MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The following is Management's Discussion and Analysis ("MD&A") of the financial condition and operating results of LSL Pharma Group Inc. ("LSL Pharma" or the "Corporation") for the three- and nine-month periods ended September 30, 2024 and 2023. This document should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto for the fiscal quarter ended on September 30, 2024, which have been prepared in accordance with *IFRS Accounting Standards("IFRS")*. All amounts herein are expressed in thousands of Canadian dollars (unless otherwise indicated) except for share, units and per share amounts. All other currencies are in thousands, unless otherwise stated. This discussion and analysis document was prepared by management from information available as at November 22, 2024. Further information about LSL Pharma Group Inc., is available online on SEDAR+ at www.sedarplus.ca.

Non-IFRS Financial Measures

The non-IFRS measures included in this MD&A are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers. When used, these measures are defined in such terms as to allow the reconciliation to the closest IFRS measure. These measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from our perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. Despite the importance of these measures to management in goal setting and performance measurement, we stress that these are non-IFRS measures that may have limits in their usefulness to investors.

We use non-IFRS measures, such as Adjusted Gross Profit, EBITDA and Adjusted EBITDA to provide investors with a supplemental measure of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the valuation of issuers. We also use non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets, and to assess our ability to meet our future debt service, capital expenditure and working capital requirements.

The definition and reconciliation of Adjusted Gross Profit, EBITDA and Adjusted EBITDA used and presented by the Corporation to the most directly comparable IFRS measures are detailed below:

Non-IFRS Measures	Definition
Adjusted Gross Profit	Is defined as Gross Profit from product sales less amortization charges relating to intangible assets and depreciation charges relating to property, plant and equipment, as well as special provisions outside of the normal course of business such as plant shutdown and moving costs. Management believes that adjusted Gross Profit better reflects the impact of gross profit contribution on cash flow.
EBITDA	is defined as net income or loss adjusted for income taxes, depreciation of property, plant and equipment, amortization of intangible assets, interest on short-term and long-term debt, and other financing costs such as foreign exchange gains or losses, interest income and other. Management uses EBITDA to assess the Company's operating performance.
Adjusted EBITDA	Is defined as EBITDA less certain non-recurring expenses such as special provisions and expenses outside of the normal course of business, special recruitment and severance costs, stock-based compensation, and other costs of issuing warrants or options, moving/relocation expenses and other expenses related to the Company's listing on the TSX Venture Exchange. We use Adjusted EBITDA as a key indicator to assess the performance of our business when comparing results to budgets, forecasts and prior years. Management believes that Adjusted EBITDA is a more accurate measure of cash flow generation than, for example, cash flow from operations, as it eliminates cash flow fluctuations caused by unusual changes in working capital.

A reconciliation of Gross Profit to Adjusted Gross Profit, as well as net (loss)/income to EBITDA (and Adjusted EBITDA) are presented later in this document.

Use of Estimates and Judgments

The preparation of these unaudited condensed interim consolidated financial statements requires management to undertake several judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgements and estimates. These estimates and judgements are based on management's best knowledge of the events or circumstances and actions the Corporation may take in the future. The estimates are reviewed on an ongoing basis. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 3 of the Corporation's 2023 audited consolidated financial statements.

Cautionary note regarding forward-looking statements

This MD&A may contain some forward-looking information as defined under applicable Canadian securities laws. Forward looking information can generally be identified using forward-looking terminology such as "may", "anticipate", "expect", "intend", "estimate", "continue" or similar terminology. Forward looking information is subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Corporation to control or predict, that may cause the Corporation's actual results or performance to be materially different from actual results and are developed based on assumptions about such risks and other factors set out herein.

GLOSSARY TERMS

Calendar & Financial			
CAGR	Compounded Annual Growth Rate	Q3-23	Third quarter FY-23
COGS	Cost of Goods Sold (or Cost of Sales)	Q2-23	Second quarter FY-23
EBITDA	Earnings before Interest Tax Depreciation and Amortization	Q1-23	First quarter FY-24
		Q4-22	Fourth quarter FY-22
(A)EBITDA	Adjusted EBITDA	QoQ	Quarter over quarter
FY	Fiscal Year	S&M	Sales and Marketing
G&A	General and Administrative	SBC	Share-Based Compensation
GP	Gross Profit	YE-23	Year-end 2023, December 31, 2023
LTD	Long-term debt	YTD	Year to date
Q3-24	Third quarter FY-24	YoY	Current FY results vs last FY results
Q2-24	Second quarter FY-24	W/C	Working Capital, defined as short-term assets less short-term liabilities
Q1-24	First quarter FY-24		
Q4-23	Fourth quarter FY-23		

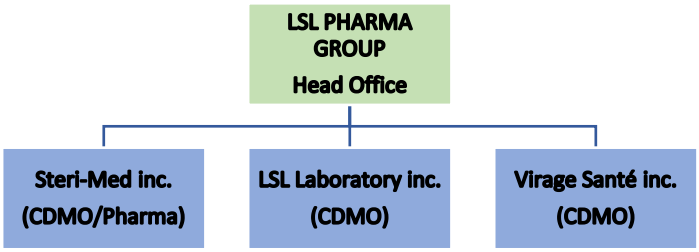
Corporate & Operations			
CDMO	Contract Drug Manufacturing Organization	LSL Labs	LSL Laboratory Inc.
FDA	United States Food and Drug Administration	RTO	Reverse takeover
Fera	Fera Pharmaceuticals, LLC	Steri-Med	Steri-Med Pharma
HC	Health Canada	TSXV	Toronto Stock Venture Exchange
HO	Head Office	VSI	Virage Santé Inc.
Îledor	Corporation Exploration Îledor		

OVERVIEW OF THE BUSINESS AND BUSINESS STRATEGY

LSL Pharma Group, formerly Îledor (see RTO of Iledor below) is an integrated Canadian pharmaceutical company. The Corporation operates three wholly owned subsidiaries:

1) Steri-Med specializing in the development, manufacturing and commercialization of high-quality sterile ophthalmic pharmaceuticals for the Canadian, US and foreign markets,
2) LSL Laboratory, a CDMO, which manufactures natural health products in solid dosage forms, mainly for third-party pharmaceutical clients, and
3) Virage Santé Inc., a CDMO, which manufactures a range of natural products in liquid, powder, as well as in capsule forms which are sold under its own brands or under private labels.

