COSCIENS BIOPHARMA INC.

FORM 20-F

(Annual and Transition Report (foreign private issuer))

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ **Registration Statement Pursuant to Section 12(b) or 12(g) of The Securities Exchange Act of 1934**

OR

☒ **Annual Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934 for the fiscal year ended December 31, 2024**

OR

☐ **Transition Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

OR

☐ **Shell Company Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

Commission file number 001-38064

COSCIENS Biopharma Inc.
(Exact Name of Registrant as Specified in its Charter)

Not Applicable
(Translation of Registrant's Name into English)

Canada
(Jurisdiction of Incorporation)

c/o Norton Rose Fulbright Canada, LLP, 222 Bay Street, Suite 3000, PO Box 53, Toronto ON M5K 1E7
(Address of Principal Executive Offices)

Gilles Gagnon
President and Chief Executive Officer
COSCIENS Biopharma Inc.
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(Name, Telephone, E-mail and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Shares	CSCI	NASDAQ Capital Market Toronto Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **NONE**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the ACT: **NONE**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as at the close of the period covered by the annual report: 3,140,621 Common Shares as at December 31, 2024.

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No : ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definitions of "accelerated filer," "large accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Basis of Presentation

General

Except where the context otherwise requires, all references in this Annual Report on Form 20-F to the "Company", "COSCIENS", "we", "us", "our" or similar words or phrases are to COSCIENS Biopharma Inc. and its subsidiaries, taken together. In this Annual Report on Form 20-F, references to "$" and "U.S.$" are to United States ("**U.S.**") dollars, references to "CAN$" are to Canadian dollars and references to "EUR" and "€" are to euros, and references to "£" are to British Pounds. Unless otherwise indicated, all information contained in this Annual Report on Form 20-F are presented as of December 31, 2024.

This Annual Report on Form 20-F also contains certain information regarding products or product candidates that may potentially compete with our products and product candidates, and such information has been primarily derived from information made publicly available by the companies developing such potentially competing products and product candidates and has not been independently verified by COSCIENS.

Special Note on Forward-Looking Statements

This Annual Report on Form 20-F and the documents incorporated herein by reference contain "forward-looking information" as defined in Canadian securities laws and "forward-looking statements" made pursuant to the safe-harbor provision of the U.S. Private Securities Litigation Reform Act of 1995, which reflect our current expectations regarding future events. All statements other than statements of historical facts included in or incorporated by reference into this Annual Report on Form 20-F, under the caption "Key Information—Risk Factors" filed with the relevant Canadian securities regulatory authorities and with the U.S. Securities and Exchange Commission ("**SEC**") that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. Our forward-looking statements may relate to the Company's future outlook and anticipated events or results, and may include statements regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of the Company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities of the Company are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved" or the negative of these words or other words and terms of similar meaning.

Certain forward-looking statements contained herein about prospective results of operations, financial position or cash flows may constitute a financial outlook. Such statements are based on assumptions about future events, are given as at the date hereof and are based on economic conditions, proposed courses of action and management's assessment of the relevant information currently available. Management of the Company has approved the financial outlook as of the date hereof. Readers are cautioned that such financial outlook information contained herein should not be used for purposes other than for which it is disclosed herein.

Forward-looking statements are based on the opinions and estimates of the Company as of the date of this Annual Report, and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the factors described in "Risk Factors" and those relating to: the Company's patented technologies and value-driving products, and development thereof; the extraction, production and commercialization of active ingredients from natural sources and our ability to successfully market related products; the successful development and marketing of our oat-based pipeline products, including oat-beta glucan, avenanthramides and beta glucan from yeast, as well as such products' capability to address unmet needs within the nutraceuticals markets; Macrilen® (macimorelin) and the Company's plans in respect of same; the Company's business strategy; the strategic decision to sunset the Company's Amyotrophic Lateral Sclerosis (ALS), AIM Biologicals and Delayed Clearance Parathyroid Hormone (DC-PTH) programs; the Company's positioning in its target markets; the transition to a new presidential administration in the United States, including the potential use and effects of tariffs to address the administration's policy goals, could materially impact our costs and revenues, as well as the macroeconomic framework in which we operate; the Company's ability to accelerate the scale-up of PGX Technology towards commercial levels; expectations for completion of the Company's Edmonton facility and Natex Termitz facility; pre-clinical and clinical studies and trials and their expected timing and results, including the potential to bring certain products to market following such studies and trials; the ability of our pharmaceutical therapeutic assets to address unmet medical needs across a number of indications; management's assumptions, estimates and judgements; liquidity and capital resources; adequacy of our financial resources to finance operations and expenditure requirements; limitations on internal controls over financial reporting and our ability to address identified material weaknesses; and the plans, objectives, future outlook and financial position of the Company in general.

Forward-looking statements involve known and unknown risks and uncertainties, and other factors which may cause the actual results, performance or achievements stated herein to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such risks and uncertainties include, among others: the Company's present and future business strategies; operations and performance within expected ranges; anticipated future cash flows; local and global economic conditions and the environment in which the Company operates; anticipated capital and operating costs; uncertainty in our revenue generation from our marketed products; uncertainties related to our ability to continue as a going concern over the next twelve months; product development and related clinical trials and validation studies; results from our products under development may not be successful or may not support advancing the product; the failure of the DETECT-trial to achieve its primary endpoint in Childhood Onset Growth Hormone Deficiency ("**CGHD**") may impact the market for macimorelin (Macrilen®; Ghryvelin®) in adult hormone growth deficiency ("**AGHD**") and the existing relationships we have for that product; ability to raise capital and obtain financing to continue our currently planned operations; the impacts of the sunsetting of our ALS, DC-PTH and AIM Biologicals programs; our ability to accelerate the scale up of our PGX Technology to commercial levels; our now heavy dependence on sales by and revenue from our main distributor of our legacy Ceapro products and its customers, the continued availability of funds and resources to successfully commercialize our products; the ability to secure strategic partners for late stage development, marketing, and distribution of our products; our ability to enter into out-licensing, development, manufacturing, marketing and distribution agreements with other pharmaceutical companies and keep such agreements in effect; our ability to protect and enforce our patent portfolio and intellectual property; and our ability to continue to list our common shares on the NASDAQ Capital Market ("**NASDAQ**") or the Toronto Stock Exchange ("**TSX**").

These risk factors are not intended to represent a complete list of the risk factors that could affect the Company. These factors and assumptions, however, should be considered carefully. More detailed information about these and other factors is included under "Risk Factors" in this Annual Report on Form 20-F and in other documents incorporated herein by reference.

However, we advise you to review any further disclosures we make on related subjects in our reports on Form 6-K filed or furnished to the SEC and in our other public disclosure filed under our profile on SEDAR+ at www.sedarplus.com.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Many of these factors are beyond our control. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements, particularly in light of any resulting impacts on the global economy and on the Company's business. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, or to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

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GENERAL INFORMATION

PART I

Item 1. Identity of Directors, Senior Management and Advisers

A. Directors and senior management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

Item 2. Offer Statistics and Expected Timetable

A. Offer statistics

Not applicable.

B. Method and expected timetable

Not applicable.

Item 3. Key Information

A. (Reserved)

B. Capitalization and indebtedness

Not applicable.

C. Reasons for the offer and use of proceeds

Not applicable.

D. Risk factors

An investment in our securities involves a high degree of risk. You should carefully consider the risks described below, together with all of the other information included in this Annual Report, before making an investment decision. If any of the following risks actually occur, our business, prospects, financial condition or results of operations could be materially, adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. The trading price of our securities could decline due to any of these risks, and you may lose all or part of your investment. This Annual Report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks mentioned below. Forward-looking statements included in this Annual Report are based on information available to us on the date hereof, and all forward-looking statements in the documents incorporated by reference are based on information available to us as of the date of each such document. We undertake no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, other than as required by applicable law.

Risks Relating to Us and Our Business

Summary of Risk Factors

The following is a summary of the risk factors our business faces. The list below is not exhaustive and investors should read this "Risk Factors" section in full. Some of the risks we face include:

- the delisting of our Common Shares from the NASDAQ or the TSX could impact their market price and liquidity;
- our ability to continue as a going concern;
- we may be deemed a passive foreign investment company, which could result in adverse tax consequences;
- our net operating losses may be limited under U.S. tax laws;
- our Rights Plan may prevent changes of control of the Company;

  the economic effects of a public health crisis may impact the market price of our Common Shares;
- investments in companies in our industries are generally considered to be speculative;
- our revenues and expenses may fluctuate significantly and we may fail to meet financial expectations;
- risks relating our dependence on strategic third-party relationships regarding and the failure to commercialize or completing out-licensing or other arrangements for Macrilen™ (macimorelin);
- we may require significant additional financing, and we may not have access to sufficient capital;
- we are and will be subject to ongoing government regulation for our products and marketing approval could be subject to restrictions or withdrawals;
- healthcare reforms could hinder the commercial success of our products and affect our business;
- we may be subject to civil or criminal penalties if we interact with healthcare practitioners in a way that violates healthcare fraud or abuse laws;
- The transition to a new presidential administration in the United States, including the potential use and effects of tariffs to address the administration's policy goals, could materially impact our costs and revenues, as well as the macroeconomic framework in which we operate.
- we may be unable to generate significant revenues if our products do not gain market acceptance or if we fail to obtain acceptable prices or adequate reimbursement for our products;
- we rely on one distribution partner for a large portion of our revenues;
- we may expend our limited resources to pursue a particular product or indication and fail to capitalize on other products or indications for which there may be a greater likelihood of success;
- we may not achieve our projected development goals in the time-frames we announce and expect;
- competition in our targeted markets is intense, and development by other companies could render our products non-competitive;
- we may not obtain adequate protection for our current or future products through our intellectual property and trademark registrations;
- we may infringe the intellectual property rights of others;
- any difficulties or delays in our clinical trials could result in increased costs to us, delay or limit our ability to generate revenue and adversely affect our commercial prospects;
- The United States Food & Drug Administration (the "FDA") and other foreign equivalents may not accept data from clinical trials outside the United States, in which case our development plans will be delayed, which could materially harm our business;

- we are dependent on a stable and consistent supply of high quality ingredients and raw materials for our operations, which are subject to potential adverse conditions;
- we rely on third parties to conduct, supervise and monitor our clinical trials, and those third parties may not perform satisfactorily;
- the failure to perform satisfactorily by third parties upon which we expect to rely to manufacture and supply products may lead to supply shortfalls;
- we are subject to intense competition for our skilled personnel, and the loss of key personnel or the inability to attract additional personnel could impair our ability to conduct our operations;
- we may be subject to litigation in the future;
- we are subject to the risk of product liability claims for which we may not have adequate insurance coverage;
- claims of creditors of our subsidiaries will generally have priority as to the assets of such subsidiaries over our claims and those of our creditors and shareholders;
- it may be difficult for U.S. investors to obtain and enforce judgments against us because of our Canadian incorporation and corporate structure;
- we can provide no assurance that we will, at all times in the future, be able to report that our internal controls over financial reporting are effective;
- we have identified material weaknesses in our internal control over financial reporting and may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results.
- we are subject to environmental laws and may be subject to environmental remediation obligations that may have a material adverse effect on our business;
- we may incur losses associated with foreign currency fluctuations;
- legislative actions, new accounting pronouncements and higher insurance costs may adversely impact our future financial position or results of operations;
- data security breaches and other cyber security risks may disrupt our operations and adversely affect our operating results;
- our systems, procedures and controls may not be adequate to support the expansion of operations and associated increased costs and complexity of the Company following the completion of the Plan of Arrangement with Ceapro;
- we may be unable to successfully integrate the legacy Ceapro and Aeterna businesses and realize the benefits of the Plan of Arrangement;
- we could be subject to penalties and other adverse consequences as a result of the failure of legacy Aeterna or Ceapro to comply with applicable Laws prior to the completion of the Plan of Arrangement;
- our share price is volatile, which may result from factors outside of our control;
- we do not intend to pay dividends in the near future;
- future issuances of securities and hedging activities may depress the trading price of our Common Shares;
- in the event we were to lose our foreign private issuer status as of June 30 of a given financial year, we would be required to comply with the Securities Exchange Act of 1934 domestic reporting regime, which could cause us to incur additional legal, accounting and other expenses;
- our articles of incorporation contain “blank check” preferred share provisions, which could delay or impede an acquisition of our company;
- our business could be negatively affected as a result of the actions of activist shareholders.
- our strategic decision to sunset the Company’s Amyotrophic Lateral Sclerosis (ALS), AIM Biologicals and Delayed Clearance Parathyroid Hormone programs could negatively affect our business, financial condition or results of operations; and
- we may be unable to successfully accelerate the scale-up of PGX Technology towards commercial levels.

Our Common Shares may be delisted from the NASDAQ or the TSX, which could affect their market price and liquidity. If our Common Shares were to be delisted, investors may have difficulty in disposing their Common Shares.

Our Common Shares are currently listed on both the NASDAQ and the TSX under the symbol "CSCI". We must meet continuing listing requirements to maintain the listing of our Common Shares on the NASDAQ and the TSX. For continued listing, the NASDAQ requires, among other things, that listed securities maintain a minimum closing bid price of not less than $1.00 per share, as set forth in Nasdaq Listing Rule 5450(a)(1) (the "**Bid Price Rule**"). Although we are in compliance with the Bid Price Rule as of the date of this Annual Report, we have previously fallen out of compliance and there is no guarantee that we will be able to maintain it going forward.

If we were to fall out of compliance with the Bid Price Rule or Nasdaq's other continued listing requirements, we would consider all options to remain in compliance with the Nasdaq's continued listing requirements, including a consolidation of our Common Shares.

Our history of losses and negative cash flows from operations and the need for substantial capital raise substantial doubt about our ability to continue as a going concern.

In Note 1 to our consolidated financial statements included in this Annual Report, we disclose that there is substantial doubt about our ability to continue as a going concern. The Company's ability to support the Company's financial liabilities is dependent upon attaining profitable operations. While the Company believes that cash on hand and future cash flows from operations will be adequate to support the Company's financial liabilities, future cash flows are dependent on a number of factors outside the Company's control, including the potential direct and indirect impacts to its business of tariffs, retaliatory tariffs or other trade protectionist measures, and as such there is no assurance that it will be able to do so in the future. As such, there is no assurance that it will be able to realize its projected revenue and generate positive cashflows. If it is unable to do so, the Company may have to reduce or curtail operations and development activities, any of which could harm the business, financial condition and results of operations. The Company has the ability to scale its research and development activities, capital expenditures and restructure operations, and will do so as necessary, based on cash availability.

If necessary, we may also seek to obtain the capital needed to fund our operations, we may seek to obtain funds through public or private equity offerings, debt financing transactions, refinancing or restructuring its current debt obligations, or any other means. If we are unable to obtain sufficient funding, we could be forced to delay, reduce or eliminate all of our sales efforts, our research and development programs, future research and development efforts, and our financial condition and results of operations will be materially and adversely affected, and we may be unable to continue as a going concern. Future financial statements may disclose substantial doubt about our ability to continue as a going concern. If we seek additional financing to fund our business activities in the future and there remains substantial doubt about our ability to continue as a going concern, investors or other financing sources may be unwilling to provide additional funding to us on commercially reasonable terms or at all. Additionally, even if we raise sufficient capital through additional equity or debt financings, strategic alternatives or otherwise, there can be no assurance that the revenue or capital infusion will be sufficient to enable us to develop our business to a level where it will be profitable or generate positive cash flow. Any equity securities issued may provide rights, preferences or privileges senior to those of our current holders of common stock. If we raise funds by issuing debt securities, these debt securities would have rights, preferences and privileges senior to those of holders of common stock and a substantial portion of our operating cash flow may be dedicated to the payment of principal and interest on such indebtedness, thus limiting funds available for our business activities. The terms of any debt securities issued could also impose significant restrictions on our operations.

It is possible that we may be a passive foreign investment company, which could result in adverse tax consequences to U.S. investors.

Adverse U.S. federal income tax rules apply to "U.S. Holders" who directly or indirectly hold stock of a passive foreign investment company ("**PFIC**"). We would be classified as a PFIC for U.S. federal income tax purposes for a taxable year if (i) at least 75% of our gross income is "passive income" or (ii) at least 50% of the average value of our assets, including goodwill (based on annual quarterly average), is attributable to assets which produce passive income or are held for the production of passive income.

The determination of whether we are, or will be, a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to various interpretations. Although the matter is not free from doubt, we believe that we were not a PFIC during our taxable year ended December 31, 2024 and will not likely be a PFIC during our taxable year ending December 31, 2025. Because PFIC status is based on our income, assets and activities for the entire taxable year, and our market capitalization, it is not possible to determine whether we will be characterized as a PFIC for the taxable year ending December 31, 2025 until after the close of the taxable year. The tests for determining PFIC status are subject to a number of uncertainties. These tests are applied annually, and it is difficult to accurately predict future income, assets and activities relevant to this determination. In addition, because the market price of our Common Shares is likely to fluctuate, the market price may affect the determination of whether we will be considered a PFIC. There can be no assurance that we will not be considered a PFIC for any taxable year (including our taxable year ending December 31, 2025).

