

Q&A with Dr. Andre P. Boulet, Ph.D., President and CEO of Devonian Health Group, Inc. using their proprietary Extraction and Stabilization Process to develop Botanical Based Pharmaceutical products for Atopic Dermatitis and Ulcerative Colitis



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CEOCFO: *Dr. Boulet, what is the vision behind Devonian Health Group, Inc?*

Dr. Boulet: Devonian's platform is based on a technology that allows you to extract active molecules from plants. These active molecules can then be developed under the US FDA Botanical Drug Regulation. We are a new pharmaceutical company specializing in developing botanical drugs.

CEOCFO: *What are the challenges in extracting from plants? Do you have a method that is a bit different than others or is it that you are looking at different things to extract or both?*

Dr. Boulet: We have a specific extraction technology allowing not only to extract, but also to stabilize these molecules. Many times, extracted molecules from plants are unstable; therefore, we cannot freeze dry and keep them. Our patented technology allows the extraction and stabilization of components found in several plants. We are patented worldwide for everything that is photosynthetic, which includes not only green plants and brown plants, but also algae, micro algae and in some cases, micro bacteria because some have photosynthetic capacities. Obviously, the secret is to extract, stabilize and always extract the same way, giving what we call the fingerprint of these molecules. You need a specific fingerprint to develop a drug. Again, I want to underline that we are not a natural health product company. We are a pharmaceutical company and these extracts are developed as prescription drugs. Therefore, we need to demonstrate to the FDA that we always have the same fingerprint of these extracted molecules, as well as confirming the stability. We currently have five-year stability data for the first product we developed and four-year stability data for our second product. With our extraction technology and our partners (growers) we are able to

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demonstrate traceability from the seed to the pill, as required by the FDA.

CEOCFO: *What is different about your process?*

Dr. Boulet: The key component of our process is definitively the stabilization of these molecules. During a due diligence with a company offering special equipment we were looking for, they were pleasantly surprised to see the stability we got from these molecules that are usually highly sensitive. We have a cGMP extraction facility here in Quebec, where you can bring in a plant, that by pharmaceutical standards is considered a dirty component, and deliver a pure pharmaceutical ingredient as per pharmaceutical standards. There is even specific lighting at our facility in order to protect what we extract, and that from the onset of the process. Really, the key component of what we do is stabilization of these molecules to secure a long shelf life.

CEOCFO: *How have you decided what to work on?*

Dr. Boulet: I am a former venture capitalist, so I am always looking for a developing product as fast as possible. We selected the first anti-inflammatory drug that we have. We knew that it had the potential of being a general anti-inflammatory drug, but as you know, with inflammation there are many health conditions. You could go into cardiovascular diseases but it is expensive to develop and you need long-term trials. Therefore, we selected two specific and underserved conditions to investigate. One is atopic dermatitis and the other is ulcerative colitis. Why? Because we felt they were the best therapeutic areas to demonstrate the proof of concept that we had an anti-inflammatory drug, and doing so at lower development cost. That is because the trials that you do in ulcerative colitis or in atopic dermatitis usually last about two months, for proof of concept purposes, so avoiding excessive costs usually seen with long-term trials. In both cases you do not need sophisticated instruments to measure the affect. You do not need NMR, or an expensive procedure to measure the effect. This means the overall cost of clinical trials to demonstrate the proof that you have an anti-inflammatory drug is much lower in atopic dermatitis and ulcerative colitis than, for instance in arthritis or cardiovascular diseases. This is how we selected the first target for the first project which is an anti-inflammatory drug. We have a second product that we have also patented. It is called the R-Spinasome®. This is a very strong antioxidant. Therefore, we have decided to look at the feasibility of developing an anti-aging cream treatment and conducted a double-blind comparative study, and we are proud to say that we are probably the only one in the cosmetic world doing double blind clinical trials. This study demonstrated superiority over two other prestige brands. One of them is known as being an anti-wrinkle. The results were evident within twenty-four hours, so you can imagine why we wanted to patent everything. We have decided to go there. We won an award two weeks ago in Europe from a technology point of view recognizing our anti-aging treatment. We always select the low hanging fruits that are generating the proof of concept fast in order to bring it as fast as we can to the market with a partner.

