PRESS RELEASE
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LSL PHARMA GROUP REPORTS RECORD REVENUES AND SECOND QUARTER 2026 RESULTS

- Record quarterly revenues from both the CMO and Private Label business segments;
- Results include the commercial launch of the new eye-drops portfolio;
- Health Canada Remediation plan and production capacity scale-up at Steri-Med progressing as planned;
- New contracts to generate more than $4 M of recurrent annual revenues.

BOUCHERVILLE, QUÉBEC, August 25, 2026 - LSL PHARMA GROUP INC. (TSXV: LSL) (the "**Corporation**" or "**LSL Pharma** "), a Canadian integrated pharmaceutical company, today reported its financial results for the second quarter of its 2026 fiscal year, ended June 30, 2026 ("**Q2-26**" and "**YTD 2026")**. All amounts are presented in millions of Canadian dollars.

Q2-26 Corporate and Financial Highlights

- Record quarterly consolidated revenues up 103% YoY and 19% compared to Q1-26, including record revenues from both the CMO and Private Label business segments;
- Strong Eye-Care revenues show significant market share gains in Canada, including initials sales from the eye-drops portfolio;
- Eye-Care results and profitability still impacted by initiatives related to the Health Canada remediation plan (See “Regulatory Compliance” below);
- Commissioning of new state-of-the-art sterile ointment manufacturing line on track for commercial production by mid-2027;
- Initiated the transfer of activities to a new 55,000 sq.ft. central warehouse;
- Commercial launch of three (3) new eye-drops, Dorzolamide, Brimonidine, and Dorzolamide-Timolol;
- Signed new commercial agreements and retail listings expected to generate more than $4 M in additional recurring annual revenues mainly for the Eye-Care and Private Label segments;
- Appointed Alain R. Dugal as EVP & COO to oversee the Corporation’s manufacturing and operational activities across all facilities;
- Renamed our Private Label business from Juno OTC Inc. to LSL MedPlus Inc.

“During the second quarter of 2026, all three of our business segments delivered strong operating performances, supported by the growing contribution from our recent acquisitions of LSL MedPlus (formerly Juno OTC) and Laboratoire Du-Var. As expected, both businesses delivered stronger results compared to the previous quarter, with sequential revenue growth of 7% and 91%, respectively. We also reached an important milestone in the development of our Eye-Care platform with the commercial launch of our first three ophthalmic solutions — Dorzolamide, Brimonidine and Dorzolamide-Timolol — which began contributing to our results during the quarter,” said François Roberge, President and CEO of LSL

Pharma. “At Steri-Med, the implementation of the Health Canada remediation plan and the commissioning of our second manufacturing line are progressing as planned. While production remained temporarily limited during the second quarter as our team focused on completing the remediation initiatives, we maintained sufficient inventory to support growing customer demand for our ophthalmic ointment products. We are targeting a significant ramp-up in commercial production beginning end of September and we expect Steri-Med to deliver revenue growth during the second half of the year.”

“Looking ahead, we anticipate continued momentum across our Eye-Care business, supported by the planned launch of three additional ophthalmic drops during the second half of 2026, bringing our portfolio to six commercialized eye-drop products. In parallel, we continue to advance the regulatory development of additional ophthalmic products for the Canadian and U.S. markets. We expect the remediation plan to be substantially completed by the end of 2026, positioning Steri-Med and our broader Eye-Care platform for continued growth into 2027,” added Mr. Roberge.

Q2-26 vs Q2-25 Results (3 months)

- Record quarterly revenues at $14.6 M up 103% compared to $7.2 M;
- CMO revenues of $8.5 M compared to $6.5 M, a 31% increase;
- Eye-care segment revenues were $1.2 M up 57% from $0.8 M;
- Private Label revenues of $5.0 M compared to nil;
- Adjusted Gross Profit of $3.2 M compared to $2.4 M;
- Adjusted EBITDA of $0.4 M compared to $0.7 M;
- Net loss of $2.3 M compared to $0.4 M.

