



**PRESS RELEASE
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LSL PHARMA GROUP ANNOUNCES STRONG FISCAL Q3-24 RESULTS AND \$2.4 MILLION DEBT FINANCINGS TO SUPPORT ITS GROWTH INITIATIVES

- Revenues of \$4.0 million up 60% over Q3-23
- Adjusted Gross Profit of \$1.5 million up 90% over Q3-23
- Operating Profits of \$0.1 million compared to \$0.3 million operating loss in Q3-23
- Adjusted EBITDA of \$0.5 million up \$0.4 million over Q3-23
- YTD-24 Net loss down 84% compared to last year
- Raised \$2.4 Million from debt financings to pursue ongoing growth initiatives
- Doubled production capacity at Steri-Med Pharma
- Secured \$1.4 million on new orders from international clients

BOUCHERVILLE, QUÉBEC, November 25, 2024 - [LSL PHARMA GROUP INC.](#) (TSXV: LSL) (the "**Corporation**" or "**LSL Pharma**"), a Canadian integrated pharmaceutical company, today reported its financial and operating results for the three- and nine-month periods ended on September 30, 2024.

“During Q3-24 we saw our three manufacturing sites contribute to our operating results with Virage Santé contributing its first full quarter to the Group’s overall performance. We also completed the ramp up of production at both Steri-Med Pharma and LSL Laboratory with the addition of new equipment and services and are looking forward to starting the installation and validation of our second ointment production line at Steri-Med Pharma early in FY-25”, commented Francois Roberge, President and Chief Executive Officer of LSL Pharma. “The series of financial transactions completed since the end of the second quarter have contributed to strengthen our balance sheet and provide liquidities to continue funding our growth initiatives”, added Mr. Roberge.

Commenting on the Q3-24 and YTD-24 financial results, Luc Mainville, Executive Vice-President and Chief Financial Officer said, “During the third quarter we continued to deliver strong revenues and margins contributing to a third successive quarter with operating profits. We have been able to cut our net loss by 84% so far this year compared to the same period last year and are maintaining our corporate objective to reach profitability by year-end.”

Financial Highlights

- The Corporation delivered revenues of \$4.0 million in Q3-24, up 60% compared to Q3-23. Despite the strong YoY growth, revenues for the quarter were impacted by the summer shutdown at our three manufacturing 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 period, 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 levels achieved in the prior year. The LSL Laboratory and Steri-Med sites performance going forward should evidence this increased production capacity.

- Adjusted Gross Profit for Q3-24 stood at \$1.5 million, a 90% increase over Q3-23. Adjusted Gross Profit was \$4.9 million for the YTD-24 period compared to \$2.6 million for YTD-23, a 92% increase.
- 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 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.
- Net loss for the Q3-24 was down 49% for the quarter 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 over prior year period as the Corporation delivered stronger operating performance while controlling its financial expenses and limiting share-based compensation costs.
- The Corporation delivered an Adjusted EBITDA profit of \$0.5 million compared to \$0.1 million for Q3-23 a \$0.4 million increase. For YTD-24, the Adjusted EBITDA profit was \$1.6 million compared to a \$0.2 million Adjusted EBITDA loss for YTD-23, a \$1.8 million improvement. Our Adjusted EBITDA results to date in 2024 demonstrate the improvement of our financial performance as we continue to take advantage of our increased operating capacity while controlling our expenses.

Corporate Highlights

- On July 15, 2024, the Corporation announced the closing of the second tranche of the June 2024 Financing, for \$960,000 and issued 2,400,000 Units at a price of \$0.40 per unit. Each Unit consists of one (1) class A Common share of the Corporation (a “Common Share”) and one (1) Common Share purchase warrant (a “Warrant”). Each Warrant entitles the holder, subject to adjustments in certain cases, to purchase one (1) Common Share (a “Warrant Share”) at a price of \$0.70 for a period of 24 months following the closing of the Financing.
- The Corporation incurred \$15,000 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 \$560,000 by issuing 1,400,206 of 2024 Units at a price of \$0.40 per unit. The debt conversion included long-term notes payable for \$400,000 plus \$10,000 of accrued interest; and secured debenture for \$150,000. The Corporation used part of the proceeds of the financing to repay secured debentures totalling \$500,000.
- 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 to certain officers and directors in accordance with the Corporation’s long-term incentive compensation plan. The stock options granted 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.

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 units of 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 for working capital purposes by issuing a note payable maturing July 1st, 2026 (the "Note"). The Note is unsecured, bears interest at a rate of 13% per annum.

Financial Statements and MD&A

LSL Pharma Group's financial statements and Management's Discussion and Analysis for the third quarter of fiscal year 2024 are available on SEDAR+ at www.sedarplus.ca and on the Corporation's website.

Caution regarding forward-looking statements

This press release may contain forward-looking statements as defined under applicable Canadian securities legislation. Forward looking statements include estimates and statements that describe the Corporation's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition, belief, estimate or opinion, or result to occur. Forward-looking statements may be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "believe", "aim", "plan" "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 Corporation'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 Corporation'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 Corporation 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 Corporation 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 Group Inc.

LSL Pharma Group Inc. is a Canadian integrated pharmaceutical company specializing in the development, manufacturing, and commercialization of high-quality sterile ophthalmic pharmaceuticals, as well as natural health products in solid and liquid dosage forms. For further information, please visit the Corporation's website at www.groupelslpharma.com.

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