LSL PHARMA GROUP INC.

Management's Discussion and Analysis

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Third Quarter ended
September 30, 2025

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The following document 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, 2025 and 2024 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto for the fiscal quarter ended on September 30, 2025, 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 the thousand, unless otherwise stated. This MD&A was prepared by management from information available as at November 19, 2025. 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 non-recurring gains or expenses such as gains on business acquisitions, special provisions and expenses outside of the normal course of business, special recruitment and severance costs, stock-based compensation, 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 income (loss) 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 2024 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	Q2-24	Second quarter FY-24
COGS	Cost of Goods Sold (or Cost of Sales)	Q1-24	First quarter FY-24
EBITDA	Earnings before Interest Tax Depreciation and Amortization	Q4-23	Fourth quarter FY-23
		QoQ	Quarter over quarter
(A)EBITDA	Adjusted EBITDA	SBC	Share-Based Compensation
FY	Quarter	SG&A	Sales, General and Administrative
GP	Gross Profit	YE	Year-end
LTD	Long-term debt	YTD	Year to date
Q3-25	Third quarter FY-25	YoY	Year-over-year results, defined as Current FY results vs last FY results
Q2-25	Second quarter FY-25		
Q1-25	First quarter FY-25	W/C	Working Capital, defined as short-term assets less short-term liabilities
Q4-24	Fourth quarter FY-24		
Q3-24	Third quarter FY-24		

Corporate & Operations			
CMO	Contract Manufacturing Organization	LSL Labs	LSL Laboratory Inc.
Dermolab	Dermolab Pharma Ltd.	RTO	Reverse takeover
FDA	United States Food and Drug Administration	SKU	Stock Keeping Unit
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		

SEGMENT REPORTING

LSL Pharma Group, is an integrated Canadian pharmaceutical company. The Company has two reportable segments. This reflects our management structure and the way key strategic, operating commercial decisions are made.

1) <u>Business segment #1 - CMO activities</u>

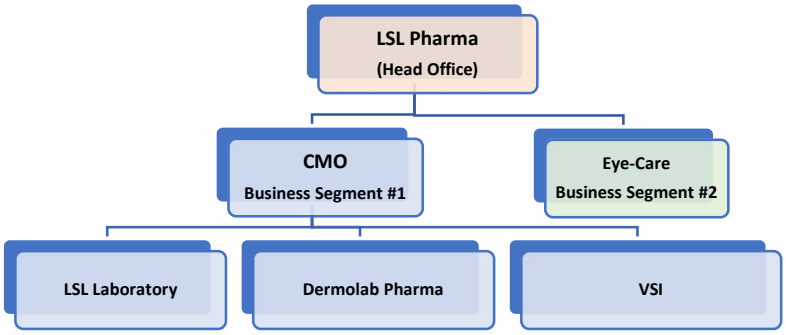
LSL Pharma's first reportable segment represents its contract manufacturing operations ("CMO") which currently includes three operating entities, namely:

a. LSL Laboratory, manufacturer of natural health products in solid dosage forms, mainly for third-party pharmaceutical clients, as well as a wide list of private labelled products;
b. Dermolab, which manufactures liquid and semi-solid pharmaceutical, natural health and cosmetic products; and
c. VSI which manufactures a range of natural products in liquid, powder, as well as in capsule forms, some of which are sold under its own brands or as private labels.

2) Business segment #2 – Integrated Eye-care pharmaceutical company

The Corporation's second business segment includes Steri-Med, our sterile Eye-care manufacturing operation. Steri-Med specializes in the in-licensing or development/manufacturing and commercialization of high-quality sterile ophthalmic pharmaceuticals for the Canadian, US and foreign markets.

Corporate Structure



HO functions are supporting the operating entities of our two business units, by providing services such as finance, accounting, HR, 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 management. Going forward, the Corporation intends to scale up its CMO activities and generate economies of scale by increasing the leverage of HO services and by incorporating other operating/manufacturing sites. As of the date of this document, the Corporation has 185 full-time employees, including 21 occupying HO functions.

Corporate strategy and future development

We are pursuing a two-pronged growth strategy, **FIRSTLY** by expanding our CMO activities by adding capacity and complementary services to better support our expanding customer base. We intend to achieve this either organically or through acquisitions. **SECONDLY,** we are investing in our Steri-Med operations to take advantage of its unique capabilities for developing and manufacturing sterile ophthalmic products. One of Steri-Med's greatest opportunity is to establish itself as a leader in the development, manufacturing and commercialization of "*first-to-market"* ophthalmic generic products for the Canadian, US and foreign markets.

CMO operations

LSL Laboratory
Established in La Pocatière, Quebec in 1997, LSL Laboratory relocated its activities into a 22,000 sq. ft. plant during FY-23. Growth over the coming years will be achieved by taking advantage of the additional capacity (3 times larger than the prior site), and expanded capabilities, by growing its private label activities and by leveraging relationships with existing/new customers.

VSI
On June 18, 2024, the Corporation acquired 100% of the controlling interest of VSI. VSI operates a 8 250 sq.ft. plant 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 brand or private labels. LSL Pharma acquired VSI for $2.5 million subject to post-closing adjustments of $131, thus reducing the net purchase price to $2,369. Revenues from VSI have been consolidated into our results starting June 1, 2024. The excess of the fair value of net assets acquired over consideration paid resulted in a recognition of $157 of Goodwill. Since the end of FY-24, VSI has been fully integrated into LSL Pharma's CMO operations.

Dermolab
Effective December 1, 2024, LSL Pharma expanded its CMO activities by acquiring Dermolab, a CMO based in Ste-Julie, Québec (located 15 km from the LSL Pharma Head Office). Founded in 1985, Dermolab is a leading manufacturer of liquid and semi-solid products for the pharmaceutical and cosmetic markets. The total consideration for the transaction included (i) the renewal of Dermolab's operating line of credit and term loan totaling a maximum of $3 million, (ii) a cash payment of $955 on closing, and (iii) a post-closing adjustment of $0.2 million. The operating line and term loan have since been repaid. The cash portion of the purchase price was financed by the proceeds of a concurrent debt financing.

LSL Pharma realized a gain of $4,864 on acquiring Dermolab. The acquisition was expected to boost LSL Pharma's revenues by approximately 40% and to broaden Dermolab's customer base which will benefit from the LSL Group's expanded

service offering. The integration of Dermolab has been completed and already providing synergies and benefits to the global CMO activities.