If we are a PFIC for any taxable year during which a U.S. Holder holds Common Shares, we generally would continue to be treated as a PFIC with respect to that U.S. Holder for all succeeding years during which the U.S. Holder holds such Common Shares, even if we ceased to meet the threshold requirements for PFIC status. Accordingly, no assurance can be given that we will not constitute a PFIC in the current (or any future) tax year or that the Internal Revenue Service (the "**IRS**") will not challenge any determination made by us concerning our PFIC status. PFIC characterization could result in adverse U.S. federal income tax consequences to U.S. Holders. In particular, absent certain elections, a U.S. Holder would generally be subject to U.S. federal income tax at ordinary income tax rates, plus a possible interest charge, in respect of a gain derived from a disposition of our Common Shares, as well as certain distributions by us. If we are treated as a PFIC for any taxable year, a U.S. Holder may be able to make an election to "mark-to-market" Common Shares each taxable year and recognize ordinary income pursuant to such election based upon increases in the value of the Common Shares.

In addition, U.S. Holders may mitigate the adverse tax consequences of the PFIC rules by making a "qualified electing fund" ("**QEF**") election; however, there can be no assurance that we will satisfy the record keeping requirements applicable to a QEF or that we will provide the information regarding our income that would be necessary for a U.S. Holder to make a QEF election.

If the Company is a PFIC, U.S. Holders will generally be required to file an annual information return with the IRS (on IRS Form 8621 *Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund*, which PFIC shareholders will be required to file with their U.S. federal income tax or information returns) relating to their ownership of Common Shares. This filing requirement is in addition to any pre-existing reporting requirements that apply to a U.S. Holder's interest in a PFIC (which this requirement does not affect).

Our net operating losses may be limited for U.S. federal income tax purposes under Section 382 of the Internal Revenue Code.

If a corporation with net operating losses ("**NOLs**") undergoes an "ownership change" within the meaning of Section 382 of the United States Internal Revenue Code of 1986, as amended (the "**Code**"), then such corporation's use of such "pre-change" NOLs to offset income incurred following such ownership change may be limited. Such limitation also may apply to certain losses or deductions that are "built-in" (i.e., attributable to periods prior to the ownership change, but not yet taken into account for tax purposes) as of the date of the ownership change that are subsequently recognized. An ownership change generally occurs when there is either (i) a shift in ownership involving one or more "5% shareholders," or (ii) an "equity structure shift" and, as a result, the percentage of stock of the corporation owned by one or more 5% shareholders (based on value) has increased by more than 50 percentage points over the lowest percentage of stock of the corporation owned by such shareholders during the "testing period" (generally the 3 years preceding the testing date). In general, if such change occurs, the corporation's ability to utilize its NOL carry-forwards and certain other tax attributes would be subject to an annual limitation, as described below. The unused portion of any such NOL carry-forwards or tax attributes each year is carried forward, subject to the same limitation in future years. The impact of an ownership change on state NOL carry forwards may vary from state to state. Due to previous ownership changes, or if we undergo an ownership change in connection with or after this offering, our ability to use our NOLs could be limited by Section 382 of the Code. Future changes to our stock ownership, some of which are outside of our control, could result in an ownership change under Section 382 of the Code. Recent legislation added several limitations to the ability to claim deductions for NOLs in future years, particularly for tax years beginning after December 31, 2021, including a deduction limit equal to 80% of taxable income and a restriction on NOL carryback deductions. For these reasons, we may not be able to use a material portion of the NOLs, even if we attain profitability.

Our Rights Plan May Prevent Transactions Resulting in a Change of Control of the Company

Effective June 21, 2022, the shareholders re-approved our Rights Plan that provides the Board and the Company's shareholders with additional time to assess any unsolicited take-over bid for the Company and, where appropriate, to pursue other alternatives for maximizing shareholder value. Under the Rights Plan, one right has been issued for each currently issued Common Share, and one right will be issued with each additional Common Share that may be issued from time to time. The Rights Plan may have a significant anti-takeover effect. The Rights Plan has the potential to significantly dilute the ownership interests of an acquiror of our shares, and therefore may have the effect of delaying, deterring or preventing a change in control of the Company.

The economic effects of a pandemic, epidemic or outbreak of an infectious disease or other public health crisis could adversely affect our operations or the market price of our Common Shares.

Public health crises such as pandemics, epidemics or similar outbreaks could adversely impact our operations or the market price of our Common Shares. The extent to which such public health crises may impact our operations or the market price of our Common Shares will depend on future developments, which are highly uncertain and cannot be predicted with confidence, either internationally or within the U.S., Canada or Germany, including the duration and severity of such an outbreak and the actions taken in response to contain the outbreak or treat its impact, among others.

The spread of a pandemic may impact our operations, including the potential interruption of our clinical trial activities and our supply chain. For example, the rise in the Omicron variant in the COVID-19 pandemic caused delays in site initiation and patient enrollment in our Phase 3 DETECT clinical trial for diagnostic use in childhood-onset growth hormone deficiency. As well, sales activities for Macrilen™ in the US and/or other countries may be impacted due to delays of diagnostic activities on AGHD. The spread of an infectious disease or other health crisis may also result in the inability of our suppliers to deliver components or raw materials on a timely basis or at all. In addition, hospitals may reduce staffing and reduce or postpone certain treatments in response thereto. Such events may result in a period of business disruption and, in reduced operations, doctors or medical providers may be unwilling to participate in our clinical trials, any of which could materially affect our business, financial condition or results of operations. Although we believe markets have substantially recovered, the significant spread of COVID-19 within the U.S., Canada or Germany resulted in a widespread health crisis and had an adverse effect on the national economies generally, the markets that we serve, our operations and the market price of our Common Shares.

Investments in companies in our industries are generally considered to be speculative in nature.

The prospects for companies operating in the cosmeceutical, nutraceutical and biopharmaceutical industries are uncertain, given the very nature of the industry, in which companies often experience lengthy development time, extensive capital requirements, rapid technological developments and a high degree of competition based primarily on scientific and technological factors. These factors include the availability to obtain patent and other protection for technology and products, the ability to commercialize technological developments and the ability to obtain government approval for testing, manufacturing and marketing. Accordingly, investments in cosmeceutical, nutraceutical or biopharmaceutical companies should be considered to be speculative assets.

Our revenues and expenses may fluctuate significantly, and any failure to meet financial expectations may disappoint securities analysts or investors and result in a decline in the price or the value of our Common Shares or other securities.

We have a history of operating losses and are currently dependent on one distribution partner for over 85% of our revenues. Additionally, our revenues and expenses have fluctuated in the past and may continue to do so in the future. These fluctuations could cause our share price of Common Shares or the value of our other securities to decline. Some of the factors that could cause our revenues and expenses to fluctuate include, but are not limited to, the following:

- the addition of additional customers or distribution partners for our oat-based pipeline products, including oat-beta glucan, avenanthramides and beta glucan from yeast;
- fluctuations in the demand from Symrise AG or their underlying customers for our oat-based pipeline products;
- the development and successful commercialization for new oat-based products, including related marketing and launch costs;
- the timing and willingness of any current or future collaborators to invest the resources necessary to commercialize Macrilen™ (macimorelin);
- our decision to cease investment in macimorelin for the diagnosis of CGHD;
- the timing of regulatory submissions and approvals;
- the nature and timing of licensing fee revenues;
- the outcome of future litigation;
- foreign currency fluctuations;
- the timing of the achievement and the receipt of milestone payments from current or future licensing partners; and
- failure to enter into new or the expiration or termination of current agreements with suppliers who manufacture Macrilen™ (macimorelin).

Due to fluctuations in our revenues and expenses, we believe that period-to-period comparisons of our results of operations are not necessarily indicative of our future performance. It is possible that in some future periods, our revenues and expenses will be above or below the expectations of securities analysts or investors. In this case, the share price of our Common Shares and the value of our other securities could fluctuate significantly or decline.

We are currently dependent on certain strategic relationships with third parties for the development, manufacturing and licensing of Macrilen™ (macimorelin) and we may enter into future collaborations for the development, manufacturing and licensing of Macrilen™ (macimorelin).

Our arrangements with third parties may not provide us with the benefits we expect and may expose us to a number of risks.

Currently, we are dependent on various partners to commercialize macimorelin in the U.K. and EU and the Republic of Korea. As set out above, the Company has regained full rights to Macrilen™ following the termination of the license agreement with Novo Nordisk. Most of our potential revenue consists of contingent payments, including milestones and royalties on the sale of Macrilen™ (macimorelin). The milestone and royalty revenue that we may receive under this collaboration will depend upon these parties' ability to successfully introduce, market and sell Macrilen™ (macimorelin). If they do not devote sufficient time and resources to their respective collaboration arrangements with us, we may not realize the potential commercial benefits of the arrangement, and our results of operations may be materially, adversely affected.

Our reliance on these relationships and other potential third parties poses a number of risks. We may not realize the contemplated benefits of such agreements nor can we be certain that any of these parties will fulfill their obligations in a manner which maximizes our revenue. These arrangements may also require us to transfer certain material rights to third parties. These agreements create certain additional risks. The occurrence of any of the following or other events may delay or impair commercialization of Macrilen™ (macimorelin):

- in certain circumstances, third parties may assign their rights and obligations under these agreements to other third parties without our consent or approval;
- the third parties may cease to conduct business for financial or other reasons;
- we may not be able to renew such agreements;
- the third parties may not properly maintain or defend certain intellectual property rights that may be important to the commercialization of Macrilen™ (macimorelin);
- the third parties may encounter conflicts of interest, changes in business strategy or other issues which could adversely affect their willingness or ability to fulfill their obligations to us (for example, pharmaceutical companies historically have re-evaluated their priorities following mergers and consolidations, which have been common in this industry);

- delays in, or failures to achieve, scale-up to commercial quantities, or changes to current raw material suppliers or product manufacturers (whether the change is attributable to us or the supplier or manufacturer) could delay clinical studies, regulatory submissions and commercialization of Macrilen™ (macimorelin); and

- disputes may arise between us and the third parties that could result in the delay or termination of the manufacturing or commercialization of Macrilen™ (macimorelin), resulting in litigation or arbitration that could be time-consuming and expensive, or causing the third parties to act in their own self-interest and not in our interest or those of our shareholders.

In addition, the third parties can terminate our agreements with them for a number of reasons based on the terms of the individual agreements that we have entered into with them. If one or more of these agreements were to be terminated, we would be required to devote additional resources to manufacturing and commercializing Macrilen™ (macimorelin).

We may be unsuccessful in consummating further out-licensing arrangements for Macrilen™ (macimorelin) on favorable terms and conditions, or we may be significantly delayed in doing so.

As part of our product development and commercialization strategy, we are evaluating out-licensing opportunities and other potential strategic options for Macrilen™ (macimorelin) in addition to and taking into account existing License Agreements and commercialization agreements signed with Pharmanovia, MegaPharm Ltd. and ER Kim Pharmaceuticals Bulgaria Eood and NK MEDITECH Ltd. If we elect to collaborate with third parties in respect of macimorelin, we may not be able to negotiate a collaborative arrangement for macimorelin on favorable terms and conditions, if at all. Should any partner fail to successfully commercialize macimorelin, our business, financial condition and results of operations may be adversely affected.

We have opted to sunset certain previously initiated significant early-stage pre-clinical programs.

We have made the strategic decision to discontinue all investment in our previously initiated ALS, DC-PTH and AIM Biologicals programs. As a result, we will not realize any potential benefits, including product revenues, that may have been realized by instead continuing to pursue such programs, which may negatively impact our business, financial condition and/or results of operations. In addition, there can be no guarantee that our change in strategic direction will lead to the results desired or anticipated by management, and any such failure may also negatively impact our business, financial condition and/or results of operations.

We may be unable to accelerate the planned scale-up of PGX Technology towards commercial levels.

In 2023, we commenced a collaboration with Austria-based NATEX Prozesstechnologie GesmbH to accelerate the scale-up of PGX Technology at our Edmonton facility and at the Natex Termitz facility. The scale up of our PGX-50L unit located at our Edmonton facility was completed in Q4, 2024, whilst the completion of the PGX100L at the Natex Termitz facility is expected to be completed by Q2, 2025. In addition, we previously announced our goal to commercialize our yeast beta glucan (YBG) product in capsule form as an immune booster in Q2 2025, as part of the ongoing PGX scale up project in Edmonton. Any delay in completing, or any failure to complete, either the Edmonton or Natex Termitz facility could impact our business relationships and could have an overall material adverse effect on our business, financial condition and/or results of operations. Similarly, any delay in completing the scale-up project, or any failure to complete the scale-up project entirely, could impact our business relationships and could have an overall material adverse effect on our business, financial condition and/or results of operations. In addition, even if we are successful in scaling up our PGX Technology to commercial levels, there can be no guarantee that doing so will have the results desired or expected by management.

We may require significant additional financing, and we may not have access to sufficient capital.

We may require significant additional capital to fund our commercialization efforts and may require additional capital to pursue planned activities, including clinical trials, regulatory approvals, expansion of product offerings and related marketing and product launch costs. Although we believe that our existing cash on hand will be sufficient to fund our anticipated operating and capital expenditure requirements for the next 12 months, we do not anticipate generating significant revenues from operations in the near future outside of the Symrise AG distribution arrangement. Moreover, we currently have no committed sources of capital.

We may attempt to raise additional funds through public or private financings, collaborations with other pharmaceutical companies or from other sources, including, without limitation, through at-the-market offerings and issuances of securities. Additional funding may not be available on terms that are acceptable to us. If adequate funding is not available to us on reasonable terms, we may need to delay, reduce or eliminate our product development programs or obtain funds on terms less favorable than we would otherwise accept. To the extent that additional capital is raised through the sale of equity securities or securities convertible into or exchangeable or exercisable for equity securities, the issuance of those securities would result in dilution to our shareholders. Moreover, the incurrence of debt financing or the issuance of dividend-paying preferred shares, could result in a substantial portion of our future operating cash flow, if any, being dedicated to the payment of principal and interest on such indebtedness or the payment of dividends on such preferred shares and could impose restrictions on our operations and on our ability to make certain expenditures and/or to incur additional indebtedness, which could render us more vulnerable to competitive pressures and economic downturns.

Our future capital requirements are substantial and may increase beyond our current expectations depending on many factors, including, but not limited to, the following:

- the duration of changes to and results of our clinical trials for any future products going forward;
- unexpected delays or developments in seeking regulatory approvals, as applicable;
- the time and cost involved in preparing, filing, prosecuting, maintaining and enforcing patent claims;
- unexpected developments encountered in implementing our business development and commercialization strategies;
- the potential addition of commercialized products to our portfolio, including marketing and launch costs related to new product offerings;
- the outcome of future litigation; and
- further arrangements, if any, with collaborators.

In addition, global economic and market conditions, as well as future developments in the credit and capital markets, may make it even more difficult for us to raise additional financing in the future.

We are and will be subject to stringent ongoing government regulation for our products and our product candidates, even if we obtain applicable regulatory approvals.

The manufacturing, marketing and sale of our products and our product candidates are and will be subject to strict and ongoing regulation, even with marketing approval by the FDA and the EC for Macrilen™ (macimorelin). Compliance with such regulation will be expensive and consume substantial financial and management resources. For example, the EC approval for macimorelin was conditioned on our agreement to conduct post-marketing follow-up studies to monitor the safety or efficacy of the product. In addition, as clinical experience with a drug expands after approval because the drug is used by a greater number and more diverse group of patients than during clinical trials, side effects or other problems may be observed after approval that were not observed or anticipated during pre-approval clinical trials. In such a case, a regulatory authority could restrict the indications for which the product may be sold or revoke the product's regulatory approval.

Although not subject to FDA regulation, we and our contract manufacturers will be required to comply with applicable current Good Manufacturing Practice ("**GMP**") regulations for the manufacture of our current oat-based pipeline products or future products. These regulations include requirements relating to quality assurance, as well as the corresponding maintenance of rigorous records and documentation. Manufacturing facilities must be approved before we can use them in the commercial manufacturing of a product and are subject to subsequent periodic inspection by regulatory authorities. In addition, material changes in the methods of manufacturing or changes in the suppliers of raw materials are subject to further regulatory review and approval.

If we, or if any future marketing collaborators or contract manufacturers, fail to comply with applicable regulatory requirements, we may be subject to sanctions including fines, product recalls or seizures and related publicity requirements, injunctions, total or partial suspension of production, civil penalties, suspension or withdrawals of previously granted regulatory approvals, warning or untitled letters, refusal to approve pending applications for marketing approval of new products or of supplements to approved applications, complete withdrawal of a marketing application, exclusion from government healthcare programs, import or export bans or restrictions, and/or criminal prosecution and penalties. Any of these penalties could delay or prevent the promotion, marketing or sale of a product.

Even with marketing approval for Macrilen™ (macimorelin), such product approval could be subject to restrictions or withdrawals. Regulatory requirements are subject to change.

On December 20, 2017, the FDA granted marketing approval in the U.S. for Macrilen™ (macimorelin) to be used in the diagnosis of patients with AGHD, and on January 16, 2019, the EC granted marketing approval in Europe for macimorelin for the diagnosis of AGHD. Regulatory authorities generally approve products for specified indications. If an approval is for a limited indication, this limitation reduces the size of the potential market for that product. Product approvals, once granted, are subject to continual review and periodic inspections by regulatory authorities. Our operations and practices are subject to regulation and scrutiny by the U.S. government, as well as governments of any other countries in which we do business or conduct activities. Later discovery of previously unknown problems or safety issues and/or failure to comply with domestic or foreign laws, knowingly or unknowingly, can result in various adverse consequences, including, among other things, a possible delay in the approval or refusal to approve a product, warning or untitled letters, fines, injunctions, civil penalties, recalls or seizures of products and related publicity requirements, total or partial suspension of production, import or export bans or restrictions, refusal of the government to renew marketing applications, complete withdrawal of a marketing application, criminal prosecution and penalties, suspension or withdrawals of previously granted regulatory approvals, withdrawal of an approved product from the market and/or exclusion from government healthcare programs. Such regulatory enforcement could have a direct and negative impact on the product for which approval is granted, but also could have a negative impact on the approval of any pending applications for marketing approval of new drugs or supplements to approved applications.

