



PRESS RELEASE
FOR IMMEDIATE RELEASE

LSL PHARMA GROUP ANNOUNCES ITS RESULTS FOR THE THIRD QUARTER OF FISCAL 2023

- Revenues of \$2.5M, up 25% over the last two quarters of the year;
- Gross margin of 18.6%, up sharply on last year's negative gross margin of (1%);
- Adjusted EBITDA¹ of \$0.1M compared with negative adjusted EBITDA of \$0.9M a year earlier;
- Projected sequential revenue growth for Q4-23 in excess of 40%;
- From early 2024, the Company will take advantage of new agreements unveiled last October for purchase orders worth up to \$2.6 million per year for natural health products, bringing its current order book in excess of \$6 million;
- Temporary authorization from the U.S. Food and Drug Administration (FDA) to export its Erythromycin^{Pr} ophthalmic ointment.

BOUCHERVILLE, QUEBEC, November 29, 2023 - LSL PHARMA GROUP INC (TSXV: LSL) - LSL Pharma Group Inc. ("the Company" or "LSL Pharma Group"), a Canadian integrated pharmaceutical company, has announced its financial results for the third quarter ended September 30, 2023. The Company's MD&A and unaudited consolidated financial statements are available on SEDAR+. Unless otherwise indicated, all amounts are expressed in Canadian dollars.

"LSL Pharma Group has made solid progress since the start of the year, with both subsidiaries contributing to its improved financial and operating performance," said François Roberge, President and CEO of LSL Pharma Group. "The acceleration of production at LSL Laboratories ("LSL") is progressing according to plan, following the move to new facilities in La Pocatière earlier this year. We have also completed optimization measures at the Steri-Med Pharma ("Steri-Med") plant, with a view to increase its production capacity by early 2024 to meet growing demand for our products."

SELECTED FINANCIAL INFORMATION (in thousands of Canadian dollars, except per share amounts)	Third quarter ended		Nine months ended	
	Sept. 30, 2023	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2022
Revenue	2,512	2,642	6,570	5,924
Gross margin	467	(13)	1,546	(935)
Adjusted EBITDA ¹	96	(865)	(166)	(3,872)
Net loss	(762)	(1,467)	(7,996)	(5,045)
Net loss per share	(0.01)	(0.02)	(0.10)	(0.08)
Weighted average number of shares outstanding ('000s)	82,434	64,647	79,617	64,647

¹ Adjusted EBITDA is a non-IFRS measure. See the Non-IFRS financial measures section for definitions and reconciliations.

THIRD-QUARTER RESULTS

For the third quarter ended September 30, 2023, LSL Pharma Group recorded revenues of \$2.5M, down slightly from \$2.6M for the same period last year, but up 24% sequentially from \$2.0M in the last two quarters of the current fiscal year.

The year-over-year variation reflects the gradual resumption of LSL's activities following the transition to its new manufacturing plant, as well as an extended summer shutdown at the Steri-Med plant to improve production flow and optimize equipment and production facilities. In addition, the sequential increase largely reflects the impact of the new LSL plant, as well as the effectiveness of measures implemented in previous periods.

Adjusted EBITDA, which excludes non-recurring items, amounted to \$0.1M, compared with a loss of \$0.9 million a year earlier. This marked improvement is mainly attributable to the increase in gross profit, which totalled \$0.5M compared with a loss of \$13,000 last year, and to a significant reduction of administrative expenses of over 25%.

The net loss for the third quarter was \$0.8M, or \$0.01 per share, a 47% improvement over last year's net loss of \$1.5M, or \$0.02 per share.

RESULTS FOR THE FIRST NINE MONTHS OF 2023

For the first nine months of 2023 fiscal year, LSL Pharma Group revenues reached \$6.6M, up 11% from \$5.9M for the same period last year. Gross profit amounted to \$1.5M, compared with a loss of \$0.9M a year earlier. Adjusted EBITDA showed a loss of \$0.2M, a marked improvement over the \$3.9M loss posted the previous year. Net loss totaled \$8.0M, or \$0.01 per share, versus a loss of \$5.0M, or \$0.08 per share, a year earlier.

FINANCIAL SITUATION

Reflecting the private placements concluded in the first quarter of the year, shareholders' equity stood at \$9.8M at September 30, 2023, compared with \$5.6M at the beginning of the year. Long-term debt, including the current portion, totalled \$10.0M, compared with \$9.3M at the beginning of the year. Working capital stood at (\$8.2M), compared with (\$7.0M) at December 31, 2022, while \$4.9M of long-term debt is now shown as a current liability due to its maturity date.