M&A Criteria for expanding the CMO activities

LSL Pharma group is looking to expand its CMO 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 ("targets") are:

1) *Financially accretive* – The Corporation is looking for targets that can immediately contribute to its profitability;
2) *Provide scale and synergies* – Targets must add scale and offer opportunities 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 CMO footprint mainly serves clients located in the province of Québec. Expanding our footprint outside of Quebec would offer opportunities to broaden our client base.

Eye-Care Segment - STERI-MED Pharma

Steri-Med intends to position itself as a leader in the development and commercialization of ophthalmic products. It intends to accomplish this goal by leveraging its unique sterile manufacturing capabilities. The Corporation is focussing on expanding and leveraging its capacity for the development and manufacturing of ophthalmic ointment products. Over-time it intends to invest into eye-drops manufacturing capabilities. Until "eye-drop" manufacturing is available at the Steri-Med plant, the Corporation intends to in-licence eye-drop products for commercialisation in Canada.

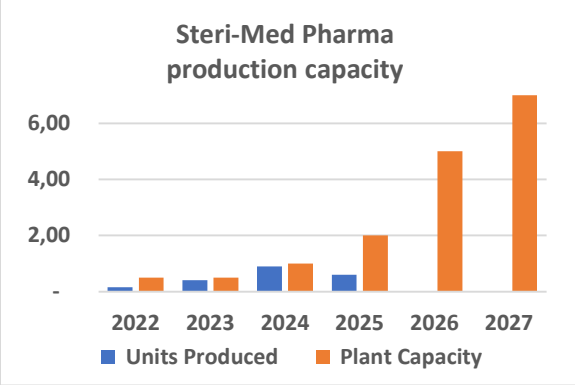
Sterile Eye-care ointment Manufacturing Operations - Steri-Med Pharma

Our growth strategy at Steri-Med would 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.

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.

Historically, our production capacity has restricted our ability to sell our products outside Canada. Ster-Med has implemented a series of initiatives aimed at increasing capacity significantly. After nearly doubling capacity in 2024, Steri-Med has acquired a new US$1.7 million sterile ointment manufacturing line in April 2025 which is expected to be operational in H2-26. Once fully operational, production capacity will increase 5-fold thus providing more flexibility to accelerate the development and manufacture of new products for local and international markets.

The graph below presents the historical (up to Q3-25) and projected production capacity (in standard units).



Product Pipeline

As mentioned above, one of the 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.

Our commercial pipeline is described below:

Sterisporin *(Polymyxin B sulfate - bacitracin zinc*), 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 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 - 2024

Erythromycin. Treats bacterial infections of the eyes, including treatment to the newborns.

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, Manitoba, BC, and NB. Covered by most insurance companies.
Market environment	3 players in Canada – the Corporation enjoys a 30-40% market share
Market Size	Canada - $8.6 Million[1]
US Market and other countries	Canadian products are accepted in other jurisdictions, including USA when shortages occur. During the second half of FY-23, and early 2024, We supplied 500,000+ units to the US market. The Corporation is also suppling products to foreign clients which are representing a growing % of its revenues.

1. IQVIA Data - 2024

US Commercialization / FDA accreditation

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 (to be developed and commercialized by Steri-Med directly or with partners), as well as the production under contract of our clients/partners' drugs. FDA's response is expected before the end of 2025.

Avaclyr (acyclovir ophthalmic ointment)

During 2024, Fera Pharmaceuticals filed a submission with the FDA to obtain marketing approval for Avaclyr. 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 manufacture Avaclyr under contract. The US approval for Avaclyr would also designate Steri-Med as a compliant site for manufacturing other products for US commercialization. Approval is expected before the end of 2025.

Steri-Med anticipates securing the FDA approval to manufacture products for the US market before the end of the current fiscal year.

Discussions are taking place with other potential partners regarding the co-development/commercialization of other products currently under development for the US market.

Development pipeline

In order to leverage its expanding capacity as well as the anticipated US approval of its manufacturing site, Steri-Med is accelerating the development of *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 :
    - lower development costs and regulatory risk ($0.3-0.6 million);
    - shorter 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 shorter time to peak sales.

The development pipeline is presented below with the next development milestones and timelines for completion.

R&D Pipeline

Products / Projects	Type	Market	Status / Timelines for Completion: Development / R&D	Regulatory Filing	Approval	Market
Avaclyr - FERA Pharma	(CMO) Ointment - Rx	USA			H1-2026	
SMM-810	Ointment - OTC	Canada / USA				H2-2026
SMS-0200	Ointment - OTC	Canada		H1-2026		
SMA-0300	Medical device	Canada		H2-2026		
SMT-0400	Ointment - Rx	Canada / USA		H2-2026		
SMT-0450	Ointment - Rx	Canada / USA		H2-2026		

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

In-Licensing and commercialisation of Eye-drop products.

During 2025, the Corporation announced the signing of two new agreements to market up to 16 sterile eye drops for the prescription market in Canada. These products will significantly enhance the Eye-care portfolio of Steri-Med Pharma. The commercialization of these new products remains subject to satisfactory due diligence by the Company and to regulatory approvals. **Health Canada has already granted marketing approval for 6 products (7 SKU's)**. (See "Subsequent events"). Other regulatory filings are planned for the balance of the fiscal year and next year, with approval to follow. These initiatives fit with Steri-Med's overall strategy to establish itself as a Canadian leader in the manufacturing and commercialization of sterile ophthalmic products.

The table below presents the expected approval and launch date for the current portfolio of eye-drops under license:

In-Licensing Pipeline

Products	Type	Market	Status / Timelines for Completion: Agreement signed	Due diligence	Filling	Approval	Market
Latanoprost	Eye drop - Rx	Canada				*APPROVED*	**H2-2026**
Latanoprost + Timolol	Eye drop - Rx	Canada				*APPROVED*	**H2-2026**
Dorzolamide	Eye drop - Rx	Canada				*APPROVED*	**H1-2026**
Dorzolamide + Timolol	Eye drop - Rx	Canada				*APPROVED*	**H1-2026**
Brimonidine 5 mL 0,2%	Eye drop - Rx	Canada				*APPROVED*	**H1-2026**
Brimonidine 10 mL - 0,2%	Eye drop - Rx	Canada				*APPROVED*	**H1-2026**
Olopatadine 0.1%	Eye drop - Rx	Canada				*APPROVED*	**H1-2026**
SHS - B505	Eye drop - Rx	Canada		H1-2026			H1-2027
SHS - B510	Eye drop - Rx	Canada		H1-2026			H1-2027
SHS - B515	Gel - Rx	Canada		H1-2026			H1-2027
SHI - B600	Eye drop - Rx	Canada			H2-2025		H2-2026
SHO - B701	Eye drop - Rx	Canada			H2-2026		H2-2027
SHO - B702	Eye drop - Rx	Canada			H1-2026		H1-2027
SHO - B800	Ear drop - Rx	Canada		H1-2026			H1-2027
SHL - 905	Eye drop - Rx	Canada		H1-2027			H1-2028
SHLT - 910	Eye drop - Rx	Canada		H1-2027			H1-2028

Together, these products represent aggregate market size of more than $160 million in Canada, according to IQVIA Canada. Four of the new products would be exclusive to LSL Pharma for the Canadian market and currently have no generic equivalent on the market. The commercialization of new products remains subject to satisfactory due diligence by the Company and to regulatory approvals.