Because we operate in a highly regulated industry, regulatory authorities could take enforcement action against us in connection with our licensees' or collaborators' businesses or marketing activities for various reasons.

From time to time, new legislation is passed into law that could significantly change the statutory provisions governing the approval, manufacturing and marketing of products regulated by the FDA, the EC and other health authorities. In addition, regulations and guidance are often revised or reinterpreted by health agencies in ways that may significantly affect our business. It is impossible to predict whether further legislative changes will be enacted, or whether regulations, guidance, or interpretations will change, and what the impact of such changes, if any, may be.

Healthcare reform measures could hinder or prevent the commercial success of our products, which could adversely affect our business.

The business prospects and financial condition of many cosmeceutical, nutraceutical and biopharmaceutical companies are affected by the efforts of governmental and third-party payers to contain or reduce the costs of healthcare. The U.S. government and other governments have shown significant interest in pursuing healthcare reform and reducing healthcare costs. Any government-adopted reform measures could cause significant pressure on the pricing of healthcare products and services in the U.S. and internationally, including our oat-based pipeline products, Macrilen™ (macimorelin), as well as any of our future products, as well as the amount of reimbursement available from governmental agencies and other third-party payers. If available reimbursements for our products is substantially less than we expect, our revenue prospects could be materially and adversely impacted.

In the U.S. and in other jurisdictions there have been, and we expect that there will continue to be, a number of legislative and regulatory proposals aimed at changing the healthcare system, such as proposals relating to the pricing of healthcare products and services in the U.S. or internationally, the reimportation of drugs into the U.S. from other countries (where they are then sold at a lower price), and the amount of reimbursement available from governmental agencies or other third-party payers. Furthermore, the pricing of cosmeceutical, nutraceutical and pharmaceutical products, in general, and specialty drugs, in particular, has been a topic of concern in the U.S. Congress, where hearings on the topic have been held, and has been a topic of speeches given by political figures, including the President of the U.S. Additionally, in the U.S., individual states have also passed legislation and proposed bills that are aimed at drug pricing transparency, which will likely impact drug pricing. There can be no assurance as to how this scrutiny on pricing of pharmaceutical products will impact future pricing of Macrilen™ (macimorelin) or our other products.

The *Patient Protection and Affordable Care Act and the Healthcare and Education Affordability Reconciliation Act of 2010* (collectively, the "**ACA**") has had far-reaching consequences for most healthcare companies, including specialty biopharmaceutical companies like us. The future of the ACA is, however, uncertain as there have been executive, judicial and congressional challenges to certain aspects of the ACA. In June 2021, the United States Supreme Court dismissed a challenge to the ACA on the grounds the plaintiffs did not have standing to attack as unconstitutional the ACA's minimum essential coverage provision because they had not shown they had suffered damages from the defendants' conduct in enforcing the ACA. It is unclear how other such litigation and other healthcare reform efforts will impact the ACA and our business.

In addition, the *Food and Drug Administration Amendments Act of 2007* gives the FDA enhanced post-market authority, including the authority to require post-marketing studies and clinical trials, labeling changes based on new safety information, and compliance with risk evaluations and mitigation strategies approved by the FDA. The FDA's exercise of this authority may result in delays or increased costs during the period of product development, clinical trials and regulatory review and approval, which may also increase costs related to complying with new post-approval regulatory requirements and increase potential FDA restrictions on the sale or distribution of approved products.

If we or our licensees market products or interact with health care practitioners in a manner that violates healthcare fraud or abuse laws, we or our licensees may be subject to civil or criminal penalties, including exclusion from participation in government healthcare programs.

As a pharmaceutical company, even though we do not provide healthcare services or receive payments directly from or bill directly to Medicare, Medicaid or other national or third-party payers for our current product, U.S. federal and state healthcare laws and regulations, as well as certain EU regulatory and government agencies, pertaining to fraud or abuse are and will be applicable to our business. We, and our licensees, are subject to healthcare fraud and abuse regulation by EU regulatory and government agencies in the countries where we may seek marketing access, and the U.S. federal government and the states in which we conduct our business.

The laws that may affect us or affect our licensee's ability to operate include the federal healthcare program anti-kickback statute, which prohibits, among other things, knowingly and willfully offering, paying, soliciting, or receiving remuneration to induce, or in return for, the purchase, lease or order, or arrangement for the purchase, lease or order of any healthcare item or service reimbursable under Medicare, Medicaid or other federally financed healthcare programs. This statute applies to arrangements between pharmaceutical manufacturers and prescribers, purchasers and formulary managers. Although there are a number of statutory exceptions and regulatory safe harbors protecting certain common activities, the exceptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce prescribing, purchases or recommendations may be subject to scrutiny if they do not qualify for an exception or a safe harbor.

Federal false claims laws prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government, or knowingly making, or causing to be made, a false statement to get a false claim paid. Pharmaceutical companies have been prosecuted under these laws for a variety of alleged promotional and marketing activities, such as providing free product to customers with the expectation that the customers would bill federal programs for the product, reporting to pricing services inflated average wholesale prices that were then used by federal programs to set reimbursement rates, engaging in off-label promotion that caused claims to be submitted to Medicaid for non-covered off-label uses, and submitting inflated best price information to the Medicaid Drug Rebate Program.

The *Health Insurance Portability and Accountability Act of 1996* also created prohibitions against healthcare fraud and false statements relating to healthcare matters. The healthcare fraud statute prohibits knowingly and willfully executing a scheme to defraud any healthcare benefit program, including private payers. The false statements statute immediately noted above prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services.

In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians. The ACA, through the Physician Payment Sunshine Act of 2010, imposed new requirements on manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) to report annually to the Centers for Medicare and Medicaid Services ("**CMS**"), information related to payments or other "transfers of value" made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, and applicable manufacturers and group purchasing organizations to report annually to CMS ownership and investment interests held by physicians (as defined above) and their immediate family members and payments or other "transfers of value" to such physician owners and their immediate family members. Manufacturers are required to report such data to the government by the 90th calendar day of each year.

The majority of states also have statutes or regulations similar to these federal laws, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payer. In addition, some states have laws that require pharmaceutical companies to adopt comprehensive compliance programs. For example, under California law, pharmaceutical companies must comply with both the April 2003 Office of Inspector General Compliance Program Guidance for Pharmaceutical Manufacturers and the PhRMA Code on Interactions with Healthcare Professionals, as amended. Certain states also mandate the tracking and reporting of gifts, compensation, and other remuneration paid by us to physicians and other healthcare providers.

Although compliance programs can mitigate the risk of investigation and prosecution for violations of these laws, the risks cannot be entirely eliminated. Any action against us or our licensees for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses, cause reputational harm and divert our management's attention from the operation of our business. Moreover, achieving and sustaining compliance with EU government and regulatory agencies and applicable U.S. federal and state laws may prove costly.

Because of the breadth of these laws and the narrowness of the safe harbors, it is possible that some of our business activities could be subject to challenge under one or more of such laws. The ACA also made several important changes to the federal anti-kickback statute, false claims laws and healthcare fraud statute by weakening the intent requirement under the anti-kickback and healthcare fraud statutes that may make it easier for the government or whistleblowers to charge such fraud and abuse violations. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. In addition, the ACA provides that the government may assert that a claim including items or services resulting from a violation of the federal anti-kickback statute constitutes a false or fraudulent claim for purposes of the false claims statutes. In addition, the ACA increases penalties for fraud and abuse violations. If our past, present or future operations are found to be in violation of any of the laws described above or other similar governmental regulations to which we are subject, we may be subject to significant civil, criminal and administrative penalties, damages, fines, imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and negatively impact our financial results.

The transition to a new presidential administration in the United States, including the potential use and effects of tariffs to address the administration's policy goals, could materially impact our costs and revenues, as well as the macroeconomic framework in which we operate.

The transition to a new presidential administration in the United States could impact our business and operations, including the macroeconomic framework in which we operate. We are unable to precisely predict what actions the new administration will take. For example, the current presidential administration has expressed various intentions to impose tariffs on certain goods or other countries to the United States, and has indicated that his administration will treat national security much differently than the current and previous presidential administrations. Since taking office in January 2025, the current U.S. presidential administration has already issued numerous executive orders, including with respect to international and domestic policies. Any trade wars, through the implementation of tariffs or otherwise, could materially and adversely affect us, directly and indirectly, including by adversely impacting the supply chains for our operations, and increasing the costs of services we provide and utilize. For example, a majority of our revenue is generated in the United States under the supply and distribution agreement with Symrise AG and such revenue could become subject to tariffs for goods being imported from Canada. Additionally, our importation of raw materials, such as high-quality oats used in our avenanthramide products, could become subject to retaliatory tariffs imposed by Canadian authorities on goods imported from the United States.

Moreover, the change in presidential administration, as well as a transition of control in the House of Representatives and United States Senate, creates regulatory uncertainty and it remains unclear as to what specifically the current presidential administration would or would not do with respect to certain programs and initiatives.

If our products do not gain broad market acceptance, we may be unable to generate significant revenues.

Our revenues largely depend on sales of our oat-based pipeline products under our supply and distribution agreement with Symrise AG. Broad market acceptance of our products, including our oat-based pipeline products and Macrilen™ (macimorelin), depends on a number of factors, including, but not limited to, the following:

- demonstration of clinical efficacy and safety of our products;
- the prevalence and severity of any adverse side effects related to our products;
- limitations or warnings contained in our products' approved labeling;
- availability of alternative market offerings for our products;
- the advantages and disadvantages of our products relative to current or alternative market offerings;
- the classification and description of our products in relevant guidelines;
- our ability to diversify of customer base outside of the Symrise AG distribution arrangement;
- our ability to develop and effectively market new products;
- the availability of acceptable pricing and adequate third-party reimbursement for our products, as applicable; and
- the effectiveness of marketing and distribution methods for our products.

If our products do not gain market acceptance outside of the Symrise AG distribution arrangement, our ability to generate significant revenues would be limited, and our financial condition could be materially, adversely affected. In addition, if we fail to further penetrate our core markets and existing geographic markets or to successfully expand our business into new markets, the growth in sales of our products, along with our operating results, could be negatively impacted.

Our ability to further penetrate our core markets and existing geographic markets in which we compete or to successfully expand our business into additional countries in Europe, Asia or elsewhere is subject to numerous factors, many of which are beyond our control. Our products may compete with a number of drugs, therapies, products and tests currently manufactured and marketed by major pharmaceutical and other biotechnology companies, as well as with new products currently under development by others or with products which may be less expensive than our products. There can be no assurance that our efforts to increase market penetration in our core markets and existing geographic markets will be successful. Our failure to do so could have an adverse effect on our operating results and would likely cause a drop in the share price of our Common Shares.

We rely on one distribution partner for a large portion of our revenues.

We derive over 85% of its sales and related accounts receivable from one distribution partner, Symrise AG, a global supplier of fragrances, flavors, food nutrition, and cosmetic ingredients, although we are continually seeking to expand our customer base and product offerings. Our future success in its base business cosmeceuticals market is dependent upon the continued demand by Symrise AG and their underlying customers, and the expansion of our customer base. Any decline in or loss of demand from Symrise AG or their underlying customers may have a negative impact on our revenues and an adverse impact on our business, financial condition, and results of operations, as was the case in 2023. On August 25, 2023, the Company announced the signing of an amendment to its exclusive long-term supply and distribution agreement with Symrise AG. Pursuant to the amendment, the Company has extended the term of the agreement for two years to December 31, 2026.

We may expend our limited resources to pursue a particular product or indication and fail to capitalize on other products or indications for which there may be a greater likelihood of success.

We are currently focusing our efforts development and testing of our avenanthramide products, as well as developing new oat-based nutraceutical products. As a result, we may forego or delay pursuit of opportunities for avenanthramide and our other products, which there may be a greater likelihood of success or may prove to have greater commercial potential. Research programs to identify new product candidates or pursue alternative indications require substantial technical, financial and human resources. These activities – if pursued – may initially show promise in identifying potential product candidates or indications yet fail to yield product candidates or indications for further clinical development.

We may not achieve our projected development goals in the time-frames we announce and expect.

We may set goals and make public statements regarding the timing of the accomplishment of objectives material to our success, such as the commencement, enrollment and anticipated completion of clinical trials, anticipated regulatory submission and approval dates and time of product launch. The actual timing of these events can vary dramatically due to factors such as delays or failures in any clinical trials, the uncertainties inherent in the regulatory approval process and delays in achieving manufacturing or marketing arrangements sufficient to commercialize any of our products or product candidates. There can be no assurance that we will make regulatory submissions or receive regulatory approvals as planned or that we will be able to adhere to our schedule for launching of any of our future product candidates, including avenanthramide products which are currently undergoing trials. If we fail to achieve one or more of these milestones as planned, the share price of our Common Shares may decline.

Competition in our targeted markets is intense, and development by other companies our products non-competitive.

The cosmeceutical, nutraceutical and biopharmaceutical fields are highly competitive. New products developed by other companies in the industry could make our current and future products uncompetitive or significantly less competitive. Competitors are developing and testing products and technologies that would compete with any of our current and future products. Some of these competitive products may be more effective or have an entirely different approach or means of accomplishing the desired effect than our current and future products. We expect competition from our competitors to continue to increase over time. Many of our competitors and potential competitors have substantially greater product development capabilities and financial, scientific, marketing and human resources than we do.

We may not obtain adequate protection for our products through our intellectual property and trademark registrations.

We rely heavily on our proprietary information in developing and manufacturing our oat-based pipeline products, including oat-beta glucan, avenanthramides, beta glucan from PGX, and Macrilen™ (macimorelin). Our success depends, in large part, on our ability to protect our competitive position through patents, trade secrets, trademarks and other intellectual property rights. We have filed and are pursuing applications for patents and trademarks in many countries. Pending patent applications may not result in the issuance of patents, and we may not be able to obtain additional issued patents relating to our products.

The laws of some countries do not protect intellectual property rights to the same extent as the laws of the U.S. and Canada. Many companies have encountered significant problems in protecting and defending such rights in foreign jurisdictions. Many countries, including certain countries in Europe, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of the patent. Moreover, the legal systems of certain countries, particularly certain developing countries, do not favor the aggressive enforcement of patent and other intellectual property protection, which makes it difficult to stop and prevent infringement.

Our patents may be challenged, narrowed, invalidated, held to be unenforceable or circumvented, which could limit our ability to stop competitors from marketing similar products or limit the length of term of patent protection we may have for our products. Changes in either patent laws or in interpretations of patent laws in the U.S. and other countries may diminish the value of our intellectual property or narrow the scope of our patent protection for our products. The patents issued or to be issued to us may not provide us with any competitive advantage or protect us against competitors with similar technology. In addition, it is possible that third parties with products that are very similar to ours will circumvent our patents by means of alternate designs or processes. We may have to rely on method-of-use, methods of manufacture and/or new-formulation protection for our compounds in development, and any resulting products, which may not confer the same protection as claims to compounds *per se*.

In addition, our patents may be challenged by third parties in patent litigation, which is becoming widespread in the cosmeceutical, nutraceutical and biopharmaceutical industries. There may be prior art of which we are not aware that may affect the validity or enforceability of a patent claim. There may also be prior art of which we are aware, but which we do not believe affects the validity or enforceability of a claim, which may, nonetheless, ultimately be found to affect the validity or enforceability of a claim. No assurance can be given that our patents would, if challenged, be held by a court to be valid or enforceable, or that a competitor's technology or product would be found by a court to infringe our patents. Our granted patents could also be challenged and revoked in U.S. post-grant proceedings as well as in opposition or nullity proceedings in certain countries outside the U.S. In addition, we may be required to disclaim part of the term of certain patents. The costs of these proceedings could be substantial, and it is possible that our efforts could be unsuccessful, resulting in a loss of our U.S. patent position.

We also rely on trade secrets and proprietary know-how to protect our intellectual property. If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected. We seek to protect our unpatented proprietary information in part by requiring our employees, consultants, outside scientific collaborators, and sponsored researchers and other advisors to enter into confidentiality agreements. These agreements provide that all confidential information developed or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. In the case of our employees, the agreements provide that all of the technology that is conceived by the individual during the course of employment is our exclusive property. These agreements may not provide meaningful protection or adequate remedies in the event of unauthorized use or disclosure of our proprietary information. In addition, it is possible that third parties could independently develop proprietary information and techniques substantially similar to ours or otherwise gain access to our trade secrets. If we are unable to protect the confidentiality of our proprietary information and know-how, competitors may be able to use this information to develop products that compete with our products and technologies, which could adversely impact our business.

We currently have the right to use certain patents and technologies under license agreements with third parties. Our failure to comply with the requirements of one or more of our license agreements could result in the termination of such agreements, which could cause us to terminate the related development program and cause a complete loss of our investment in that program or given market. Inventions claimed in certain in-licensed patents may have been made with funding from the U.S. government and may be subject to the rights of the U.S. government, and we may be subject to additional requirements in the event we seek to commercialize or manufacture product candidates incorporating such in-licensed technology.

