LSL PHARMA GROUP INC.

(formerly known as Corporation Exploration Îledor)

Management's Discussion and Analysis for the three-month and nine-month periods ended September 30, 2023 and September 30, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

This document constitutes management's discussion and analysis of the financial condition and results of operations of LSL PHARMA GROUP INC. ("LPG" or the "Company") for the three-month and nine-month periods ended September 30, 2023 and 2022. This document should be read in conjunction with the unaudited consolidated financial statements and accompanying notes for the three-month and nine-month periods ended September 30, 2023 and 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in thousands of Canadian dollars (unless otherwise indicated), except for shares, warrants, options and per-share amounts. This discussion and analysis document has been prepared by management from information available as at November 27, 2023. Further information on the Company is available online on SEDAR+ at www.sedarplus.com.

Non-IFRS financial measures

The non-IFRS financial measures included in this MD&A are not measures recognized by IFRS and do not have a standardized meaning prescribed by IFRS, and therefore may not be comparable to similar measures presented by other issuers. When used, these measures are defined so as to permit reconciliation with the nearest IFRS measure. These measures are provided as supplementary information to complement IFRS measures by providing a better understanding of our operating results from our perspective. Accordingly, they should not be considered in isolation or as a substitute for analysis of our IFRS financial information. Despite the importance of these measures to management in setting objectives and assessing performance, we emphasize that they are non-IFRS measures whose usefulness to investors may be limited.

We use non-IFRS measures, such as adjusted gross margin, EBITDA and adjusted EBITDA, to provide investors with an additional measure of our operating performance and thus highlight trends in our core business that might not be apparent if IFRS financial measures alone were used. We also believe that financial analysts, investors and other interested parties frequently use non-IFRS measures to evaluate issuers. We also use non-IFRS measures to facilitate period-to-period comparisons of operating performance, to prepare annual operating budgets, and to assess our ability to meet future debt servicing, capital expenditure and working capital requirements. The definition and reconciliation of adjusted gross margin, EBITDA and adjusted EBITDA used and presented by the Company with the most directly comparable IFRS measures are detailed below:

Adjusted gross margin is defined as gross margin from product sales less amortization charges relating to intangible assets and amortization charges relating to property, plant and equipment. Management believes that adjusted gross margin 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 adjusted to eliminate certain non-recurring expenses such as special 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. 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 margin and adjusted gross margin, as well as net loss to EBITDA and adjusted EBITDA, is described later in this document.

This management report was approved by the Company's Board of Directors on November 27, 2023.

Cautionary statement regarding forward-looking statements

This Management's Discussion and Analysis may contain forward-looking information within the meaning of applicable Canadian securities legislation. Forward-looking information can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "continue" or similar expressions. Forward-looking information is 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 the Company's actual results or performance to differ materially from those expressed or implied by the forward-looking information, and is based on assumptions regarding these risks and other factors set forth herein.

Use of judgments and estimates

The preparation of the company's consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and accompanying disclosures. Uncertainty relating to these assumptions and estimates could result in an outcome requiring a material adjustment to the carrying amount of the assets or liabilities concerned in future periods. These assumptions and estimates are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in all subsequent periods to which they relate. Information on the significant judgments and estimates that have the most significant effect on the recognition and measurement of assets, liabilities, revenues and expenses is provided in note 4 to the Company's audited annual consolidated financial statements for the year ended December 31, 2022 and in note 3 to the unaudited consolidated financial statements for the three-month and nine-month periods ended September 30, 2023 and 2022 concerning the inputs used in the Black & Scholes model to determine the fair value of warrants and stock options.