Q3-25 Corporate Highlights

- **Since the end of Q2-25**, the Corporation, used its cash, and advances under a new $10 million BDC-Desjardins Pari-passu term loan to settle 1) the Credit facilities with the TD Bank and Scotia Bank, 2) Advances from Finaccès, 3) Secured loans from Scotia Bank, and Desjardins (LSL Laboratory), 4) Convertible Debentures previously listed as TSXV:LSL.DB, and 5) Private loans/notes totalling $1.6 million. As of the date of this document, total funds received under the BDC-Desjardins Pari-passu term loan amount to $10,000.
- **On August 15, 2025** the Corporation settled the post-closing working capital adjustment related to the acquisition of Dermolab for $264 representing a $100 increase to the estimated purchase price as presented in note 4 (ii) of our unaudited condensed quarterly consolidated financial statements for Q3-25.
- **On September 2, 2025**, the Corporation closed a non-brokered private placement for gross proceeds of $2.275 million (the "Financing"). Pursuant to the Financing, the Corporation has issued 5,687,500 units (the "Units") at a price of $0.40 per Unit. Each Unit consists of one common share and one common share purchase warrant. Each Warrant entitles the holder, subject to adjustments in certain cases, to purchase one (1) common Share at a price of $0.70 for a period of 24 months following the closing of the Financing. LSL Pharma paid finder's fees for a total of $24 in cash and issued 59,375 finder's warrants. Each Finder's Warrant entitles the holder to purchase one (1) common Share at a price of $0.70 for a period of 12 months following the closing of the Financing.

• Subsequent Events to Q3-25

- **On October 16, 2025**, the Corporation announced the appointment of Mr. Louis Laflamme, a member of the board since April 2025, as independent Chairman of the Board and the appointment of Mr. Noureddine Mokaddem as a new member of the board of directors. Mr. Roberge will remain a member of the Board of Directors while continuing to act as President and Chief Executive Officer of LSL Pharma. Mr. Mokaddem has extensive experience with several private and publicly traded companies, primarily in Europe and North America and joins the Company's Board as an independent director.
- **On October 28, 2025,** the Corporation announced that Health Canada approved its first six (6) sterile ophthalmic solutions for the treatment of glaucoma and allergies. The commercial launch of these products is expected to begin in the second quarter of 2026. These six (6) ophthalmic products (7 SKU's) have aggregate commercial markets of $66 million in Canada (IQVIA 2025 data).
- **On November 4, 2025**, the remaining portion of the Secured BDC loan-2 and Secured Desjardins loan were disbursed for total proceeds of $1.6 million. The proceeds we used to repay $1.6 million of notes payable, including $0.1 million due to a key management personnel and $0.5 million due to a company controlled by key management personnel.
- **On November 14, 2025** - the Corporation secured a $0.6 million bridge loan from a company controlled by key management personnel (the "Bridge Loan"). The Bridge Loan is non-secured, non-convertible, bears interest at 10% and is repayable before December 31, 2025.
- **On November 17, 2025,** LSL Pharma Group expanded its contract manufacturing activities by acquiring Du-Var Laboratories Inc. ("Du-Var"). Du-Var adds 30,000 s.f. of manufacturing capacity to the CMO segment and is expected to increase the CMO revenues by more than 25%. Du-Var is highly complementary to Dermolab, acquired at the end of FY-24. This acquisition expands the group development and manufacturing capabilities of liquid and semi-solid products for the pharmaceutical and cosmetic markets. LSL Pharma expects to derive significant synergies from this transaction considering Du-Var is located within 10 km of each of Dermolab and the Corporation's head office. The total consideration for the transaction included (i) the aggregate of Du-Var's operating line of credit, term loan and equipment leases totaling a maximum of $2.9 million and (ii) a nominal cash payment on closing. For the 12-month period ended on August 31, 2025, Du-Var generated a net loss $2.1 million and Adjusted EBITDA of $0.5 million respectively, from $4.4 million of revenues. As at August 31, 2025, Du-Var had total assets of $6.9 million, and liabilities of $5.1 million including bank/third party loans totaling $3.0 million. Over the last several months, LSL Pharma has been working with Du-Var's management to ensure a smooth transition and re-build the order backlog.

SELECTED FINANCIAL DATA

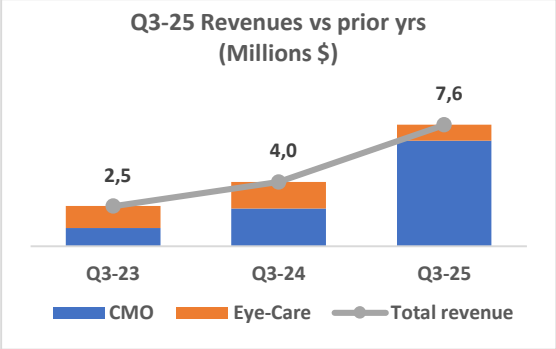
Our revenues are presented by operating segments. The first reportable segment includes revenues from CMO operations. The second reportable segment includes revenues from the sale of Eye-care products. Eye-care product sales currently include ointments products manufactured at our Steri-Med plant. We also intend to commercialize eye-drops and ointments to be sourced from commercial partners under supply and license agreements such as those agreements announced on April 3, 2025. Eye-drop revenues are expected to commence during the first half of 2026.