As a result of the foregoing factors, we may not be able to rely on our intellectual property to protect our products in the marketplace.

We may infringe the intellectual property rights of others.

Our commercial success depends significantly on our ability to operate without infringing the patents and other intellectual property rights of third parties. There could be issued patents of which we are not aware that our products or methods may be found to infringe, or patents of which we are aware and believe we do not infringe, but which we may ultimately be found to infringe. Moreover, patent applications and their underlying discoveries are in some cases maintained in secrecy until patents are issued. Because patents can take many years to issue, there may be currently pending applications of which we are unaware that may later result in issued patents that our products or technologies are found to infringe. Moreover, there may be published pending applications that do not currently include a claim covering our products or technologies, but, which nonetheless, provide support for a later drafted claim that, if issued, our products or technologies could be found to infringe.

If we infringe or are alleged to infringe intellectual property rights of third parties, it will adversely affect our business. Third parties may own or control these patents or patent applications in the U.S. and abroad. These third parties could bring claims against us or our collaborators that would cause us to incur substantial expenses and, if successful against us, could cause us to pay substantial damages. Further, if a patent infringement suit were brought against us or our collaborators, we or they could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit.

The biopharmaceutical industry has produced a proliferation of patents, and it is not always clear to industry participants, including us, which patents cover various types of products. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. In the event of infringement or violation of another party's patent or other intellectual property rights, we may not be able to enter into licensing arrangements or make other arrangements at a reasonable cost. Any inability to secure licenses or alternative technology could result in delays in the introduction of our products or lead to prohibition of the manufacture or sale of products by us or our partners and collaborators.

Patent litigation is costly and time consuming and may subject us to liabilities.

If we become involved in any patent litigation, interference, opposition, re-examination or other administrative proceedings, we will likely incur substantial expenses in connection therewith, and the efforts of our technical and management personnel will be significantly diverted. In addition, an adverse determination in litigation could subject us to significant liabilities.

We may not obtain trademark registrations for our current or future products.

We have filed applications for trademark registrations relating to avenanthramide, oat beta glucan, PGX and Macrilen™ (macimorelin) products and applications in various jurisdictions, including the U.S. We may file applications for other possible trademarks for our current and future products. No assurance can be given that any of our trademarks will be registered elsewhere, or that the use of any registered or unregistered trademarks will confer a competitive advantage in the marketplace.

Any difficulties or delays in the commencement or completion, or termination or suspension, of our ongoing or planned clinical trials could result in increased costs to us, delay or limit our ability to generate revenue and adversely affect our commercial prospects.

Before we can initiate clinical trials for our product candidates, we must submit the results of preclinical studies to the FDA or comparable foreign regulatory authorities along with other information, including information about product candidate chemistry, manufacturing and controls and our proposed clinical trial protocol, as part of an IND or similar regulatory filing required for authorization to proceed with clinical development. The FDA or comparable foreign regulatory authorities may require us to conduct additional preclinical studies for any product candidate before it allows us to initiate clinical trials under any IND or similar regulatory filing, which may lead to delays and increase the costs of our preclinical development programs. Any such delays in the commencement or completion of the avenanthramide trial, or any other product candidate, could significantly affect our product development costs.

Further, conducting clinical trials in foreign countries presents additional risks that may delay completion of our clinical trials. These risks include the failure of enrolled patients in foreign countries to adhere to clinical protocol as a result of differences in healthcare services or cultural customs, managing additional administrative burdens associated with foreign regulatory schemes, as well as political and economic risks, including war, relevant to such foreign countries. For example, in 2022 our DETECT-trial activities in both Russia and Ukraine were halted due to the Russian invasion of Ukraine, which represented approximately 25 of the planned total patients in the trial, resulting in a delay in the expected completion of the trial. To replace these countries and ensure the timely completion of the DETECT-trial, the Company engaged a second CRO to establish testing sites in four new countries (Armenia, Slovakia, Greece, and Turkey). Additional clinical trial applications had to be submitted and caused delays in the trial and analysis of results.

In carrying out our operations, we are dependent on a stable and consistent supply of ingredients and raw materials.

There can be no assurance that we, our contract manufacturers or our licensees, will be able, in the future, to continue to purchase products from our current suppliers or any other supplier on terms that are favorable or similar to current terms or at all. An interruption in the availability of certain raw materials or ingredients, or significant increases in the prices we pay for them, could have a material adverse effect on our business, financial condition, liquidity and operating results.

Adverse weather conditions and natural disasters could impose costs on our business.

We depend on high quality agricultural materials for our Avenanthramide and Beta Glucan products, which materials are vulnerable to adverse weather conditions and natural disasters, including windstorms, hurricanes, earthquakes, floods, droughts, fires, and temperature and precipitation extremes, some of which are recurring but difficult to predict, as well as crop disease and infestation. For example, we source most of the oats that we use in the production of our products from the United States, which has experienced severe heat and drought conditions and significant wildfires from time to time, resulting in lost and damaged crops.

Severe weather conditions may occur with higher frequency or may be less predictable in the future due to the effects of climate change. Unfavorable growing and harvesting conditions could reduce both crop size and crop quality. In extreme cases, entire harvests may be lost in some geographic areas. Adverse weather conditions or natural disasters may adversely affect our supply of raw materials or prevent or impair our ability to ship products as planned. These factors may increase raw material acquisition and production costs, decrease our sales volumes and revenues, and lead to additional charges to earnings, which could have a material adverse effect on our business, financial condition, and results of operations.

We rely on third parties to conduct, supervise and monitor our clinical trials, and those third parties may not perform satisfactorily.

We rely on third parties such as CROs, medical institutions and clinical investigators to enroll qualified patients and to conduct, supervise and monitor our clinical trials. Our reliance on these third parties for clinical development activities reduces our control over these activities. Our reliance on these third parties, however, does not relieve us of our regulatory responsibilities, including ensuring that our clinical trials are conducted in accordance with GCP guidelines and the investigational plan and protocols contained in an IND application to the FDA, or a comparable foreign regulatory submission. Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors. In addition, they may not complete activities on schedule, or may not conduct our preclinical studies or clinical trials in accordance with regulatory requirements or our trial design. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, our efforts to obtain regulatory approvals for, and to commercialize, our products may be delayed or prevented.

We are dependent on, and rely upon, third parties to perform various functions related to our business, including, but not limited to, development of some of our product candidates. Our reliance on these relationships poses a number of risks.

The failure to perform satisfactorily by third parties upon which we expect to rely to manufacture and supply products may lead to supply shortfalls.

Although the majority of our current manufacture of our oat-based pipeline products is undertaken in-house, our operational strategy may change. Additionally, we rely on third parties to manufacture and supply Macrilen™ (macimorelin). We also have or may have certain supply obligations *vis-à-vis* our existing and potential licensees, who are or will be responsible for our products. To be successful, our products must be manufactured in commercial quantities in compliance with quality controls and regulatory requirements. Even though it is our objective to minimize such risk by introducing alternative suppliers to ensure a constant supply at all times, there are a limited number of contract manufacturers or suppliers that are capable of manufacturing our products or the materials used in their manufacture. If we are unable to do so ourselves or to arrange for third-party manufacturing or supply our products, or to do so on commercially reasonable terms, we may not be able to commercialize our products. Reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured products ourselves, including reliance on the third party for regulatory compliance, the possibility of breach of the manufacturing agreement by the third party because of factors beyond our control, and the possibility of termination or non-renewal of the agreement by the third party, based on its own business priorities, at a time that is costly or inconvenient for us.

We are subject to intense competition for our skilled personnel, and the loss of key personnel or the inability to attract additional personnel could impair our ability to conduct our operations.

We are highly dependent on our management and our clinical, regulatory and scientific staff, the loss of whose services might adversely impact our ability to achieve our objectives. Recruiting and retaining qualified management and clinical, scientific and regulatory personnel is critical to our success. Reductions in our staffing levels have eliminated redundancies in key capabilities and skill sets among our full-time staff and required us to rely more heavily on outside consultants and third parties. We have been unable to increase the compensation of our associates to the extent required to remain fully competitive for their services, which increased our employee retention risk. The competition for qualified personnel is intense, and if we are not able to continue to retain qualified personnel and/or maintain positive relationships with our outside consultants, we may not be able to achieve our strategic and operational objectives or comply with regulatory requirements.

We may be subject to litigation in the future.

We may, from time to time, be a party to litigation in the normal course of business. Monitoring and defending against legal actions, whether meritorious, is time-consuming for our management and detracts from our ability to fully focus our internal resources on our business activities. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. A decision adverse to our interests could result in the payment of substantial damages and could have a material adverse effect on our cash flow, results of operations and financial position.

With respect to any litigation, our insurance may not reimburse us, or may not be sufficient to reimburse us, for the expenses or losses we may suffer in contesting and concluding such lawsuit. Substantial litigation costs, including the substantial self-insured retention that we are required to satisfy before any insurance applies to a claim, unreimbursed legal fees or an adverse result in any litigation may adversely impact our business, operating results or financial condition.

We are subject to the risk of product liability claims, for which we may not have or may not be able to obtain adequate insurance coverage.

The sale and use of our cosmeceutical, nutraceutical and biopharmaceutical products will involve the risk of product liability claims and associated adverse publicity. Product liability claims might be made against us directly by patients, healthcare providers or pharmaceutical companies, or others selling, buying or using our products. We attempt to manage our liability risks by means of insurance. We maintain insurance covering our liability for our preclinical and clinical studies as well as products liability insurance. However, we may not have or be able to obtain or maintain sufficient and affordable insurance coverage, including coverage for potentially very significant legal expenses, and without sufficient coverage any claim brought against us could have a materially adverse effect on our business, financial condition or results of operations.

We are a holding company, and claims of creditors of our subsidiaries will generally have priority as to the assets of such subsidiaries over our claims and those of our creditors and shareholders.

COSCIENS is a holding company and a substantial portion of our non-cash assets is the share capital of our subsidiaries. Ceapro Inc., our principal operating subsidiary holds most of our intellectual property rights. Because COSCIENS is a holding company, our obligations to our creditors are structurally subordinated to all existing and future liabilities of our subsidiaries, which may incur additional or other liabilities and/or obligations. As a result, our rights and the rights of our creditors to participate in any distribution of the assets of any subsidiary in the event that such subsidiary were to be liquidated or reorganized or in the event of any bankruptcy or insolvency proceeding relating to or involving such subsidiary, and, therefore, the rights of the holders of our securities to participate in those assets, are subject to the prior claims of such subsidiary's creditors. To the extent that we may be a creditor with recognized claims against any such subsidiary, our claims would still be subject to the prior claims of our subsidiary's creditors to the extent that they are secured or senior to those held by us.

Holders of our securities are not creditors of our subsidiaries. Claims to the assets of our subsidiaries will derive from our own ownership interest in those operating subsidiaries. Claims of our subsidiaries' creditors will generally have priority as to the assets of such subsidiaries over our own ownership interest claims and, therefore, will have priority over the holders of our securities. Our subsidiaries' creditors may from time to time include general creditors, trade creditors, employees, secured creditors, taxing authorities and creditors holding guarantees. Accordingly, in the event of any foreclosure, dissolution, winding-up, liquidation or reorganization, or a bankruptcy, insolvency or creditor protection proceeding relating to us or our property, or any subsidiary, there can be no assurance as to the value, if any, that would be available to holders of our securities. In addition, any distributions to us by our subsidiaries could be subject to monetary transfer restrictions in the jurisdictions in which our subsidiaries operate.

It may be difficult for U.S. investors to obtain and enforce judgments against us because of our Canadian incorporation and German presence.

We are a company existing under the laws of Canada. A number of our directors and officers are residents of Canada or otherwise reside outside the U.S., and all or a substantial portion of their assets, and a substantial portion of our assets, are located outside the U.S. Consequently, although we have appointed an agent for service of process in the U.S., it may be difficult for investors in the U.S. to bring an action against such directors or officers or to enforce against those persons or us a judgment obtained in a U.S. court predicated upon the civil liability provisions of federal securities laws or other laws of the U.S. Investors should not assume that foreign courts (i) would enforce judgments of U.S. courts obtained in actions against us or such directors, officers or experts predicated upon the civil liability provisions of the U.S. federal securities laws or the securities or "blue sky" laws of any state within the U.S. or (ii) would enforce, in original actions, liabilities against us or such directors, officers or experts predicated upon the U.S. federal securities laws or any such state securities or "blue sky" laws.

We are subject to various internal control reporting requirements under applicable Canadian securities laws and the Sarbanes-Oxley Act in the U.S. We can provide no assurance that we will, at all times in the future, be able to report that our internal controls over financial reporting are effective.

As a public company, we are required to comply with Section 404 of the U.S. *Sarbanes-Oxley Act of 2002* ("**Section 404**") and National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian securities administrators. In any given year, we cannot be certain as to the time of completion of our internal control evaluation, testing and remediation actions or of their impact on our operations. Upon completion of this process, we may identify control deficiencies of varying degrees of severity under applicable SEC and Public Company Accounting Oversight Board (U.S.) rules and regulations. As a public company, we are required to report, among other things, control deficiencies that constitute material weaknesses or changes in internal controls that, or that are reasonably likely to, materially affect internal controls over financial reporting. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. If we fail to comply with the requirements of Section 404 or similar Canadian requirements, or if we report a material weakness, we might be subject to regulatory sanction and investors may lose confidence in our consolidated financial statements, which may be inaccurate if we fail to remedy such material weakness.

In connection with the preparation of our 2024 annual financial statements, we have identified material weaknesses in our internal control over financial reporting. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results.

As of December 31, 2024, our management assessed the effectiveness of our internal control over financial reporting. We concluded that there were material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the consolidated financial statements will not be prevented or detected on a timely basis. We identified the following material weaknesses in our internal control over financial reporting:

- the Company did not maintain an effective control environment based on the criteria established in the COSO framework and did not have sufficient competent personnel with the appropriate levels of knowledge, experience, and training in accounting and internal control over financial reporting;

- the Company did not maintain effective control activities based on the criteria established in the COSO framework;

- the Company had ineffective information and communication, which rendered management unable to generate or provide adequate quality supporting information and communication based on the criteria established in the COSO framework; and

- the Company did not maintain effective monitoring activities based on the criteria established in the COSO framework and did not have in place adequate processes for oversight, accountability for performance of internal control over financial reporting responsibilities, and timely implementation of corrective activities, and therefore could not perform sufficient ongoing evaluations to ascertain whether the components of internal control were present and functioning.

Notwithstanding the identified material weaknesses, our management has concluded that the consolidated financial statements included in this Report present fairly, in all material respects, our financial position, results of operations and cash flows for the periods disclosed in conformity with GAAP. See "*Item 15-Controls and Procedures*" for further information.

We have taken steps to address these pervasive material weaknesses and are in the process of developing and implementing a remediation plan to address them and to improve our internal control over financial reporting, which we believe will address their underlying causes. These steps include the following:

- We are evaluating our long-term resource needs and requirements to ensure we have adequate resources with the necessary technical knowledge, oversight and accountability to ensure there is adequate segregation of duties and to satisfy the Company's internal control over financial reporting needs and requirements;

- we have also committed to providing the Company's personnel with the necessary guidance and on-the-job training to effectively perform their responsibilities related to internal control over financial reporting;

- we will formalize the documentation of internal control over financial reporting at the Company to assist in assessing, implementing and maintaining an effective control environment, including: scoping and risk assessment; business process flows; risk control matrices; and the evaluation of the design and operating effectiveness of controls;

- we are implementing a formal monitoring program over our internal control framework that will more effectively identify, evaluate and remediate deficiencies than the current year and regularly report on progress of internal control remediation efforts to the audit committee during 2025; and

- we will implement additional system capabilities and enhancing existing controls that support management's assertions with respect to the completeness, accuracy and validity of complex accounting transactions on a timely basis.

These remediation measures may be time consuming, costly, and might place significant demands on our financial and operational resources. Although we have made and are making enhancements to our control procedures in this area, the material weaknesses will not be remediated until the necessary controls have been implemented and are operating effectively. Moreover, significant operating cost reductions may materially adversely impact our accounting and finance function, and make it more difficult to remediate existing significant deficiencies and material weaknesses. We do not know the specific time frame needed to fully remediate the material weaknesses identified.

We cannot assure you that these measures will significantly improve or remediate the material weaknesses described above. The implementation of these remediation measures is in the early stages and will require validation and testing of the design and operating effectiveness of our internal controls over a sustained period of financial reporting cycles and, as a result, the timing of when we will be able to fully remediate the material weaknesses is uncertain. If the steps we take do not remediate the material weaknesses in a timely manner, there could be a reasonable possibility that these control deficiencies or others may result in a material misstatement of our annual or interim financial statements that would not be prevented or detected on a timely basis. This, in turn, could jeopardize our ability to comply with our reporting obligations, limit our ability to access the capital markets and adversely impact our stock price.

Implementing any appropriate changes to our internal controls may distract our officers and employees, entail substantial costs to modify our existing processes and take significant time to complete. These changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and harm our business. Even if we are successful in strengthening our controls and procedures, in the future those controls and procedures may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our financial statements. In addition, investors' perceptions that our internal controls are inadequate or that we are unable to produce accurate financial statements on a timely basis may harm our stock price and make it more difficult for us to effectively market and sell our products to new and existing customers.