The Corporation's corporate structure is presented below:



HO functions are supporting the operating entities, by providing services such as finance, accounting, cash management, human resources, supply chain management, legal, IT, regulatory, quality assurance oversight, pharmaco-vigilance etc. HO also handles other corporate activities such as investors relation, communication, marketing, banner and wholesaler relationship management. Going forward, the Corporation intends to scale up its CDMO activities and generate economies of scale by leveraging its HO services by incorporating other operating/manufacturing sites. As of the date of this document, the Corporation has 114 full-time employees, including 16 occupying head office functions.

RTO of Îledor, - February 22, 2023

On December 22, 2022, LSL Laboratory Inc. entered into an agreement with Îledor, pursuant to which Îledor completed, effective February 22, 2023, an arm's length change of Business in accordance with the policies of the TSX Venture Exchange through a reverse takeover with LSL Laboratory Inc. (the "RTO"). Concurrent to the RTO, LSL Pharma Group completed a $8.3 million private placement to fund its growth initiatives. Subsequent to the RTO and private placement, the shareholders of Îledor controlled 1% of all issued and outstanding shares of LSL Pharma at that time.

Listing of LSL Pharma Group on the TSX Venture Exchange. – March 1, 2023

On March 1, 2023, the Common Shares of LSL Pharma Group Inc. began trading on the TSX Venture Exchange ("TSXV") under the symbol "LSL". Upon listing of its shares on the TSXV, the Corporation implemented an escrow agreement to restrict the resale of 42.7% of the shares of LSL Pharma over a 3-year period ending February 27, 2026. As per the terms of the escrow agreement, a certain % of escrowed shares are released from escrow at 6 months intervals, taking place on February 27, and August 27 of each year. As at September 30, 2024, 24.6 million shares were still subject to resale restrictions. *More details on the escrow agreement can be found in the Corporation's latest Information Circular available on SEDARPLUS.CA.*

Listing of Debentures on the TSXV – May 24, 2024

In Q4-23, the Corporation completed a brokered financing, raising gross proceeds of $3.3 million by way of issuance of 3,288 unsecured debentures with a nominal value of $10 per Debenture. The debentures have been trading on the TSXV exchange since May 24, 2024 under the symbol "LSL.DB".

Corporate strategy and future development

LSL Pharma's management intends to pursue a two-pronged growth strategy, **FIRST** by expanding its CDMO activities by adding products and complementary services to better support its expanding customer base, either organically or through acquisitions, and **SECOND** by investing in its Steri-Med operations to take advantage of its unique manufacturing capacity of sterile ophthalmic products to meet market demand for its existing products and by developing first to market ophthalmic generic products for Canada, US and abroad.

CDMO operations

LSL Laboratory

Growth over the coming years will be achieved by taking advantage of the expanding operating capacity and by leveraging relationships with existing/new customers. During FY-23, LSL Labs relocated its activities into a new 22,000 sq. ft. plant (~3 times larger than the prior 8,000 sq. ft. plant). The new plant will enable the expansion/internalization of manufacturing capabilities.

Virage Santé Inc. - Acquired on June 18, 2024

On June 18, 2024, the Corporation acquired 100% of the controlling interest of Virage Santé Inc. ("VSI"), a privately held Quebec-based CDMO. VSI operates a 8 250 sq.ft. plant based in Levis, Quebec and manufactures a range of natural products in liquid, powder, sachets, as well as in capsule forms for its clients or sold under its own brands or private labels. LSL Pharma acquired VSI for $2.5 million subject to post-closing adjustments of $131 bringing down the net purchase price to $2,369. Revenues from VSI have been consolidated into our results starting June 1, 2024.
We expect to generate synergies by incorporating VSI into existing LSL HO operations. At the end of Q3-24, VSI is now fully integrated into LSL Pharma's CDMO operations.

During the month of September 2024, the Corporation secured a 15-year $1.4 million term loan using the Virage Santé plant as collateral.

M&A Criteria for expanding the CDMO activities

LSL Pharma group is looking to expand its CDMO activities with the addition of companies whose profile matches its vision and growth strategy.

Some of the criteria to be used for evaluating business opportunities are:
1) Financially accretive – The Corporation is looking to add operations that can immediately contribute to its profitability.
2) Provide scale and synergies – Acquisition must add scale and offer the opportunity to leverage HO operations
3) Expansion/strengthening of client relationships - By adding scale and product offering, LSL Pharma intends to consolidate its relationships with clients, as well as expand its customer base.
4) Geographic expansion – Due to logistic/supply preferences, the Corporation's current CDMO footprint mainly serves clients located in the province of Québec. Expanding our footprint outside of Quebec would offer opportunities to broaden our client base.

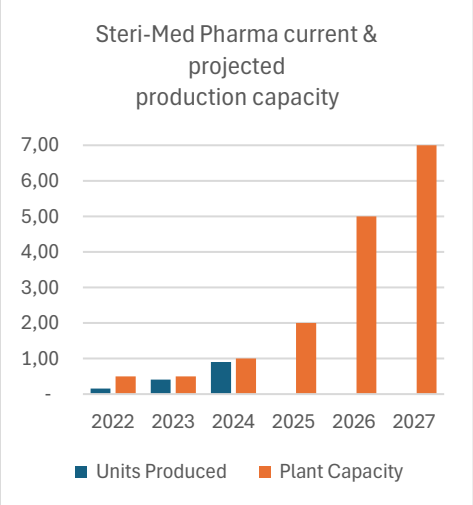
Sterile ophthalmic ointment Manufacturing Operations - Steri-Med Pharma

Our growth strategy at Steri-Med will be achieved by optimizing and increasing production capacity. The incremental capacity will serve to meet expanding demand for the Corporation's existing products as well as support the production of new products under development.

