Company Description

Aeterna Zentaris Inc. ("Aeterna" or "the Company") is a specialty biopharmaceutical company developing and commercializing therapies to enhance and improve patient lives. Focused on establishing revenues and profitability while optimizing resources to reduce its burn rate, the Company co-promotes two commercial products in multiple U.S. markets: (1) EMD Serono's Saizen® [somatropin (rDNA origin) for injection] for pediatric and adult growth hormone deficiencies; and (2) Armune BioScience's Apifiny®, a non-PSA blood test for evaluating prostate cancer risk. Aeterna further holds a pipeline of product candidates in development and is working to acquire or in-license other commercial products. One of the Company's wholly owned product candidates, Zoptrex™ [zoptarelin doxorubicin (doxorubicin peptide conjugate targeting LHRH receptor–expressing tumors)], has completed the clinical program of a Phase 3 trial in advanced, recurrent, or metastatic endometrial cancer (EC)—a disease for which patients typically have a poor prognosis and there is no approved systemic therapy (except in Germany). Aeterna's development program also includes Macrilen™ (macimorelin), which has also completed a confirmatory Phase 3 trial for the evaluation of Adult Growth Hormone Deficiency (AGHD), with the Company intending to file a new drug application (NDA) seeking approval following its successful March 29, 2017 meeting with the U.S. Food and Drug Administration (FDA). Overall, Aeterna is focused on pursuing strategic initiatives consistent with becoming a commercially operating specialty biopharmaceutical company.

Key Points

- Macrilen™, if approved, will be the only FDA approved drug for assessing AGHD, a disorder which affects about 75,000 adults in the U.S., Canada, and Europe, and is mostly caused by damage to the pituitary gland. The drug is patented through 2027 and has been granted Orphan Drug Designation. There is significant market expansion opportunity for traumatic brain injury (TBI) patients at risk of developing AGHD.
- During the recent FDA meeting, the Agency stated that the clinical studies performed by Aeterna with respect to Macrilen™ address the prior deficiencies cited in the November 2014 complete response letter. This conclusion puts in place the Company's ability to re-submit an NDA for the drug, which Aeterna has stated could be filed in early third quarter this year. This announcement brings the Company closer to commercializing Macrilen™ in the U.S. beginning in 2018.
- Zoptrex™, if approved, will be the first FDA approved treatment for advanced (stage III & IV) EC. A pivotal Phase 3 trial clinically completed on January 30, 2017 with top-line results expected in April 2017, and if sufficient, the Company could submit an NDA in the second half of 2017.
- Apifiny® is the only non-PSA based blood test for evaluating the risk of prostate cancer. The Company has an exclusive U.S. promotion agreement with Armune BioScience on a commission basis. This is a large market opportunity with 20+ million PSA tests performed annually. Saizen® for growth hormone replacement therapy in children and adults via a needle-free delivery system is co-promoted with EMD Serono in the U.S. on a commission basis. The U.S. market opportunity is significant at $1.6 billion.
- As of December 31, 2016, Aeterna held unrestricted cash and cash equivalents of approximately $22 million and no third-party debt.

Æterna Zentaris

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AEZS One-Year Chart

Ticker (Exchange)	AEZS (NASDAQ)
Recent Price (04/05/17)	$3.00 (NASDAQ)
52-week Range	$2.35 - $5.59
Shares Outstanding	~13.8 million
Market Capitalization	~$41.4 million
Avg. 3-mo. Daily Volume	285,000
Insider Ownership + >5%	Less than 1%
EPS (Qtr. ended 12/31/16)	($0.71)
Employees	46

See page 10 for applicable disclosures.

Recent Events

All amounts are in U.S. dollars unless otherwise noted.