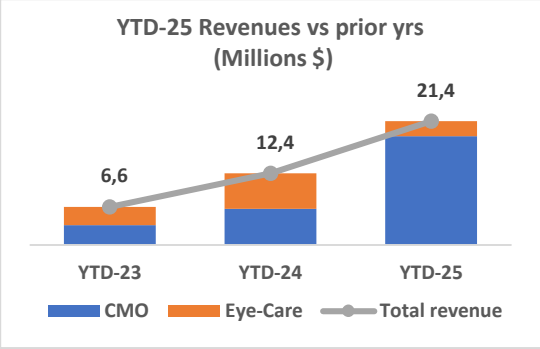
The following table and graphs present the financial information relating to the periods indicated and should be read in conjunction with our September 30, 2025, Unaudited interim condensed consolidated financial statements. (See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures")

Financial Statements of net income (loss)

			Change				*Change*	
	Q3-25	Q3-24	*$*	*%*	**YTD-25**	YTD-24	*$*	*%*
Revenues								
CMO	**6 581**	2 357	*4 224*	*179%*	**18 792**	6 236	*12 556*	*201%*
Eye-Care	**995**	1 652	*(657)*	*-40%*	**2 627**	6 127	*(3 500)*	*-57%*
Total Revenues	**7 576**	4 009	*3 567*	*89%*	**21 419**	12 363	*9 056*	*73%*
Gross profit (loss)	**2 331**	1 194	*1 137*	*95%*	**6 498**	3 876	*2 622*	*68%*
Adjusted Gross Profit	**2 884**	1 548	*1 336*	*86%*	**8 122**	4 910	*3 212*	*65%*
Adjusted Gross Profit %	***38,1%***	*38,6%*	*-0,5%*	*-1%*	***37.9%***	*39.7%*	*-1.8%*	*-5%*
SG&A expenses	**1 849**	1 109	*740*	*67%*	**5 229**	3 352	*1 877*	*56%*
SG&A expenses as % of revenues	***24.4%***	*27.7%*	*-3.3%*	*-12%*	***24.4%***	*27.1%*	*-2.7%*	*-10%*
Share-based Compensation	**88**	-	*88*	*100%*	**138**	402	*(264)*	*-66%*
Operating Profit	**482**	85	*397*	*467%*	**1 269**	524	*745*	*142%*
Financial Expenses	**817**	478	*339*	*71%*	**2 098**	1 351	*747*	*55%*
Loss on debt settlement	**757**	-	*757*	*100%*	**757**	-	*757*	*100%*
Gain on acquisition	**-**	7	*(7)*	*-100%*	**-**	47	*(47)*	*-100%*
Net Profit (Loss)	**(1 180)**	(386)	*(794)*	*206%*	**(1 724)**	(1 182)	*(542)*	*46%*
EBITDA Profit	**1 000**	446	*554*	*124%*	**2 915**	1 203	*1 712*	*142%*
Adjusted EBITDA Profit	**1 153**	456	*697*	*153%*	**3 118**	1 642	*1 476*	*90%*

- The Corporation delivered record quarterly revenues in Q3-25 for the fourth consecutive quarter at $7.6 million, up 89% compared to Q3-24. The increase results mainly from to the addition of revenues from Dermolab and Virage Santé, both acquired last year. CMO revenues increased by 179% at $6.6 million in Q3-25 compared to $2.4 million for Q3-24. CMO revenues also benefited from the growth in revenues at LSL Laboratory which is now leveraging the capital investments made over the last 2 years for expanding its service offering and capacity. Before considering Dermolab and Virage Santé, the QoQ organic growth for the CMO segment was 70%. Revenues from the Eye-care division were $1.0 million for Q3-25, down 40% compared to Q3-24 but up from $0.8 million in Q2-25. Last year, Q3-24 revenues benefited from an out-of-stock ("OOS") situation experienced by a direct Canadian competitor for Erythromycin.
- For the YTD periods, LSL Pharma generated revenues of $21.4 million for the first nine-months of 2025, up 73% compared to the prior year comparative period. Similar to the quarterly revenues, YTD-25 CMO revenues were up 201% compared to YTD-24 and benefited from the acquisition of Dermolab, and the growth of revenues at LSL Laboratory. Before considering Dermolab, the YTD organic growth for the CMO segment was 42%. Eye-care revenues for the YTD-25 period were down 57% compared to the prior year period. The YTD-24 period benefited from the non-recurrent sales of Erythromycin to the US which experiencing a nation-wide OOS stock situation. YTD-24 results also benefited from the OOS situation experienced in Canada by Steri-Med's largest competitor.





- **Adjusted Gross Profit** for Q3-25 after eliminating the impact of depreciation, and amortization, stood at $2.9 million, a 86% increase over Q3-24. Adjusted Gross Profits for YTD-25 was $8.1 million, up 65% over the prior year. Adjusted Gross Profit benefited from the contribution of Dermolab and Virage Santé acquired in 2024, as well as the increased production at the Steri-Med plant.

- **SG&A** expenses for Q3-25 were $1.8 million compared to $1.1 million in Q3-24, a 67% increase. SG&A expenses for YTD-25 were $5.2 million compared to $3.4 million for YTD-24 representing a 56% increase. The respective quarterly and YTD increases were mainly due to the addition of Dermolab and VSI. The increase in SG&A expenses were lower than the increase in revenues as we took advantage of our HO infrastructure. This performance led to the respective 3.3% and 2.7% decreases in the SG&A ratio between the QoQ and YoY periods.

- **Operating Profit.** LSL Pharma generated operating profits of $0.5 million in Q3-25 compared to a $0.1 million in Q3-24, a 467% improvement. For the YTD periods, operating profit grew from $0.5 million for YTD-24 to $1.3 million for YTD-25. The quarterly and YTD improvements were due to the respective increase in total revenues and increased production for Steri-Med, as well as the synergies derived from the acquisition of Dermolab and Virage Santé.

- **Financial Expenses** for Q3-25 were 71% higher than Q3-24 at $0.8 million compared to $0.5 million. Financial expenses for YTD-25 also increased by 55% at $2.1 million compared to $1.4 million for YTD-24. Despite the conversions and repayment of several debt/loans during the year, financial expenses were impacted by the increased expenses on lease facilities at LSL laboratory, and the addition of the Dermolab lease starting December 2024. The quarterly and YTD financial expenses were also impacted by the $0.1 million penalty on redemption of the convertible debentures. We took several initiatives during the last year to reduce the cost of carrying our various loans and debts. These initiatives should help reduce our debt servicing requirements and our cost of capital over the coming quarters. In Q2-25, the interest rate on the $5M BDC loan, was reduced by 1.5% after LSL Pharma met a contractual financial target. A further rate reduction of 1.0% is available for the Corporation based on the FY-25 EBITDA performance.