Over the recent years, our limited production capacity has restricted our ability to sell our products outside of Canada. Canada is a participant to Mutual Recognition Agreements (MRAs), covering drug/medicinal products Good Manufacturing Practices (GMP) Compliance Programs. Consequently, products such as those manufactured by Steri-Med can be sold to several foreign territories accepting "Health Canada labelled products". Due to the scarcity of high quality sterile ophthalmic ointment manufacturers worldwide, international demand for our products has been increasing and Steri-Med is starting to take full advantage of this trend.

- Unit production level at the end of Q3-24 has doubled as compared to FY-23 levels, following the addition and validation of new production equipment. Over the coming year, Steri-Med is also planning the introduction of a second manufacturing line which will boost capacity significantly. The second operating line is expected to be operational within 12 months of delivery, expected during Q1-25. Once fully operational, production capacity at the Steri-Med site is expected to increase 5-fold compared to the current level thus providing the required flexibility to accelerate the development and manufacture the new products.

  The graph to the right presents the evolution of Steri-Med production capacity (in standard units) compared to historical units produced with the new manufacturing line providing capacity at the start of 2026.



- Steri-Med is pursuing its efforts to obtain its FDA accreditation. Approval by the FDA to manufacture products for the US market will enable Steri-Med to take advantage of the lucrative US market for ophthalmic products. Increased production will serve to support new Steri-Med products (co-partnered or not), as well as the production under contract of our clients/partners drugs.
    - *Avaclyr (acyclovir ophthalmic ointment)*

      In Q4-23, Fera Pharmaceuticals filed Avaclyr with the FDA to obtain marketing approval. Avaclyr is indicated for the treatment of acute herpetic keratitis (dendritic ulcers) with Steri-Med as its GMP manufacturing site. Once approved, Steri-Med will be requested to manufacture Avaclyr under contract. The US approval for Avaclyr will also designate Steri-Med as a compliant site for the manufacture of other products for US commercialization. We anticipate a response by the FDA by early 2025.
    - Discussions are taking place with other potential partners regarding the co-development/commercialization of other products currently under development.

Existing Product Pipeline and New Products under Development

As mentioned above, one of the main growth drivers for the Corporation is the ability to leverage the unique manufacturing capabilities of Steri-Med to develop a pipeline of eye-care products for sale in Canada, the United States and abroad. Steri-Med will focus initially on jurisdictions accepting the Canadian label of its products, but overtime, intends to apply for marketing rights for its current and new products in the US and abroad, directly or with commercial partners.

Current marketed products are described below:

Sterisporin *(Polymyxin B sulfate - bacitracin zinc)*

Sterisporin is a combination of antibiotics used to treat certain types of infections caused by bacteria. The eye ointment is used to treat some types of eye infections such as conjunctivitis.

Format Type	3.5-gram eye ointment (*Generic*)
Commercial / Distribution	Retail/Hospital distribution across all provinces in Canada. Product is offered by all major retail banners
Reimbursement	Not listed for public reimbursement. No private coverage.
Market environment	100% market share in Canada, innovator exited the market in 2017
Market Size	$5 million[1]

1. IQVIA Data - 2021

Erythromycin

Erythromycin ophthalmic is used to treat bacterial infections of the eyes.

Format Type	1 gram, and 3.5-gram eye ointment (*Generic*)
Commercial / Distribution	Hospital/ retail distribution across all provinces in Canada. Product is offered by all major retail banners
Reimbursement	Listed for public reimbursement in Qc, BC, and New Brunswick. Covered by most insurance companies.
Market environment	3 players in Canada – the Corporation enjoys a 30-40% market share
Market Size	Canada - $6.4 Million[1] Note: other jurisdictions may accept our Canadian labelled products when subject to product shortages
US Market and other countries	During the second half of FY-23, due to a shortage of Erythromycin ophthalmic ointment in the US market, LSL Pharma entered into an exclusive agreement with Fera, a U.S. specialty pharmaceutical company, to provide Erythromycin for the treatment of newborns in U.S. hospitals. To ensure continuous supply of the product in the country, the FDA granted Fera temporary discretion to import Erythromycin ophthalmic ointment for the prevention of gonococcal ophthalmia neonatorum. Fera's import permit expired June 30, 2024. In addition to supplying Canadian labelled products to the US, the Corporation has also supplied products to foreign clients which are representing a growing % of its revenues.

1. IQVIA Data - 2021

Development pipeline

Steri-Med intends to aggressively develop *first-to-market generic* ophthalmic products. The rationale for developing a pipeline of generic ophthalmic products is described below:

- >60 off-patent ointments/eye drops products currently face NO/limited generic competition in Canada, US and other major markets;
- Innovators enjoy maximum pricing, and lack of competition due to challenges related to the Development / Manufacturing of these products;
- Steri-Med has the expertise and capabilities to develop a pipeline of drugs for these lucrative markets by leveraging its partnership with Fera or other foreign partners.
- Global manufacturing capabilities for sterile eye-care products (ointments / drops) is very limited.
- First-to market ophthalmic generic products enjoy the benefit of :
    - relatively low development costs and regulatory risk ($0.3-0.6 million);
    - relatively short development timelines vs innovative drugs (less than 5 years to peak sales);
    - limited price erosion vs innovator at launch;
    - rapid market share gains at launch due to price advantage and established market;
    - limited commercial/marketing expenses and fast time to peak sales.

For all the above reasons, LSL Pharma has already launched the development of **5** new products in addition to Avaclyr, a product developed for Fera, currently awaiting FDA approval. The Corporation expects Avaclyr to be approved and launched in the US over the coming year, and others will follow.

The Corporation's development pipeline is presented below with the next development milestones indicated:

			Status				
Products	**Type**	**Market**	**R&D**	**Filing**	**Approval**	**Market**	**# Players**
Erythromycin	Rx	Canada					LSL + 1 player
Sterisporin	OTC	Canada					LSL alone
Avaclyr	RX	USA (Fera)			H2-25		no generic
SMO-01	OTC	Canada				H2-25	no generic
SMO-02	OTC	USA /Canada		H2-25			no generic
SMO-03	OTC	Canada				H2-26	no generic
SMO-04	Rx	USA /Canada		H2-25			no generic
SMO-05	Rx	USA /Canada		H2-25			no generic

Current market size for the products under development are estimated at above $200 Million (IQVIA Data). Assuming the successful development and regulatory approval of its product pipeline, revenues from the sales of the products under development will have a material impact on the Corporation's revenues going forward.

