



**PRESS RELEASE
FOR IMMEDIATE DISTRIBUTION**

LSL PHARMA GROUP REPORTS FOURTH CONSECUTIVE RECORD QUARTERLY REVENUES AND Q3 2025 FINANCIAL RESULTS

- 9-months YTD-25 consolidated revenues up 73% over prior year, at \$21.4 million
- 9-months YTD-25 Adjusted EBITDA up 90% over the prior year, at \$3.1 million
- Secured Health Canada approval for 6 eye-drops to be launched in 2026
- Expanded the CMO Segment with the acquisition of Du-Var Laboratory Inc., a Quebec-based CMO
- Completed a \$2.3 million private placement
- Redeemed \$3.3 million publicly listed convertible debentures

BOUCHERVILLE, QUEBEC, November 20, 2025 - LSL PHARMA GROUP INC. (TSXV: LSL) (the "**Corporation**" or "**LSL Pharma**"), a Canadian integrated pharmaceutical company, today reported its fourth consecutive record quarterly revenues and financial results for the third quarter of its 2025 fiscal year, ended September 30, 2025 ("Q3 2025" and "Year-to-date 2025"). All amounts are presented in thousands of Canadian dollars.

Q3 & YTD 2025 FINANCIAL HIGHLIGHTS (comparisons are to the respective 2024 periods)

- Revenues were \$7.6M and \$21.4M for Q3 and YTD 2025, compared to \$4.0M and \$12.4M, representing increases of 89% and 73% respectively;
- CMO revenues increased 179% and 201% respectively for Q3 and YTD 2025 reflecting the impact of the Virage Santé and Dermolab Pharma acquisitions;
- Adjusted EBITDA was \$1.2M and \$3.1M for Q3 and YTD 2025, compared to \$0.5M and \$1.6M, representing increases of 153% and 90% respectively;
- Net loss was \$1.8M and \$1.7M for Q3 and YTD 2025, compared to \$0.4M and \$1.2M for the prior year periods.

Q3 2025 AND SUBSEQUENT CORPORATE HIGHLIGHTS

- Closed a non-brokered private placement for gross proceeds of \$2.3M.
- Announced the appointment of Mr. Louis Laflamme, as independent Chairman of the Board and the appointment of Mr. Nouredine Mokaddem as a new member of the board of directors.
- Secured Health Canada approval for 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.
- Secured the remaining \$1.6M portion of the Secured BDC loan-2 and Secured Desjardins loan.
- Expanded its CMO operations with the acquisition of Du-Var Laboratory Inc. 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%. The total consideration was \$2.9M representing the financial debt of Du-Var. For the 12-month period ended on August 31, 2025, Du-Var generated a net loss of \$2.1M and Adjusted EBITDA of \$0.5M respectively, from \$4.4M of revenues. As at August 31, 2025, Du-Var had total assets of \$6.9M, and liabilities of \$5.1M including bank/third party loans totaling \$3.0M.

"We achieved record revenues in Q3-25 for the fourth consecutive quarter reflecting the contribution of Dermolab acquired late last year. By acquiring Du-Var Laboratory, we can already project good growth of our CMO segment for the next year", mentioned Francois Roberge, President and CEO of LSL Pharma. "With the first 6 eye-drops now approved by health Canada we are well positionned to execute our strategic plan for 2026, as we approach the FDA decision regarding the certification of our Steri-Med site to manufacture Avaclyr and other products for the US market", added Mr. Roberge.

"Once again we have been able to acquire another CMO asset while committing nominal cash resources. The integration of Du-Var Laboratory has begun and we look forward to leveraging Du-Var's capabilities, and generate synergies to contribute to the profitability of LSL Pharma " said Luc Mainville, Executive Vice-president and CFO of LSL Pharma.

Q3 & YTD 2025 FINANCIAL REVIEW

The Company's Management's Discussion and Analysis and Consolidated Financial Statements for the three and nine months ended September 30, 2025, are available at the Company's website and on SEDAR+.

Financial Statements of net income (loss)

	Q3-25	Q3-24	Change		YTD-25	YTD-24	Change	
			\$	%			\$	%
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	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
SG&A expenses	1 849	1 109	740	67	5 229	3 352	1 877	56
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

Adjusted EBITDA Reconciliation

	Q3-25	Q3-24	Change		YTD-25	YTD-24	Change	
			\$	%			\$	%
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 amortization	606	354	252	71	1 784	1 034	750	73
Gain on acquisition	-	(7)	7	-100	-	(47)	47	-100
Recruitment charges	-	17	(17)	-100	-	67	(67)	-100
Acquisition/Restruct. costs	65	-	65	100	65	17	48	282
Stock-based compensation	88	-	88	100	138	402	(264)	-66
Adjusted EBITDA	1 153	456	697	153	3 118	1 642	1 476	90

Adjusted Gross Margin, EBITDA, and Adjusted EBITDA are non-IFRS measures and do not have any standardized meaning under IFRS. As a result, the information presented may not be comparable to similar measures presented by other companies. Refer to Non-IFRS Financial measures for additional details.

Revenues

The Corporation delivered record quarterly revenues in Q3-25 for the fourth consecutive quarter at \$7.6M, up 89% compared to Q3-24. The increase results mainly from the addition of revenues from Dermolab and Virage Santé, both acquired last year. CMO revenues increased by 179% at \$6.6M in Q3-25 compared to \$2.4M 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 \$1.0M for Q3-25, down 40% compared to Q3-24 but up from \$0.8M 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 \$21.4M for the first nine-months of 2025, up 73% compared to the prior year period. Similar to the quarterly revenues, YTD-25 CMO revenues were up 201% compared to YTD-24 and benefited from the acquisition of Dermolab, Virage Santé and the growth of revenues at LSL Laboratory. Before considering Dermolab and Virage Santé, 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 were experiencing a nation-wide OOS 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 \$2.9M, a 86% increase over Q3-24. Adjusted Gross Profits for YTD-25 was \$8.1M, up 65% over the prior year. Adjusted Gross Profit benefited from the contribution of Dermolab and Virage Santé acquisition in 2024, as well as the increased production at the Steri-Med plant.