Additionally, we cannot assure you that we have identified all, or that we will not in the future have additional, material weaknesses. All internal control systems, no matter how well designed, have inherent limitations including the possibility of human error and the circumvention or overriding of controls. Further, because of changes in conditions, the effectiveness of internal controls may vary over time. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

We are subject to a broad range of environmental laws and regulations and may be subject to environmental remediation obligations under such safety and related laws and regulations. The impact of these obligations and the Company's ability to respond effectively to them may have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our Common Shares to decline.

We are subject to a broad range of federal, state, provincial and local environmental laws and regulations in the U.S., Canada and Germany concerning the environment, safety matters, regulation of chemicals and product safety in the countries where we manufacture and sell our products or otherwise operate our business. These requirements include, among other matters, regulation of the handling, manufacture, transportation, storage, use and disposal of materials, including the discharge of pollutants, hazardous substances and waste into the environment. In the normal course of our business, such substances and waste may be released into the environment, which could cause environmental or property damage or personal injuries, and which could subject us to remediation obligations regarding contaminated soil and groundwater, potential liability for damage claims or to social or reputational harm and other similar adverse impacts. Under certain laws, we may be required to remediate contamination at certain of our properties regardless of whether the contamination was caused by us or by previous occupants of the property, or by others and at third-party sites where we send waste.

In recent years, the operations of all companies have become subject to increasingly stringent legislation and regulation related to environmental protection. Such legislation and regulations are complex and constantly changing. Future events, such as changes in existing laws or regulations or the enforcement thereof, or the discovery of contamination at our facilities may, among other things, require us to install additional controls for certain of our emission sources, undertake changes in our manufacturing processes, remediate soil or groundwater contamination at facilities where such cleanup is not currently required, or to take action to address social expectations or concerns arising from or relating to such changes and our response to such changes. The cost of such additional compliance or remediation obligations or responding to such social expectations or concerns may be significant and could have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our Common Shares and/or debt securities to decline.

We may incur losses associated with foreign currency fluctuations.

Our operations are, in many instances, conducted in currencies other than our functional currency or the functional currencies of our subsidiaries. Fluctuations in the value of currencies could cause us to incur currency exchange losses. We do not currently employ a hedging strategy against exchange rate risk. We cannot assert with any assurance that we will not suffer losses as a result of unfavorable fluctuations in the exchange rates between the U.S. dollar, the euro, the Canadian dollar and other currencies.

Legislative actions, new accounting pronouncements and higher insurance costs may adversely impact our future financial position or results of operations.

Changes in financial accounting standards or implementation of accounting standards may cause adverse, unexpected revenue or expense fluctuations and affect our financial position or results of operations. New pronouncements and varying interpretations of pronouncements have occurred with greater frequency and are expected to occur in the future, and we may make or be required to make changes in our accounting policies in the future. Compliance with changing regulations of corporate governance and public disclosure, notably with respect to internal controls over financial reporting, may result in additional expenses. Changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for companies such as ours, and insurance costs are increasing as a result of this uncertainty.

Data security breaches and other cyber security risks may disrupt our operations and adversely affect our operating results.

Attempts to gain unauthorized access to our information technology systems and that hosted by our third-party suppliers have become more sophisticated over time. These attempts, which might be related to industrial or other espionage, include covertly introducing malware to our computers and networks and impersonating authorized users, among others. Our network security and data recovery measures and those of third parties with which we contract, may not be adequate to protect against computer viruses, cyber-attacks, breaches, and similar disruptions from unauthorized tampering with our computer systems. The misappropriation, theft, sabotage or any other type of security breach with respect to any of our proprietary and confidential information that is electronically stored, including research or clinical data, could cause interruptions in our operations, could result in a material disruption of our clinical activities and business operations and could expose us to third-party legal claims. Furthermore, we could be required to make substantial expenditures of resources to remedy the cause of cyber-attacks or break-ins. This disruption could have a material adverse impact on our business, operating results and financial condition. Additionally, any break-in or trespass of our facilities that results in the misappropriation, theft, sabotage or any other type of security breach with respect to our proprietary and confidential information, including research or clinical data, or that results in damage to our research and development equipment and assets could have a material adverse impact on our business, operating results and financial condition.

Our business processes personal information, both in connection with clinical activities and our employees. The use of this information is critical to our operations and innovation, including the development of our products, as well as management of our employees. New and evolving regulations, such as the European Union General Data Protection Regulation, could bring increased scrutiny of our data management in the future. Any cyber-attacks or other failure to protect critical and sensitive systems and information could damage our reputation, prompt litigation or lead to regulatory sanctions, all of which could materially affect our financial condition and results of operation.

We seek to detect and investigate all security incidents and to prevent their recurrence, but in some cases, we might be unaware of an incident or its magnitude and effects. The theft, unauthorized use, or publication of our intellectual property and/or confidential business information could harm our competitive position, reduce the value of our investment in research and development and other strategic initiatives or otherwise adversely affect our business. In addition, the devotion of additional resources to the security of our information technology systems in the future could significantly increase the cost of doing business or otherwise adversely impact our financial results.

We cannot provide any assurance that our systems, procedures and controls will be adequate to support the expansion of operations and associated increased costs and complexity resulting from the Plan of Arrangement with Ceapro.

As a result of the completion of the Plan of Arrangement with Ceapro, significant demands have been placed on our managerial, operational and financial personnel and systems. We cannot provide any assurance that our systems, procedures and controls will be adequate to support the expansion of operations and associated increased costs and complexity following and resulting from the Plan of Arrangement. The continued operating results of the Company will be affected by the ability of our officers and key employees to manage changing business conditions, to integrate the acquisition of Ceapro, to implement a new business strategy and to improve its operational and financial controls and reporting systems.

We may be unable to successfully integrate our businesses with Ceapro's and realize the anticipated benefits of the Plan of Arrangement. The failure to successfully integrate the businesses of Aeterna and Ceapro could have a material adverse effect on the market price of the Common Shares following completion of the Plan of Arrangement.

The integration has required the dedication of substantial effort, time and resources on the part of management which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. In addition, the integration process could result in disruption of existing relationships with suppliers, employees, customers and other constituencies of each Party. There can be no assurance that management will be able to integrate the operations of each of the businesses successfully or achieve any of the synergies or other benefits that were anticipated as a result of the Plan of Arrangement. Most operational and strategic decisions and certain staffing decisions with respect to integration have not yet been made. These decisions and the integration of the two parties will present challenges to management, including the integration of systems and personnel of the two parties which may be geographically separated, unanticipated liabilities and unanticipated costs. It is possible that the integration process could result in the loss of key employees, the disruption of the respective ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of management to maintain relationships with operators or employees or to achieve the anticipated benefits of the Plan of Arrangement. The performance of our operations could be adversely affected if we cannot retain key employees to assist in the integration and operation of Aeterna and Ceapro.

The consummation of the Plan of Arrangement may pose special risks, including one-time write-offs, restructuring charges and unanticipated costs. Although Ceapro, Aeterna and our respective advisors have conducted due diligence on the various operations, there can be no guarantee that we will be aware of any and all liabilities of Ceapro or the Plan of Arrangement. As a result of these factors, it is possible that certain benefits expected from the Plan of Arrangement may not be realized. Any inability of management to successfully integrate the operations could have an adverse effect on our business, financial condition and results of operations.

Failure by us and/or Ceapro to comply with applicable Laws prior to the Plan of Arrangement could subject the Company to penalties and other adverse consequences following completion of the Plan of Arrangement.

We are subject to the United States *Foreign Corrupt Practices Act* and Aeterna Zentaris and Ceapro are subject to the *Corruption of Foreign Public Officials Act* (Canada). The foregoing Laws prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. In addition, such Laws require the maintenance of records relating to transactions and an adequate system of internal controls over financial reporting. There can be no assurance that either Party's internal control policies and procedures, compliance mechanisms or monitoring programs will protect it from recklessness, fraudulent behavior, dishonesty or other inappropriate acts or adequately prevent or detect possible violations under applicable anti-bribery and anti-corruption legislation. A failure by us or Ceapro to comply with anti-bribery and anti-corruption legislation could result in severe criminal or civil sanctions, and may subject us to other liabilities, including fines, prosecution, potential debarment from public procurement and reputational damage, all of which could have a material adverse effect on our business, consolidated results of operations and consolidated financial condition. Investigations by governmental authorities could have a material adverse effect on the business, consolidated results of operations and consolidated financial condition of the combined company.

Aeterna and Ceapro are also subject to a wide variety of Laws relating to the environment, health and safety, intellectual property, taxes, employment, labor standards, money laundering, terrorist financing and other matters in the jurisdictions in which they operate. A failure by either of Aeterna or Ceapro to comply with any such legislation prior to the Plan of Arrangement could result in severe criminal or civil sanctions, and may subject us to other liabilities, including fines, prosecution and reputational damage, all of which could have a material adverse effect on the business, consolidated results of operations and consolidated financial condition. The compliance mechanisms and monitoring programs adopted and implemented by either of Aeterna Zentaris or Ceapro prior to the Plan of Arrangement may not adequately prevent or detect possible violations of such applicable Laws. Investigations by governmental authorities could also have a material adverse effect on our business, consolidated results of operations and consolidated financial condition.

Risks Relating to our Common Shares

Our share price is volatile, which may result from factors outside of our control.

Our valuation and share price since the beginning of trading after our initial listings, first in Canada and then in the U.S., have had no meaningful relationship to current or historical financial results, asset values, book value or many other criteria based on conventional measures of the value of shares.

Between January 1, 2024 and December 31, 2024, the closing price of our Common Shares ranged from $2.50 to $10.25 per share on the NASDAQ and from C$3.72 to C$13.90 per share on the TSX. As of April 8, 2025, the price of our Common Shares on the NASDAQ was $2.45 and C$3.51 on the TSX. Our share price may be affected by developments directly affecting our business and by developments out of our control or unrelated to us. The stock market generally, and the biopharmaceutical sector in particular, are vulnerable to abrupt changes in investor sentiment. Prices of shares and trading volume of companies in the biopharmaceutical industry can swing dramatically in ways unrelated to, or that bear a disproportionate relationship to, operating performance. Our share price and trading volume may fluctuate based on a number of factors including, but not limited to, the following:

- developments regarding current or future third-party suppliers and licensee(s);
- clinical trial and regulatory developments regarding avenanthramides and Macrilen™ (macimorelin);
- delays in our anticipated clinical trial development or commercialization timelines;
- announcements by us regarding technological, regulatory or other matters;
- arrivals or departures of key personnel;
- governmental or regulatory action affecting our product candidates and our competitors' products in the U.S., Canada and other countries;
- the potential use and effects of tariffs could materially impact our costs and revenues, as well as the macroeconomic framework in which we operate;
- developments or disputes concerning patent or proprietary rights;
- actual or anticipated fluctuations in our revenues or expenses;
- general market conditions and fluctuations for the emerging growth and biopharmaceutical market sectors; and
- economic conditions in the U.S. or abroad, including the instability due to pandemics, armed conflicts or other events.

Our listing on both the NASDAQ and the TSX may increase price volatility due to various factors, including different ability to buy or sell our Common Shares, different market conditions in different capital markets, and different trading volumes. In addition, low trading volume may increase the price volatility of our Common Shares. A thin trading market could cause the share price of our Common Shares to fluctuate significantly more than the stock market as a whole.

We do not intend to pay dividends in the near future.

To date, we have not declared or paid any dividends on our Common Shares. As a result, the return on an investment in our Common Shares, or any of our other securities, will depend upon any future appreciation in value. There is no guarantee that our Common Shares or any of our other securities will appreciate in value or even maintain the price at which shareholders have purchased them.

Future issuances of securities and hedging activities may depress the trading price of our Common Shares.

Any additional or future issuance of securities or convertible securities, including the issuance of securities upon the exercise of stock options and upon the exercise of warrants or other convertible securities or securities pursuant to which Common Shares are issuable, could dilute the interests of our existing shareholders, and could substantially decrease the trading share price of our Common Shares.

We may issue equity securities in the future for a number of reasons, including to finance our operations and business strategy, to satisfy our obligations upon the exercise of options or warrants, or for other reasons. Our stock option plans generally permit us to have outstanding, at any given time, stock options that are exercisable for a maximum number of Common Shares equal to 11.4% of all then issued and outstanding Common Shares.

In addition, the share price of our Common Shares could also be affected by possible sales of securities by investors who view other investment vehicles as more attractive means of equity participation in us and by hedging or arbitrage trading activity that may develop involving our securities. This hedging or arbitrage could, in turn, affect the trading share price of our Common Shares.

In the event we were to lose our foreign private issuer status as of June 30 of a given financial year, we would be required to comply with the Securities Exchange Act of 1934 domestic reporting regime, which could cause us to incur additional legal, accounting and other expenses.

In order to maintain our current status as a foreign private issuer, either (1) a majority of our Common Shares must not be either directly or indirectly owned of record by residents of the U.S. or (2) (a) a majority of our executive officers and of our directors must not be U.S. citizens or residents, (b) more than 50 percent of our assets cannot be located in the U.S. and (c) our business must be administered principally outside the U.S.

In 2024, our management conducted its annual assessment of the various facts and circumstances underlying the determination of our status as a foreign private issuer and based on the foregoing, our management has determined that, as of the date of such determination and as of June 30, 2024, we continued to be a foreign private issuer.

There can be no assurance, however, that we will remain a foreign private issuer either in 2025 or in future financial years.

If we were to lose our foreign private issuer status as of June 30 of any given financial year, we would be required to comply with the Securities Exchange Act of 1934 reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC rules and the NASDAQ listing standards. The regulatory and compliance costs to us of complying with the reporting requirements applicable to a U.S. domestic issuer under U.S. securities laws may be higher than the cost we have historically incurred as a foreign private issuer. As a result, we would expect that a potential loss of foreign private issuer status at some future point in time could increase our legal, financial reporting and accounting compliance costs, and it is difficult at this time to estimate by how much our legal, financial reporting and accounting compliance costs may increase in such eventuality.

Our articles of incorporation contain "blank check" preferred share provisions, which could delay or impede an acquisition of our company.

Our articles of incorporation, as amended, authorize the issuance of an unlimited number of "blank check" preferred shares, which could be issued by our Board without shareholder approval and which may contain liquidation, dividend and other rights equivalent or superior to our Common Shares. In addition, we have implemented in our constating documents an advance notice procedure for shareholder approvals to be brought before an annual meeting of our shareholders, including proposed nominations of persons for election to our Board. These provisions, among others, whether alone or together, could delay or impede hostile takeovers and changes in control or changes in our management. Any provision of our constating documents that has the effect of delaying or deterring a change in control could limit the opportunity for our shareholders to receive a premium for their Common Shares and could also affect the price that some investors are willing to pay for our Common Shares.

Our business could be negatively affected as a result of the actions of activist shareholders.

Proxy contests have been waged against many companies in the biopharmaceutical industry over the last few years. If faced with a proxy contest, we may not be able to successfully respond to the contest, which would be disruptive to our business. Even if we are successful, our business could be adversely affected by a proxy contest because:

- responding to proxy contests and other actions by activist shareholders may be costly and time-consuming, and may disrupt our operations and divert the attention of management and our employees;
- perceived uncertainties as to the potential outcome of any proxy contest may result in our inability to consummate potential acquisitions, collaborations or in-licensing opportunities and may make it more difficult to attract and retain qualified personnel and business partners; and
- if individuals that have a specific agenda different from that of our management, or other members of our board of directors are elected to our Board as a result of any proxy contest, such an election may adversely affect our ability to effectively and timely implement our strategic plan and to create value for our shareholders.

Item 4. Information on the Company

A. History and development of the Company

The Company was incorporated on September 12, 1990 under the *Canada Business Corporations Act* (the "**CBCA**") and continues to be governed by the CBCA. Our registered address is located at 222 Bay St., Suite 3000, Toronto, Ontario, Canada M5K 1E7 c/o Norton Rose Fulbright Canada LLP and we operate another office located at 315 Sigma Drive, Summerville, South Carolina 29486; our telephone number is (843) 900-3223 and our website is www.cosciensbio.com/.

In May 2004, we changed our name to Aeterna Zentaris Inc. On May 3, 2024, we completed a 4-for-1 share consolidation (reverse stock split) and previously, on July 18, 2022, we completed a 25-for-1 share consolidation and on November 17, 2015, we completed 100-to-1 share consolidation (reverse stock split).