Q3-24 Corporate Highlights

- **On July 15, 2024**, the Corporation announced the closing of the Second tranche June 2024 Financing, for $960 and issued 2,400,000 Units at a price of $0.40 per unit. The Corporation incurred $15 of finders' fees in connection with the second tranche and 36,500 compensation warrants were issued at a price of $0.70 per unit with a term of 18-month. Concurrent to the second tranche, the Corporation also converted certain debts outstanding representing $560 by issuing 1,400,206 2024 Units at a price of $0.40 per unit. The debt conversion included long-term notes payable for $400 plus $10 of accrued interest; and secured debenture for $150. The Corporation used part of the proceeds of the financing to repay secured debentures totalling $500.
- **On September 18, 2024,** the Corporation secured a $1.4 million loan from Desjardins La-Chaudière. The loan is to be repaid over 15 years, bears interest at prime rate + 0.45%, has no covenant and is secured by the Virage Santé building.

- **On September 25, 2024,** the Corporation granted an aggregate 465,270 stock options (the "Options") to certain officers and directors in accordance with the Corporation's long-term incentive compensation plan. The Options will be exercisable at an exercise price of $0.45 per Class A common share, will vest over three years and have a term of 10 years.
- **On September 26, 2024**, the Corporation announced a change of auditors, with Audacie Inc. (previously Guimond Lavallée Inc.) replacing KPMG LLP. The Change was effective on September 25, 2024.

Q3-24 Subsequent Events

- **On November 6, 2024**, the Corporation announced having secured $1.4 million on new orders from international clients, as well as having completed the initial phase of production scale-up at its Steri-Med Pharma plant. The initial phase of production scale up has contributed to more than double the plant capacity compared to 2023 levels, and enabled Steri-Med to win new international contracts for its existing products. The second phase of production scale-up will include the installation of a new fully automated sterile ointment production line (the "Second Line"). The Second Line is expected to be delivered during the first quarter of 2025 and to be operational early 2026. Once operational, the Second Line is expected to increase Steri-Med's production capacity five-fold compared to our current 1.2-million unit production capacity, as well as free-up capacity to support the development of Steri-Med's first-to-market generic product pipeline.
- **On November 19, 2024**, the Corporation secured $1 million to support its growth initiatives by issuing a note payable maturing July 1, 2026 (the "Note"). The Note is unsecured, and bears interest at a rate of 13% per annum.

SELECTED FINANCIAL DATA

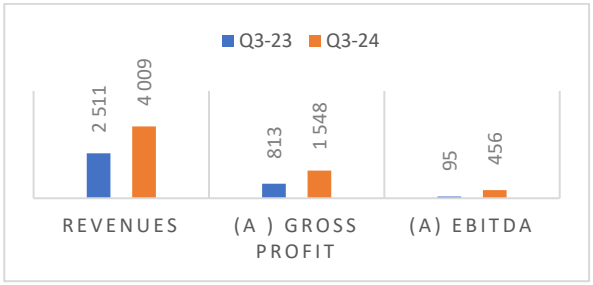
The following table and graphs present the financial information relating to the periods indicated and should be read in conjunction with our September 30, 2024, unaudited condensed interim consolidated financial statements. (See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures")

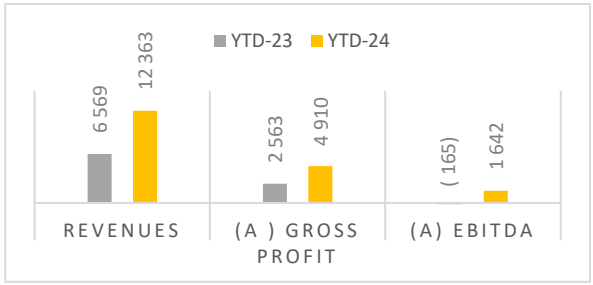
Financial Statements of net loss

			Change				*Change*	
	Q3-24	Q3-23	*$*	*%*	**YTD-24**	**YTD-23**	$	%
Revenues	**4 009**	2 511	*1 498*	*60%*	**12 363**	6 569	*5 794*	*88%*
GP	**1 194**	466	*728*	*156%*	**3 876**	1 545	*2 331*	*151%*
Adjusted GP	**1 548**	813	*735*	*90%*	**4 910**	2 563	*2 347*	*92%*
Adjusted GP %	***39%***	*32%*	*6%*	*19%*	***40%***	*39%*	*1%*	*2%*
SG&A	**(1 109)**	(802)	*(307)*	*38%*	**(3 352)**	(2 812)	*(540)*	*19%*
Share-based Comp.	**-**	-	-	-	**(402)**	(2 117)	*1 715*	*-81%*
Operating Profit (loss)	**85**	(336)	*421*	*-125%*	**524**	(1 267)	*1 791*	*-141%*
Financial Expenses	**(478)**	(426)	*(52)*	*12%*	**(1 351)**	(1 268)	*(83)*	*7%*
Net loss	**(386)**	(762)	*376*	*-49%*	**(1 182)**	(7 202)	*6 020*	*-84%*
EBITDA (loss)	**446**	11	*435*	*3955%*	**1 203**	(5 049)	*6 252*	*-124%*
Adjusted EBITDA (loss)	**456**	95	*361*	*380%*	**1 642**	(165)	*1 807*	*-1095%*

- The Corporation delivered strong **Revenues** in Q3-24, at $4.0 million, up 60% compared to Q3-23. Despite the strong YoY growth, revenues for the quarter were impacted by the summer shutdown at our 3 operating plants matching softer demand from our pharmaceutical clients who tend to reduce buying pattern during the summer months. Virage Santé, acquired late during the second quarter, contributed a full quarter during Q3-24. For the YTD periods, revenues were $12.4 million, up $5.8 million or 88% over YTD-23. LSL Laboratory completed the installation of additional production equipment during the quarter to take full advantage of the capacity created by the plant relocation in 2023. Steri-Med Pharma also completed the scale up of its production capacity to more than double the unit production capacity compared to level achieved in the prior year. The LSL Laboratory and Steri-Med site performance going forward should evidence this increased production capacity.