SG&A expenses for Q3-25 were \$1.8M compared to \$1.1M in Q3-24, a 67% increase. SG&A expenses for YTD-25 were \$5.2M compared to \$3.4M 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 \$0.5M in Q3-25 compared to a \$0.1M 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 \$0.8M compared to \$0.5M. Financial expenses for YTD-25 also increased by 55% at \$2.1M compared to \$1.4M for YTD-24. Despite the conversions and repayment of several debts/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 \$0.1M 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 Q3-25 was \$1.2M, compared to \$0.4M for Q3-24. For the YTD periods, net loss was \$1.7M compared to \$1.2M for the prior year period. The net loss for the Q3-25 and YTD-25 periods includes a \$0.8M 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 \$1.0M, up 124% over our Q3-24 performance of \$0.4M. 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 \$1.2M compared to \$0.5M for Q3-24, a 153% improvement. (A) EBITDA for YTD-25 was a \$3.1M compared to \$1.6M for YTD-24, a 90% improvement. Our (A) EBITDA performance demonstrates the progress made in implementing our strategic and organic growth initiatives.

Selected Balance Sheet items

<i>As at the end of the period:</i>	Q3-25	YE-24	<i>Change</i>	
			<i>\$</i>	<i>%</i>
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 \$5.2M increase comes mainly from the \$4.2M increase in inventory, and a \$0.9M increase in accounts receivable. Our inventory level at the end of Q3-25 reflects the increase in operating and commercial activities 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 \$6.6M increase is in line with the \$5.2M increase in current assets described above. The increase in total assets also includes a \$1.8M addition to fixed assets following the receipt and final payment of the Steri-Med 2nd operating line as well as a \$1.1M increase in intangibles due to the continued investments in the development of our Eye-care products portfolio.

Operating loans (less cash) at the end of Q3-25 totaled \$6.3M compared to \$2.2M as at YE-24. Since the start of FY-25, the Corporation secured a \$7.5M line of credit from Desjardins. The prior authorized limit was \$3.3M, thus providing \$4.2M of additional working capital flexibility which the Corporation has used to fund the respective \$4.2M and \$0.9M increase in inventory and account receivables, as well as a \$1.2M reduction in trade payables.

Current liabilities at the end of Q3-25 were \$3.8M higher than at YE-24. The increase comes from the \$4.2M increase in operating loans, less the reduction of trade payable.

LT Notes payable and LT debt excluding lease liabilities increased by \$2.7M 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 \$6.1M increase is in line with the \$6.6M increase in total assets.

Shareholders Equity increased by \$0.5M since the start of FY-25. The Corporation secured \$2.1M 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 \$0.4M adjustment to the equity component of the convertible debenture was eliminated following the redemption of the debentures last August, and was offset against contributed surplus.

Cash from Operations and Financial Position

Cash used by operations in Q3-25 period was \$4.4M compared to \$0.1M cash used in Q3-24 representing a \$4.3M variation. The \$4.4M used during the quarter included \$5.5M change in non-cash W/C, and \$1.2M net loss from operations, offset by \$2.3M of items not affecting cash. Cash used by operations for the YTD-25 period was \$3.4M compared to \$2.1M cash used for YTD-24 representing a \$1.3M variance. The \$3.4M used since the start of FY-25 included \$6.5M 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 \$1.7M net loss from operations, offset by \$4.8M of items not affecting cash.

Investing activities used \$1.6M and \$3.2M of cash during Q3-25 and YTD-25 respectively for addition to intangible and fixed assets compared to \$1.4M and \$3.2M 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 laboratory to increase production capacity. Investments during FY-24 reflected the purchase of Virage Santé for \$2.3M as well as addition to fixed assets at Steri-Med, and LSL Laboratory.

Financing activities for Q3-25 contributed net proceeds of \$1.5M compared to \$1.4M in Q3-24. Proceeds in Q3-25, included net proceeds of \$8.2M for new long-term loans (BDC and Desjardins) as well as \$2.1 million of net proceeds from a private placement of units closed in September 2025. These 2 transactions generated net cash of \$10.3M which was mainly used to repay long-term debts for \$6.6M. Financing activities generated \$6.8M of cash for the YTD-25 period and also served to repay long-term debts for \$7.4M. YTD-25 proceeds from new financings totalled \$16.2M, including \$9.2M net proceeds from new long-term loans, \$2.1M of net process from a private placement of units, \$0.75M from a new note payable and \$4.2M increase in the revolving credit facility.

Net cash at the end of Q3-25 was \$0.4M compared to \$0.2M at the end of Q3-24, same as for the YTD periods. The \$4.6M 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.

Working Capital remains strong at \$7.2M at the end of Q3-25, a \$1.4M increase compared to YE-24. LSL Pharma believes that improved operating cash flows, and access to its new \$7.5M operating line of credit (a \$4.3M 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 require 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 \$21.3M at the end of Q3-25 compared to \$16.7M at the end of FY-2024. This compares net tangible assets (total assets less cash, net intangibles and goodwill) of \$45.2 million and \$39.9million 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.

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 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 companies that are part of the LSL Pharma Group are Steri-Med Pharma Inc., Laboratoire LSL Inc., Virage Santé Inc., Dermolab Pharma Ltd. and Laboratoire Du-Var Inc. For more information, please visit our website at www.groupeislpharma.com.

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