663,649	2,051,224
Financial expenses	3,913	125,895
Interest income	(38,593)	(88,377)
Net loss and comprehensive loss	(1,559,128)	(606,666)
Net loss per share	(0.009)	(0.004)

NET LOSS

For the three-month period ended October 31, 2025 the net loss attributable to shareholders amounted to \$1,559,128 (\$0.009 per share) compared to a net loss of \$606,666 (\$0.004 per share) for the same period last year. This increase in net loss compared to the prior year is primarily due to 83% lower revenues after the expiry of the Dexamethasone distribution agreement in April 2025. The revenue decline reduced the gross margin by \$1.5 million, partially offset by a \$0.5 million reduction in sales and administrative as well as financial expenses.

REVENUES

During the three-month period ended October 31, 2025, the Company recorded net distribution revenues of \$1,052,243, derived from sales of Pantoprazole Magnesium and Cleo-35 through its distribution subsidiary, Altius. This compares to \$6,120,781 in revenues for the same period in the prior year, which included sales of Dexamethasone. The expiry of the Dexamethasone distribution agreement in April 2025 resulted in a significant decline in overall revenues, despite stronger performance from Pantoprazole Magnesium and Cleo-35.



In August 2025, the Company was informed that the distribution agreement for Pantoprazole Magnesium will not be renewed upon its expiry in April 2026.

Given that Dexlansoprazole and Pantoprazole Magnesium contributed 98% of Altius' total revenues in fiscal year 2025, 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 their 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 three-month period ended October 31, 2025, research and development expenses amounted to \$460,271, slightly lower than \$494,131 in the same period in 2024. Of these current quarter costs, \$141,830 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 \$180,965 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 \$12,430, a payroll of employees assigned to this sector of \$87,480 and \$37,398 attributable to the amortization of tangible assets at the Montmagny extraction center.

Management estimates that additional costs of nearly \$10 million will be required to complete the clinical study of pediatric Atopic Dermatitis and \$2 million 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 them. There can be no assurance that these funds will be raised.

COST OF SALES

Cost of goods sold for the three-month period ended October 31, 2025 totaled \$522,131, consisting of products acquisition, distribution, royalty, and other direct expenses associated with revenues generated by the Company's subsidiary, Altius. As these costs are largely proportional to revenue levels, the significant decline in sales during the period resulted in an 87% reduction in cost of goods sold, compared to the same period in 2024 when these costs totaled \$4,144,574.



OPERATING EXPENSES

Sales & Administrative Expenses

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

	Three months ended October 31, 2025	Three months ended October 31, 2024
	\$	\$
Salaries	673,720	416,283
Stock options compensation	-	395,833
Professional fees	310,413	264,336
Property taxes	32,996	31,633
Distribution fees	313,650	514,848
Others	332,870	428,291
	<u>1,663,649</u>	<u>2,051,224</u>

For the three-month period ended October 31, 2025, general and administrative expenses totaled \$1,663,649, compared to \$2,051,224 for the same period in 2024. The decrease is primarily attributable to the absence of stock-based compensation expense in the first quarter ended October 31, 2025. No stock options were granted or vested during the period in 2025, resulting in no stock option expense being recorded. In contrast, the comparable period in 2024 included \$395,833 of expenses related to a grant of fully vested stock options. Stock options are normally granted to officers, directors and employees in accordance with the terms of the stock option plan and at the discretion of the Remuneration Committee and the Board of Directors.

Salary expenses amounted to \$673,720 for the three-month period ended October 31, 2025, compared to \$416,283 in the same period in 2024. The increase is mainly attributable to the accrual of a one-time severance of \$300,000 paid to an Altius executive in November 2025.

Professional fees, totaling \$310,413 for the three-month period ended October 31, 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 \$264,336 were incurred in the same period last year.

Distribution costs for the three-month period ended October 31, 2025 totaled \$313,651 compared to \$514,848 in the same period in 2024. These fees are related to commissions paid to various Altius partners for the distribution of Pantoprazole magnesium and Cleo-35 and previously Dexlansoprazole. The comparable decrease is in line with the lower sales volumes.