- **Gross Profit** for Q3-24 was strong at $1.2 million, up 156% over Q3-23 but was also impacted by the summer shut-down at our 3 manufacturing sites. For the YTD periods, Gross profit was $3.9 million in 2024 compared to $1.5 million last year, a 151% increase.
- **Adjusted GP** for Q3-24 after eliminating the impact of depreciation, amortization, costs related to shut-down, plant upgrades and moving costs stood at $1.5 million, a 90% increase over Q3-23. Adjusted GP for YTD-23 was $4.9 million for the YTD-24 period compared to $2.6 million for YTD-23, a 92% increase.
- **SG&A** expenses for Q3-24 was $1.1 million compared to $0.8 million in Q3-23, a 38% increase. SG&A increased over the prior year period due to the addition of key head office personnel required to support the growth of the Corporation. For the YTD periods, SG&A expenses were up 19% compared to last year at $3.4 million compared to $2.8 million. Despite the increase, the results fully demonstrate the benefit of centralizing SG&A function at head office as revenue growth for the YTD period exceeded SG&A growth more than 3-fold at 88% compared to 19%.
- **Operating Profit.** LSL Pharma generated operating profits for the third quarter in a row in Q3-24 at $0.1 million compared to a $0.3 million operating loss last year despite softer margins caused by the summer slowdown. The $0.4 million improvement was due to the $0.7 million increase in growth profit with exceeded the $0.3 million increase in SG&A discussed above. The Corporation delivered $0.5 million operating profit for the YTD-24 period compared to a $1.3 million operating loss for YTD-23, a $1.8 million improvement. Same for the QoQ performance, the increase in revenues and margins between the periods resulted in stronger operating results.
- **Financial Expenses** for Q3-24 were up slightly compared to Q3-23 with a 12% increase. For the YTD periods, financial expenses were almost flat compared to last year with a 7% increase. Despite the conversions and repayment of several debt and loans during the period, financial expenses were impacted by the increase in interest expenses related to issuance of $3.3 million of debentures in Q4-23 and increased expenses on lease facilities as the LSL laboratory in now fully operational following its relocation completed in the first half of FY-23. We also secured a $1.4 million mortgage on the VSI building in September 2024 which impacted the financial expenses for the quarter.
- **Net loss** for the Q3-24 was down 49% at $0.4 million compared to the $0.8 million in Q3-23. For the YTD-24 period, net loss was $1.2 million down $6.0 million compared to YTD-23, an 84% improvement. Net loss in FY-24 has decreased compared to the prior year period as the Corporation delivered stronger operating performance while controlling its financial expenses and limiting share-based compensation costs.
- **EBITDA** for Q3-24, after eliminating the impact of financial expenses, depreciation and amortization was a $0.4 million profit compared to almost nil for Q3-23. For the YTD-24 period, EBITDA was a profit of $1.2 million, up $6.2 million compared to the prior year EBITDA loss of $5.0 million. EBITDA during Q3-23 and YTD-23 was impacted by the LSL plant shut-down and the impact of the RTO.
- **(A) EBITDA** for Q3-24 was almost the same as EBITDA with no share-based compensation booked for the quarter. (A) EBITDA was a $0.5 million profit compared to a $0.1 million profit for Q3-23 a $0.4 million increase. For YTD-24, the (A) EBITDA was a $1.6 million profit compared to a $0.2 million loss for YTD-23, a $1.8 million improvement. We believe that (A) EBITDA is a better indicator of financial performance as it eliminates non-cash and non-recurrent expenses. The increase in (A) EBITDA in FY-24 compared to the prior year fully demonstrates the improvements of our financial performance as we continue to take advantage of our operating capacity with strong control over our expenses. Graphs below illustrates the Corporation's comparative performance between the respective periods:





We present below a reconciliation of the GP to Adjusted GP, and EBITDA to Adjusted EBITDA for Q3-24 and Q3-23, as well as for the YTD periods:

(See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures")

ADJUSTED GROSS PROFIT RECONCILIATION

			Change				*Change*	
	Q3-24	Q3-23	*$*	*%*	**YTD-24**	YTD-23	*$*	*%*
Revenues	**4 009**	2 511	*1 498*	*60%*	**12 363**	6 569	*5 794*	*88%*
GP	**1 194**	466	*728*	*156%*	**3 876**	1 545	*2 331*	*151%*
GP %	***29,8%***	*18,6%*	*11%*		***31,4%***	*23,5%*	*8%*	
(+) Adjustments								
Depreciation and amort.	**354**	347	*7*	*2%*	**1 034**	885	*149*	*17%*
moving costs	**-**	-	*-*	*0%*	**-**	133	*(133)*	*-100%*
Adjusted GP	**1 548**	813	*735*	*90%*	**4 910**	2 563	*2 347*	*92%*
Adjusted GP %	***38,6%***	*32,4%*	*6%*		***39,7%***	*39,0%*	*1%*	

ADJUSTED EBITDA (LOSS) RECONCILIATION

			Change				*Change*	
	Q3-24	Q3-23	*$*	*%*	**YTD-24**	YTD-23	*$*	*%*
Net loss	**(386)**	(762)	*376*	*-49%*	**(1 182)**	(7 202)	*6 020*	*-84%*
Income tax expense	**-**	-	*-*	*0%*	**-**	-	*-*	*0%*
Finance expense, net	**478**	426	*52*	*12%*	**1 351**	1 268	*83*	*7%*
Depreciation and amort.	**354**	347	*7*	*2%*	**1 034**	885	*149*	*17%*
EBITDA (loss)	**446**	11	*435*	*3955%*	**1 203**	(5 049)	*6 252*	*-124%*
% of sales	***11,1%***	*0,4%*	*11%*		***9,7%***	*-76,9%*	*87%*	
(+) Adjustments								
Costs related to the RTO	**-**	-			**-**	2 550	*(2 550)*	*-100%*
Gain on acquisition	**(7)**	-	*(7)*	*-100%*	**(47)**	-	*(47)*	*-100%*
Plant moving costs	**-**	-	*-*	*-*	**-**	133	*(133)*	*-100%*
Transaction costs	**17**	-	*17*	*100%*	**67**	-	*67*	*100%*
Recruitment fees	**-**	84	*(84)*	*100%*	**-**	84	*(84)*	*100%*
Transaction costs	**-**	-	*-*	*-*	**17**	-	*17*	*100%*
Stock-based compensation	**-**	-	*-*	*-*	**402**	2 117	*(1 715)*	*-81%*
Adjusted EBITDA	**456**	95	*361*	*380%*	**1 642**	(165)	*1 807*	*-1095%*
% of sales	***11,4%***	*3,8%*	*8%*		***13,3%***	*-2,5%*	*16%*	