Selected financial information

Period ended	**September 30 2023 3 months $**	September 30 2022 3 months $	**September 30 2023 9 months $**	September 30 2022 9 months $
Information derived or calculated from the consolidated financial statements				
Revenues	**2,512**	2,642	**6,570**	5,924
EBITDA (loss)	**11**	(877)	**(5,842)**	(3,889)
Adjusted EBITDA (loss)	**96**	(865)	**(166)**	(3,872)
Net loss	**(762)**	(1,467)	**(7,996)**	(5,046)

As of	**September 30 2023 $**	31 December 2022 $
Information from the consolidated statements of financial position		
Current assets	**6,027**	4,394
Total assets	**29,653**	27,312
Long-term liabilities excluding lease liabilities	**3,198**	7,742
Shareholders' equity	**9,751**	5,641

Financial highlights

Here are some highlights for the third quarter of 2023:

- LPG saw its revenues **increase by 10.9%** to $6,570 between Q3 2023 and Q3 2022 (9-month periods).
- Both gross margin and adjusted gross margin increased. Gross margin increased from **-15.8%** for the 9 months ended September 30, 2022 (-1% in the third quarter of 2022) to **+23.5%** for the corresponding period of 2023 (18.6% in the third quarter of 2023), while adjusted gross margin increased from **-3.1%** for the 9 months ended September 30, 2022 to **+37%** in 2023 (8.9% to 32.4% respectively for the quarter).
- Adjusted EBITDA also improved in the third quarter, from **$(-865)** in Q3 2022 to **+$96** in Q3 2023 (3-month period). For the 9-month period ended September 30, 2023, adjusted EBITDA decreased from **(-$3,872)%** in 2022 to **(-$166)%** in 2023. This reflects the efforts put in place over the past few months to support the expected growth in our results over the coming quarters.
- Excluding the reclassification of the debenture maturing in June 2024 for an amount of $4,884, working capital improved compared with December 31, 2022, from **$(-6,973)** to **$(-3,324)** at September 30, 2023, a significant improvement of **$3,649.**
- Shareholders' equity rose from **$5,641 to $9,751,** partly as a result of the private placement completed in February 2023 for a total amount of **$8,361.**
- Since the end of 2022, LPG has undertaken the certification and validation of **6 new sterile products** which should be available for sale towards the end of 2024 and in 2025.

- The relocation of the La Pocatière plant was duly completed during Q3 2023. The new 22,000 sq. ft. plant will significantly increase LSL's production capacity by Q4 2023.

Description of the private placement completed in the first quarter of 2023

Reverse takeover and private placement

On December 22, 2022, Laboratoire LSL Inc. entered into an agreement with Corporation Exploration Îledor ("Îledor"), pursuant to which Îledor completed, effective February 22, 2023, a transaction involving a change of its business at arm's length, in accordance with the policies of the TSX Venture Exchange, through a reverse takeover with Laboratoire LSL Inc. (the "Reverse Takeover"). Prior to the completion of the Reverse Takeover, Îledor consolidated its Class A common shares (the "Common Shares") on the basis of one (1) post-consolidation Common Share for each twenty-five (25) Common Shares outstanding prior to the consolidation (the "Consolidation"), and Îledor changed its name to LSL Pharma Group Inc. (the "Resulting Issuer").

On March 1, 2023, the common shares of LSL Pharma Group Inc. began trading on the TSX Venture Exchange ("TSXV") under the symbol "LSL".

The following transactions took place in connection with the reverse takeover:

- Acquisition by Îledor of all the outstanding shares and securities of Laboratoire LSL Inc. for a total consideration of $47,662 in a reverse takeover whereby the resulting issuer issued 68,089,000 common shares (post-consolidation) at a price of $0.70 per common share and 33,606,000 warrants to the shareholders of Laboratoire LSL Inc. The resulting issuer also issued 1,575,000 common shares (post-consolidation) at a price of $0.70 per common share as a commission in connection with the reverse takeover;

- The Resulting Issuer completed, on February 22, 2023, a first tranche private placement of 11,736,566 Units at a price of $0.70 per Unit (the "Units") for total gross proceeds of $8,216 (the "First Tranche Private Placement") and, on March 13, 2023, a second tranche of 207,143 Units for total gross proceeds of $145 (the "Second Tranche Private Placement" and, together with the First Tranche Private Placement, the "Private Placement"). Each Unit consists of one (1) common share (post-consolidation) and one-half (1/2) warrant. Each whole warrant entitles the holder to acquire one (1) additional common share (post-consolidation) at a price of $1.00 for a period of 18 months. The total value attributed to the warrants in the transactions detailed above is $0.12 per half (1/2) warrant.