CEOCFO: *Why is the same drug valid for what seems like different conditions? Is it the fact that anti-inflammatory is anti-inflammatory, so you can work on dermatitis and on colitis with the same drug?*

Dr. Boulet: Yes, absolutely and it is not the first drug that demonstrates multiple applications. Many drugs with anti-inflammatory activity have been used in the past for ulcerative colitis and atopic dermatitis (eczema)

as well and other conditions such as psoriasis. We are dealing with autoimmune diseases and you have an increase in different blood markers of inflammation. Therefore obviously, if you develop a drug, for example, that shows effects on symptoms and blood biomarkers of inflammation you have a great change that it is going to work in Crohn's, ulcerative colitis, eczema, psoriasis and other inflammatory diseases. Just to add a little bit to that, in our Phase II clinical trial in ulcerative colitis we measured the effect on two markers that are involved in cardiovascular diseases, CRP and hsCRP. These markers were measured in a limited sub population of our trial and we have demonstrated there that our drug decreased these markers by eighty percent after fourteen days of therapy alone, which at the end is the proof that this drug could probably also be used for cardiovascular diseases where there is inflammation.

CEOCFO: *What is available today? Who is using what is available? How are people finding out? Where are you right now?*

Dr. Boulet: First the patented anti-aging treatment, marketed as Purgenesis™, has been recognized by the Canadian Dermatology Association Skin Health Program. The product is being distributed by our commercial division Altius Healthcare Inc, only through dermatologists. This is the first product line for this brand. We have a line of products coming out shortly, completely new for skin care, and will be exclusively sold by dermatologists. We are moving to the US next year, again through dermatologists. Then, with the anti-inflammatory drug - Thykamine™ - is currently completing a Phase II clinical trial in eczema. Next year we are launching a large Phase II / III clinical trial in ulcerative colitis throughout North America, which will be filed at the FDA. Therefore, the product is not available for the general population as we speak, but we think we could have a fast track review from the US FDA because it is has outstanding efficacy as we have seen right now, even in humans.

CEOCFO: *How are you or how will you be distributing your Purgenesis™ Cosmeceuticals? Will it be directly or through third parties? What is the strategy?*

Dr. Boulet: Earlier this year we have acquired a small Canadian specialty pharmaceutical called Altius Healthcare Inc, which distributes through physicians. Altius Healthcare is currently looking to expand in the US. Therefore, we think it is going to be in place probably sometime next year.

CEOCFO: *There are so many products related to skin? How can you get the attention that your products deserve?*

Dr. Boulet: Interestingly, we got contacted by a few large pharmaceuticals right now. That is because obviously, when we are in clinical trials, it is filed on clinicals.org, which is the site where you can find all ongoing clinical trials. They are highly interested, because we should not forget that big pharma, right now, is looking to find new drugs to complement their pipeline. You know it is not common anymore to have blockbuster drugs and to have new mechanisms of action. Indeed, our drug works through different pathways that are novel. Obviously, we already have observed a low side effect profile and a very high efficacy. As I mentioned to you earlier, we observed, after fourteen days treatment in ulcerative colitis patients, major impacts on symptoms and on blood biomarkers associated with ulcerative Colitis. These should be published next year, so we have already attracted the attention of some of potential

partners. Another thing that is really important is that big pharma is getting involved in the botanical drug field. Sanofi announced in 2011 that they have a program in botanical drugs for cystic fibrosis. Sanofi also has the best anti-malarial drug coming from a bush from Asia. Sanofi said it loudly in 2011, "No patent, no problem," because to develop a botanical drug you need to have the extraction process, the stabilization process, industrial secrets and then it is very difficult to copy such a product. Therefore, we are already getting the attention of big pharma because of these advantages; faster development and also protection against copies.