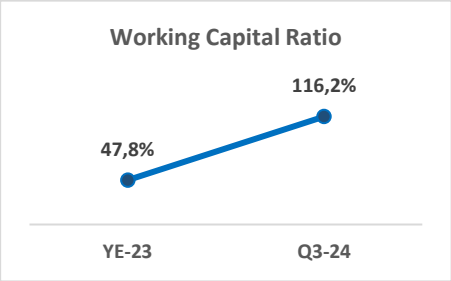
SELECTED BALANCE SHEET HIGHLIGHTS

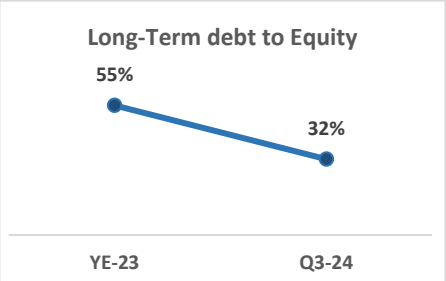
			Change	
As at the end of the period	**Q3-24**	**YE-23**	*$*	*%*
Current assets	9 870	7 204	*2 666*	*37%*
Total assets	37 956	30 900	*7 056*	*23%*
Current liabilities	8 463	15 074	*(6 611)*	*-44%*
Long-term Notes	1 687	531	*1 156*	*218%*
Long-term debt	4 833	4 202	*631*	*15%*
Total Liabilities	17 587	22,245	*(4 658)*	*-21%*
Shareholders' equity	20 369	8 655	*11 714*	*135%*

Our Statement of financial position at the end of Q3-24 shows significant progress since the prior year-end.

- **Current assets** have increased by 37% at the end of Q3-24 compared to YE-23. The $2.7 million increase comes from the respective increase in accounts receivable, inventory and prepaids. All increases reflect the increase in operating and commercial activity in Q3-24 compared to last portion of FY-23. The increase also reflects the addition of Virage Santé acquired in June 2024, which contributed $0.4 million in short-term assets.
- **Total Assets** have increased by 23% at Q3-24 compared to YE-23, a $7.1 million increase. The increase reflects the working capital investment to support our growth, as well as the addition of production equipment. The increase also reflects the addition of Virage Santé which added $2.1 million in long-term assets.
- **Current liabilities** have decreased significantly during the first 9 months of the year. The $6.6 million decrease results from the private placement financings closed earlier in 2024, as well as the $1.4 million real estate loan secured on the Virage Santé building in September.
- **Long-term Notes** increased by $1.2 million between YE-23 and Q3-24 due to the extension of $0.9 million of short-term notes, new notes net of repayments for $0.7 million less $0.4 million of notes converted into private placement.
- **Long-term Debt** increased $0.6 million between YE-23 and the end of Q3-24, reflecting the new $1.4 million real estate loan on the Virage Santé building less repayments/conversions of debts and debentures.
- **Total labilities** have decreased by 21% since YE-23 due to an improvement of the Corporation's performance as well as the series of financial transactions completed during FY-24 aimed at strengthening our balance sheet.
- **Shareholders Equity** increased by $11.8 million, as a result of $12.5 million worth of units being issued to date in FY-24 less the $1.2 million net loss for the YTD-24 period, as well as the issuance of stock options which added $0.4 million to contributed surplus.

Since the start of FY-24, the Corporation has been successful in completing a series of financing and transactions aimed at further improving its working capital and debt leverage. The graphs below present the progress achieved.



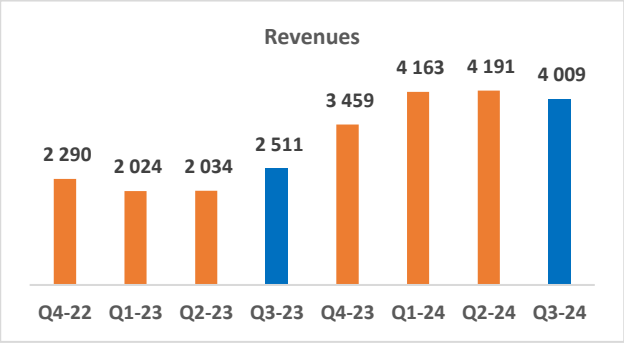


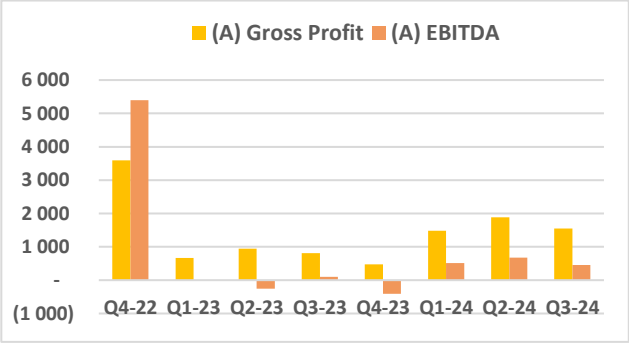
SELECTED QUARTERLY PERFORMANCE
(See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures")