- A total of $464 in cash and 662,818 broker warrants were paid as commissions for the first tranche of the private placement, and a total of $6 in cash and 8,000 broker warrants were paid as commissions for the second tranche of the private placement, where each broker warrant entitles its holder to acquire one unit (on the same terms as the units in the private placement) at a price of $0.70 each for a period of 18 months from the closing date of the public offering;

  - A stock option plan has been set up by the issuer resulting;

  - Following the takeover and private placement, there were 82,433,578 common shares issued and outstanding (post consolidation) of LSL Pharma Group Inc. of which the former common shareholders of Laboratoire LSL Inc. controlled the majority.

For accounting purposes, it has been determined that Îledor is the accounting acquiree and Laboratoire LSL Inc. is the accounting acquirer, as the shareholders of Laboratoire LSL Inc. now control Groupe LSL Pharma Inc. using the guidance in IFRS 10, Consolidated Financial Statements, and IFRS 3, Business Combinations, to identify the accounting acquirer. Since Laboratoire LSL Inc. is considered the accounting acquirer, these consolidated financial statements (and, consequently, the MD&A) have been prepared as a continuation of the financial statements of Laboratoire LSL Inc. Consequently, the 2022 comparative information included in this document is that of Laboratoire LSL Inc. only. For simplicity's sake, transactions carried out by Laboratoire LSL Inc. are referred to as being carried out by the Company in this MD&A.

Corporate strategy and future development

LPG's management intends to pursue its strategy of organic growth and the addition of products and services to better support its expanding customer base, as well as through acquisitions of companies offering complementary services.

Organic growth at Laboratoire LSL Inc. (LSL) and Steri-Med Pharma Inc. (Steri-Med) plants

For **LSL** :

- Growth will be achieved through existing customers and the addition of new ones. Thanks to its new 22,000 sq. ft. plant, LSL estimates that, simply with its existing customers and the addition of a few new ones, it will be able to increase its revenues by 15-20% per year over the next few years.
- Over the next few years, LSL plans to expand its product range by adding new natural health products (NHPs) for its private label business and developing new NHP products for the veterinary market, as well as opening up new markets such as the United States and Europe. This could add up to 10% to annual revenue growth.
- The relocation of the LSL plant was completed in Q3 2023. The plant has been 100% operational since November, enabling the Company to implement its growth plan.

For **Steri-Med** :

- The organic growth strategy will be achieved by optimizing and increasing its production capacity from early 2024, which will be able to double from Q2 2024. In addition, a complete new manufacturing line will be added towards the end of 2024, doubling capacity once again. Thus, by 2025, production capacity will have quadrupled from its current level, enabling the Company to manufacture the new products currently under development.

- LSL Pharma Group has entered into an exclusive agreement with Fera Pharmaceuticals, LLC ("Fera"), a U.S. specialty pharmaceutical company, to supply erythromycin ophthalmic ointment USP 5mg/g for the treatment of neonates in U.S. hospitals. Given the scarcity of erythromycin ophthalmic ointment south of the border, the U.S. Food and Drug Administration ("FDA") has granted Fera temporary authorization to import this vital drug used in the prevention of gonococcal ophthalmia of the newborn. Under the terms of the agreement, the LSL Pharma Group, through its subsidiary Steri-Med, could supply up to 25% of the four million doses required annually for the US hospital market. Additional quantities of erythromycin ophthalmic ointment may be available, should the drug shortage persist.

- Expansion into new markets will also involve increasing Steri-Med's production capacity. Serious discussions are already underway with major U.S. customers, representing potential revenues 6 to 8 times greater than those in Canada by 2025. Steri-Med expects to generate over 25% of its revenues abroad by 2025.
- The addition and development of new sterile products will enable annual growth of more than 20% over the next five (5) years, as Steri-Med plans to market 10 to 15 new sterile ointments, eye drops and veterinary products. Steri-Med already has the expertise and Health Canada licenses to manufacture these products.
- Steri-Med is pursuing its efforts to obtain FDA accreditation, which would open up the highly significant US market for ophthalmic products.