- **Net loss.** The Corporation's net loss for Q3-35 was $1.2 million, compared to $0.4 million for Q3-24. For the YTD periods, net loss was $1.7 million compared to $1.2 million for the prior year period. The net loss for the Q3-25 and YTD-25 periods includes a $0.8 million loss on settlement of the public debentures which were repaid early August 2025. Before considering the loss of debt settlement, net loss for the YTD-25 period improved by 18% over YTD-24.

- **EBITDA** for Q3-25, after eliminating the impact of financial expenses, depreciation and amortization as well as the loss of debt settlement, was $1.0 million, up 124% over our Q3-24 performance of $0.4 million. The QoQ increase compares to a 142% increase for the YTD-25 period over the YTD-24 EBITDA results.

- **Adjusted (A) EBITDA.** After eliminating, share-based compensation, and other non-recurrent items, (A) EBITDA for Q3-25 was a $1.2 million compared to $0.5 million for Q3-24, a 153% improvement. (A) EBITDA for YTD-25 was a $3.1 million compared to $1.6 million for YTD-24, a 90% improvement. Our (A) EBITDA performance demonstrates the progress made in implementing our strategic and organic growth initiatives.

We present below a reconciliation of the GP to Adjusted GP, and EBITDA to Adjusted EBITDA for Q3-25 and YTD-25 compared to the prior year periods:

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

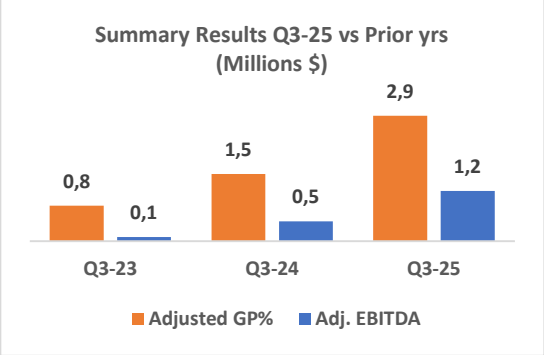
ADJUSTED GROSS PROFIT RECONCILIATION

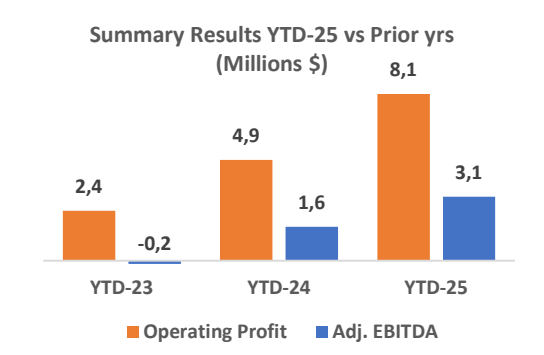
			Change				Change	
	Q3-25	**Q3-24**	*$*	*%*	**YTD-25**	**YTD-24**	*$*	*%*
Revenues	**7 576**	4 009	*3 567*	*89%*	**21 419**	12 363	*9 056*	*73%*
Gross profit (loss)	**2 331**	1 194	*1 137*	*95%*	**6 498**	3 876	*2 622*	*68%*
Gross profit %	***30,8%***	*29,8%*	*1,0%*		***30,3%***	*31,4%*	*-1%*	
(+/-) Adjustments								
Depreciation and amort.	**553**	354	*199*	*56%*	**1 624**	1 034	*590*	*57%*
Adjusted Gross Profit	**2 884**	1 548	*1 336*	*86%*	**8 122**	4 910	*3 212*	*65%*
Adjusted Gross Profit %	***38,1%***	*38,6%*	*-0,5%*		***37,9%***	*39,7%*	*-2%*	

ADJUSTED EBITDA RECONCILIATION

			Change				Change	
	Q3-25	**Q3-24**	*$*	*%*	**YTD-25**	**YTD-24**	*$*	*%*
Net loss	**(1 180)**	(386)	*(794)*	*206%*	**(1 724)**	(1 182)	*(542)*	*46%*
Finance expense, net	**817**	478	*339*	*71%*	**2 098**	1 351	*747*	*55%*
Loss on debt settlement	**757**	-	*757*	*100%*	**757**	-	*757*	*100%*
Depreciation and amort.	**606**	354	*252*	*71%*	**1 784**	1 034	*750*	*73%*
EBITDA (loss)	**1 000**	446	*554*	*124%*	**2 915**	1 203	*1 712*	*142%*
% of sales	***13,2%***	*11,1%*	*2,1%*		***13,6%***	*9,7%*	*4%*	
(+/-) Adjustments								
Gain on acquisition	**-**	(7)	*7*	*-100%*	**-**	(47)	*47*	*-100%*
Recruitment charges	**-**	17	*(17)*	*-100%*	**-**	67	*(67)*	*-100%*
Aquisition/Restruct. costs	**65**	-	*65*	*100%*	**65**	17	*48*	*282%*
Stock-based compensation	**88**	-	*88*	*100%*	**138**	402	*(264)*	*-66%*
Adjusted EBITDA (loss)	**1 153**	456	*697*	*153%*	**3 118**	1 642	*1 476*	*90%*
% of Revenues	***15,2%***	*11,4%*	*3,8%*		***14,6%***	*13,3%*	*1%*	

Graphs below illustrate the Corporation's comparative performance between the respective periods:





SELECTED BALANCE SHEET HIGHLIGHTS

			Change	
As at the end of the period:	**Q3-25**	**YE-24**	*$*	*%*
Total Current assets	**20 655**	15 476	*5 179*	*33%*
Fixed assets (including long-term deposits)	**24 825**	24 482	*343*	*1%*
Intangible assets	**14 328**	13 272	*1 056*	*8%*
Total assets	**60 188**	53 610	*6 578*	*12%*
Operating loans (less Cash)	**6 341**	2 263	*4 078*	*180%*
Total Current liabilities	**13 538**	9 752	*3 786*	*39%*
LT Notes and Debts excluding lease liabilities	**15 263**	12 524	*2 739*	*22%*
Total Liabilities	**34 809**	28 718	*6 091*	*21%*
Shareholders' equity	**25 379**	24 892	*487*	*2%*