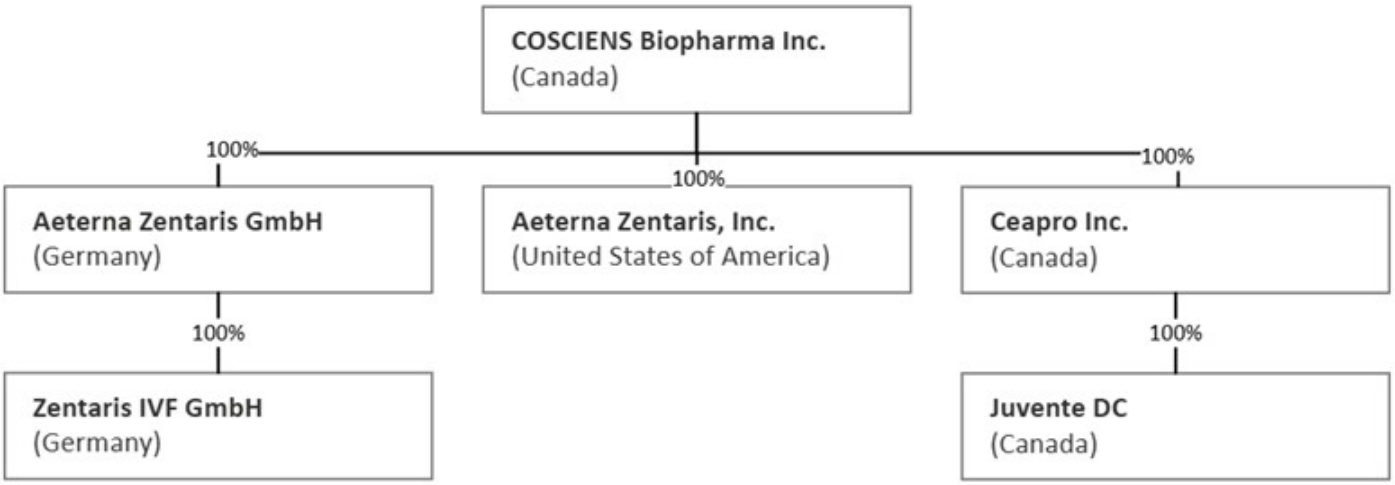
Our Common Shares commenced trading on a consolidated and adjusted basis on both the NASDAQ and the TSX on November 20, 2015 under the trading symbol "AEZS". Our Common Shares have been listed for trading on both the NASDAQ and the TSX under the trading symbol "CSCI" since August 9, 2024.

Plan of arrangement

On June 3, 2024, Aeterna Zentaris Inc. ("Aeterna") and Ceapro Inc. ("Ceapro") closed their all-stock merger of equals transaction pursuant to a Plan of Arrangement (the "Transaction"). The Transaction was completed by way of court approved plan of arrangement pursuant to the terms of an arrangement agreement entered into by Aeterna and Ceapro on December 14, 2023. As a result of the Transaction, each outstanding Ceapro common share was exchanged for 0.02360 of an Aeterna common share. Additionally, as part of the Transaction, Aeterna issued to its shareholders immediately prior to the closing of the Transaction, 0.47698 of a share purchase warrant (a "New Warrant") for each Aeterna common share or warrant held.

Following the closing of the Transaction, former shareholders of Ceapro owned approximately 50% of the Aeterna common shares on a fully diluted basis and former shareholders of Aeterna owned approximately 50% of the Aeterna common shares on a fully diluted basis. For financial reporting and accounting purposes, Ceapro was the acquirer of Aeterna in the Transaction. The consolidated financial statements of COSCIENS Biopharma Inc. as of December 31, 2024 and 2023 and for the year ended December 31, 2024, 2023 and 2022 reflect the results of operations and financial position of Ceapro for the periods presented and includes 270 days of the results of operations of Aeterna for the year ended December 31, 2024 subsequent to the Transaction, which was completed on June 3, 2024.

The consolidated financial statements filed with this Annual Report on Form 20-F include the accounts of COSCIENS Biopharma Inc. Inc., an entity incorporated under the Canada Business Corporations Act, and its wholly owned subsidiaries COSCIENS Biopharma Inc. is the ultimate parent company of the Group. The Company currently has six wholly-owned direct and indirect subsidiaries, Ceapro Inc. and its wholly-owned subsidiaries Ceapro (P.E.I.) and JuventeDC Inc., based in Canada, Aeterna Zentaris GmbH ("AEZS Germany") and its wholly-owned subsidiary Zentaris IVF GmbH, based in Frankfurt, Germany, and Aeterna Zentaris, Inc., an entity incorporated in the state of Delaware and with offices in Summerville, South Carolina, in the US.



Our agent for service of process and SEC matters in the U.S. is our wholly-owned subsidiary, Aeterna Zentaris, Inc.., located at 315 Sigma Drive, Summerville, South Carolina 29486.

Recent Developments

Please see "Item 4.B. – Business Overview" (below) for a complete description of the recent events and developments relevant to the Company.

B. Business overview

COSCIENS Biopharma Inc. (the "Company"), formerly Aeterna Zentaris Inc., is a Life Science company developing and commercializing a diversified portfolio of products for the cosmeceutical, nutraceutical and pharmaceutical markets. Such products being produced using the Company's proprietary technologies. The Company's patented technologies include the Pressurized Gas eXpanded (PGX) technology, which is a unique and disruptive technology that generates high-value yields of active ingredients from natural based resources for use in novel cosmeceutical, nutraceutical and therapeutics products. The Company's two value-driving products, oat beta glucan and avenanthramides, are found in many household name cosmetic and personal care brands. These products are manufactured from the Company's proprietary oat extraction manufacturing technology and are known for their well-documented health benefits.

The Company is also dedicated to the development of its therapeutic assets and has established a development pipeline to potentially address unmet medical needs across a number of indications, including potential treatment of inflammation and immune-based diseases.

During the third quarter of 2024, the Company made a strategic decision to discontinue its AIM Biologicals, Amyotrophic Lateral Sclerosis (ALS), and Delayed Clearance Parathyroid Hormone programs. This decision was influenced by several factors, including increasingly challenging timelines and costs associated with reaching the next value inflection point in pre-clinical development.

On August 27, 2024, the Company announced that the Phase 3 DETECT-trial evaluating macimorelin for the diagnosis of Childhood Onset Growth Hormone Deficiency (CGHD) had failed to meet its primary endpoints according to the definitions in the study protocol. Based on the results of the study, we are prioritizing our pipeline moving forward and repositioning the Company as a pure play Life Science's business offering natural-based products. Therefore, while macimorelin for the diagnosis of Adult Growth Hormone Deficiency is still on the market, the Company has decided to not make any future investments in macimorelin for the diagnosis of CGHD and is exploring and validating several options for its commercialization with adults. Such strategic options include the potential to divest this asset.

Active Ingredients

The Company's operations also include those of the wholly owned subsidiary, Ceapro Inc, focused on the development and commercialization of "active ingredients" derived from oats and other renewable plant resources for healthcare and cosmetic industries. The Company's primary active ingredient business activities relate to the development and commercialization of natural products for the personal care, cosmetic, human and animal health industries using proprietary technology, natural, renewable resources and developing innovative products, technologies and delivery systems.

Active ingredient products include:

- A commercial line of natural active ingredients, including beta glucan, avenanthramides (colloidal oat extract), oat powder, oat oil, and oat peptides, which are marketed to the personal care, cosmetic, medical, and animal health industries through our distribution partners and direct sales;
- A commercial line of natural anti-aging skincare products, utilizing active ingredients including oat beta glucan and avenanthramides, which are marketed to the cosmeceuticals market through our wholly owned subsidiary, Juvente^{DC} Inc.; and
- Veterinary therapeutic products, including an oat shampoo, an ear cleanser, and a dermal complex/conditioner, which are manufactured and marketed to veterinarians in Japan and Asia.

The Company's core technologies used to extract and process bio actives include proprietary Ethanol Fractionation Processes (EFP) and Pressurized Gas eXpanded (PGX) Technology. EFP is mostly used to produce liquid formulations while PGX is used for powder formulations. PGX is a patented, unique and disruptive technology with several key advantages over conventional drying and purification technologies that can be used to process biopolymers into high-value and novel biocomposites. In a single step and using green solvents, it has the ability to generate purified highly porous polymer composites such as aerogels which cannot be made using conventional drying technologies.

Given the well-known properties of oat beta glucan and avenanthramides as cholesterol reducer and anti-inflammation respectively, we are actively developing our oat-based pipeline products to address unmet needs within the nutraceuticals markets, with a strategic focus on:

- Oat Beta Glucan – Chewable for cholesterol reduction
- Avenanthramides – nutraceutical-chewable formulation to reduce inflammation
- Beta glucan from yeast (YBG)- nutraceutical-capsule as an immune booster

Additional details for each of the above new products is included in "*Item 5. Operating and Financial Review and Prospects".*

The active ingredient product technology industry involves the development of proprietary extraction technologies and the application of these technologies to the production and development and commercialization of active ingredients derived from oats and other renewable plant resources for the healthcare and cosmetic industries. Active ingredients produced include oat beta glucan and avenanthramides. These and similar manufactured products are sold primarily through distribution networks.

The Company continues to grow its customer base and presence in the personal care market and to explore and validate new product applications for its established value drivers, avenanthramides and oat beta glucan, as well as for new products such as alginate and beta glucan from yeast to penetrate into the nutraceutical and pharmaceutical markets. The Company's primary marketing strategy is to sell principally through a distribution network instead of selling directly to end-users and as a result sales and marketing expenses are negligible.

Over the last decade, the Company's development projects have focused on its expertise in oats and developing new innovative natural health care products to address global needs. Oats have a host of well-documented health care benefits. However, in order to exploit these opportunities, numerous challenges must be overcome, including securing adequate and quality feedstock, developing proper formulations, achieving manufacturing scale-up, and completing scientific testing. The Company's dedicated team is constantly focused on overcoming these challenges to stay profitable and ahead of competitors by successfully fine-tuning and implementing proprietary enabling technologies.

Chemical complexes/Delivery systems:

- Pre-clinical Research: Yeast beta glucan/CoQ10: planned to be developed as an immune/energy booster.

Technology:

- PGX Technology: Demo scale: 10 liters vessel: completed. Pilot scale: 50 liters vessel: completed. 100 liters: expected to be completed by end of Q2, 2025 along with Austrian based Natex GmbH. Both the 10L and 50L vessels are located at the Company's Edmonton Alberta facility, whilst the 100L vessel is being constructed at Natex GMBH's Austrian facility.
- Yeast beta glucan to be used during the PGX pilot testing phases. Output from such capacity to be considered as small-scale commercialization batches with a potential for commercialization of yeast beta glucan as an immune booster starting in Q2 2025.

Production

The Company's dedicated production team successfully responded to the growing market demand for the cosmeceutical base business by producing over 200 metric tons of active ingredients in 2024. As part of its ordinary course operations, the Company successfully passed audits conducted by three major customers at its Edmonton facility and received renewal of its site licence from the Health Canada Natural Product Directorate for a period of two years, which enables the Company to manufacture, package, label, release and distribute final products.

Specialized Skill and Knowledge

The Company has a broad range of expertise in natural product chemistry, microbiology, biochemistry, immunology and process engineering. These skills merge in the fields of active ingredients, biopharmaceuticals and drug-delivery solutions. The Company relies on its employee base whose skills and knowledge are critical to maintaining its success and always strives to identify and retain key employees in order to be competitive with compensation and working conditions.

The Company has entered into limited life licence agreements for exclusive rights to new technologies. As part of the licence agreements, the Company works to develop and scale up the new technologies with the goal of commercializing the technologies or products derived from such technologies. The development of these new technologies is a costly, complex and time-consuming process, and the investment in this development often involves a prolonged time period until a return is achieved on the investment. The Company's ability to successfully develop and scale-up new technologies within the expiry periods of the licence agreements is dependent on a number of key factors such as hiring and retaining employees who have specialized knowledge and expertise pertaining to the development of the technologies, being able to access third party specialists, being able to source key equipment or supplies in a timely manner, and delays in research and development programs related to products derived from the technologies. Commercial success depends on many factors including the degree of innovation of the products developed, access to funding for scale-up opportunities, uncertainties inherent in the regulatory approval processes, delays in manufacturing or marketing arrangements, and sufficient support from strategic partners if applicable.

Competitive Conditions

The Company's competitive success depends, in part, on its ability to obtain and maintain patents and trademarks and to secure and protect trade secrets, proprietary technology and manufacturing processes, and other intellectual property rights either developed internally or acquired, and to operate without infringing on the proprietary rights of others or have others infringe on its rights. Although the Company expends resources and efforts to patent its discoveries and innovations, there can be no assurance that patent applications will result in the issuance of patents, or that any patents issued to the Company will provide it with adequate protection or any competitive advantages, or that such patents will not be successfully challenged by third parties. As an intellectual property strategy, the Company intends to prepare and file "application patents" from the use of its products. However, the Company cannot be assured competitors will not independently develop products similar to the Company's Products designed to circumvent exclusive rights granted to the Company.

Pharmaceutical

The Company is also dedicated to the development of its pharmaceutical therapeutic assets and has established a commercial and clinical development pipeline to potentially address unmet medical needs across a number of indications, including:

- Avenanthramides – A potential treatment for inflammation-based diseases
- Macrilen™ (macimorelin) - A diagnostic tests for growth hormone deficiency

Avenanthramides for Potential Applications in Inflammation Based Diseases

Avenanthramides have garnered significant interest due to their suggested bioactivities, including potent antioxidant and anti-inflammatory effects both *in vitro* and *in vivo*. In November 2023, the Company initiated its Phase 1 safety study evaluating its flagship product, avenanthramides, for potential applications in managing conditions related to inflammation. The Phase 1-2a study ("AvenActive") is a double-blind, placebo-controlled, randomized, adaptive, first-in-human study designed to assess safety, tolerability, and pharmacokinetics of single and multiple ascending oral doses of avenanthramide. 72 healthy subjects have completed the Phase 1 portion of the trial which included 48 healthy subjects in a single ascending dose (SAD) arm and 24 healthy subjects in a multiple ascending dose (MAD) arm.

Subjects received doses ranging from 30mg to 960mg per group per day. Given that no significant adverse reactions have been observed during SAD and MAD phases, The Data Safety and Monitoring Board gave the green light to start the Phase 2a with patients suffering from mild inflammation. A total of 24 patients will be enrolled in the Phase 2a portion which is designed to gather initial insights into its potential efficacy. As the trial progresses, the Company remains focused on collaborating with regulatory authorities, healthcare professionals, and patient communities to bring this innovative therapy to market.

Macrilen™ (macimorelin)

Macrilen™ (macimorelin) is a novel orally available peptidomimetic ghrelin receptor agonist that stimulates the secretion of growth hormone by binding to the ghrelin receptor (GHSR-1a) and has potential uses in both endocrinology and oncology indications. Macrilen™ (macimorelin) was granted orphan-drug designation by the FDA for use in the diagnosis of growth hormone deficiency ("**GHD**").

Competitors for Macrilen™ (macimorelin) as a product for the diagnosis of AGHD are principally the diagnostic tests currently performed by endocrinologists, although none of these tests are approved by the FDA for this purpose. The most commonly used diagnostic tests for GHD are:

- The Insulin Tolerance Test ("ITT"), which has historically been considered the gold standard for the evaluation of AGHD because of its high sensitivity and specificity. However, the ITT is inconvenient to both patients and physicians, administered intravenously ("IV"), and contra-indicated in certain patients, such as patients with coronary heart disease or seizure disorder, because it requires the patient to experience hypoglycemia to obtain an accurate result. Some physicians will not induce full hypoglycemia, intentionally compromising accuracy to increase safety and comfort for the patient. Furthermore, administration of the ITT includes additional costs associated with the patient being closely monitored by a physician for the two- to four-hour duration of the test, and the test must be administered in a setting where emergency equipment is available and where the patient can be quickly hospitalized. The ITT is not used for patients with co-morbidities, such as cardiovascular disease, seizure disorder or a history of brain cancer, or for patients who are elderly and frail, due to safety concerns.
- The Glucagon Stimulation Test ("GST") is considered relatively safe by endocrinologists. The mechanism of action for this test is unclear. Also, this test takes up to three to four hours. It produces side effects in up to one-third of the patients with the most common being nausea during and after the test. This test is administered intramuscularly ("IM").
- The growth hormone releasing hormone-arginine stimulation test ("GHRH + ARG") is an easier test to perform in an office setting and has a good safety profile, but is considered to be costly to administer compared to the ITT and the GST. GHRH + ARG has been proposed to be the best alternative to ITT, but GHRH + ARG is no longer available in the U.S. This test is administered through an IV.

Oral administration of Macrilen™ (macimorelin) offers convenience and simplicity over the current GHD tests used, all of which require either IV or IM administration. Additionally, Macrilen™ (macimorelin) may demonstrate a more favorable safety profile than existing diagnostic tests, some of which may be inappropriate for certain patient populations (e.g. patients with diabetes mellitus or coronary heart disease) and have demonstrated a variety of side effects, which Macrilen™ (macimorelin) has not thus far. These factors may be limiting the use of GHD testing and may potentially enable Macrilen™ (macimorelin) to become the product of choice in evaluating AGHD. We believe that Macrilen™ (macimorelin) is well-positioned to displace the ITT as the preferred means by endocrinologists of evaluating AGHD for the following reasons:

- it is safer and more convenient than the ITT because it does not require the patient to become hypoglycemic;
- Macrilen™ (macimorelin) is administered orally, while the ITT requires an intravenous injection of insulin;
- Macrilen™ (macimorelin) is a more robust test than the ITT leading to evaluable test results;
- Macrilen™ (macimorelin) results are highly reproducible;
- the evaluation of AGHD using Macrilen™ (macimorelin) is less time-consuming and labor-intensive than the ITT; and
- the evaluation can be conducted in the physician's office rather than in a hospital-like setting.

Macimorelin Commercialization Program

Macrilen™ (macimorelin), is the first and only U.S. Food and Drug Administration ("FDA") and European Medicines Agency ("EMA") approved oral test indicated for the diagnosis of patients with adult growth hormone deficiency ("AGHD"). Macimorelin is currently marketed under the tradename Ghryvelin® in the European Economic Area and the United Kingdom through an exclusive licensing agreement with Pharmanovia. To date the product has been launched in the United Kingdom, Sweden, Denmark, Finland, Germany, Netherlands and Austria. In Republic of Korea, Macrilen™ (macimorelin) was approved on September 7, 2023. The Company's partner NK Meditech plans to commence the commercialization after re-imbursement negotiations are finalized. While the Company is actively pursuing business development opportunities for the commercialization of macimorelin, it is also reviewing strategic alternatives including the potential to divest this asset.