- *On March 30, 2017,* Aeterna announced that following its meeting with the U.S. Food and Drug Administration (FDA) on March 29, 2017, the Company intends to file a new drug application (NDA) seeking approval of Macrilen™ (macimorelin) for the evaluation of growth hormone deficiency (AGHD) in adults (further described on page 4 of this Update). During the Company's meeting with the FDA, the Agency stated that the clinical studies performed by Aeterna with respect to Macrilen™ had addressed the prior deficiencies mentioned in the November 2014 complete response letter. This paves the way for the Company's re-submission of an NDA for Macrilen™, which the Company expects to file in early third quarter of this year. While indicating that Aeterna's conclusions as they relate to the performance of Macrilen™ are review issues and are subject to an examination of the complete data set, the FDA indicated that the summary data that was submitted prior to the meeting appears to support the propositions the Company advanced. Of key importance was that the FDA specified the additional statistical analysis of existing data that would be required to further support Aeterna's conclusions. The Company believes that it can provide those data in a compelling fashion and demonstrate that Macrilen™ is a repeatable test with adequate sensitivity and specificity.

- *On March 28, 2017,* the Company announced that it had commenced a new "at-the-market" offering pursuant to its existing At Market Issuance (ATM) Sales Agreement, dated April 1, 2016, with H.C. Wainwright & Co., LLC, under which the Company may, at its discretion, from time to time during the term of the ATM Sales Agreement, sell up to a maximum of 3,000,000 common shares through ATM issuances on the NASDAQ Stock Market, up to an aggregate amount of $9.0 million. Any sales made under this ATM program will be made through the Sales Agent. The common shares will be sold at market prices prevailing at the time of the sale of the common shares and, as a result, sale prices may vary. The common shares will be offered under a new prospectus supplement no. 3 filed with the United States Securities and Exchange Commission under the Company's shelf registration statement on Form F-3 (333-194547) filed with the SEC on March 14, 2014, which was declared effective by the SEC on March 28, 2014.

- *On March 15, 2017,* Aeterna reported its fourth quarter and full-year 2016 financial and operating results, of which both its financial condition and capital structure continued to improve (pages 6-7 of this Update). Highlights from the report included $22.0 million unrestricted cash and cash equivalents at year-end and no third-party debt; roughly $7.6 million of gross proceeds raised from a successful registered direct offering of Units concluded on November 1, 2016; approximately $4.7 million of gross proceeds raised from sales of Common Shares pursuant to ATM program during and subsequent to the fourth quarter; and approximately 13.5 million Common Shares outstanding as of March 15, 2017.

- *On March 7, 2017,* the Company announced that the Pediatric Committee (PDCO) of the European Medicines Agency (EMA) had agreed to the Company's Pediatric Investigation Plan (PIP) for Macrilen™ and agreed that the Company may defer conducting the PIP until after it files a Marketing Authorization Application (MAA) seeking marketing authorization for the use of Macrilen™ for the evaluation of AGHD. As part of the regulatory process for the registration of new medicines in Europe, pharmaceutical companies are required to provide a PIP outlining their strategy for investigation of the new medicinal product in the pediatric population. An accepted PIP is a prerequisite for filing an MAA for any new medicinal product in Europe. However, the Company will be able to file an MAA substantially earlier than if it was required to complete the PIP before filing because the PDCO permitted the Company to defer conducting the studies defined in the PIP. The Company's PIP provides for a dose-escalation safety and PK/PD study followed by a diagnostic efficacy and safety study. The goal of the first study is to establish a dose that can safely be administered to pediatric patients and that causes a clear rise in growth hormone concentration in subjects ultimately diagnosed as not having growth hormone deficiency (GHD). The recommended dose derived from this study will be evaluated in the second study for diagnostic efficacy and safety. Both studies will be conducted in patients at least three years old who are undergoing the study sites' regular diagnostic evaluation for the presence of GHD.

- On March 2, 2017, Aeterna announced that Jose M. Garcia, M.D., Ph.D., an Associate Professor of Medicine at the Puget Sound Veterans Administration Hospital and the University of Washington, would present an abstract entitled "Validation of Macimorelin as a Diagnostic Test for Adult Growth Hormone Deficiency (AGHD): A Phase 3 Study in Comparison with the Insulin Tolerance Test (ITT)" from 1:00 pm through 3:00 pm E.T. on Sunday, April 2, 2017 at the 99th Annual Meeting of the Endocrine Society in Orlando, Florida. In the abstract, Dr. Garcia and the co-authors of the abstract conclude, based on their review of the data from the confirmatory Phase 3 study of Macrilen™, that growth hormone stimulation with macimorelin is a simple, well-tolerated, reproducible and safe diagnostic test for AGHD, with comparable accuracy to that of the ITT and that macimorelin results in a more potent growth hormone stimulatory release compared to the ITT.