	Q3-24	Q2-24	Q1-24	Q4-23	**Q3-23**	Q2-23	Q1-23	Q4-22
Revenues	**4 009**	4 191	4 163	3 459	**2 511**	2 034	2 024	2 290
GP (loss)	**1 194**	1 536	1 146	100	**466**	692	387	(1 237)
Adjusted GP	**1 548**	1 882	1 480	477	**813**	947	803	3 591
Adjusted GP%	**39%**	*45%*	*36%*	*14%*	*32%*	*47%*	*40%*	*157%*
SG&A	**(1 109)**	(1 276)	(967)	(832)	**(802)**	(1 341)	(669)	(883)
SBC	**-**	(402)	-	-	**-**	-	(2 117)	-
Operating Profit (loss)	**85**	260	179	(732)	**(336)**	(649)	(282)	(2 120)
Financial Expenses	**(478)**	(414)	(459)	(538)	**(426)**	(388)	(454)	(472)
Net loss	**(386)**	(516)	(280)	(1 270)	**(762)**	(1 037)	(5 403)	(3 016)
EBITDA (loss)	**446**	244	513	(488)	**11**	(360)	(4 700)	(2 246)
(A) EBITDA (loss)	**456**	673	513	(411)	**95**	(260)	-	5 393

- **Revenues.** The Corporation's revenues have increased steadily over the last 4 quarters since LSL Laboratory completed its relocation. Q3-24 revenues included revenues from Virage Santé for the full quarter. The strong increase in revenues between Q3-23 and Q4-23 was mainly due to the sale of our Erythromycin product into the US which also impacted Q1-24 revenues. Revenues in the first part of FY-23 were impacted by plant shut down.
- **GP** and **Adjusted GP** have fluctuated significantly over the last 8 quarters as the operating costs and products margins were influenced by the level of revenues, product mix, and a series of non-recurrent charges as both plants faced operational challenges due to plant relocation for LSL Labs, recertification of Steri-Med and supply challenges. Our GP in Q1-24 was 1058% greater than Q4-23 as we took full advantage of our added capacity at LSL Laboratory and increased production levels at the Steri-Med plant.
- **SG&A** expenses for the last 8 quarters have been relatively flat except for external audit fees (Q2-23 and Q2-24).
- **Operating Profit.** LSL Pharma has generated operating profits for the third quarter in a row in Q3-24. The increase in revenues and margins helped generate positive results after several years of restructuring and plant relocation. The operating results in Q4-22 were impacted by the plant shut-down at LSL Laboratory prior to its relocation to an expanded facility late-2022.
- **Share-Based Compensation** in Q1-23 represented the costs for issuing options at the RTO and for new staff and board members in Q2-24. Until Q2-24, the Corporation granted options fully vested on grant which contributed to recognize the full impact of issuing options at the time of grant. The Corporation changed its policy for granting options at its last AGM in June 2024. The cost of issuing options going forward will now be reflected over a 3-year period.
- **Financial Expenses.** Financial expenses over the last 8 quarters have been relatively the same. New debts and notes secured during these periods have been offset by debt conversion into equity or reduction of borrowing costs.
- **Net loss** after taking into account the series of non-recurrent charges described above, has shown progression over the last quarters, since the RTO. Despite the increase in GP, net loss increased in Q2-24 compared to Q1-24 due to a non-recurrent increase in SG&A, and $0.4 million non-recurrent share-based compensation charges. Net loss for Q1-24 has improved by 78% over the prior quarter loss in Q4-23 due to the strong increase in GP.
- **(A) EBITDA** over the last 8 quarters has been impacted by several non-recurring events including the recast of RTO/SBC expenses that impacted Q2-23, Q3-23 and Q4-23. Q1-24 Adjusted EBITDA was not impacted by any reclassification of expenses and showed a strong performance over Q4-23. Our Adjusted EBITDA performance is now reflective of our progress, increased plant capacity and production levels.

Revenues, (A) Gross Profits and (A) EBITDA are accepted standard for assessing the Corporation' financial performance. The graphs below provide a good assessment of LSL Pharma's financial performance over the last 8 quarters, with Q4-22 including material non-recurrent COVID-related adjustments.





LIQUIDITIES AND CAPITAL RESOURCES

			Change				*Change*	
	Q3-24	Q3-23	*$*	*%*	**YTD-24**	YTD-23	*$*	*%*
Operating Activities								
Net loss from operations	**(386)**	(762)	*376*	*-49%*	**(1 182)**	(7 202)	*6 020*	*-84%*
Impact of RTO	**-**	-	*-*	*-100%*	**-**	1 090	*(1 090)*	*-100%*
Gain on bargain purchase	**(7)**	-	*(7)*	*-100%*	**(47)**	-	*(47)*	*-100%*
Other non-cash items	**832**	774	*58*	*7%*	**2 787**	4 271	*(1 484)*	*-35%*
Changes in non-cash W/C	**(526)**	(2 439)	*1 913*	*-78%*	**(3 662)**	(5 242)	*1 580*	*-30%*
Cash used in operations	**(87)**	(2 427)	*2 340*	*-96%*	**(2 104)**	(7 083)	*4 979*	*-70%*
Investing Activities								
Cash used by investing activities	**(1 393)**	(211)	*(1 182)*	*560%*	**(5 319)**	(584)	*(4 735)*	*811%*
Financing Activities								
Cash from financing activities	**1 355**	2 093	*(738)*	*100%*	**7 579**	7 637	*(58)*	*-1%*
Increase (decrease) in cash	**(125)**	(545)	*420*	*-77%*	**156**	(30)	*186*	*-620%*
Cash, beginning of the period	**289**	515	*(226)*	*-44%*	**8**	-	*8*	*100%*
Cash, end of the period	**164**	(30)	*194*	*-647%*	**164**	(30)	*194*	*-647%*