Geographic Areas

A description of the principal geographic areas in which we compete, including a geographical and categorical breakdown of our revenues in the past three years, is presented in note 25 (Segment information) to our consolidated financial statements included in this Annual Report on Form 20-F at Item 18.

Seasonality

Demand for the Company's products varies from year to year and there is no seasonality or cyclical trend that can be specifically derived from the last decade.

Raw Materials

The Company is involved in the development of proprietary extraction technology and the application of this technology to the production of extracts and "active ingredients" from oats and other renewable plant resources. The Company adds further value to its extracts by supporting their use in cosmeceutical, nutraceutical and therapeutics products for humans and animals. The Company has historically been able to source the direct raw materials required for the specific formulation of its products, including grain and grain-derived materials, at varying prices which allowed it to produce finished goods. The raw materials that the Company purchases in the ordinary course may be subject to variation due to the season's output in grain quality.

We will be dependent on third-party manufacturers for the pharmaceutical products that we or our licensees will market. An interruption in the availability of certain raw materials or ingredients, or significant increases in the prices paid by us for them, could have a material adverse effect on our business, financial condition, liquidity and operating results.

Economic Dependence

The Company derives over 85% of its sales and related accounts receivable from one distribution partner, Symrise AG, a global supplier of fragrances, flavors, food nutrition, and cosmetic ingredients, and the Company is continually seeking to expand its customer base. The Company's future success in its base business cosmeceuticals market is dependent upon the continued demand by this distributor and their underlying customers, and the expansion of the Company's customer base. Any decline in or loss of demand from this distributor or their underlying customers may have a negative impact on the Company's revenues and an adverse impact on its business, financial condition, and results of operations. On August 25, 2023, the Company announced the signing of an amendment to its exclusive long-term supply and distribution agreement with Symrise AG. Pursuant to the amendment, the Company has extended the term of the agreement for two years to December 31, 2026.

The Company's business growth depends on its ability to access global markets through distribution partnerships. The Company's marketing strategy emphasizes providing technical support to its distributors and their customers to maximize the value of its technology and product utilization. The Company's vision and business strategy are supported by The Company's commitment to the following core values:

- adding value to all aspects of the Company's business;
- enhancing the health of humans and animals;
- discovering and commercializing new, therapeutic natural ingredients and bioprocessing technologies;
- producing the highest quality work possible in products, science and business; and
- developing personnel through guidance, opportunities and encouragement.

To support these objectives, the Company relies on strong intellectual and human capital resources and is developing a strong base of partnerships and strategic alliances to exploit the Company's technology. The current economic environment provides challenges in obtaining financial resources to fully exploit opportunities. To fund its operations, the Company relies upon revenues primarily generated from the sale of active ingredients, the proceeds of public and private offerings of equity securities and debentures, government grants and loans, and other investment offerings.

Regulation of Drug Development

Generally. Governmental authorities in the U.S., Canada, Europe, and other countries extensively regulate the preclinical and clinical testing, manufacturing, labeling, storage, record keeping, advertising, promotion, export, marketing, and distribution, among other things, of pharmaceuticals. Under the laws of the U.S., the countries of the EU, and other countries, we are subject to obligations to ensure that our clinical trials are conducted in accordance with Good Clinical Practice ("**GCP**") guidelines and the investigational plan and protocols contained in an Investigational New Drug ("**IND**") application, or comparable foreign regulatory submission. Set forth below is a brief summary of the material governmental regulations affecting us in the major markets in which we intend to market our products and/or promote products that we acquire or in-license or to which we obtain promotional rights.

The United States. In the U.S., the FDA's Center for Drug Evaluation and Research ("**CDER**") under the Federal Food, Drug and Cosmetic Act of 1938, as amended (the "**FDCA**"), the Public Health Service Act and other federal statutes and regulations, subjects pharmaceutical products to rigorous review. In order to market and sell a new drug product in the U.S., we must first test it and send CDER evidence from these tests to prove that the drug is safe and effective for its intended use. In most cases, these tests include extensive preclinical, clinical, and laboratory tests. A team of CDER physicians, statisticians, chemists, pharmacologists, and other scientists review the company's data and proposed labeling. If this independent and unbiased review establishes that a drug's health benefits outweigh its known risks, the drug is approved for sale. CDER does not test the drug itself, but it does conduct limited research in the areas of drug quality, safety, and effectiveness standards. Before approving a new drug or marketing application, the FDA may conduct pre-approval inspections of the developer of the drug (the "**sponsor**"), its CRO and/or its clinical trial sites to ensure that clinical, safety, quality control, and other regulated activities are compliant with GCP, or Good Laboratory Practices ("**GLP**"), for specific non-clinical toxicology studies. The manufacturing process, which must be compliant with GMP, and the manufacturing facilities used to produce a product are also subject to ongoing inspection by the FDA. The FDA may also require confirmatory trials, post-marketing testing, and/or extra surveillance to monitor the effects of approved products, or place conditions on any approvals that could restrict the commercial applications of a product. Once approved, the labeling, advertising, promotion, marketing, and distribution of a drug or biologic product must be in compliance with FDA regulatory requirements.

The first stage required for ultimate FDA approval of a new biologic or drug involves completion of preclinical studies whereby a sponsor must test new drugs on animals for toxicity. Multiple species are used to gather basic information on the safety and efficacy of the compound being investigated and/or researched. The FDA regulates preclinical studies under a series of regulations called the current GLP regulations as well as regulatory requirements found in Part 21 subchapter D of the Code of Federal Regulations. If the sponsor violates these regulations, the FDA may require that the sponsor replicates those studies or can subject the sponsor to enforcement actions or penalties as described further below. The sponsor then submits to the FDA an IND application based on the results from the initial testing that include the drug's composition and manufacturing, along with a plan for testing the drug on humans. The FDA reviews the IND to ensure that the proposed studies (clinical trials) do not place human subjects at unreasonable risk of harm. FDA also verifies that there are adequate informed consent and human subject protections in place.

After a sponsor submits an IND application, it must wait thirty (30) days before starting a clinical trial to allow the FDA time to review the prospective study. If the FDA finds a problem, it can order a clinical hold to delay an investigation, or interrupt a clinical trial if problems occur during the study. After the IND application is in effect, a sponsor may commence human clinical trials. The sponsor typically conducts human clinical trials in three sequential phases, but the phases may overlap. In Phase 1 trials, the sponsor tests the product in a small number of patients or healthy volunteers (typically 20-80 healthy volunteers), primarily for safety at one or more doses. The goal in this phase is to determine what the drug's most frequent side effects are and, often, how the drug is metabolized and excreted. Phase 2 studies begin if Phase 1 studies do not reveal unacceptable toxicity. In Phase 2, in addition to safety, the sponsor evaluates the efficacy of the product in a patient population somewhat larger than Phase 1 trials. The number of subjects in Phase 2 studies typically ranges from a few dozen to about 300. This phase aims to obtain preliminary data on whether a drug works in people who have a certain disease or condition. At the end of Phase 2, the FDA and sponsor try to come to an agreement on how large-scale studies in Phase 3 should be done.

Phase 3 studies begin if evidence of effectiveness is shown in Phase 2. Phase 3 trials typically involve additional testing for safety and clinical efficacy in an expanded population (approx. 300-3,000 volunteers who have the disease or condition) at geographically dispersed test sites. The sponsor must submit to the FDA a clinical plan, or "protocol", accompanied by the approval of the institutions participating in the trials, prior to commencement of each clinical trial. The FDA may order the temporary or permanent discontinuation of a clinical trial at any time.

In the case of product candidates for cancer, the initial human testing may be done in patients with the disease rather than in healthy volunteers. Because these patients are already afflicted with the target disease, such studies may provide results traditionally obtained in Phase 2 studies. Accordingly, these studies are often referred to as "Phase 1/2" studies as they combine two phases. Even if patients participate in initial human testing and a Phase 1/2 study is carried out, the sponsor is still responsible for obtaining all the data usually obtained in both Phase 1 and Phase 2 studies.

The sponsor must submit to the FDA the results of the preclinical and clinical testing, together with, among other things, detailed information on the manufacture and composition of the product, in the form of a New Drug Application (an "**NDA**") or, in the case of a biologic, a Biologics License Applications (a "**BLA**"). In a process that can take a year or more, the FDA reviews this application and, when and if it decides that adequate data are available to show that the new compound is both safe and effective for a particular indication and that other applicable requirements have been met, approves the drug or biologic for marketing. The amount of time taken for this approval process is a function of a number of variables, including the quality of the submission and studies presented and the potential contribution that the compound will make in improving the treatment of the disease in question.

FDA provides *incentives*, such as orphan drug designation or pediatric exclusivity. Orphan-drug designation is granted by the FDA Office of Orphan Drug Products to novel drugs or biologics that are intended for the safe and effective treatment, diagnosis or prevention of rare diseases or disorders that affect fewer than 200,000 people in the U.S., or that affect more than 200,000 people but are not expected to recover the costs of developing and marketing a treatment drug. The designation provides the sponsor with a seven-year period of U.S. marketing exclusivity if the drug is the first of its type approved for the specified indication, or if it demonstrates superior safety, efficacy, or a major contribution to patient care versus another drug of its type that was previously granted the designation for the same indication. We have been granted orphan drug designations for Macrilen™ (macimorelin) for the evaluation of GHD.

Under the Drug Price Competition and Patent Term Restoration Act of 1984 (the "**Hatch-Waxman Act**"), newly approved drugs and indications may benefit from a statutory period of non-patent data exclusivity. The Hatch-Waxman Act provides five-year data exclusivity to the first applicant to gain approval of an NDA for a new chemical entity ("**NCE**"), meaning that the FDA has not previously approved any other drug containing the same active pharmaceutical ingredient, or active moiety. Although protection under the Hatch-Waxman Act will not prevent the submission or approval of another full NDA, such an NDA applicant would be required to conduct its own preclinical and adequate, well-controlled clinical trials to demonstrate safety and effectiveness.

The Hatch-Waxman Act also provides three years of data exclusivity for the approval of new and supplemental NDAs, including Section 505(b)(2) applications, for, among other things, new indications, dosage forms, routes of administration, or strengths of an existing drug, or for a new use, if new clinical investigations that were conducted or sponsored by the sponsor are determined by the FDA to be essential to the approval of the application. This exclusivity, which is sometimes referred to as clinical investigation exclusivity, would not prevent the approval of another application if the sponsor has conducted its own adequate, well-controlled clinical trials demonstrating safety and efficacy, nor would it prevent approval of a generic product that did not incorporate the exclusivity-protected changes of the approved drug product.

The labeling, advertising, promotion, marketing, and distribution of a drug or biologic product must be in compliance with FDA regulatory requirements. Failure to comply with applicable requirements can lead to the FDA demanding that production and shipment cease and, in some cases, that the manufacturer recall products, or to enforcement actions that can include seizures, injunctions, and criminal prosecution. These failures can also lead to FDA withdrawal of approval to market a product. As long as the requirements are fulfilled and the fees are paid to FDA the product can stay on the market, there is no renewal procedure.

Canada. In Canada, the Therapeutic Products Directorate of Health Canada is the Canadian federal authority that regulates pharmaceutical drugs and medical devices for human use. Prior to being given market authorization, a sponsor must present substantive scientific evidence of a product's safety, efficacy, and quality as required by the Food and Drugs Act and other legislation and regulations. The requirements for the development and sale of pharmaceutical drugs in Canada are substantially similar to those in the U.S., which are described above.

The European Union. Medicines can be authorized in the EU by using either the centralized authorization procedure (CP), or national authorization procedures. The EU has implemented a centralized procedure coordinated by the EMA for the approval of human medicines, which results in a single marketing authorization issued by the EC that is valid across the EU, as well as Iceland, Liechtenstein, and Norway. The centralized procedure is mandatory for human medicinal products containing a new active substance for the treatment of HIV/AIDS, cancer, diabetes, neurodegenerative diseases, autoimmune diseases, other immune dysfunctions, viral diseases, or that are designated as orphan medicinal products. In addition, the CP is required for product types derived, for example, from biotechnological processes or genetic engineering. For medicines that do not fall within these categories, an applicant has the option of submitting an application for a centralized marketing authorization to the EMA, as long as the medicine concerned is a significant therapeutic, scientific or technical innovation, or if its authorization would be in the interest of public health.

There are two national routes to authorize medicinal products in several EU countries, which are available for investigational drug products that fall outside the scope of the centralized procedure and result in a national marketing authorization:

- Decentralized procedure. Using the decentralized procedure, a sponsor may apply for simultaneous authorization in more than one EU country of medicinal products that have not yet been authorized in any EU country and that do not fall within the mandatory scope of the centralized procedure. After mutual approval national authorizations will be granted separately by each member state involved. Mutual recognition procedure. In the mutual recognition procedure, a medicine is first authorized in one EU Member State, in accordance with the national procedures of that country. Following this, further marketing authorizations can be sought from other EU countries in a procedure whereby the countries concerned agree to recognize the validity of the original, national marketing authorization.
- National procedure. If approval is sought independently in only one country, the application for marketing authorization is addressed directly to the competent authority of the member state.

Similar to the U.S., the EMA provides *incentives* for the development of orphan drugs or for pediatrics. Orphan designation is granted for diseases affecting less than 5 in 10,000 people in the EU. With the designation, the sponsor benefits from prolonged market exclusivity (10 years) and fee reductions.

The pediatric regulation grants pediatric development with a six-month extension of the supplementary protection certificate.

The EU marketing authorization is valid for five years and is renewable upon application by the MAH. After the renewal the approval is permanently valid.

Regulation of Commercial Operations

The marketing, promotional, and pricing practices of human pharmaceutical manufacturers, as well as the manner in which manufacturers interact with purchasers and prescribers, are subject to various U.S. federal and state laws, including the federal anti-kickback statute and the False Claims Act, and state laws governing kickbacks, false claims, unfair trade practices, and consumer protection, and to similar laws in other countries. In the U.S., these laws are administered by, among others, the Department of Justice ("**DOJ**"), the Office of Inspector General of the Department of Health and Human Services, the Federal Trade Commission, the Office of Personnel Management, and state attorneys general. Over the past several years, the FDA, the DOJ and many other agencies have increased their enforcement activities with respect to pharmaceutical companies and increased the inter-agency coordination of enforcement activities.

In the U. S., biopharmaceutical and medical device manufacturers are required to record any transfers of value made to licensed physicians and teaching hospitals and to disclose such data to the Department of Health and Human Services ("**HHS**"). In addition to civil penalties for failure to report transfers of value to physicians or teaching hospitals, there will be criminal penalties if a manufacturer intentionally makes false statements or excludes information in such reports. The payment data across biopharmaceutical and medical device companies is posted by the HHS on a publicly available website. Increased access to such data by fraud and abuse investigators, industry critics and media will draw attention to our collaborations with reported entities and will importantly provide opportunities to underscore the critical nature of our collaborations for developing new medicines and exchanging scientific information. This national payment transparency effort coupled with industry commitment to uphold voluntary codes of conduct (such as the PhRMA Code on Interactions with Healthcare Professionals and PhRMA Guiding Principles Direct to Consumer Advertisements About Prescription Medicines) and rigorous internal training and compliance efforts will complement existing laws and regulations to help ensure ethical collaboration and truthful product communications.

The Canadian Association of Research-Based Pharmaceutical Companies ("**Rx & D**"), now Innovative Medicines Canada, has adopted "Guidelines for Transparency in Stakeholder Funding" that require member companies to regularly disclose, by means of websites and annual reports, a list of all stakeholders to which they provide direct funding. The term "stakeholder" is defined in Rx & D's Code of Ethical Practices to include "Health Care Professionals". In the EU, the disclosure code of transfers of value to healthcare professionals and organizations adopted by the European Federation of Pharmaceutical Industries and Associations ("**EFPIA**") requires all members of EFPIA to disclose transfers of value to healthcare professionals and healthcare organizations beginning in 2016, covering the relevant transfers in 2015. Each member company will be required to document and disclose: (i) the names of healthcare professionals and associations that have received payments or other transfers of value and (ii) the amounts or value transferred, and the type of relationship.

For more information about the regulatory risks associated with our business operations, see "Item 3D. Risk Factors".

Environmental Protection

The operations of the Company are subject to a variety of federal, provincial and local laws, regulations and guidelines, including various environmental and health and safety regulations, regulating the conduct of its operations, the requirements for its products, the protection of the environment, the operation of its equipment and the handling and disposal of substances used in its operations. The Company believes that it is currently in compliance with such laws and regulations. Such laws or regulations are subject to change. Accordingly, it is impossible for the Company to predict the cost or impact of such laws and regulations on the Company's future operations.

Intellectual Property - Patents

We seek to protect our compounds, manufacturing processes, compositions and methods of medical use for our lead drugs and drug candidates through a combination of patents, trade secrets and know-how. Our patent portfolio consists of approximately six owned and in-licensed patent families (issued, granted or pending in the U.S., Europe and other jurisdictions). The patent positions of companies in the biotechnology and pharmaceutical industries are highly uncertain and involve complex legal and factual questions. Therefore, we cannot predict the breadth of claims, if any, that may be allowed under any of our patent applications, or the enforceability of any of our allowed patents. See "Item 3.D. Risk Factors - We may not obtain adequate protection for our products through our intellectual property."