Potential Milestone for 2017

Product Development

- Zoptrex™ (zoptarelin doxorubicin): report top-line results in April 2017; if positive, submit NDA in Q3 2017
- Macrilen™ (macimorilen): submit NDA in early Q3 2017

Business Development

- Establish additional geographic collaborations for Zoptrex™ in non-U.S. territories
- Establish geographic collaborations for Macrilen™ in non-U.S. territories

Commercialization: Build commercial value through field promotion of:

- Apifiny®
- Saizen®

Strategic Alliance Opportunities

Continue to actively seek strategic alliances that will facilitate the building of a product portfolio of commercial stage products in the U.S., while establishing partnerships in non-U.S. territories

Macrilen™ NDA Targeted to Be Filed in Third Quarter of 2017

Aeterna announced on March 30, 2017 that following its meeting with the U.S. FDA on March 29, 2017, the Company intends to file a new drug application (NDA) seeking approval of Macrilen™ (macimorelin) for the evaluation of growth hormone deficiency (AGHD) in adults. The Agency stated during a meeting with the Company that the clinical studies performed by Aeterna with respect to Macrilen™ addressed the prior deficiencies mentioned in the November 2014 complete response letter—setting the stage for an expected re-submission of an NDA for Macrilen™ in the third quarter of this year.

Though indicating that the Company's conclusions as they related to the performance of Macrilen™ are review issues—subject to an examination of the complete data set—the FDA indicated that the summary data submitted prior to the meeting appears to support the propositions that it be advanced. Key was that the FDA specified the additional statistical analysis of existing data that would be required to further support Aeterna's conclusions. The Company has stated that it expects that it can provide those data in a compelling fashion and demonstrate that Macrilen™ is a robust, repeatable test, showing adequate sensitivity and specificity and that the performance of the product would be improved by utilizing a more appropriate cut-off point. The FDA is expected to thoroughly review all data provided by Aeterna with its NDA and, after doing so, make a decision regarding the approval of the product. Important to note however, is that there can be no assurance of approval of any NDA. However, Aeterna has stated that it believes it to be one important step closer to the commercialization of Macrilen™ in the U.S.

About the Study

The confirmatory Phase 3 clinical study of Macrilen™, entitled *Confirmatory Validation of Oral Macimorelin as a Growth Hormone (GH) Stimulation Test (ST) for the Diagnosis of AGHD in Comparison with the Insulin Tolerance Test (ITT),* was designed as a two-way crossover study with the ITT as the benchmark comparator and involved some 26 sites in the U.S. and Europe. The trial involved 157 subjects, of whom 140 completed two evaluable tests for AGHD using both Macrilen™ and the ITT. Thirty-four of the patients were evaluated using Macrilen™ a second time to measure the repeatability of the result obtained using Macrilen™ as the evaluation method. The study population consisted of 115 patients who were suspected of having AGHD as a result of the presence of one or more symptoms or risk factors. This segment of the population included a range of patients from those considered at low risk of having AGHD to those considered at high risk. The study population also included 25 healthy subjects, who had no risk of having AGHD. Under the study protocol, the evaluation of AGHD with Macrilen™ will be considered successful if the lower bound of the two-sided 95% confidence interval (or lower bound of the one-sided 97.5% confidence interval) for the primary efficacy variables is 75% or higher for "percent negative agreement," and 70% or higher for the "percent positive agreement." Based on meetings with the FDA as well as the European Medicines Agency (EMA) and subsequent written scientific advice, the Company believes that if successful, that the study meets the FDA's and the EMA's study-design expectations allowing U.S. and European approval.

About Macrilen™ (macimorelin)

Macimorelin, a ghrelin agonist, is an orally-active small molecule that stimulates the secretion of growth hormone. Macimorelin has been granted orphan drug designation by the FDA for diagnosis of AGHD. The Company owns the worldwide rights to this patented compound and has significant patent protection left. The Company's U.S. composition of matter patent expires in 2022 and its U.S. utility patent runs through 2027. The Company proposes, subject to FDA approval, to market macimorelin under the tradename Macrilen™.