Acquisition of companies and products with marketing authorization in Canada

LPG is on the lookout for companies and products whose profile matches its vision and growth strategy. LPG has put in place an active program to identify companies and products to acquire or incorporate through licensing. A number of companies and products have already been targeted by management, and advanced discussions are underway.

Here are some of the criteria used to evaluate business opportunities for companies and/or products to be acquired:

Criteria	Description
Potential income	LPG is looking for profitable companies with Canadian sales of between \$5 and \$25 million and the capacity for growth. In terms of products, LPG targets niche products with annual revenue potential of at least \$250. This scale puts these projects under the radar screen of big pharma, making them easier to acquire.
Development stage	LPG is looking for market-ready products, ideally already registered in Canada.
Investment	The company does not wish to engage in an auction process, but would like to pay a fair price based on the profitability generated and current and future revenues, in addition to offering strong synergy potential with its current activities.
Market differentiation	The Company's choice of products is based on its ability to position the product advantageously in the market and its integration into its current portfolio.
Integration into current portfolio	The product must be marketable through LPG's existing revenue channels, and offer clear prospects for short-term profitability and growth.

Reconciliation of adjusted gross margin

The following table reconciles gross margin and adjusted gross margin for the three- and nine-month periods ended September 30, 2023 with the corresponding periods of the previous year.

For the quarter ended September 30, 2023, cost of sales includes \$313 of amortization, compared with \$243 for the same period in 2022. For the nine-month period ended on the same dates, the amortization amounts included in cost of sales were \$783 and \$732 respectively. Management considers that this amortization expense is not directly related to operating costs, and believes that the adjusted gross margin better reflects the actual cost of production.

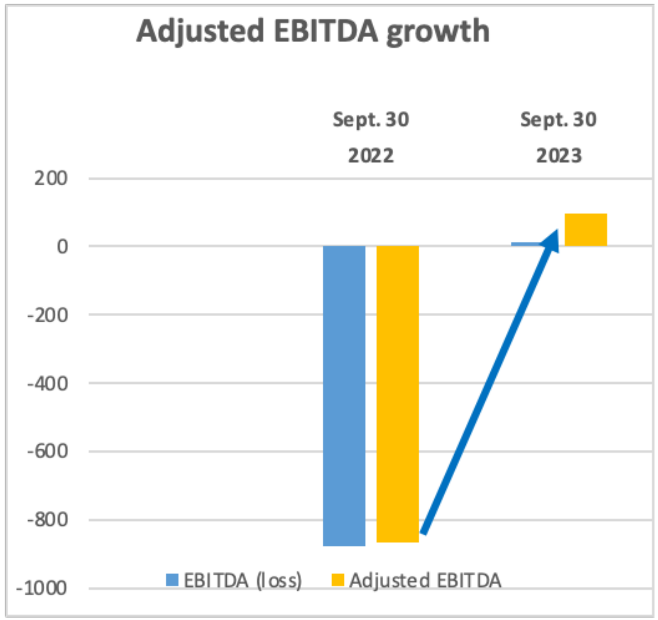
Period ended	**September 30 2023 3 months $**	September 30 2022 3 months $	**September 30 2023 9 months $**	September 30 2022 9 months $
Revenues	**2,512**	2,642	**6,570**	5,924
Gross margin (loss)	**467**	(13)	**1,546**	(935)
Gross margin % of revenues	**18,6 %**	-1 %	**23,5%**	-15,8 %
Adjustments				
Depreciation and amortization	**347**	249	**885**	749
Adjusted gross margin (loss)	**814**	236	**2,431**	(186)
Adjusted gross margin % of revenues	**32,4 %**	8,9 %	**37,0%**	-3,1 %