- **Cash Used in operations** in Q3-24 period was $0.1 million compared to $2.4 million used in Q3-23 representing a strong $2.3 million improvement. Net loss improved between the 2 quarters by $0.4 million, and changes in non-cash W/C showed a $1.9 million positive variance between the two periods. For the YTD periods, operations used $2.1 million for YTD-24 compared to $7.1 million for the prior year. The $5.0 million improvement came from a $6.0 million reduction in net loss, partly offset by the $1.1 million improvement due to the impact of the RTO last year, and $1.5 million reduction in items not affecting cash. Items not affecting cash included $2.1 million of share-based compensation charges in YTD-23 compared to $0.4 million in YTD-24. Changes in non-cash W/C showed a $1.6 million positive variance between the two periods.
- **Investing activities** used $1.4 million of cash during the quarter representing $1.2 million new production equipment and $0.2 million investments in intangible assets compared to $0.2 million investment in production assets in Q3-23. The Corporation used $5.3 million since the start of FY-24 compared to $0.6 million in FY-23. Cash used for investing activities in 2024 included $2.7 million for production equipment, $0.5 million investments in new products at the Steri-Med plant as well as $2.1 million to acquire Virage Santé.
- **Financing activities** for Q3-24 and the YTD-24 periods, contributed net proceeds of $1.4 million and $7.6 million respectively, compared to $2.1 million and $7.6 million for the Q3-23 and YTD-23 periods. Proceeds from the issuance of long-term debt contributed most of the cash for the Q3-24, and Q3-23 periods. The cash provided from financing activities for the YTD periods included mainly cash raised from equity financings, including $8.2 million in YTD-24 and $9.5 million for YTD-23 from the proceeds of the RTO.
- **Net cash** decreased slightly during Q3-24 by $0.1 million, compared to net cash decrease of $0.5 million in Q3-23. For the YTD-24 period cash increase by $0.2 million compared to a nil for YTD-23.

Transaction with related parties and shareholders:

The following table presents the compensation of key management personnel and Directors recognized in the consolidated statements of loss and comprehensive loss:

	Q3-24	Q3-23	**YTD-24**	YTD-23
Revenues from a company controlled by a Director	**110**	**-**	**2,320**	59
Expenses				
Salaries, benefits, consulting and board fees	**261**	292	**1,074**	588
Interest earned on notes and debentures	**49**	29	**147**	59
Share-based compensation	**-**	-	**331**	1,905

The following table represents the related party transactions presented in the consolidated statement of financial position

as at:	**Q3-24**	YE-23
Assets:		
Receivable from a company controlled by a Director	**560**	964
Liabilities:		
Key management personnel (KMP)		
Notes payable	**178**	302
Notes payable to a company controlled by a KMP	**508**	229
Convertible Debentures recorded in long-term debt	**125**	125
Secured Debentures recorded in long-term debt	**150**	150
Director		
Secured Debentures recorded in current portion of long-term debt	**1,000**	1,000

Going concern:

This MD&A have been prepared on the going concern basis, which presumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Corporation has incurred net losses and negative cash flows from operations for the nine-month period ended September 30, 2024, and an accumulated deficit as at September 30, 2024. The Corporation's business plan is dependent upon generating positive cash flows, the continued financial support of its shareholders and lenders and/or raising additional funds to finance operations within and beyond the next 12 months. The Corporation has relied upon external financings to fund its operations in the past, primarily through the issuance of debt and equity, as well as from government assistance and investment tax credits. While the Corporation has been successful in securing financing in the past, raising additional funds is dependent on several factors outside the Corporation's control, and as such there is no assurance that it will be able to do so in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue operating as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

If the Corporation is unable to realize its projected revenues and generate positive cash flows from operations and/or obtain sufficient additional financing, it may have to curtail operations and development activities, any of which could harm the business, financial condition and results of operations.

Our Q3-24 unaudited condensed interim consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the amounts and classifications of the assets and liabilities that might be necessary should the Corporation be unable to achieve its plan and continue in business. If the going concern assumption was not appropriate for these unaudited condensed interim consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the classification of items in the consolidated condensed statements of financial position classifications used. Such adjustments could be material.

Liquidities

			Change	
	Q3-24	**YE-23**	*$*	*%*
Cash	164	8	*156*	*1950%*
Accounts receivables	3 393	2 682	*711*	*27%*
Inventories	5 625	4 109	*1 516*	*37%*
Prepaid expenses and deposits	688	405	*283*	*70%*
Accounts payable and accrued liabilities	3 511	5 976	*(2 465)*	*-41%*
Short term financing and current portion of long-term debt	4 952	9 098	*(4 146)*	*-46%*
Working capital	1 407	(7 870)	*9 277*	*-118%*

Since the start of FY-24, LSL Pharma has significantly reduced its net loss compared to FY-23, and has been successful in completing two private placement financings for net proceeds of $8.2 million as well as a $1.4 million long-term debt

financing providing liquidities to fund operations, the acquisition of Virage Santé as well as settle short term liabilities/debts.

The combination of debt repayments, loans/debt conversion and extensions combined with the Corporation's improved results helped transform the Corporation's balance sheet. Working capital improved significantly from a $7.9 million deficit to a $1.4 million surplus between YE-23 and Q3-24 despite $3.75 million of Secured Debentures still showing as short-term liabilities. Since the debentures matured in June 2024, the Corporation has reached an agreement with holders of the Secured Debentures to extend their maturity.

LSL has generated operating profits and positive EBITDA for each of the last 3 quarters. Except for addressing the repayment of the secured debentures, LSL Pharma believes that improved operating cash flows, the financings completed to date in FY-24 and the existing operating line of credit provide adequate financial flexibility for LSL Pharma to meet its operating and financial obligations. With the majority of its long-term assets unencumbered, the Corporation is confident in its ability to secure the required capital from conventional lenders to address the maturities of the secured debentures over the coming quarters.

Financial risks and fair value measurement – *refer to our 2023 Annual Audited Financial Statements – Note 19.*

Risk Factors

For a detailed discussion of additional risk factors, please refer to the Company's latest Information Circular on www.sedarplus.ca.

Disclosure of Outstanding Share Data

LSL Pharma's authorized share capital consists of an unlimited number of Class A Common Shares. As of November 22, 2024, LSL Pharma had 115,532,676 Class A Common Shares outstanding. In addition, a total of 46,566,072 Class A Common Shares were issuable in accordance with the terms of convertible securities (including equity incentive compensation awards) issued by LSL Pharma, and comprised of:

i. 4,697,143 Class A Common Shares issuable upon conversion of the Convertible Debentures,
ii. 34,123,659 Class A Common Shares issuable upon exercise of Warrants and Compensation warrants,
iii. 7,745,270 Class A Common Shares issuable upon exercise of Options (assuming full vesting).