About AGHD

AGHD affects approximately 75,000 adults across the U.S., Canada, and Europe. Growth hormone not only plays an important role in growth from childhood to adulthood, but also helps promote a hormonally-balanced health status. AGHD mostly results from damage to the pituitary gland. It is usually characterized by a reduction in bone mineral density, lean body mass, exercise capacity, and overall quality of life as well as an increase of cardiovascular risks.

Zoptrex™

On January 30, 2017, Aeterna announced the conclusion of the clinical phase of its development of Zoptrex™. The following day, the Company reported that it had a successful pre-NDA meeting with the FDA and anticipates reporting top-line results in April 2017. On February 14, 2017, the Company announced that a poster entitled, "A Phase II trial of zoptarelin doxorubicin in castration-and taxane-resistant prostate cancer", would be presented during the 2017 Genitourinary Cancers Symposium's "Translating Research to Value-based and Patient-centric Care".

Zoptarelin doxorubicin represents a new targeting concept in oncology using a hybrid molecule composed of a synthetic peptide carrier and a well-known chemotherapy agent, doxorubicin. As the first intravenous drug in advanced clinical development that directs the chemotherapy agent specifically to LHRH-receptor expressing tumors, Zoptarelin doxorubicin is resulting in a more targeted treatment with less damage to healthy tissue. Aeterna recently concluded a Phase 3 trial in women with advanced, recurrent, or metastatic endometrial cancer called ZoptEC (Zoptarelin doxorubicin in Endometrial Cancer), with the Company owning the worldwide rights to this compound.

Background

- The Company announced the initiation of its Phase 1/2 trial on December 14, 2010.

- On February 3, 2012, updated results for the Phase 1 portion of the study were reported, where results were based on 13 patients who had been previously treated with androgen-deprivation therapy (LHRH agonist) and at least one taxane-based chemotherapy regimen who were treated on three dose levels of Zoptrex™: three at 160 mg/m^2, three at 210 mg/m^2, and seven at 267 mg/m^2. In general, Zoptrex™ was well tolerated among this group of heavily pretreated older patients.

  There were two dose-limiting toxicities, each of were a case of asymptomatic Grade 4 neutropenia at the 267 mg/m2 dose level and in each situation, both patients fully recovered. The Grade 3 and 4 toxicities were primarily hematologic. There was minimal non-hematologic toxicity, most frequently fatigue and alopecia. Despite the low doses of Zoptrex™ in the first cohorts, there was indication of antitumor activity. One patient received eight cycles (at 210 mg/m^2) due to continued benefit. Among the five evaluable patients with measurable disease, four achieved stable disease. At the time of submission of the abstract, a decrease in prostate specific antigen (PSA) was noted in six patients. Six of 13 (46%) treated patients received at least five cycles of therapy with no evidence of disease progression at twelve weeks.

- On November 12, 2012, Aeterna announced the initiation of the Phase 2 portion of Dr. Pinski's Phase 1/2 study of Zoptrex™ in prostate cancer. This was a single-arm Simon Optimum Design Phase 2 study of Zoptrex™ in 25 patients with castrate-resistant prostate cancer (CRPC). Patients received Zoptrex™ (210 mg/m^2) intravenously over two hours, every three weeks. The primary endpoint was clinical benefit (CB) defined as remaining progression-free by RECIST and PSA after treatment for 12+ weeks. Secondary endpoints were progression free survival (PFS), best overall response, toxicity, pain, and overall survival (OS).

- On June 3, 2013, the Company announced that final data for the Phase 1 portion of Dr. Pinski's Phase 1/2 trial with Zoptrex™ in prostate cancer demonstrated its promising anti-tumor activity. Results were presented by Dr. Pinski during a poster session at the ASCO Annual Meeting in Chicago. The results of the study were published in an article by Liu et al in the journal Clinical Cancer Research (Clin. Cancer Res. (2014) 20:6277). Eighteen men were treated at three dose levels: (160 mg/m2; (ii) 210 mg/m2; and (iii) 267 mg/m2). Overall Zoptrex™ was well tolerated among this group of heavily pretreated patients. There were two dose-limiting toxicities (grade four neutropenia and grade three febrile neutropenia), prompting de-escalation to 210 mg/m^2 and establishing it as the Maximum Tolerated Dose. Among the 15 evaluable patients with measurable disease, ten achieved stable disease (SD), and a drop in PSA was noted in three patients.

