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LSL PHARMA GROUP REPORTS ITS FOURTH QUARTER AND YEAR-END 2024 RESULTS

BOUCHERVILLE, QUEBEC, May 1st, 2025 - LSL PHARMA GROUP INC. (TSXV: LSL) (the "Corporation" or "LSL Pharma"), a Canadian integrated pharmaceutical company, today reported its financial results for the fourth quarter and fiscal year ended December 31, 2024 ("Q4-24" and "FY-24"). All amounts are presented in millions of Canadian dollars.

FY-24 vs FY-23

- Total revenues were \$17.7 million compared to \$10.0 million, up 77%;
- CMO revenues more than doubled at \$10.5 million compared to \$4.9 million;
- Eye-care segment revenues grew from \$5.2 million to \$7.2 million, a 40% increase;
- Operating Profit was \$0.8 million compared to a \$2.0 million operating loss;
- Net income of \$3.3 million compared to a \$8.5 million net loss, a \$11.8 million improvement;
- EBITDA of \$6.8 million compared to EBITDA loss of \$5.5 million;
- Adjusted EBITDA of \$2.4 million compared to Adjusted EBITDA loss of \$0.6 million, up \$3.0 million.

Q4-24 vs Q4-23

- Total revenues were \$5.4 million compared to \$3.5 million, up 56%;
- CMO revenues tripled at \$4.3 million compared to \$1.4 million;
- Eye-care segment reported revenues of \$1.1 million, down 47%;
- Operating Profit was \$0.3 million compared to a \$0.7 million operating loss;
- Net income of \$4.5 million compared to a \$1.3 million net loss, up \$5.8 million;
- EBITDA of \$5.6 million compared to an EBITDA loss of \$0.5 million;
- Adjusted EBITDA of \$0.8 million compared to Adjusted EBITDA loss of \$0.4 million, a \$1.2 million improvement.

Corporate Development

- Acquisition of Dermolab Pharma and Virage Santé to expand our CMO activities;
- Completed 2 private placements for total gross proceeds of \$8.2 million to strengthen working capital and balance sheet;
- Raised new long-term debt totalling \$9.0 million to help fund acquisitions;
- Now reporting revenues by business segments to better reflect the performance of the CMO and Eye-Care operations;
- Developed new international revenue channels representing revenues of \$1.4 million for FY-24;
- Initiated the development of five new Eye-care products for the Canadian and US markets.

Subsequent to year-end

- Entered into two strategic agreements to expand the Eye-Care pipeline with up to ten (10) new eye-drop products;
- Secured new loans and other sources of funding for \$1.7 million to support our growth;
- Appointed Mr. Louis Laflamme to its board of directors. Mr. Laflamme was President, CEO and director of OpSens Inc. (TSX:OPS) from January 2013 to March 2024 prior to its acquisition for \$345 million;
- Completed the purchase of a new state-of-the-art manufacturing line to increase production capacity at the Steri-Med Pharma plant and facilitate the development of new Eye-care products;
- Granted an aggregate of 1,285,000 stock options ("Options") including 1,050,000 to certain officers and directors in accordance with the Corporation's long-term incentive compensation plan.

"We are extremely proud of the progress made during the past year. The Dermolab Pharma and Virage Santé acquisitions have helped us broaden the service offering of our CMO platform and reach a level of critical mass to take advantage of our corporate structure by generating commercial and operational synergies", mentioned Francois Roberge, President and CEO of LSL Pharma. "While we continue to work on addressing FDA requirements for the ability to manufacture Avaclyr and other products aimed at the large and lucrative US market, the development of five new ointment products is progressing nicely at Steri-Med. After securing the Canadian commercial rights to ten (10) eye-drop products, the product pipeline of our Eye-care division is expanding rapidly and should provide a material contribution to our growth over the coming years", added M. Roberge.

"We have reached record quarterly revenues and net profits in Q4-24 and for the full year 2024. The addition of the two CMO acquisitions, combined with the strong and growing contribution of our other operating units has had a significant impact on our results. During the year, we were successful in raising significant capital to strengthen our balance sheet and fund two accretive acquisitions that will materially impact our results over the coming years", said Luc Mainville, Executive Vice-president and CFO of LSL Pharma.

Financial Results

The Corporation is now reporting its revenues by business segment with revenues from LSL Laboratory, Dermolab Pharma ("Dermolab"), and Virage Santé ("VSI") now grouped into the CMO segment, and the Steri-Med Pharma ("Steri-Med") revenues presented in the Eye-care segment.

