



PRESS RELEASE
FOR IMMEDIATE RELEASE

LSL PHARMA GROUP ANNOUNCES CLOSING OF SECOND TRANCHE OF CONVERTIBLE DEBENTURES OFFERING

BOUCHERVILLE, QUÉBEC, December 8, 2023 – LSL Pharma Group Inc. (TSXV: LSL) – (the “**Company**” or “**LSL Pharma Group**”), a Canadian integrated pharmaceutical company, is pleased to announce that the Company has closed the second tranche of its brokered private placement (the “**Offering**”) through the issuance of 99,500 unsecured convertible debentures (each a “**Debenture**”) at a price of \$10 per Debenture for gross proceeds of \$995,000.

Together with the first tranche closing proceeds of \$2,293,000 announced on November 1, 2023, LSL Pharma Group has now raised total gross proceeds of \$3,288,000 under the Offering out of a maximum of \$5,000,000 (assuming the full exercise of the agent's option to increase the size of the Offering by up to \$1.0 million). The net proceeds of the Offering will be used for working capital, capital expenditures, and for general corporate purposes.

The Offering was led by iA Capital Markets as sole agent and sole bookrunner (the “**Agent**”). In connection with the second tranche of the Offering, the Company paid to the Agent a cash commission of \$62,150 and issued 88,785 broker warrants (the “**Broker Warrants**”). The Broker Warrants are exercisable to acquire one Class A Share of the Company at a price of \$0.70 for a period of 24 months from the date of issuance. The Company and the Agent are dealing at arm’s length.

All securities issued pursuant to the second tranche of the Offering are subject to the applicable statutory hold period of four months and one day from December 8, 2023. The Offering is subject to the final approval of the TSX Venture Exchange (the “**TSXV**”).

As announced in its press release dated November 1, 2023, the Company has received conditional approval to list the Debentures on the TSXV after the expiry of each applicable hold period. The Debentures are expected to trade under the symbol LSL.DB. The listing of the Debentures is subject to final approval by the TSXV at the time of listing and the Company fulfilling the requirements as outlined in Policy 2.8 of the TSXV’s policies.

Each Debenture will, at the option of the holder, be convertible in its entirety into Class A shares of the capital stock of the Company (the “**Class A Shares**”) at any time prior to the close of business on the earlier of: (i) the last business day immediately preceding the Maturity Date, and (ii) the date fixed for redemption, at a conversion price of \$0.70 per Class A Share (the “**Conversion Price**”), subject to adjustment in certain events.

The Debentures will, subject to any prior conversion or redemption, mature on October 31st, 2028 (“**Maturity Date**”) and are payable on the Maturity Date in cash. The outstanding principal amount will

bear interest at the rate of 11.00% (the “**Base Rate**”) per year, payable in cash semi-annually on the last day of April and October of each year with the first interest payment to be paid on October 31, 2024 (“**First Interest Payment Date**”). Interest will accrue from November 1, 2023 (the “**Initial Closing Date**”) up to the First Interest Payment Date at the Base Rate, compounding semi-annually on the last day of April and October of each year (the “**Interest Period**”).

The annual interest rate will be recalculated twice every year on April 30th and October 31st of each year, starting April 30th, 2025 (each an “**Interest Rate Review Date**”) until the Maturity Date, and shall be equal to the Base Rate less 100 basis points (1.0%) for each Business Objective (as defined below) achieved (the “**Amended Base Rate**”). Upon achievement of a Business Objective, the Amended Base Rate will be effective as of the following interest payment date of the Debentures (after April 30, 2025) until the next interest payment date thereafter if Business Objective 3 (as defined below) is achieved or until the Maturity Date if a Business Objective 1 or 2 (as defined below) is achieved.