- On September 28, 2015, Dr. Pinski announced during a poster session at the 18th ECCO-40th ESMO European Cancer Congress in Vienna, Austria, that among the 25 patients in the Phase 2 portion of the trial, 11 patients experienced CB as the primary endpoint, and 13 patients achieved SD. Maximal PSA response was stable in 20 patients. Pain assessment improved for 11 patients. Zoptrex™ was well tolerated in this heavily pretreated patient population with hematological toxicities, usually limited to grade three, as the most common adverse events. Dr. Pinski concluded that Zoptrex™ was well tolerated and met the primary efficacy endpoint in castration- and taxane-resistant prostate cancer patients.

Other Potential Indications

Aeterna believes that Zoptrex™ may be useful in treating other cancers, such as breast, bladder, and prostate cancer, noting that the Company terminated early clinical trials of the compound in treating triple-negative breast cancer and bladder cancer as part of its ongoing review of its development activities to ensure the most effective use of Company resources.

Fourth Quarter and Year-End 2016 Financial Results

On March 15, 2017, Aeterna reported its fourth quarter and full-year 2016 financial and operating results.

Highlights

Revenues

Sales commission and other were $94,000 and $414,000 for the three and twelve months ended December 31, 2016, respectively, and $41,000 and $297,000, for the same periods in 2015, respectively. The quarter-over-quarter and year-over-year increases were attributable to the sales team exceeding pre-established unit sales baseline thresholds under co-promotion agreements to sell Saizen® and to promote APIFINY®, which did not begin until the first quarter of 2016. In the corresponding periods of 2015, sales commission and other revenues were mainly related to EstroGel®, which is no longer promoted. License fees were $210,000 and $497,000 for the three and twelve months ended December 31, 2016, respectively, versus $61,000 and $248,000 for the same periods in 2015. The increase is explained by the out-licensing agreements that were entered into in 2016 for Zoptrex™ in certain territories outside Aeterna's core areas of interest.

Research and Development (R&D)

R&D costs were $4.6 million and $16.5 million for the three and twelve months ended December 31, 2016, respectively, versus $4.2 million and $17.2 million for the same periods in 2015. The increase in R&D costs for the three months ended December 31, 2016, versus the same period in 2015, was mainly attributable to higher comparative third-party costs connected to the confirmatory Phase 3 clinical trial of Macrilen™. Patient recruitment was completed in the fourth quarter of 2016. The decrease in R&D costs for the twelve months ended December 31, 2016, versus the same period in 2015, was mainly attributable to the realization of cost savings in connection with ongoing efforts to streamline the Company's R&D activities and to increase its commercial operations and flexibility by reducing R&D staff (beginning in 2014).

General and Administrative (G&A) Expenses

G&A expenses were $1.8 million and $7.1 million for the three and twelve months ended December 31, 2016, respectively, versus $4.0 million and $11.3 million for the same periods in 2015. The decrease in G&A expenses for the three months and twelve months ended December 31, 2016, versus the same periods in 2015, is mainly due to the recording in the fourth quarter of 2015 of a provision related to the restructuring of the Company's finance and accounting function and the closure of its office in Quebec City, along with the realization of cost savings in connection with the restructuring. The comparative decrease for the three-month and twelve-month periods is also explained by certain transaction costs allocated to warrants in connection with the completion of share issuances in March and December 2015.

Selling Expenses

Selling expenses were $1.5 million and $6.7 million for the three and twelve months ended December 31, 2016, respectively, versus $1.8 million and $6.9 million for the same periods in 2015. Selling expenses for the three and twelve months ended December 31, 2016 and 2015 represent mainly the costs of the Company's contracted sales force related to its co-promotion activities along with its internal sales management team. Selling expenses remained relatively stable during 2016.