- **Current assets** increased by 33% at the end of Q3-25 compared to YE-24. The $5.2 million increase comes mainly from the $4.2 million increase in inventory, and a $0.9 million increase in accounts receivable. Our inventory level at the end of Q3-25 reflects the increase in operating and commercial activity compared to the last portion of FY-24 as well as stocking of products at Steri-Med to fulfill anticipated demand for the second half of FY-25 and early 2026.
- **Total Assets** increased by 12% at the end of Q3-25 compared to YE-24. The $6.6 million increase is in line with the $5.2 million increase in current assets described above. The increase in total assets also includes a $1.8 million addition to fixed assets following the receipt and final payment of the Steri-Med 2nd operating line as well as a $1.1 million increase in intangibles due to the continued investments in the development of our Eye-care product portfolio.
- **Operating loans (less cash)** at the end of Q3-25 totaled $6.3 million compared to $2.2 million as at YE-24. Since the start of FY-25, the Corporation secured a $7.5 million line of credit from Desjardins. The prior authorized limit was $3.3 million, thus providing $4.2 million of additional working capital flexibility which the Corporation has used to fund the respective $4.2 million and $0.9 million increase in inventory and account receivables, as well as a $1.2 million reduction in trade payables.
- **Current liabilities** at the end of Q3-25 were $3.8 million higher than at YE-24. The increase comes from the $4.2 million increase in operating loans, less the reduction of trade payable.
- **LT Notes payable and LT debt excluding lease liabilities** increased by $2.7 million between YE-24 and the end of Q3-25 due to new long-term secured loans from Desjardins and BDC. These new term loans were used to repay several existing loans and debts (see note 6 of our September 30, 2025 Financial Statements), fund the increase in long-term assets described above.
- **Total liabilities** increased by 21% at the end of Q3-25 compared to YE-24 and reflects the increase in our operating line and term loans. The $6.1 million increase is in line with the $6.6 million increase in total assets.
- **Shareholders Equity** increased by $0.5 million since the start of FY-25. The Corporation secured $2.1 million net proceeds by way of a non-brokered private placement in Q3-25. The change in shareholders' equity reflects the increased in share capital, less the loss for the period. The $0.4 million adjustment to the equity component of the convertible debenture was eliminated following the redemption the debentures last August, and was offset against contributed surplus.

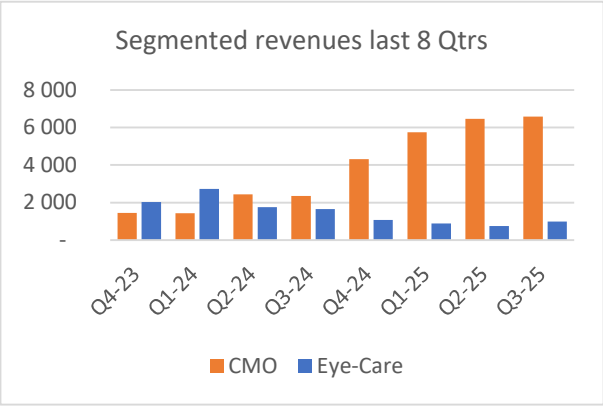
SELECTED QUARTERLY PERFORMANCE

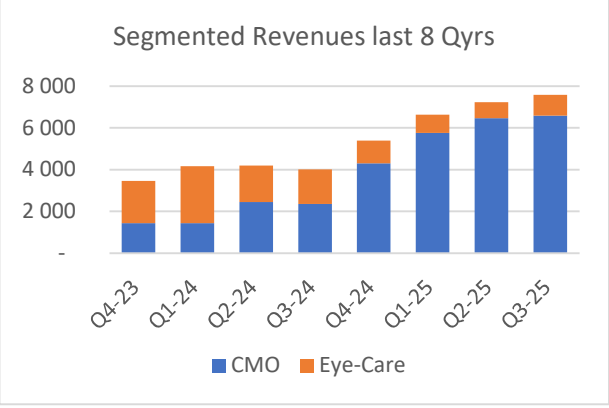
(See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures")

The following table sets out the Corporation's selected unaudited quarterly financial information. This information is derived from unaudited interim financial statements prepared by management in accordance with IFRS. The following quarterly information is presented on the same basis as our audited consolidated financial statements and should be read in conjunction with those statements and their accompanying notes.

	Q3-25	Q2-25	Q1-25	Q4-24	**Q3-24**	Q2-24	Q1-24	Q4-23
Revenues								
CMO	**6 581**	6 463	5 748	4 305	**2 357**	2 441	1 438	1 440
Eye-Care	**995**	755	877	1 080	**1 652**	1 750	2 725	2 019
Total Revenues	**7 576**	7 218	6 625	5 385	**4 009**	4 191	4 163	3 459
Gross profit	**2 331**	2 061	2 106	1 472	**1 194**	1 536	1 146	100
Adjusted Gross Profit	**2 884**	2 696	2 542	1 900	**1 548**	1 882	1 480	344
Adj.Gross Profit %	***38.1%***	*37.4%*	*38.4%*	*35.3%*	***38.6%***	*44.9%*	*35.6%*	*9.9%*
SG&A expenses	**1 849**	1 721	1 659	1 172	**1 109**	1 276	967	832
SG&A % of revenues	***24.4%***	*23.8%*	*25.0%*	*21.8%*	***27.7%***	*30.4%*	*23.2%*	*24.1%*
Share-Based Comp.	**88**	36	14	16	**-**	402	-	-
Operating Profit (loss)	**482**	340	447	300	**85**	260	179	(732)
Financial Expenses	**817**	693	588	552	**478**	414	459	538
Fin. Expenses %	***10.8%***	*8.6%*	*8.9%*	*10.3%*	***11.9%***	*9.9%*	*11.0%*	*15.6%*
Loss on debt settlement	**757**	-	-	-	**-**	-	-	-
Gain on acquisition	**-**	-	-	(4 817)	**(7)**	(40)	-	-
Net Income (Loss)	**(1 180)**	(389)	(155)	4 499	**(386)**	(516)	(280)	(1 270)
EBITDA Profit (Loss)	**1 000**	1 011	904	5 576	**446**	244	513	(488)
Adj. EBITDA Profit (Loss)	**1 153**	1 047	918	775	**456**	673	513	(411)

- **Revenues.** The Corporation's revenues increased steadily over the last 8 quarters except for a nominal 3% decline in Q3-24 due to summer shut-down at the LSL Laboratory plant. CMO revenues have trended upwards since LSL Laboratory completed its relocation at the start of FY-23. The CMO revenues have also benefited from the acquisition of Virage Santé and Dermolab in Q2-24 and Q4-24 respectively. Revenues for the Eye-care segment have benefited from non-recurrent revenues including 1) US Shortage situation in Q4-23 and Q1-24, 2) the impact of new international contracts secured in Q3-24 and Q3-24, and 3) an OOS situation in Canada with a direct competitor selling Erythromycin. Below we present revenues by business segment.