Other expenses totaled \$332,871 for the three-month period ended 2025 compared to \$428,291 in prior year 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 decrease is explained mainly by lower consulting and travel fees and other small savings in various expense types.

FINANCIAL REVENUES AND EXPENSES

Financial expenses consisting mainly of bank charges amounted to \$3,913 for the three-month period ended October 31, 2025 compared to \$125,895 for the previous year which included interest on a long-term debt which was fully repaid in December 2024.

The Company also reported interest income from cash invested in term deposit certificates of \$38,593 for the three-month period ended October 31, 2025 compared to \$88,377 in 2024.

6. QUARTERLY INFORMATION

	For the three months ended							
	Oct 31, 2025	July 31, 2025	April 30, 2025	Jan. 31, 2025	Oct. 31, 2024	July 31, 2024	April 30, 2024	Jan. 31, 2024
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	1,052,243	1,278,554	7,363,371	8,827,629	6,120,781	10,149,360	5,431,483	2,355,080
Net income (loss)	(1,559,128)	(374,964)	(4,803,402)	(227,759)	(606,666)	750,090	(645,160)	(1,210,202)
Basic and diluted earnings (loss) per share	(0.009)	(0.003)	(0.032)	(0.002)	(0.004)	0.005	(0.004)	(0.01)

7. FINANCIAL SITUATION

Liquidity and Capital Resources

As of October 31, 2025, the Company had cash and cash equivalents totaling \$6,642,808 compared to \$6,983,620 as of July 31, 2025. The Company used \$2,348,902 which is mostly offset by the cash inflow of \$2,021,531 from two private placements completed during the three-month period ended October 31, 2025.

Total assets as of October 31, 2025, amounted to \$15,570,555 which is in line with the amount reported as of July 31, 2025 of 15,830,303.



Total liabilities as of October 31, 2025, amounted to \$5,970,484 compared to \$6,692,635 as of July 31, 2025, a decrease mainly due to the reduction of operating liabilities and payment of income taxes.

Financing Activities

The Company finances its operations through private placements of common shares and rights, as well as the issuance of convertible debentures and, until recently, from operating revenues generated by its subsidiary. As mentioned earlier, two private placements were completed during the three-month period ended October 31, 2025 resulting in the issuance of 17,720,981 common shares and the same number of warrants for total gross proceeds of \$2,697,500.

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.

8. OUTSTANDING SHARE DATA

As of December 11, 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 per share. The Company also had 19,608,744 warrants, entitling holders to subscribe for one common share of the Company at a price ranging from \$0.17 to \$0.95 per share.

9. RELATED PARTY TRANSACTIONS

The Company's principal officers are the Chairman and CEO, the President of the Subsidiary Altius, the EVP Strategy, the Chief Financial Officer and the Directors. During the three-month period ended October 31, 2025, the Company recorded a total compensation of \$638,125 for salaries and benefits including the accrual of a severance of \$300,000. As of October 31, 2025, the Company owes to related parties \$381,679 accrued for vacation and severance.



10. 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 the three-month period ended October 31, 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 if the value of foreign currency transactions is material. Financial expenses as well as general administrative expenses could be influenced by these financial instruments.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to the risk of interest rate fluctuations since it has fully repaid its debt.



Liquidity Risk

Liquidity risk is the risk that the Company will have difficulty meeting commitments related to financial liabilities. As of October 31, 2025, the Company had current liabilities of \$5,904,678 compared to \$6,614,479 as of July 31, 2025. 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 the three-month period ended October 31, 2025 were derived from two products: Cleo-35 and Pantoprazole Magnesium. The distribution agreement for Dexlansoprazole ended in April 2025 and the one for Pantoprazole Magnesium will end in April 2026. In the three-month period ended October 31, 2025 Altius realized 37% of its revenue from one customer and 98% 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 generic molecules, as well as the potential divestment of their 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 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 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 with us, such as failure to conduct tests, compile data or produce reports following trial. We could experience delays that could prove significant in meeting our commitments.



Share volatility risk

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



11. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

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

12. 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.