YTD-26 vs YTD-25 Results (6 months)

- Record quarterly revenues at $26.9 M up 95% compared to $13.8 M;
- CMO revenues of $14.6 M compared to $12.2 M, a 20% increase;
- Eye-care segment revenues were $2.7 M up 64% from $1.6 M;
- Private Label revenues of $9.6 M compared to nil;
- Adjusted Gross Profit of $6.0 M compared to $4.8 M;
- Adjusted EBITDA of $0.9 M compared to $1.5 M;
- Net loss of $5.1 M compared to $0.5 M.

“During the second quarter, we implemented new strategic initiatives aimed at improving our financial performance, such as 1) the launch of our new eye-drop portfolio to diversify our revenue base and drive increased revenues and margins, and 2) the addition of a new central warehouse, strategically located on the south shore of Montreal, close to three (3) of our manufacturing sites and our head office. Leveraging the new warehouse will generate material synergies and savings by relocating warehousing and shipping activities from our production sites as well as external warehouses.”, said Luc Mainville, Executive Vice-president and CFO of LSL Pharma. “The commissioning of our second manufacturing line at Steri-Med continues to progress as planned and will drive significant revenue growth and economies of scale as we take advantage of the increased production capacity next year.” added M. Mainville.

Financial Results

The Corporation reports its revenues in three business segments. Revenues from LSL Laboratory (“LSL”), Dermolab Pharma (“Dermolab”), Virage Santé (“VSI”) and Laboratoire Du-Var are grouped into the CMO segment. The Steri-Med Pharma ("Steri-Med") revenues are presented in the Eye-care segment, which also includes revenues from our portfolio of eye-drops, and LSL MedPlus is presented as our Private Label segment.

Three and six-month periods ended June 30, 2026

The Corporation delivered record revenues in Q2-26 at $14.6 M, up 103% compared to Q2-25. The YoY increase results mainly from the addition of Du-Var and LSL MedPlus respectively acquired on November 17, 2025 and January 1, 2026. Our three segments delivered strong performance during the quarter including record quarterly revenues for each of our CMO and Private Label segments. Our CMO revenues increased by 31% at $8.5 M in Q2-26 compared to $6.5 M for Q2-25, as well as 38% increase compared to Q1-26. The Eye-care segment posted strong revenues at $1.2 M for Q2-26, up 57% compared to Q2-25. Eye-care segment was down compared to Q1-26 when it experienced a significant recovery from prior quarters due to stocking patterns of our large banner clients. Finally, the Private label segment contributed $5.0 M compared to nil last year. Q2-26 was a record quarter for LSL MedPlus 8% over Q1-26. Revenues for LSL MedPlus are growing sequentially due to new product launches as well as expansion of banner sales. With new product launches taking place at LSL MedPlus and in our Eye-care segment, we are projecting quarterly revenues to continue trending upwards for both segments over the coming years.

For the first six months of 2026, the Corporation delivered revenues of $26.9M, up 95% compared to the prior year. Same as for the quarterly results, the CMO and the Private label revenues were impacted by the addition of Du-Var and LSL MedPlus. Also, YTD revenues for our Eye-care segment increased 64% over the prior year due to an increase in domestic sales led by market share gains for our Erythromycin products as well as increased retail demand for Sterisporin.

Adjusted Gross Profit for Q2-26 after eliminating the impact of depreciation and amortization as well as special and non-recurrent adjustments, stood at $3.2 M, a 33% increase over Q2-25. Adjusted Gross Profit in Q2-26 was up as a result of the addition of LSL MedPlus and Du-Var but also included the positive impact of the Eye-care segment performance. Adjusted Gross Profit as a % of revenues decreased from 33% to 22% between the 2 periods, due to the change in revenue mix. LSL MedPlus private label revenues which represented 34% of the Group's total revenues for the quarter are providing lower margins.

Our Gross Profit performance in Q2-26 was impacted by production slow down at the Steri-Med plant as the site was still actively addressing requirements from Health Canada. Operating costs are typically allocated to inventory representing the cost of manufacturing of all units produced during the period. However, the plant produced less units than anticipated during Q2-26 due to ongoing compliance initiatives. This led to a special adjustment to our Q2-26 Adjusted Gross Profit representing the plant operating costs not allocated to inventory.