- The Corporation delivered strong total revenues during the last fiscal year at \$17.7 million, representing a 77% increase over the \$10.0 million achieved during FY-23. The CMO revenues benefited from the addition of VSI and Dermolab, as well as the increased capacity created at the LSL Laboratory plant. CMO revenues for FY-24 increased 116% over FY-23. Dermolab contributed for one month to the FY-24 CMO revenues while VSI contributed for 7 months. During FY-24, revenues for the Eye-care division increased 40% over FY-23 despite the ending of the US Shortage in Q1-24. During the year 2024, Steri-Med was able to increase production and make products available for new international clients. We expect those sales to continue and increase as a % of total sales of Steri-Med products.
- Assuming a full year performance for each of VSI and Dermolab on the same basis as their FY-24 contribution, our total revenues would have exceeded \$30 million, compared to the \$17.7 million delivered in FY-24, and \$10.0 million for FY-23.
- Adjusted Gross Profit for the FY-24 period was \$6.8 million compared to \$2.9 million for FY-23, a \$3.9 million or 134% increase. Adjusted Gross Profit benefited from the contribution of Dermolab, and VSI but more importantly from the increased performance of LSL Laboratory described above. The

increased production at Steri-Med also contributed to improve gross profit as the plant was able to increase production to generate more sales and boost inventory levels at year-end.

- Sales, General and Administrative (“SG&A”) expenses were up 24% in FY-24 compared to FY-23. These results fully demonstrate the benefit of centralizing SG&A function at HO as revenue growth for the FY period significantly outpaced SG&A growth at 77% vs 24%.
- Financial Expenses for FY-24 were slightly higher than prior year periods with a 5% increase. Several initiatives were taken during the year to reduce the cost of carrying our various loans and debts. These initiatives should help reduce our cost of capital for the upcoming year.
- For the FY-24 period, net income stood at \$3.3 million compared to a \$8.5 million net loss for FY-23, a \$11.8 million improvement. The YoY performance was driven by the strong increase in gross profit derived from the important increase in revenues, a tight control on SG&A and financial expenses. In addition to the above, the most significant factor impacting our results was the \$4.9 million gain on business acquisitions that resulted from the acquisition of Dermolab.
- For the FY-24 period, EBITDA was \$6.8 million, up \$12.3 million compared to the prior year EBITDA loss of \$5.5 million. Same as for the net income and loss, the EBITDA performance was impacted by the stronger operating margins and the gain on business acquisition.
- For FY-24, the (A) EBITDA was a \$2.4 million compared to a \$0.6 million (A) EBITDA loss for FY-23, a \$3.0 million improvement. The increase in (A) EBITDA in FY-24 compared to the prior year fully demonstrates the improvements of our financial performance as we expand our CMO footprint, continue to take advantage of our operating capacity and leverage our head office with better control over our expenses.

Fourth Quarter Financial Results – Three-Month Period Ended December 31, 2024

- The Corporation delivered strong total revenues in Q4-24, of \$5.4 million, up 56% compared to Q4-23. We achieved this performance despite a drop in revenues from our Eye-care division. CMO revenues tripled at \$4.3 million in Q4-24 compared to \$1.4 million for Q4-23, a 199% increase. The Dermolab and VSI acquisition contributed to CMO revenues with VSI contributing for the full quarter and Dermolab contributing one month. Also, CMO revenues benefited from the growth in revenues at LSL Laboratory which is now leveraging the capital investments made over the last 2 years for expanding service offering and increasing capacity. Revenues from the Eye-care division were down 47% during Q4-24 compared to Q4-23 despite new international orders for the Steri-Med products. Last year, Q4-23 revenues benefited from important non-recurrent sale of products to the US under an FDA exemption due to a local shortage of Erythromycin. Such sales ended in Q1-24.
- Adjusted Gross Profit for Q4-24 stood at \$1.9 million, a 452% jump over Q4-23.
- SG&A expenses for Q4-24 were \$1.2 million compared to \$0.8 million in Q4-23, a 41% increase, mainly due to the addition of Dermolab and VSI.
- For the Q4-24 period, the Corporation generated net income of \$4.5 Million compared to a \$1.3 million net loss for Q4-23, a \$5.8 million improvement.
- EBITDA for Q4-24 was \$5.6 million compared to a \$0.5 million EBITDA loss Q4-23.
- After eliminating share-based compensation, the gain on business acquisition and other non-recurrent items, (A) EBITDA for Q4-24 was a \$0.8 million profit compared to a \$0.4 million (A) EBITDA loss for Q4-23 representing a \$1.2 million improvement.

Balance Sheet and Liquidities

- As a result of the 2 business acquisitions and continued growth, our current assets have increased by \$8.2 million or 114% at YE-24 compared to YE-23 and current liabilities decreased by \$5.3 million following a series of financial transactions aimed at strengthening our balance sheet and fund acquisitions. The combination of the above led to a strong \$13.6 million improvement of the working capital. Working capital ratio stood at 1.6:1 at YE-24 compared to 0.5:1 at YE-23.
- Total assets have increased by 73% at YE-24 compared to YE-23, a \$22.7 million increase. The increase reflects the investment in working capital to support our growth, the addition of production equipment as well as the acquisitions of VSI and Dermolab which added \$1.3 million, and \$13.7 million in total assets respectively.
- Total liabilities increase by 29% at YE-24 compared to YE-23 as a result of the 2 acquisitions. This compares well with the 77% increase in total assets and was made possible by the improvement of the Corporation's performance as well as the series of financial transactions completed during FY-24 aimed at strengthening our balance sheet and fund acquisitions.

Financial Statements and MD&A

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

Caution regarding forward-looking statements

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

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

About LSL Pharma Group Inc.

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

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