Reconciliation of adjusted EBITDA

At September 30, 2023 (3 months), LPG's EBITDA was $11 positive, compared with negative EBITDA of $(-877) in the corresponding quarter of 2022. For the nine-month period ended September 30, 2023, LPG's EBITDA was $(-5,842) and $(-3,887) for the same period in 2022. During the **first quarter of 2023**, LPG completed a reverse takeover transaction and relocated its Laboratoire LSL Inc. plant, representing two specific events that generated non-recurring expenses. The reverse takeover carried out in the first quarter of 2023 generated two one-time expenses, namely transaction costs of $2,488 and a stock compensation expense of $2,971. Moving expenses of $133 were also incurred in 2023.

The following table reconciles net loss to EBITDA (loss) and adjusted EBITDA (loss) for the three- and nine-month periods ended September 30, 2023, compared to the same periods ended September 30, 2022:

Period ended	**September 30 2023 3 months $**	September 30 2022 3 months $	**September 30 2023 9 months $**	September 30 2022 9 months $
Net loss	**(762)**	(1,467)	**(7,996)**	(5,046)
Net financial expenses	**426**	341	**1,269**	408
Amortization and depreciation	**347**	249	**885**	749
EBITDA (loss)	**11**	(877)	**(5,842)**	(3,889)
Cost of reverse takeover	**-**	-	**2,488**	-
Moving expenses	**1**	-	**133**	-
Stock-based compensation expenses				
Recruitment and severance costs	**-**	-	**2,971**	-
	84	12	**84**	17
Adjusted EBITDA (loss)	**96**	(865)	**(166)**	(3,872)



Transactions with related parties and shareholders (see notes to the financial statements)

(a) Transactions with related parties :

Key management personnel include the CEO, CFO, Vice-Presidents and members of the Executive Committee.

The following table shows compensation for key management personnel, recognized in the consolidated income statement:

Period ended	**September 30 2023 3 months $**	September 30 2022 3 months $	**September 30 2023 9 months $**	September 30 2022 9 months $
Key employees salaries and benefits	**247**	225	**846**	844

The Company's balances and transactions with related parties are as follows:

	September 30 2023 $	December 31 2022 $
Assets		
Advance receivable from Îledor included in accounts receivable in relation to expenses paid by the Company on behalf of Îledor	**-**	106
Amount receivable from a company managed by a director of the company, included in accounts receivable	**42**	-
Liabilities		
Advances payable to key management personnel, included in advances payable to shareholders	**269**	23
Amounts of bonds held by key executives and directors and included in long-term debt	**1,150**	1,150
Revenues (9 months)		
Income from a company managed by a director of the company	**59**	81

Short-term assets

	September 30 2023 $	December 31 2022 $
Cash and cash equivalents	**-**	-
Accounts receivable	**1,755**	1,231
Inventories	**3,869**	2,957
Prepaid expenses	**403**	206
Accounts payable and accrued liabilities	**4,108**	6,118
Short-term financing and current portion of long-term debt	**6,783**	1,579
Working capital	**(8,208)**	(6,973)

Cash and cash equivalents at September 30, 2023 were nil, as they were for the same period in 2022. The net loss for the third quarter of 2023 was $(-762) and the net loss for the nine-month period was $(-7,996). For the same periods in 2022, losses were $(-1,467) and $(-5,046) respectively. It is important to note that a significant portion of the 2023 loss is due to a stock-based compensation expense of $2,971 and expenses related to the reverse takeover for $2,488.

LPG's working capital deteriorated from $(-6,973) at December 31, 2022 to $(-8,208) at September 30, 2023. This deterioration is explained by the classification of the $4,884 debenture maturing in less than 12 months under current liabilities. LPG's management is confident of renewing this debenture by its long-term maturity in early 2024. By reclassifying the debenture under long-term liabilities, working capital would have been negative at $(-3,324), a significant improvement of $3,649. Over the next few quarters, LPG expects to generate positive EBITDA. This will help improve liquidity and working capital. Management does not foresee any major capital expenditures for the remainder of 2023, unless they are adequately financed to preserve liquidity.