Our YTD-26 adjusted gross profit was $6.0 M, up 25% over last year. The increase in adjusted Gross profit was due to the addition of Du-Var and LSL MedPlus as well as the Eye-care YoY performance.

SG&A expenses for Q2-26 were $2.8 M compared to $1.7 M in Q2-25, a 63% increase, mainly reflecting the impact of the addition of Du-Var and LSL MedPlus, but also professional fees as well as the addition of amortization of the Right-of-use-Assets ("RoUA") for our new central warehouse 5 years + 5 years option lease signed in April 2026. We still expect SG&A to reduce over time as we generate synergies from our acquisitions. Despite the increase in SG&A expenses, the ratio of SG&A expenses to revenues has improved significantly from 24% to 19% between the 2 periods.

For the YTD periods, the SG&A expenses in 2026 have increased 59% over 2025, but 4% lower in terms of the ratio of expenses to total revenues. 77% of the increase in YTD-26 SG&A expenses comes from the impact of acquisitions, with the rest coming from an increase in amortization of RoUA (9%), costs incurred for integrating acquisitions (7%), and others (7%).

Financial Expenses for Q2-26 were 65% higher than Q2-25 at $1.1 M compared to $0.7 M. For the YTD periods, financial expenses increased from $1.3 M for 2025 to $2.1 M in 2026. The increase in financial expenses between the quarterly and YTD periods was mainly due to the impact of the $12 M convertible debt offering closed in December 2025, that served to fund operations and the LSL MedPlus acquisition, as well as a greater use of the operating line.

Net Loss in Q2-26 was $2.2 M compared to $0.4 M in Q2-25. For the YTD periods, net loss increased from $0.5 M for 2025 to $5.1 M in 2026. The net loss performance for the 2026 periods resulted mainly from the increase in SG&A, financial expenses, but also due to the production halt/slow down at Steri-Med. Production at Steri-Med should be back to normal by the end of Q3-26, leading to a stronger quarterly performance for the Group going forward. Also, production levels at Steri-Med are expected to increase significantly over the next 12 months due to the addition of the second manufacturing line.

EBITDA for Q2-26, after eliminating the impact of financial expenses, depreciation and amortization was a nominal loss of $27, compared to a gain of $1.0 M in Q2-25. EBITDA for YTD-26 was a loss of $1.0 M, compared to a gain of $1.9 M in YTD-25. Same as for the net loss performance, the EBITDA results were impacted by the production halt/slowdown at Steri-Med and the increase in SG&A.

Adjusted (A) EBITDA. After eliminating, share-based compensation, M&A restructuring charges, and the special/non-recurrent gross profit adjustments, LSL Pharma generated an (A) EBITDA profit of $0.4 M for Q2-26 compared to an (A) EBITDA profit of $0.7 M for Q2-25. For YTD-26, LSL Pharma generated an (A) EBITDA profit of $0.9 M compared to an (A) EBITDA profit of $1.5 M for YTD-25. The reduction in (A) EBITDA was due to incremental SG&A expenses not fully offset by the increase in gross profit.

Balance Sheet and Liquidities

Current assets increased by 14% in Q2-26 compared to YE-25. The $3.3 M increase comes mainly from the $4.7 M increase in inventory, $2.4 M increase in accounts receivable less $4.5 M cash and share deposit allocated to the LSL MedPlus transaction closed on January 1, 2026. Accounts receivable have increased due to the increase in revenues as well as the addition of LSL MedPlus. Our inventory level at the end of Q2-26 reflects the addition of LSL MedPlus less the reduction in inventory at Steri-Med. The reduction of inventory levels at Steri-Med was due to the production halt/slow-down caused by the Health Canada remediation plan.

Total Assets increased by $12.3 M at the end of Q2-26 compared to YE-25. The 17% increase includes additions of $3.3 M to current assets described above, and $4.9 M, $1.9 M and $2.4 M respective increases in RoUA, intangibles and goodwill above. RoUA have increased by 70% since the beginning of the year due to LSL Pharma moving into its new central warehouse on April 1, 2026 (see Q2-26 events). The $4.9 M increase relates to the addition of the non-depreciated economic value of the new warehouse lease expiring December 31, 2036. The lease period used for IFRS accounting includes the 5-year renewable period.