Net Finance (Costs) Income

Net finance (costs) income were $(622,000) and $4.5 million for the three and twelve months ended December 31, 2016, versus $(185,000) and $(15.3) million, for the same periods in 2015. The increases in finance income or decreases in finance costs were mainly attributable to the change in fair value recorded in connection with Aeterna's warrant liability. Such change in fair value results from the periodic "mark-to-market" revaluation, via the application of option pricing models, of outstanding share purchase warrants. During 2016, the "mark-to-market" warrant valuation was impacted by the expiration of the remaining Series B Warrants.

During 2015, the change in assumptions that were applied to determine the fair value of the alternate cashless feature included in the Series B Warrants significantly impacted the "mark-to-market" valuation. Furthermore, the closing price of the Company's common shares, which, on the NASDAQ, fluctuated from $3.25 to $4.94 during the three-month period and $2.67 to $4.94 during the twelve-month period ended December 31, 2016, respectively, compared to $4.00 to $11.43 and $4.00 to $84.20 during the same periods in 2015, also had a direct impact on the change in fair value of warrant liability. In addition, with specific reference to 2015, finance costs were also impacted by the warrant exercise inducement fee paid to certain holders of the Series B Warrants.

Net Loss

Net loss for the three and twelve months ended December 31, 2016 was $(8.2) million and $(25.0) million, or $(0.71) and $(2.41) per basic and diluted share, versus a net loss of $(10.0) million and $(50.1) million, or $(1.46) and $(18.14) per basic and diluted share, for the same periods in 2015. The decrease in net loss for the three months ended December 31, 2016, versus the same period in 2015, is due largely to lower G&A expenses, as presented above. The decrease in net loss for the twelve months ended December 31, 2016, versus the same period in 2015, is due largely to lower operating expenses and higher comparative net finance income, as presented above.

Liquidity

Cash and cash equivalents were $22.0 million as at December 31, 2016, versus $41.5 million as at December 31, 2015. The decrease in cash and cash equivalents as at December 31, 2016, versus December 31, 2015, is mainly due to the net cash used in operating activities. The decrease was partially offset by the net proceeds generated by the sale and issuance of common shares and warrants during 2016.

Company Background

Aeterna Zentaris Inc. ("Aeterna" or "the Company") is a specialty biopharmaceutical company engaged in developing, commercializing, and promoting novel treatments in oncology, endocrinology, and women's health via internal development programs as well as expanding its commercial portfolio through co-promotion, in-licensing, and the acquisition of products already on the market. With a focus on establishing revenues and profitability while optimizing resources and reducing its burn rate, the Company has two commercial programs at present: (1) promotion of a growth hormone deficiency product, EMD Serono, Inc.'s Saizen®; and (2) promotion of Armune Bioscience, Inc.'s Apifiny®, the first non-PSA blood test for use in evaluating and managing the risk of prostate cancer. Aeterna routinely pursues opportunities to in-license or acquire products to further complement its portfolio.

Aeterna also holds a pipeline of candidates in varying stages of development, including two product candidates (Macrilen™ and Zoptrex™) in Phase 3. Both Phase 3 trials are completed. For Macrilen™, the Company intends to submit a NDA in early Q3 2017. With regard to Zoptrex™, top-line results are expected in April 2017, and if sufficient, the Company could submit an NDA in the second half of 2017.

As well, during 2016, Aeterna ramped up out-licensing activity for Zoptrex™, which included agreements for the drug in Taiwan, Southeast Asia, Israel, Palestine, Australia, and New Zealand. In addition, the Company's licensee in China filed an Investigational New Drug (IND) application for Zoptrex™ with the Chinese FDA in June 2016, and anticipates the start of a clinical program in China in the first half of 2017.

Aeterna is also investigating various other compounds as potential treatments in oncology and endocrinology as it pursues strategic initiatives that are consistent with the operations of a commercial specialty biopharmaceutical company.

Pipeline and Development Summary

Figure 1 summarizes the Company's current product pipeline, which is described in greater detail on pages 16-30 of Crystal Research Associates' base Executive Informational Overview® (EIO) published on Aeterna and available at http://www.crystalra.com/research-library/aeterna-zentaris.