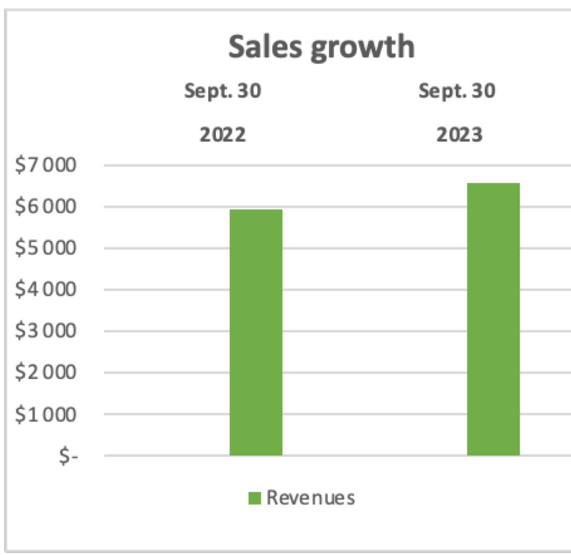
In November 2023, LPG closed a first tranche of convertible debentures in the amount of $2.293M. LPG expects to close a second tranche by the end of 2023.

Repayment of long-term debt

Following completion of the reverse takeover, the Company repaid the first advance payable to Finaccès Capital Inc. in the amount of $2,100 and a portion of the third advance payable to Finaccès Capital Inc. in the amount of $500.

Operation results

For the nine months ended September 30, 2023, revenues were $6,570, compared to $5,924 for the same period in 2022, **an increase of 10.9%.** Revenues for the third quarter 2023 at September 30 were $2,512, compared with $2,642 for the same period last year. It is important to note that during the period under review, LSL relocated its plant, which disrupted its ability to make certain deliveries. LPG is confident that sales will increase significantly in the coming quarters. LPG still has a full order book, which points to strong sales in 2024. In addition, LPG expects to make up the backlog of orders caused by the relocation of the LSL plant by the end of the second quarter of 2024. As at September 30, 2023, the net loss amounted to $(-7,996), compared with a net loss of $(-5,046) for the same period in 2022. The loss for the third quarter of 2023 was $(-762), compared with a loss of $(-1,467) in the third quarter of 2022.

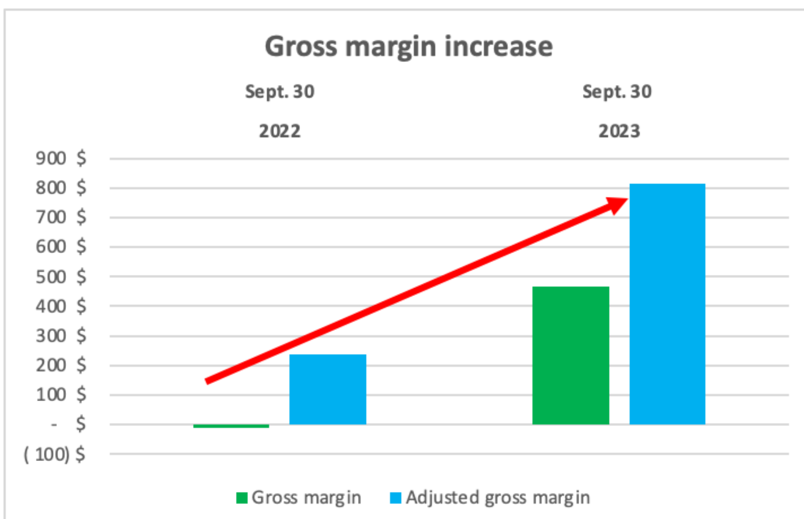


The net loss for the nine-month period ended September 30, 2023 was generated by considering, among other things, costs related to the reverse takeover of Îledor of $2,488, stock-based compensation expenses of $2,971 in connection with the stock option program, and moving expenses of $133. Had it not been for these expenses, the net loss would have been $2,404. Adjusted EBITDA for the 3-month period ended September 30, 2023 was positive at $96, compared with an adjusted EBITDA (loss) for the same period in 2022 of $(-865).