Current liabilities at the end of Q2-26 were $23.7 M compared to $10.3 M at YE-25 representing $13.4 M increase. The increase comes from the $7.5 M increase in operating loans, and a $5.1 M increase in accounts payable mainly due to the LSL MedPlus acquisition which represents 73% of this increase, or $3.7 M.

Total liabilities increased by 36% since the beginning of FY-26. The $17.3 M increase reflects the respective increase in short-term liabilities and long-term lease liability, less the reduction in long-term debt. Lease liability increased by $4.5 M to reflect the lease obligations related to the new central warehouse.

Over the last year, the Corporation has been successful at raising capital to fund its growth initiatives. LSL Pharma made a series of acquisitions and continued investment aimed at building critical mass and a solid pipeline of commercial products that will drive growth going forward. Recent initiatives include:

1. Funding the acquisition and launch of a portfolio of eye-drops (Eye-Care segment);

2. Acquiring and funding the restructuring of Du-Var (CMO segment);
3. Acquiring and commissioning new production equipment at LSL Laboratory (CMO segment);
4. Acquiring and funding the growth of LSL MedPlus (Private label segment);
5. Continued development of new first-to-market sterile ophthalmic ointment generic (Eye-Care segment);
6. Acquisition and commissioning of a new state-of the art second manufacturing line (Eye-Care segment);
7. Continued investment in working capital assets to fund revenue growth (all segments);
8. Leasing a new 55,000 sq.ft. central warehouse for internalizing third party logistic, external warehousing, and shipping activities.

As a result of the above initiatives, working capital assets have increased significantly to $26.5 M at the end of Q2-26. The level of working capital assets has enabled LSL Pharma to almost double its operating loan facility with its short-term lenders. We are confident about our ability to continue leveraging our working capital assets and to secure additional short-term financing to continue implementing our operating and strategic initiatives.

Health Canada Remediation Plan

Steri-Med continues to make significant progress on the implementation of its Health Canada remediation plan and remains on track to complete the remaining initiatives by the end of Q4-26. The temporary reduction in production during the first half of 2026 had no material impact on Eye-Care revenues, supported by inventory levels built in anticipation of the Health Canada inspection. A significant ramp-up in commercial production is planned to begin by the end of September 2026, with the objective of rebuilding inventory levels and supporting growing demand for Steri-Med's ophthalmic products.

The completion of the remediation plan will also support the commissioning and ramp-up of Steri-Med's second manufacturing line, significantly increasing production capacity and positioning the Corporation to support the continued growth of its Eye-Care business and pursue additional CMO opportunities in Canada and USA.

Financial Statements and MD&A

LSL Pharma Group's financial statements and Management's Discussion and Analysis for the second quarter of 2026 are available on SEDAR+ at www.sedarplus.ca and on the Corporation's website.

Cautionary Note Regarding Forward-Looking Statements

This press release may contain forward-looking statements as defined under applicable Canadian securities legislation. Forward looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition, belief, estimate or opinion, or result to occur. Forward-looking statements may be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "believe", "aim", "plan" "continue" or similar expressions. Forward-looking statements are based on a number of assumptions and are subject to various known and unknown risks and uncertainties, many of which are beyond the Company's ability to control or predict, that could cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements. These risks and uncertainties include, but are not limited to, potential changes in market conditions.

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

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About LSL Pharma Group Inc.

LSL Pharma Group Inc. is a Canadian integrated pharmaceutical company specializing in the development, manufacturing and commercialization of high-quality sterile ophthalmic pharmaceutical products, as well as pharmaceutical, cosmetic and natural health products in solid, semi-solid and liquid dosage forms. Leveraging its technical expertise, certified facilities, and experienced team, LSL Pharma delivers high-quality solutions that meet the highest industry standards. The wholly owned subsidiaries of LSL Pharma include Steri-Med Pharma Inc., LSL Laboratory Inc., Virage Santé Inc., Dermolab Pharma Ltd., Laboratoire Du-Var Inc. and LSL MedPlus Inc. (formerly Juno OTC Inc.). For more information, please visit our website at www.groupelslpharma.com.

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