Business Objectives (each a “**Business Objective**”):

- 1) the obtention by the Company of FDA approval for its Steri-Med plant (one-time business objective);
- 2) the completion by the Company of the acquisition of a business which: 1) complements the Company’s existing product offering and/or creates synergies with the Company’s existing business operations and 2) generated a minimum of CAD\$5.0 million in revenue during the last twelve-month (12) period preceding the acquisition (one-time business objective); or
- 3) the Company generates a minimum of CAD\$30 million of revenue with a 20% EBITDA margin during the fiscal period preceding the Interest Rate Review Date (annual business objective). With respect to (3), the Company’s financial performance and revenue shall be calculated based on its audited financial statements and the Company’s EBITDA margin shall be calculated as EBITDA (not adjusted EBITDA), as calculated in its audited financial statements, divided by its revenue (the “**Business Objective 3**”, and the “**Business Objective 1 or 2**” means the Business Objective other than Business Objective 3).

If, at any time following the date that is 24 months from the Initial Closing Date, for the preceding 20 consecutive trading days (i) the daily volume weighted average trading price of the Class A Shares on the TSXV is greater than 175% of the Conversion Price; and (ii) the average daily volume of the Class A Shares traded on the TSXV is no less than the number obtained when dividing the number of shares issued upon conversion of the total amount of Debentures outstanding by twenty (20), the Company will have the option to convert all of the principal amount outstanding of the Debentures at the Conversion Price with at least 30 days’ prior written notice.

Multilateral Instrument 61-101

Under the second tranche of the Offering, François Roberge, President and Chief Executive Officer of the Company, subscribed directly for an aggregate principal amount of \$85,000 of Debentures which are convertible for up to a potential 133,571 Class A Shares, in the case of a redemption and conversion of the Debentures at 110% of the principal amount prior to the fourth anniversary of the Initial Closing Date. Its current shareholding on an undiluted basis remains unchanged at 27.61% (increases from 30.82% to 30.93% on a partly diluted basis, assuming the aforementioned conversion and the conversion of his other convertible securities). Such transaction is a “related party transaction” as defined under Multilateral Instrument (“**MI 61-101**”). The transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as the Company is listed on the TSX Venture Exchange and the fair

market value of any security issued to, or the consideration paid, does not exceed 25% of the Company's market capitalization. The Company did not file a material change report pertaining to the insider's interest more than 21 days before the closing of the Offering, as the details of this insider's participation had not been confirmed at that time. The board members of the Company reviewed the state of the financial market and unanimously determined that the terms and conditions of the Offering, including the subscription of the related party, were fair and equitable and represented the best strategic financing option available. In addition, neither the Company nor the said related party has knowledge of any material information concerning the Company or its securities that has not been generally disclosed.

Disclaimers

The securities issued in connection with the Offering mentioned herein have not been and will not be qualified for sale to the public under applicable Canadian securities laws and, accordingly, any offer and sale of securities in Canada will be made on a basis which is exempt from the prospectus and, when applicable, dealer registration requirements of such securities laws. Furthermore, none of the securities issued in connection with the Offering will be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**") or of any other jurisdiction, and none of them may be offered or sold in the United States or in any other jurisdiction absent registration or an applicable exemption from the registration requirements of the 1933 Act or of any other jurisdiction. This press release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any of the securities in any jurisdiction in which such an offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Forward-Looking Statements

Information provided and statements contained in this press release that are not purely historical, such as those on the revenue and the EBITDA, are forward-looking statements within the meaning of the applicable securities laws. Certain statements in this press release may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to LSL Pharma Group's future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "may"; "will"; "should"; "expect"; "plan"; "anticipate"; "believe"; "intend"; "estimate"; "predict"; "potential"; "continue"; "foresee", "ensure" or other similar expressions concerning matters that are not historical facts. The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. LSL Pharma Group will not update these statements unless applicable securities laws require LSL Pharma Group to do so.

ABOUT LSL PHARMA GROUP INC.

LSL Pharma Group is a Canadian integrated pharmaceutical company specializing in the development, manufacturing and distribution of high-quality natural health products and dietary supplements in solid dosage forms, as well as high quality sterile ophthalmic pharmaceutical products. For more information, please visit www.groupelslpharma.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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