



**PRESS RELEASE
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LSL PHARMA GROUP REPORTS ITS FOURTH QUARTER AND YEAR-END 2023 RESULTS AND HIGHLIGHTS

- FY-2023 Revenues increased by 22% at \$10.0 million compared to \$8.2 million for FY-2022, a \$1.8 million increase.
- Gross margins for FY-2023 up \$3.8 million compared to FY-2022
- Net loss for FY-2023 of \$8.5 million compared to \$8.1 million for FY-2022
- Q4-2023 Revenues of \$3.5 million, up 51% over Q4-2022 revenues of \$2.3 million
- Q4-2023 EBITDA profit of \$0.3 million compared to an EBITDA loss of \$2.2 million for Q4-2022
- Q4-2023 Net loss of \$0.5 million compared to a net loss of \$3 million for Q4-2022
- In excess of \$20 million of gross financings completed during and after fiscal year 2023, including \$3.8 million of debt conversions.

BOUCHERVILLE, QUÉBEC, April 30, 2024 - [LSL PHARMA GROUP INC.](#) (TSXV: LSL) (the "Corporation" or "LSL Pharma"), a Canadian integrated pharmaceutical company, today reported its financial results for the year-ended December 31, 2023.

"During the year, LSL Pharma has completed an important corporate milestone by listing its shares on the TSX Venture Exchange. This event represents a key catalyst that enables our Company to access the required capital to accomplish its growth objectives. During the year, we have successfully completed the relocation of our LSL Laboratory operations thus providing 300% increased capacity for the site. During the same period, we successfully completed the Health Canada certification and improvement of our Steri-Med plant, with production capacity now reaching historical highs. Both sites are well positioned to achieve record levels in 2024, as we continue to add production equipment to take advantage of market demand for our products and services", commented Francois Roberge, President and Chief Executive Officer.

Commenting on the 2023 results, Luc Mainville, Executive Vice-President and Chief Financial Officer said, "During the year, we completed a series of financial transactions aimed at positioning LSL Pharma for growth over the coming years. By raising in excess of \$20 million and eliminating \$3.8 million of debts and liabilities, we are taking proactive measures to strengthen our balance sheet and improve our financial performance."

2023 Fiscal year Financial Results

- Revenues have increased by 22% at \$10.0 million in FY-2023 compared to \$8.2 million for FY-2022. As mentioned before, revenues have been positively impacted by the sales of Erythromycin

ophthalmic ointment in the US market as we took advantage of a product shortage and successfully secured (via our US partner – Fera Pharmaceuticals) a temporary license granted by the FDA to sell our Canadian labelled product to US hospitals. The license has since been extended to June 30, 2024 and consequently our revenues for the first part of FY-2024 will also be positively impacted by these non-recurrent sales.

- Gross margins for FY-2023 have increased by \$3.8 million compared to FY-2022 at \$1.6 million compared to negative margins of \$2.2 million. While our margins have improved significantly between the two fiscal years, our LSL plant has only reached its normal operating level at the end of FY-2023. We expect LSL Laboratory to better contribute to the overall results in FY-2024. Similar to our revenues, our gross margins have been positively impacted in the later part of the year with sales of our Erythromycin product into the US.
- Adjusted Gross margins % for FY-2023 after eliminating the impact of depreciation, amortization, costs related to shut-down, plant upgrades and moving costs stood at 12%, down from 41% for FY-2022. Our adjusted gross margins for FY-2022 had been favorably impacted by a large adjustment for plant shut-down and relocation costs of \$4.5 million compared to a nominal impact of \$0.1 million in FY-2023.
- EBITDA for FY-2023, after eliminating the impact of financial expenses, depreciation and amortization was a loss of \$5.5 million for FY-2023 compared to a loss of \$6.1 million for the prior fiscal year, a 10% improvement.
- Adjusted EBITDA for FY-2023 was a \$0.5 million loss compared to a gain of \$1.5 million for FY-22. Again, the FY-2022 were favorably impacted by the \$4.5 million adjustment for plant shut-down and relocation costs compared to a nominal impact of \$0.1 million in FY-2023.
- Adjusted EBITDA before taking into consideration the impact of plant shut-down and relocation show a \$0.6 million loss for FY-2023 compared to \$3 million loss in FY-2022, a \$2.4 million improvement.
- Net loss for the 2023 fiscal year of \$8.5 million compared to a loss of \$8.1 million for FY-2022.

Q4-2023 Financial highlights

- Q4-2023 Revenues of \$3.5 million, up 51% over Q4-2022 of \$2.3 million, positively impacted by the sales of Erythromycin ophthalmic ointment in the US market.
- Q4-2023 EBITDA profit of \$0.3 million compared to an EBITDA loss of \$2.2 million for Q4-2022 positively impacted by the margins from incremental sales of Erythromycin ophthalmic ointment in the US market.
- Q4-2023 Net loss of \$0.5 million compared to a net loss of \$3 million for Q4-2022.

Q4-2023 Business Highlights

- **October 18, 2023** – The Corporation entered into an exclusive agreement with Fera Pharmaceuticals, to provide Erythromycin ophthalmic ointment USP (5mg/g) for the treatment of newborns in U.S. hospitals. The FDA granted Fera temporary discretion to import LSL Pharma’s one-gram ointment product for the prevention of gonococcal ophthalmia neonatorum.