Figure 1
PRODUCT PIPELINE

	Indications	Preclinical	Phase I	Phase 2	Phase 3	In Registration
Macrilen™	Evaluation of Adult Growth Hormone Deficiency					
Zoprex™	Endometrial cancer					
Zoprex™	Ovarian cancer					
Zoprex™	Prostate cancer					
AEZS-138	Oncology					

Source: Aeterna Zentaris, Inc.

Key Corporation Information

The Company was incorporated on September 12, 1990, under the Canada Business Corporations Act (CBCA) and continues to be governed by the CBCA. On December 30, 2002, it acquired Zentaris AG, a biopharmaceutical company based in Frankfurt, Germany. Zentaris was a spin-off of Asta Medica GmbH, a former pharmaceutical company affiliated with Degussa AG. In May 2004, the Company's name was changed to Aeterna Zentaris Inc. and on May 11, 2007, Zentaris GmbH was renamed Aeterna Zentaris GmbH. On October 2, 2012, Aeterna effected a 6-to-1 reverse stock split and on October 5, 2012, the common shares began trading on a consolidated and adjusted basis on both the NASDAQ and TSX. In November 2015, the Company performed another share consolidation at a ratio of 100-to-1.

The Company's operational base is in Charleston, South Carolina, with offices also in Frankfurt, Germany. Aeterna trades on both NASDAQ and TSX under the ticker symbol AEZS. Its three wholly owned direct and indirect subsidiaries include Aeterna Zentaris GmbH (Germany); Zentaris IVF GmbH, a direct wholly owned subsidiary of AEZS Germany based in Frankfurt, Germany; and Aeterna Zentaris, Inc., an entity incorporated in the State of Delaware.

Risks and Disclosures

This Quarterly Update has been prepared by Crystal Research Associates, LLC (CRA) based upon information provided by Aeterna. CRA has not independently verified such information. Some of the information in this Update relates to future events or future business and financial performance. Such statements constitute forward-looking information within the meaning of the Private Securities Litigation Act of 1995. Such statements can only be predictions and the actual events or results may differ from those discussed due to the risks described in Aeterna's statements in its public and investor materials as well as regulatory forms filed from time to time.

The content of this report with respect to Aeterna has been compiled primarily from information available to the public released by the Company through news releases, investor presentations, and other materials released from time to time. Aeterna is solely responsible for the accuracy of this information. Information as to other companies and information as to the prevalence of certain disease and of the use of certain treatment modalities has been prepared from publicly available information and has not been independently verified by Aeterna or CRA. Certain summaries of activities and outcomes have been condensed to aid the reader in gaining a general understanding. CRA assumes no responsibility to update the information contained in this report. In addition, CRA has been compensated by the Company in cash of thirty-nine thousand U.S. dollars for its services in creating the base report and updates.

Investors should carefully consider the risks and information about Aeterna's business, as described in Crystal Research Associates' Executive Informational Overview® (EIO) published on April 21, 2015, and Aeterna's regulatory filings. Investors should not interpret the order in which considerations are presented in filings as an indication of their relative importance. The risks and uncertainties overviewed in the EIO are not the only risks that the Company faces. Additional risks and uncertainties not presently known to Aeterna or that it currently believes to be immaterial may also adversely affect the Company's business. If any of such risks and uncertainties develops into an actual event, Aeterna's business, financial condition, and results of operations could be materially and adversely affected, and the trading price of the Company's shares could decline. This report is published solely for information purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any state. Past performance does not guarantee future performance. Additional information about Aeterna, as well as copies of this report, can be obtained by calling (843) 900-3223.

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Crystal Research Associates is led by Wall Street veterans, Jeffrey Kraws and Karen Goldfarb. Together, Kraws and Goldfarb have built a unique business model, capitalizing on decades of experience as an award-winning sell-side analyst team to produce institutional-quality industry and market research in a manner that is easily understood by investors and consumers. Our firm's approach has been proven successful over the years as our products are published and available on Bloomberg, Thomson Reuters/First Call, Capital IQ, FactSet, Yahoo! Finance, and scores of other popular forums.

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