The Q3 operating loss was due to three main factors: costs associated with the stock option program, expenses related to the reverse takeover, and lower productivity following the relocation of LSL's plant to La Pocatière. LSL's revenues for the first nine months of the year were lower than management had anticipated, which obviously had a direct negative impact on gross margin. Production delays caused by the plant relocation will be made up in the coming months. On the other hand, Steri-Med performed well and managed to generate an attractive profit at September 30, 2023.

LPG's gross margin for the three-month period ended September 30, 2023 was $467 or **18.6%** (gross margin of $1,546 or 23.5% for the 9-month period ended September 30, 2023), compared with a negative gross margin of (-$13), or -1%, for the same period of 2022 (negative gross margin of ($935) or (-15.8)% for the 9-month period of 2022). This significant improvement is mainly due to the strong performance of Steri-Med, which achieved an excellent gross margin for the period. **Management is counting on the return to normal production at the LSL plant to return to profitability as early as Q4 2023**.

LPG management calculates an adjusted gross margin to reflect more accurately the results directly linked to production. To calculate adjusted gross margin, LPG deducts amortization of intangible assets and property, plant and equipment from cost of goods sold. Removing this charge, the adjusted gross margin for the three-month period ended September 30, 2023 is **$814 or 32.4%,** compared with an adjusted gross margin of $236 or 8.9% for the same period last year. For the first nine months of 2023, adjusted gross margin was $2,431 or 37% at September 30, 2023, compared with (-$186) or (-3.1)% for 2022. Management is confident of being able to maintain this level of gross margin in the quarters ahead, and even improve it further. Maintaining the gross margin combined with improving LSL's productivity will lead to the expected level of profitability.



In the third quarter of 2023, selling and administrative expenses amounted to $790, compared with $1,053 in the third quarter of 2022. The 25% decrease in selling and administrative expenses is due to the absence of specific expenses incurred as a result of LPG's IPO. Management is satisfied with the decline in fixed **SG&A???** expenses, and expects them to remain stable over the coming quarters. R&D expenses are down to $13, compared with $59 for the same period in 2022. This drop in R&D spending is more circumstantial than the result of a new strategy. LPG has several new product development projects underway and intends to continue investing in R&D. In Q3 2023, financial expenses totalled $426 ($1,269 for the nine-month period) compared to $341 ($408 for the nine-month period) for the same period last year, which included a gain on debt settlement of $657. Management notes that in August 2023, LPG entered into a new $1,500 short-term revolving credit facility with a Canadian chartered bank, which will help reduce financial expenses over the coming quarters.

Financial position - September 30, 2023

LPG's working capital at September 30, 2023 was ($3,324), excluding the $4,884 debenture maturing in June 2024, or 0.65:1.00, an improvement in the working capital ratio compared with the working capital at December 31, 2022, which was negative ($6,973), for a ratio of 0.39:1.00. This improvement follows the $8,361 private placement completed on February 22, 2023. As at September 30, 2023, LPG's main current assets are trade receivables amounting to $1,755 ($1,231 as at December 31, 2022) and inventories amounting to $3,869 ($2,957 in 2022). Accounts receivable consist of major pharmaceutical distributors, large pharmacy chains and a few small distributors. Inventories consist mainly of raw materials and packaging materials (48%), finished goods (46%) and work in progress (6%). Given the nature of inventories, the risk of obsolescence is minimal. LPG maintains a provision for obsolescence on its total inventory mainly for the potential depreciation of raw materials and packaging materials.

Non-current assets at September 30, 2023 amount to $23,626. Of this amount, nearly $14,884 consists of: (i) land and a building for $3,769; (ii) various manufacturing equipment for $5,271. LPG also has $8,723 ($8,981 in 2022) in intangible assets, representing all product formulations and customer relationships following the acquisition of Steri-Med in July 2020.

