

Form 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Groupe LSL Pharma Inc./
LSL Pharma Group Inc. (the “Corporation”)
540, rue D’Avaugour, #1800
Boucherville, QC, J4B 0G6

Item 2. Date of Material Change

December 23, 2024

Item 3. News Release

A news release was disseminated on December 23, 2024 via CNW Cision and filed on SEDAR. A copy of the news release is attached hereto as Schedule A.

Item 4. Summary of Material Change

The Corporation announced today that it has secured a new \$5 million long-term loan (the “New Loan”) from Business Development Bank of Canada (“BDC”). The New Loan will serve to reimburse a series of debts and loans including \$3.9 million of short-term liabilities, help reduce the Corporation’s annual debt servicing requirements and contribute to lower the overall interest costs for LSL Pharma.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Corporation announced today that it has secured a new \$5 million long-term loan (the “New Loan”) from Business Development Bank of Canada (“BDC”). The New Loan will serve to reimburse a series of debts and loans including \$3.9 million of short-term liabilities, help reduce the Corporation’s annual debt servicing requirements and contribute to lower the overall interest costs for LSL Pharma.

The New Loan will be secured by Steri-Med Pharma’s long-term assets and bear interest at the BDC base rate plus 1.5% (the “Rate”). The Rate may be reduced by up to 2.5% should LSL Pharma meet certain financial criteria for each of the 2024 and 2025 fiscal years. The New Loan will be amortized over 25 years, will include a capital repayment moratorium for the first year and will be subject to nominal covenants such as a fixed charge coverage ratio.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officers

The following senior officer of the Company is knowledgeable about the material change and this Material Change Report and may be contacted:

Luc Mainville, Executive VP and Chief Financial Officer
Telephone: 514-664-7700 #301
Email: lmainville@groupelslpharma.com

Item 9. Date of Report

December 23, 2024

**SCHEDULE A
PRESS RELEASE**

**PRESS RELEASE
FOR IMMEDIATE DISTRIBUTION**

LSL PHARMA GROUP SECURES A NEW \$5.0 MILLION TERM LOAN

- *The new term loan will serve to reimburse \$3.9 million of short-term liabilities and help fund growth initiatives such as the recently announced Dermolab Pharma acquisition and complete the purchase of a second manufacturing line for Steri-Med Pharma.*

BOUCHERVILLE, QUEBEC, December 23, 2024 - [LSL PHARMA GROUP INC.](#) (TSXV: LSL) ("**LSL Pharma**" or the "**Corporation**"), a Canadian integrated pharmaceutical company, today announced having secured a new \$5 million long-term loan (the "New Loan") from the Business Development Bank of Canada ("BDC"). The New Loan will serve to reimburse a series of debts and loans including \$3.9 million of short-term liabilities, help reduce the Corporation's annual debt servicing requirements and contribute to lower the overall interest costs for LSL Pharma.

The New Loan will be secured by the long-term assets of LSL Pharma's subsidiary, Steri-Med Pharma, and bear interest at the BDC base rate plus 1.5% (the "Rate"). The Rate may be reduced by up to 2.5% should LSL Pharma meet certain financial criteria for each of the 2024 and 2025 fiscal years. The New Loan will be amortized over 25 years, will include a capital repayment moratorium for the first year and will be subject to nominal covenants such as a fixed charge coverage ratio.

"We are pleased to announce this New Loan which will serve to significantly strengthen our working capital by removing a total of \$3.9 million of short-term liabilities", said Luc Mainville, Executive Vice-President and Chief Financial Officer. "As we continue to implement organic and strategic growth initiatives, we will keep looking for opportunities to leverage our long-term assets and our improved financial performance to secure more affordable non-dilutive financing that can contribute to lower our cost of capital and debt servicing requirements" added Mr. Mainville

"By strengthening our working capital, we will be able to take full advantage of the recently announced Dermolab Pharma acquisition as well as complete the purchase of a second manufacturing line for Steri-Med Pharma. As mentioned in our November 6, 2024 press release, the second manufacturing line is a new fully automated sterile ointment production line to be delivered during the first quarter of 2025 and expected to be operational early 2026", said Francois Roberge, President and CEO of LSL Pharma. "This investment is expected to increase Steri-Med's production capacity five-fold compared to its current 1.2 million unit production capacity, as well as free-up capacity to support the development of Steri-Med's first-to-market generic product pipeline", added Mr. Roberge.

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. Companies forming part of LSL Pharma Group include Steri-Med Pharma Inc., LSL Laboratory Inc., Virage Santé Inc. and Dermolab Pharma Ltée. For further information, please visit our website at www.groupelslpharma.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements as defined under applicable Canadian securities legislation. Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "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.

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

CONTACT

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