CEOCFO: *Would you tell us a little more about Devonian receiving the Best Anti-Aging Skin Treatment Technology from Lux Life Magazine?*

Dr. Boulet: As I mentioned to you, we apply the pharmaceutical drug development process to everything we do. When I am talking about the process, I am talking about the proof that it works. And this is what we did with the Purgenesis™ brand, which is an anti-aging treatment composed of day cream, night cream and eye cream. We packaged the whole thing in the double-blind fashion. We bought two other big brand companies products, the same type of treatments, blinded and we have compared the efficacy of these products after one day, seven days and twenty-eight days, obviously, with all the statistical methods that you can imagine. What we found, for example, after twenty-four hours, was that our product treatment decreased Class 3 wrinkles, which are the deepest one, and decreased them by twenty five percent, which is significant, while the other two did not. After twenty-eight days we saw more decrease in wrinkles than the two other brands. The Lux Life Magazine award is related to the innovative quality of our treatment and its efficacy data which are published in our patent. We are probably the first cosmetic involved company talking about the massage effects with cosmetics. In our clinical trial the three groups were subjected to the massage effects, and it is known that if you do a daily massage around the eyes that will probably have an impact on wrinkles. That is because massages allow for the elimination of certain local toxins. Therefore, if you think that the three groups were subjected to these effects, our product demonstrated superiority over the two others. That means that our product is better than the massage effect itself. In addition, the Canadian Dermatology Association gave us what they call the Skin Health Program Certification. What we heard, right now, from them is that from the products that the dermatologists are selling, we are the only one having this accreditation from their own association.

CEOCFO: *Are you surprised at how effective the products have turned out to be?*

Dr. Boulet: As I mentioned to you, I am a former venture capitalist and I am also a former scientist from the big pharma world. The anti-inflammatory drug that we have; I was definitely surprised, because I have seen a lot in my life and I never expected that the pre-clinical data on animal models would mirror what we are seeing right now in humans. When I say mirror, I mean that we saw the fast onset of action in animal models and we see it right now in humans. We are definitely surprised to see that kind of effect with our first product. For us that is the most interesting part of it. The R-Spinasome®, which is the antioxidant; when we saw the antioxidant effect in vitro, we knew there that we were onto something. However, I would say that the biggest surprise is the anti-inflammatory drug that work very well orally, dermally or even intra-rectal.

CEOCFO: *Is the investment community paying attention?*

Dr. Boulet: At this time, we recognize that we are under the radar screen of the investment community. This company has been financed to-date with over \$55 million. That \$55 million came from my family, my network, my angel network and myself. It was a private company until May 2017 when we brought it onto the Toronto Stock Exchange Venture. The current shareholders control about ninety nine percent of the stock, so if you try to trade you will see that you are not be able to trade as much as you may like. **The current shareholders have a long-term vision. We want to give it a chance to grow. We are getting to where we were planning to be.** When we listed the company, we had a pipeline composed on three products. In one year, we have acquired Altius Healthcare with revenues and positive EBITDA used to offset some R&D costs. We added eight (8) new pharmaceutical projects and four (4) new cosmeceutical products. We target to bring five (5) of these to the market in 2019 which will obviously increase our revenues. Now we are getting to a stage that should get the attention of the financial community. Much broader our goal is to move from the TSX Venture to the big TSX, and obviously to ultimately move on NASDAQ, which is where the value of the company will be recognized. Obviously, this should translate in more stock liquidity with a positive impact on the corporate value.

CEOCFO: *Why take notice of Devonian Health Group, Inc? Why is the company important?*

Dr. Boulet: Always start with the management. We come from the big pharma world. We have experience in pharmaceutical drug development and commercialization, having worked for companies such Marion Merrell Dow and Abbott Laboratories. We also have a strong financial background. Myself, I am a former venture capitalist. I have done about twenty companies here in Montréal, with a venture capital firm called BioCapital. Our business model is a semi-virtual business model. I do not believe in using a fully integrated business model in life science. This is why we keep a tight control over our burn rate. The proof of what I am telling you is that if you look at 2017, when Devonian went public, the pipeline was composed of three products. If you look right now, on our website, in one year we acquired Altius Healthcare in exchange for shares. As you can see, we are spending the money on the R&D and on acquisitions. I use the mechanism of paying in shares and the Altius' acquisition was a really good deal, by the way. Again, we went from a pipeline of three to where we are now with a pipeline of about fifteen products, among which three are currently on the market. Five others should get on the market next year. Therefore, we are growing. We are not only growing in the pipeline, but also in the revenues. For me, again as a former venture capitalist, I am very sensitive to revenues, so we will be able to temper the whole thing and bring the profit EBITDA to support the R&D process at the beginning. We should sign development and marketing partnerships in the coming years. Obviously, this should translate into growth in revenues and within the organizational structure of the company.