On the liabilities side of LPG's balance sheet, the main current liabilities at September 30, 2023 are accounts payable and accrued liabilities amounting to $4,108 ($6,118 at December 31, 2022). Short-term revolving credit totalling $1,279 compared with $493 at December 31, 2022 fluctuates with the level of inventories and receivables. In Q3 2023, LPG concluded a new line of credit with a Canadian chartered bank to replace its factoring financing. The current portion of long-term debt and lease liabilities amounts to $6,909, including the entire debenture repayable in June 2024 for $4,884.

LPG's long-term liabilities amount to $5,667 ($10,303 at December 31, 2022) and represent the estimated fair value of the principal amount of long-term debt. Long-term debt was used primarily to finance the Company's acquisition of capital assets and the acquisition of Steri-Med in July 2020.

Shareholders' equity

Shareholders' equity stood at $9,751 at September 30, 2023, compared with $5,641 at December 31, 2022. This increase of $4,110 over the 9-month period is mainly due to the private placement in the amount of $8,361 combined with the net loss incurred at the beginning of 2023.

	September 30 2023 $	December 31 2022 $
Share capital	**24,337**	15,403
Contributed surplus	**3,172**	-
Retained earnings (deficit)	**(17,758)**	(9,762)
Total	**9,751**	5,641

Business continuity

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

The Company has incurred net losses and negative cash flows for the three-month and nine-month periods ended September 30, 2023 and 2022, and has negative working capital (current liabilities greater than current assets) and an accumulated deficit as at September 30, 2023, but positive shareholders' equity.

The Company's business plan depends on the generation of positive cash flow, the continued financial support of its shareholders and lenders and/or the raising of additional funds to finance operations over the next 12 months and beyond. In the past, the Company has relied on external financing to fund its operations, mainly through the issuance of debt and equity, as well as government grants and investment tax credits. Although the Company has been successful in obtaining financing in the past, the raising of additional funds depends on a number of factors beyond the Company's control, and consequently there can be no assurance that it will be able to do so in the future. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern, realize its assets and discharge its liabilities and commitments in the normal course of business.

If the Company is unable to realize anticipated revenues and generate positive cash flows from operations and/or obtain sufficient additional financing, it may be forced to curtail its operations and development activities, which could have a negative impact on its business, financial condition and results of operations.

The consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the amounts and classifications of assets and liabilities that would be necessary if the Company were unable to carry out its plan and continue as a going concern. If the going concern assumption were not appropriate for the consolidated financial statements, adjustments would be necessary to the carrying amounts of assets and liabilities, the reported expenses and the classification of items in the classifications used in the consolidated statements of financial position. These adjustments could be material.

Risk factors

For a detailed analysis of other risk factors, please refer to the Company's latest circular on SEDAR+ at www.sedarplus.com.

Dividends

LPG's Board of Directors has not adopted a dividend policy. There are no restrictions in LPG's articles of association that would prevent LPG from paying dividends.

Significant accounting policies

The principal accounting policies applied in this MD&A are the same as those applied by the Company in its audited consolidated financial statements for the year ended December 31, 2022 and for the three-month and nine-month periods ended September 30, 2023.

Disclosure of data relating to outstanding shares

The new publicly traded company, LSL Pharma Group Inc. has authorized share capital consisting of an unlimited number of common shares. As at November 27, 2023, LPG had 82,433,578 common shares outstanding.

In addition:

- 40,248,673 common shares to be issued upon exercise of warrants;
- 6,300,000 common shares that may be issued upon exercise of the options (assuming full exercise).

Subsequent events

Change in short-term debt and other financial liabilities

On November 1st, 2023, the Company closed the first tranche of its brokered private placement (the "Offering") by issuing 229,300 convertible unsecured debentures at a price of $10 per debenture, for gross proceeds of $2,293 out of a total of $5,000 (assuming full exercise of the agent's option to increase the size of the Offering up to $1,000). The net proceeds of the offering will be used for working capital, capital expenditures and general corporate purposes.

The Company has not repaid the balance of its loan from Desjardins on July 1er 2023. The Company is currently negotiating a new maturity and new terms in order to continue monthly repayments over the coming months.