- **Gross Profit** and **Adjusted Gross Profit** have fluctuated significantly over the last 8 quarters as the operating costs and products margins were influenced by the level of revenues and mix of revenues between the 2 operating units. (Adj) GP in Q4-23 has been impacted by YE-23 adjustments, including inventory write-offs.

- **SG&A** expenses starting in Q4-24 reflect the addition of Dermolab, acquired in December 1, 2024. SG&A as a % of revenues has remained relatively constant over the last 2 years despite the addition of two operating units this showing a good use of our HO which provides corporate services to a growing number of operating entities.

- **Operating Profit (Loss).** LSL Pharma has generated operating profits for seventh consecutive quarter in Q3-25. The acquisitions of VSI and Dermolab have generated additional gross profit thus contributing directly to our operating results. The sequential increase in revenues and margins helped generate positive results as we take full advantage of our corporate structure with HO providing support to the operating units.

- **Share-Based Compensation** in Q2-24 represented the costs for issuing options for new staff and board members. At that time, the Corporation's policy was recognizing the full impact of issuing options at the time of grant. The Corporation changed its policy starting Q2-24. The cost of issuing options is now reflected over a 3-year period.

- **Financial Expenses.** Financial expenses over the last 8 quarters have been trending up slightly reflecting increased leverage. New debts and notes secured during these periods have been offset by debt repayments of more expensive financial instruments and conversion of loans into equity when possible. The Corporation continues to evaluate opportunities to leverage its improved financial performance to refinance its debt instruments and capitalize on lower cost of capital. Financial expenses in Q3-25 included a $0.1 million penalty on redemption of the convertible debentures.

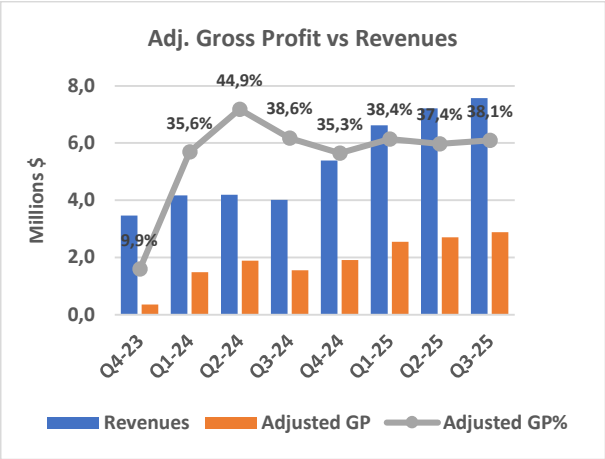
- **Loss on settlement of debt** (see "Financial Highlights Analysis").

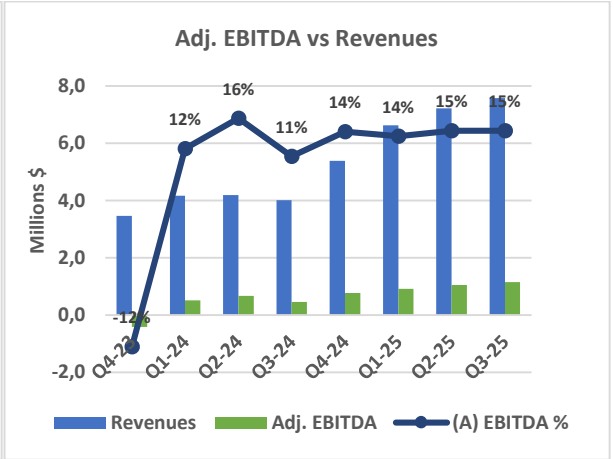
- **Gain on Acquisition.** The acquisition of Dermolab led to a material gain of $4.9 million which was fully realized in Q4-24. The net gain for Q4-24 gain included a $0.1 million negative adjustment for VSI to eliminate the gain previously reported in Q3-24 and Q2-24. Following such adjustments, there was no gain on acquisition for VSI. The Corporation has 12-months following every acquisition to book the final impact of each transaction.

- **Net Income (loss)** in Q4-23 was impacted by YE adjustments (see Gross Profits) while net loss increased in Q3-24 due to share-based compensation expenses. The Corporation generated a $4.5 million net income in Q4-24 as a result of a non-recurrent gain on acquisition of Dermolab. Net loss for Q3-25 was impacted by the $0.9 million non-recurrent impact of the penalty and loss on settlement/redemption of the convertible debenture. Prior to this non-recurrent impact Q3-35 loss would have been $0.2 million, a 50% reduction from the prior quarter net loss

- **(A) EBITDA**. Our Adjusted EBITDA performance has improved over the last 2 years and is reflective of the expansion of our CMO operations, and the increased production levels at all operating sites.

Graphs below demonstrate the progress made over the last 8 quarters in growing our revenues and margins while maintaining good control over our expenses.





LIQUIDITIES AND CAPITAL RESOURCES

			Change				Change	
	Q3-25	Q3-24	*$*	*%*	**YTD-25**	YTD-24	*$*	*%*
Operating Activities								
Net loss from operations	**(1 180)**	(386)	*(794)*	*206%*	**(1 724)**	(1 182)	*(542)*	*46%*
Gain on bargain purchase	**-**	(7)	*7*	*-100%*	**-**	(47)	*47*	*-100%*
Other items not affecting cash	**2 268**	832	*1 436*	*173%*	**4 777**	2 787	*1 990*	*71%*
Changes in non-cash W/C	**(5 508)**	(526)	*(4 982)*	*947%*	**(6 469)**	(3 662)	*(2 807)*	*77%*
Cash used by operations	**(4 420)**	(87)	*(4 333)*	*4980%*	**(3 416)**	(2 104)	*(1 312)*	*62%*
Investing Activities								
Cash used by investing activties	**(1 564)**	(1 393)	*(171)*	*12%*	**(3 185)**	(5 319)	*2 134*	*-40%*
Financing Activities								
Cash provided by financing activities	**1 464**	1 355	*109*	*8%*	**6 754**	7 579	*(825)*	*-11%*
Increase (decrease) in cash	**(4 520)**	(125)	*(4 395)*	*3516%*	**153**	156	*(3)*	*-2%*
Cash, beginning of the period	**4 969**	289	*4 680*	*1619%*	**296**	8	*288*	*3600%*
Cash, end of the period	**449**	164	*285*	*174%*	**449**	164	*285*	*174%*