- **October 25, 2023** – The Corporation announced the signing of new orders representing \$2.6 million of revenues for LSL Laboratory.
- **November 1st, 2023** – The Corporation secured gross proceeds of \$2,293,000 representing the first tranche of an unsecured convertible debentures brokered private placement (the «Offering») through the issuance of 229,300 debenture at a price of \$10 per Debenture. The net proceeds of the Offering will be used for working capital, capital expenditures, and for general corporate purposes. The Offering was led by iA Capital Markets as sole agent. The Corporation has received conditional approval to list the Debentures on the TSXV after the expiry of a 4-month hold period. The Debentures are expected to trade under the symbol LSL.DB. Each Debenture will, at the option of the holder, be convertible in its entirety into Class A shares of the capital stock of the Company (the «Class A Shares») at any time prior to the close of business on the earlier of: (i) the last business day immediately preceding the Maturity Date, and (ii) the date fixed for redemption, at a conversion price of \$0.70 per Class A Share (the «Conversion Price»), subject to adjustment in certain events. A second tranche representing gross proceeds of \$995,000 closed on December 8, 2023
- **December 4, 2023** - The Corporation appointed Luc Mainville as Executive Vice President and Chief Financial Officer. Mr. Mainville brings 30 years of experience in the capital markets and life sciences industry. He is recognized for his financial and operational leadership having been associated with several fast-growing companies.

Subsequent Events

Subsequent to our fiscal year-end 2023, the Corporation completed a series of transactions aimed at strengthening its balance sheet and improved its working capital and other financial ratios.

- **On February 2, 2024** - The Corporation borrowed \$0.75 million from a company controlled by an officer at 12% interest rate, repayable on February 1, 2026. \$0.271million of this amount was converted into the first tranche of the Private Placement closed on March 7, 2024.
- **On February 29, 2024** - The Corporation signed an amendment with a Debentures holder representing \$0.1 million to extend the repayment date from March 9, 2024, to March 9, 2026. As a consideration for the extension, the interest rate for has been increased from 6% to 9.5%.
- **March 19, 2024** – The Corporation announced the closing of a non-brokered private placements for \$6.4 million representing the first closing of the \$8.0 million combined financings announced on March 7, 2024 (the «Financing»). Pursuant to the Financing, the Corporation has issued 16,086,893 units (the «Units») at a price of \$0.40 per unit for aggregate gross proceeds of \$6,434. Each Unit consists of one class A share of the Corporation (a «Common Share») and one Common Share purchase warrant (a «Warrant»). Each Warrant entitles the holder, subject to adjustments in certain cases, to purchase one Common Share (a «Warrant Share») at a price of \$0.70 for a period of 36 months following the closing of the Financing. Each issued Unit, Common Share, Warrant and Warrant Share will be subject to a four month hold period under the applicable securities laws. There were no finders' fees paid in connection with this private placement. The Financing includes \$2,685 in cash proceeds, and the conversion of \$3,749 of the Corporation's debts in Units. The cash proceeds of the Financing will be used to further expand production capacity at each of the LSL Laboratory and Steri-Med Pharma plants and for general working capital purpose.

- The conversion of debt into Units has help strengthen the Corporation’s balance sheet by eliminating a total of \$3.8 million of debts/liabilities, as described below:
 - Accounts payable of \$1.366 million
 - Secured debenture of \$0.5 million (nominal amount)
 - Short-term note payable of \$1.16 million
 - Long-term debt of \$0.59 million
- **April 24, 2024** – LSL Pharma Group announced the second and final tranche of its private placement financing of Units for \$3,794 representing the second closing of the upsized \$7.5 million non-brokered private placement announced on April 11, 2024. The second tranche follows an initial first closing of \$2.7 million announced on March 19, 2024, bringing the total gross cash proceeds from the private placement to \$6.5 million when combined with the previous closing. In connection with this Financing, the Corporation paid to a finder dealing at arm’s length with the Corporation, finders’ fees for a total of \$30,000 in cash and issued 75,000 finders’ warrants. Each Finder’s Warrant entitles the holder to purchase one (1) Common Share at a price of \$0.70 for a period of 18 months following the closing of the Financing (the “Finder’s Warrants”).
- **Subsequent to year end**, the Corporation repaid multiple debts totalling \$0.29 million.
- **On April 23, 2024, LSL Pharma** announced the addition of Ms. Diane Beaudry, and Mario Paradis, as new members to its Board of Directors. Ms. Diane Beaudry is a Certified Professional Accountant and Certified Director by the Institute of Corporate Director has extensive experience in the field of finance and boards of directors. Mario Paradis is actually the Interim CFO of EXFO Inc. Prior to this, he was Vice President and Chief Financial Officer of Neptune Wellness Solutions from 2015 to 2019. Prior to 2015, he was Vice President and Chief Financial Officer at Atrium Innovations.

Financial Statements and MD&A

LSL Pharma Group’s financial statements and Management’s Discussion and Analysis for the year-ended December 31, 2023 are available on SEDAR at www.sedar.com and on the Corporation website.

Grant of Options

The Corporation granted an aggregate of 1,555,000 stock options ("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 \$0.40 per Class A common share of the Corporation until April 29, 2034. All options will vest on grant.

ABOUT LSL PHARMA GROUP INC.

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

Forward Looking Statements

This press release contains forward-looking statements about LSL Pharma's objectives, strategies and businesses that involve risks and uncertainties. These statements are "forward-looking" because they are based on our current expectations about the markets we operate in and on various estimates and assumptions. Actual events or results may differ materially from those anticipated in these forward-looking statements if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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