SUBSEQUENT EVENT

On November 1st, 2023, the Company announced the closing of the first tranche of its brokered private placement (the "Offering") through the issuance of 229,300 convertible unsecured debentures at a price of \$10 per debenture, for gross proceeds of \$2,293,000 out of a total of \$5,000,000 (assuming full exercise of the agent's option to increase the size of the Offering to \$1,000,000). The net proceeds of the Offering will be used for working capital, capital expenditures and general corporate purposes. A second tranche of the Offering is expected to close before the end of the fourth quarter.

OUTLOOK

"The coming quarters look promising, as we take advantage of increased production capacity at each of our subsidiary. Starting with the fourth quarter of 2023 and into 2024, we'll be taking advantage of the new agreements unveiled last October. Initially, Steri-Med will supply sterile ophthalmic ointment for the treatment of newborns in US hospitals under an exclusive agreement with US specialty pharmaceutical company Fera Pharmaceuticals, LLC. In addition, LSL will begin deliveries against new purchase orders for natural health products, the value of which could exceed \$2.6M on an annual basis. Finally, we are pursuing our efforts to make strategic acquisitions that will enable us to further expand our product range and customer base," concluded Mr. Roberge.

NON-IFRS FINANCIAL MEASURES

The non-IFRS financial measures included in this press release are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS; they may therefore not be comparable to similar measures presented by other issuers. When used, these measures are defined so as to permit reconciliation with the most comparable IFRS measure. These measures are provided as supplementary information to complement IFRS measures, by providing a better understanding of the Company's operating results, from its perspective. Accordingly, they should not be considered in isolation, nor as a substitute for analysis of the LSL Pharma Group's IFRS financial information. Despite the importance of these measures to management in setting objectives and assessing performance, the Company emphasizes that they are non-IFRS measures whose usefulness to investors may be limited.

The Company uses non-IFRS measures, such as EBITDA and Adjusted EBITDA, to provide investors with an additional measure of its operating performance and thus highlight trends in its core business that might not otherwise be apparent if only IFRS financial measures were used. The Company also notes that financial analysts, investors and other interested parties frequently use non-IFRS measures in assessing issuers. LSL Group Pharma also uses non-IFRS measures to facilitate period-to-period comparisons of operating performance, to prepare annual operating budgets, and to assess its ability to meet future debt servicing, capital expenditure and working capital requirements. The definition and reconciliation of EBITDA and Adjusted EBITDA used and presented by the Company with the most directly comparable IFRS measures are detailed below.

EBITDA is defined as net income or loss adjusted for income tax expense, 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 adjusted for special employee recruitment and severance costs, special professional fees, stock-based compensation and other costs of issuing warrants or options, moving expenses and other expenses related to the Company's listing on the TSX Venture Exchange. The Company uses Adjusted EBITDA as a key measure of business performance 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.

Reconciliation of net loss to EBITDA and adjusted EBITDA (in thousands of Canadian dollars)*	Third quarter ended		Nine months ended	
	Sept. 30, 2023	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2022
Net loss	(762)	(1,467)	(7,996)	(5,045)
Net financial expenses	426	341	1 269	408
Amortization	347	249	885	750
EBITDA	11	(877)	(5,842)	(3,887)
Cost of reverse takeover	-	-	2,488	-
Moving expenses	1	-	133	-
Stock-based compensation expenses	-	-	2,971	-
Recruitment and severance costs	84	12	84	-
Adjusted EBITDA	96	(865)	(166)	(3,887)

* Some calculation discrepancies are due to rounding.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements as defined under applicable Canadian securities legislation. Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "continue" or similar expressions. Forward-looking statements are based on a number of assumptions and are subject to various known and unknown risks and uncertainties, many of which are beyond the Company's ability to control or predict, that could cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements. These risks and uncertainties include, but are not limited to, those identified in the Company's filings with Canadian securities regulatory authorities, such as legislative or regulatory developments, increased competition, technological change and general economic conditions. All forward-looking statements made herein should be read in conjunction with such documents.

Readers are cautioned not to place undue reliance on forward-looking statements. No assurance can be given that any of the events referred to in the forward-looking statements will transpire, and if any of them do, the actual results, performance or achievements of the Company may differ materially from those expressed or implied by the forward-looking statements. All forward-looking statements contained in this press release speak only as of the date of this press release. The Company does not undertake to update these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

ABOUT LSL PHARMA INC.

LSL Pharma Group is an integrated Canadian pharmaceutical company specializing in the development, manufacture and distribution of high-quality natural health products and dietary supplements in solid dosage forms, as well as high-quality sterile ophthalmic pharmaceuticals. For further information, please visit the following websites www.groupelslpharma.com, www.laboratoirelsl.com and www.sterimedpharma.com.

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