- **Cash used by operations** in Q3-25 period was $4.4 million compared to $0.1 million cash used in Q3-24 representing a $4.3 million variation. The $4.4 million used during the quarter included $5.5 million change in non-cash W/C, and $1.2 million net loss from operations, offset by $2.3 million of items not affecting cash. Cash used by operations for the YTD-25 period was $3.4 million compared to $2.1 million cash used for YTD-24 representing a $1.3 million variance. The $3.4 million used since the start of FY-25 included $6.5 million change in non-cash W/C to support the increase in inventory, and receivable as well as the reduction in trade payables. The cash used during the YTD period also included $1.7 million net loss from operations, offset by $4.8 million of items not affecting cash.
- **Investing activities** used $1.6 million and $3.2 million of cash during Q3-25 and YTD-25 respectively for addition to intangible and fixed assets compared to $1.4 million and $3.2 million for the Q3-24 and YTD-24 periods. Addition to intangibles in FY-25 included further investments towards the development of the Eye-care pipeline, while the addition to fixed assets included investments for setting up the new operating line at Steri-Med as well as new investments at LSL laboratories to increase production capacity. Investments during FY-24 reflected the purchase of Virage Santé for $2.3 million as well as addition to fixed assets at Steri-Med, and LSL Laboratory.
- **Financing activities** for Q3-25 contributed net proceeds of $1.5 million compared to $1.4 million in Q3-24. Proceeds in Q3-25, included net proceeds of $8.2 million for new long-term loans (BDC and Desjardins) as well as $2.1 million of net process from a private placement of units closed in September 2025. These 2 transactions generated net cash of $10.3 million which was mainly used to repay long-term debts for $6.6 million. Financing activities generated $6.8 million of cash for the YTD-25 period and also served to repay long-term debts for $7.4 million. YTD-25 proceeds from new financings totalled $16.2 million, including $9.2 million net proceeds from new long-term loans, $2.1 million of net process from a private placement of units, $0.75 million from a new note payable and $4.2 million increase in the revolving credit facility. Such proceeds
- **Net cash** at the end of Q3-25 was $0.4 million compared to $0.2 million at the end of Q3-24, same as for the YTD periods. The $4.6 million decrease in cash during Q3-25 was funded by the cash available at the start of the quarter since the new term loans had been disbursed prior to the end of Q2-25 and added to our cash position.

Transaction with related parties and shareholders:

The following table presents the compensation of key management personnel and Directors recognized in the consolidated statements of income (loss) and comprehensive income (loss). Key management personnel include the CEO, CFO, and Vice-Presidents.

	Q3-25	Q3-24	**YTD-25**	YTD-24
Revenues from a company controlled by a Director	**-**	110	**-**	2,320
Expenses				
Salaries, benefits, consulting and board fees	**773**	261	**1,470**	1,074
Interest earned on notes and debentures	**37**	49	**157**	147
Share-based compensation	**84**	-	**128**	331

We present below the related party transactions included in the consolidated statement of financial position.

As at end the period:	*Notes*	**Q3-25**	YE-24
Assets:			
Receivable from a company controlled by a Director		**386**	386
Liabilities:			
Key management personnel			
Notes payable		**103**	100
Convertible Debentures		**-**	125
Company controlled by key management personnel			
Notes payable	*1,2*	**1,702**	1,587

Note 1: Between December 2023 and September 2025, the Corporation borrowed various amounts from a company controlled by key management personnel bearing interest at 10-12% and repayable on or prior to February 1, 2027. Amounts outstanding take into consideration advances, net of repayments, conversions of $500 into the March 2024 Unit financing and $100 into the June 2024 Unit financing (see note 8 of our Q3-25 unaudited condensed consolidated financial statements).

Note 2: On December 1, 2024, $1,000 in long-term notes payable was issued to a company controlled by key management personnel at 10% interest rate, repayable on January 1, 2028 (see note 7 of our Q3-25 unaudited condensed consolidated financial statements).

Liquidities and financial position

			Change	
	Q3-25	**YE-24**	*$*	*%*
Cash	**449**	296	*153*	*52%*
Accounts receivables	**5 886**	4 949	*937*	*19%*
Inventories	**13 391**	9 216	*4 175*	*45%*
Prepaid expenses and deposits	**920**	1 006	*(86)*	*-9%*
Total Current Assets	**20 655**	15 476	*5 179*	*33%*
Operating Loans	**6 790**	2 559	*4 231*	*165%*
Accounts payable and accrued liabilities	**4 117**	5 295	*(1 178)*	*-22%*
Short term financing and current portion of LTD	**2 631**	1 898	*733*	*39%*
Total Current Liabilities	**13 538**	9 752	*3 786*	*39%*
Working capital	**7 117**	5 724	*1 393*	*24%*
W/C Ratio	***1.53***	*1.59*		*-4%*

LSL has generated operating profits and positive EBITDA for each of the last 7 quarters. Working Capital remains strong at $7.2 million at the end of Q3-25, a $1.4 million increase compared to YE-24. LSL Pharma believes that improved operating cash flows, and access to its new $7.5 million operating line of credit (a $4.3 million improvement over the prior TD Bank and Scotia Bank combined facilities) provide adequate financial flexibility to meet its operating and financial obligations. The Corporation is confident in its ability to secure additional capital from conventional lenders or investors should it requires more capital to fund its growth initiatives.

Total net borrowings under credit agreements, plus bank loans and other interest-bearing instruments, net of Cash ("Total net borrowings") totaled $21.3 million at the end of Q3-25 compared to $16.7 million at the end of FY-2024. This compares net tangible assets (total assets less cash, net intangibles and goodwill) of $45.2 million and $39.9 million respectively for September 30, 2025, and Year-end 2024. Total Net Borrowing to Net Tangible Assets ratio (" Leverage ratio") was 0.47:1 at the end of Q3-25 compared to 0.41:1 as at the end of 2024. We believe that our leverage ratio is adequate for the time being and our goal is to reduce our interest-bearing debt, debt servicing and cost of capital. The Desjardins and BDC financing secured in Q2-25 meets these objectives.

Financial risks and fair value measurement – *refer to our 2024 Annual Audited Financial Statements – Note 21.*

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 19, 2025, LSL Pharma had 121,220,176 Class A Common Shares outstanding *(See Escrowed shares below)*. In addition, a total of 50,725,804 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. 41,870,534 Class A Common Shares issuable upon exercise of Warrants and Compensation warrants,
ii. 8,855,270 Class A Common Shares issuable upon exercise of Options (assuming full vesting).

Escrowed shares

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 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. *More details on the escrow agreement can be found in the Corporation's latest Information Circular available on SEDARPLUS.CA.*

Remaining escrowed shares and the last date of release are presented below:

Last date of release	# Common shares
February 27, 2026	14,071,600