Patents extend for varying periods according to the date of patent filing or grant and the legal term of patents in the various countries where patent protection is obtained. The actual protection afforded by a patent, which can vary from country to country, depends on the type of patent, the scope of its coverage and the availability of legal remedies in the country. In the U.S., the patent term of a patent that covers an FDA-approved drug may also be eligible for patent term extension, which permits patent term restoration as compensation for the patent term lost during the FDA regulatory review process. The Hatch-Waxman Act permits a patent term extension of up to five years beyond the expiration of the patent, in which the patentee may file an application for yearly interim extensions within five years if the patent will expire and the FDA has not yet approved the NDA. The length of the patent term extension is related to the length of time the drug is under regulatory review. Patent extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval and only one patent applicable to an approved drug may be extended.

Similar provisions are available in Europe and other foreign jurisdictions to extend the term of a patent that covers an approved drug. In these jurisdictions, however, no interim extensions exist and the marketing approval must be granted before the patent expires. In the future, we expect to apply for patent term extensions on patents covering those products, outside the U.S. While we anticipate that any such applications for patent term extensions will likely be granted, we cannot predict the precise length of time for which such patent terms would be extended in the U.S., Europe or other jurisdictions. If we are not able to secure patent term extensions on patents covering our products for meaningful periods of additional time, we may not achieve or sustain profitability, which would adversely affect our business.

In addition to patent protection, our products may benefit from the market-exclusivity provisions contained in the orphan-drug regulations or the pediatric-exclusivity provisions or other provisions of the FDA Act, such as a NCE exclusivity or new formulation exclusivity. Orphan drug regulations provide incentives to pharmaceutical and biotechnology companies to develop and manufacture drugs for the treatment of rare diseases, currently defined as diseases that exist in fewer than 200,000 individuals in the U.S., or diseases that affect more than 200,000 individuals in the U.S. but that the sponsor does not realistically anticipate will generate a net profit. Under these provisions, a manufacturer of a designated orphan drug can seek tax benefits, and the holder of the first FDA approval of a designated orphan product will be granted a seven-year period of marketing exclusivity for such FDA-approved orphan product. In the U.S., the FDA has the authority to grant additional data protection for approved drugs where the sponsor conducts specified testing in pediatric or adolescent populations. If granted, this pediatric exclusivity provides an additional six months which are added to the term of data protection as well as to the term of any relevant patents, to the extent these protections have not already expired. We may also seek to utilize market exclusivities in other territories, such as in the EU. There can be no assurance that any of our drug candidates will obtain such orphan drug designation, pediatric exclusivity, a NCE exclusivity or any other market exclusivity in the U.S., the EU or any other territory, or that we will be the first to receive the regulatory approval in a given country or territory for such drugs so as to be eligible for any market exclusivity protection.

Macrilen™ (macimorelin):

We hold the worldwide rights to macimorelin pursuant to an exclusive license agreement with the French Centre National de la Recherche Scientifique (CNRS), as licensor, and AEZS Germany, as licensee. The obligation to pay royalties on net sales to CNRS expired in 2022. Macrilen™ is the approved trademark for macimorelin as licensed under the License Agreement for commercialization in the U.S. and Canada.

The following patents and patent applications relate to macimorelin:

- U.S. patent 8,192,719 covers a method of assessing pituitary-related GHD in a human or animal subject comprising an oral administration of the compound macimorelin and determination of the level of growth hormone in the sample and assessing whether the level of growth hormone in the sample is indicative of GHD. This patent expires in October 2027.
- European patent EP3729100 covers the use of macimorelin to detect GHD in adults, with a base patent term extending until 2038.

- Japanese patent 4,852,728 covers a method of assessing pituitary-related GHD by oral administration of macimorelin. This patent expires in February 2027.
- Based on the European patent 1,289,951 a request for supplementary protection certificate (SPC) of 5 years has been granted for Germany, United Kingdom, France, Italy, Spain, The Netherlands and Denmark.

An invention has been made by inventors of AEZS Germany to use a macimorelin containing composition for the assessment of GHD in adults.

- A related U.S. provisional patent applications Serial No. 62/607,866 was filed on December 19, 2017, and Serial No. 62/609,059 was filed on December 21, 2017. Both are identical and are directed to a method of assessing GHD comprising oral administration of a macimorelin containing composition and collecting one or two post-administration samples.
- The non-provisional U.S. application 15/993,507 was filed on May 30, 2018 drawing the priority of both provisional applications. The related U.S. patent 10,288,629 was granted on May 14, 2019, and will expire on May 30, 2038. A Patent Cooperation Treaty ("PCT") PCT/EP/2018/085622 application was filed December 18, 2018, drawing the priority of both provisional U.S. applications. In addition to the method of assessing GHD comprising oral administration of a macimorelin containing composition and collecting one or two post-administration samples, the PCT application also covers a similar method of assessing GHD using three post-administration samples. On February 24, 2022, following examination of European patent application 18827044.1, a European patent with the title "Method of assessing growth hormone deficiency comprising oral administration of a macimorelin containing composition and collecting one or two post-administration samples" has been granted. The patent will be published in European Patent Bulletin on March 23, 2022. The European patent covers the use of macimorelin according to the label approved by EC to diagnose GHD in adults. The European patent is in the validation process in 12 European countries. In 29 European countries the patent has been nationalized.

An invention has been made by inventors of AEZS Germany to use a macimorelin containing composition for the assessment of GHD in children. The invention is directed to a method comprises providing at least one blood sample, taken from a subject within a range from about 15 to about 100 minutes following an administration of a sufficient amount of macimorelin to induce growth hormone secretion, measuring the growth hormone level of each blood sample and compare the level with a single threshold value to carry out the diagnosis GHD. The method of the invention is a stand-alone test.

- A related U.S. provisional application Serial No. 63/054,889 was filed July 22, 2020, for the use of macimorelin in assessing growth hormone deficiency in children.
- A non-provisional U.S. application named "Use of macimorelin in assessing growth hormone deficiency in children" with docket number 17/375,709 was filed on July 14, 2021, drawing the priority of the provisional application and granted as US patent 11,644,474 on May 9, 2023.
- An international PCT application with docket number PCT/EP2020/070691 was filed on July 22, 2020. Based on the PCT application several national applications have been filed in due time.
- On February 5, 2024, following examination of Korean patent application 10-2021-7043189, the Korean patent 10-2635025 has been granted.

Pressurized Gas eXpanded Technology

During the year ended December 31, 2014, and as amended on February 2, 2015, Ceapro entered into a licence agreement with the University of Alberta (the "PGX Agreement") for the rights to an enabling technology, PGX, allowing the development, production, and commercialization of powder formulations that could be used as active ingredients for all industrial applications. PGX is a patented platform technology that simultaneously purifies, micronizes, dries, and combines aqueous solutions of biopolymers into fine structured open porous materials with unique morphologies using carbon dioxide (CO2) and food grade ethanol at mild temperatures. The technology can overcome some of the challenges associated with the drying of high molecular weight biopolymers using conventional technologies. The moderate PGX processing conditions minimizes any potential degradation. The PGX drying process can also reduce the required carbon footprint, increase product shelf-life and lead to novel high value products including functional foods, nutraceuticals, cosmeceuticals and pharmaceuticals. The resulting matrix also has increased surface area that can be loaded with actives using an impregnation technology that was perfected by Ceapro and this becomes a unique enabling technology that can be used to produce innovative delivery systems. The PGX Agreement expires after a term of 20 years or after the expiration of the last patent obtained, whichever event shall occur first.

Avenanthramides

During the year ended December 31, 2012, Ceapro entered into a licence agreement with the Canadian Government for a new technology to increase the concentration of avenanthramides in oats (the "Avenanthramides Agreement"). This unique technology represents a way to manage the risks related the availability and quality of raw material used in production and provides for the ability to produce higher concentrations of avenanthramides which should enable the production of larger quantities of product allowing Ceapro to grow its cosmeceutical sector while also allowing for the development of pharmaceutical-grade powder formulations as part of Ceapro's transition to nutraceuticals and pharmaceuticals. The Avenanthramides Agreement remains in force until the last patent has expired which will be in March of 2030, or until the patents have been abandoned.

C. Organizational structure

Our corporate structure, the jurisdiction of incorporation of our direct and indirect subsidiaries and the percentage of shares that we held in those subsidiaries as at December 31, 2024 is depicted in the chart set forth under the caption "Item 4.A. History and development of the Company".

D. Property and equipment

Our registered address is located in Toronto, Canada. Our largest office is located in Edmonton Alberta, and we have an additional offices in Frankfurt, Germany and Summerville, South Carolina. We do not own any real property. Effective November, 2024, the Company and its landlord mutually agreed to a five-year extension to its existing building lease agreements for its Ceapro subsidiary.

The following table sets forth information with respect to our main facilities as at December 31, 2024.

Location	Use of space	Square Footage	Type of interest
315 Sigma Drive, Summerville SC 29486	Occupied for administration	168	Leasehold
Weismüllerstr. 50 D-60314 Frankfurt-am-Main, Germany	Occupied for management, R&D, business development and administration	7,319	Leasehold
7824 51 Ave NW, Edmonton, AB T6E 6W2	Occupied for management, manufacturing, R&D, business development and administration	29,764	Leasehold
8339 Roper Rd. Edmonton, AB T6E 6W2	Occupied for management, manufacturing, R&D, business development and administration	8,272	Leasehold

We believe that our current facilities are adequate to meet our ongoing needs.

Item 4A Unresolved Staff Comments

Not required.

Item 5. Operating and Financial Review and Prospects

Key Developments

A. Operating Results

Introduction

This Management's Discussion and Analysis ("MD&A") provides a review of the results of operations, financial condition and cash flows of COSCIENS Biopharma Inc. (formerly Aeterna Zentaris Inc.) for the year ended December 31, 2024. In this MD&A, "COSCIENS", the "Company", "we", "us" and "our" mean COSCIENS Biopharma Inc. and its subsidiaries. This discussion should be read in conjunction with the information contained in the Company's audited consolidated financial statements and the notes thereto as of December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022. Our audited consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

On June 3, 2024, Aeterna Zentaris Inc. and Ceapro Inc. closed their all-stock merger of equals transaction and on August 6, 2024, the Company changed its name to COSCIENS Biopharma Inc. For further details on these transactions and the basis for presentation of this MD&A, see "Plan of Arrangement" and "Name Change", below, as well as Note 5 to the audited consolidated financial statements.

The Company's common shares are listed on both The Nasdaq Capital Market ("Nasdaq") and on the Toronto Stock Exchange ("TSX") under the symbol "CSCI".

All amounts in this MD&A are presented in thousands of United States ("U.S.") dollars, except for share and per share data, or as otherwise noted. This MD&A was approved by the Company's Board of Directors (the "Board") on April 9, 2025. This MD&A is dated April 9, 2025.

About Forward-Looking Statements

Certain statements in this MD&A, referred to herein as "forward-looking statements", constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, as amended, and "forward-looking information" under the provisions of Canadian securities laws. All statements, other than statements of historical fact, that address circumstances, events, activities, or developments that could or may or will occur are forward-looking statements. When used in this MD&A, words such as "anticipate", "assume", "believe", "could", "expect", "forecast", "future", "goal", "guidance", "intend", "likely", "may", "would" or the negative or comparable terminology as well as terms usually used in the future and the conditional are generally intended to identify forward-looking statements, although not all forward-looking statements include such words.

Forward-looking statements are based on the opinions and estimates of the Company as of the date of this MD&A, and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the factors described in "Risk Factors" and those relating to: the Company's patented technologies and value-driving products, and development thereof; the extraction, production and commercialization of active ingredients from natural sources and our ability to successfully market related products; the successful development and marketing of our oat-based pipeline products, including oat-beta glucan, avenanthramides and beta glucan from yeast, as well as such products' capability to address unmet needs within the nutraceuticals markets; Macrilen® (macimorelin) and the Company's plans in respect of same, including commercialization and clinical programs as well as in respect of the top line data from the DETECT-trial; the Company's business strategy; the strategic decision to sunset the Company's Amyotrophic Lateral Sclerosis (ALS), AIM Biologicals and Delayed Clearance Parathyroid Hormone (DC-PTH) programs; the Company's positioning in its target markets; the transition to a new presidential administration in the United States, including the potential use and effects of tariffs to address the administration's policy goals, could materially impact our costs and revenues, as well as the macroeconomic framework in which we operate; the Company's ability to accelerate the scale-up of PGX Technology towards commercial levels; expectations for completion of the Company's Edmonton facility and Natex Termitz facility; pre-clinical and clinical studies and trials and their expected timing and results, including the potential to bring certain products to market following such studies and trials; the ability of our pharmaceutical therapeutic assets to address unmet medical needs across a number of indications; management's assumptions, estimates and judgements; liquidity and capital resources; adequacy of our financial resources to finance operations and expenditure requirements; limitations on internal controls over financial reporting and our ability to address identified material weaknesses; and the plans, objectives, future outlook and financial position of the Company in general.

Forward-looking statements involve known and unknown risks and uncertainties, and other factors which may cause the actual results, performance or achievements stated herein to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such risks and uncertainties include, among others: the Company's present and future business strategies; operations and performance within expected ranges; anticipated future cash flows; local and global economic conditions and the environment in which the Company operates; the transition to a new presidential administration in the United States, including the potential use and effects of tariffs to address the administration's policy goals, could materially impact our costs and revenues, as well as the macroeconomic framework in which we operate; anticipated capital and operating costs; uncertainty in our revenue generation from our marketed products; product development and related clinical trials and validation studies; results from our products under development may not be successful or may not support advancing the product; the failure of the DETECT-trial to achieve its primary endpoint in Childhood Onset Growth Hormone Deficiency ("**CGHD**") may impact the market for macimorelin (Macrilen®; Ghryvelin®) in adult hormone growth deficiency ("**AGHD**") and the existing relationships we have for that product; ability to raise capital and obtain financing to continue our currently planned operations; the impacts of the sunsetting of our ALS, DC-PTH and AIM Biologicals programs; our ability to accelerate the scale up of our PGX Technology to commercial levels; our now heavy dependence on sales by and revenue from our main distributor of our legacy Ceapro products and its customers, the continued availability of funds and resources to successfully commercialize our products; the ability to secure strategic partners for late stage development, marketing, and distribution of our products; our ability to enter into out-licensing, development, manufacturing, marketing and distribution agreements with other pharmaceutical companies and keep such agreements in effect; our ability to protect and enforce our patent portfolio and intellectual property; and our ability to continue to list our common shares on the NASDAQ Capital Market ("**NASDAQ**") or the Toronto Stock Exchange ("**TSX**").

These risk factors are not intended to represent a complete list of the risk factors that could affect the Company. These factors and assumptions, however, should be considered carefully. More detailed information about these and other factors is included under "Risk Factors" in this Annual Report on Form 20-F and in other documents incorporated herein by reference.

However, we advise you to review any further disclosures we make on related subjects in our reports on Form 6-K filed or furnished to the SEC and in our other public disclosure filed under our profile on SEDAR+ at www.sedarplus.com.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Many of these factors are beyond our control. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements, particularly in light of any resulting impacts on the global economy and on the Company's business. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, or to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

About Material Information

This MD&A includes information that we believe to be material to investors after considering all circumstances. We consider information and disclosures to be material if they result in, or would reasonably be expected to result in, a significant change in the market price or value of our securities, or where it is likely that a reasonable investor would consider the information and disclosures to be important in making an investment decision.

We are a reporting issuer under the securities legislation of all of the provinces of Canada, and our securities are registered with the U.S. Securities and Exchange Commission ("SEC"). We are therefore required to file or furnish continuous disclosure information, such as interim and annual financial statements, management's discussion and analysis, proxy or information circulars, annual reports on Form 20-F, material change reports and press releases with the appropriate securities regulatory authorities. Additional information about the Company and copies of these documents may be obtained free of charge upon request from our Corporate Secretary or on the Internet at the following addresses: www.cosciensbio.com, www.sedarplus.ca and www.sec.gov.

Company Overview

COSCIENS Biopharma Inc. is a Life Science company developing and commercializing a diversified portfolio of products for the cosmeceutical, nutraceutical and pharmaceutical markets. Such products being produced using the Company's proprietary technologies. The Company's patented technologies include the Pressurized Gas eXpanded (PGX) technology, which is a unique and disruptive technology that generates high-value yields of active ingredients from natural based resources for use in novel cosmeceutical, nutraceutical and therapeutics products. The Company's two value-driving products, oat beta glucan and avenanthramides, are found in many household name cosmetic and personal care brands. These products are manufactured from the Company's proprietary oat extraction manufacturing technology and are known for their well-documented health benefits.

On August 27, 2024, the Company announced that the Phase 3 DETECT-trial evaluating macimorelin for the diagnosis of Childhood Onset Growth Hormone Deficiency (CGHD) had failed to meet its primary endpoints according to the definitions in the study protocol. Following these results, the Company initiated a strategic review of its pipeline. As part of this realignment, the Company has discontinued investment in its pre-clinical programs and ceased all further development related to macimorelin. The Company is exploring and validating strategic alternatives for macimorelin, including, but not limited to, potential divestment of the asset.

Plan of Arrangement

On June 3, 2024, Aeterna Zentaris Inc. ("Aeterna") and Ceapro Inc. ("Ceapro") closed their all-stock merger of equals transaction (the "Transaction"). The Transaction was completed by way of court approved plan of arrangement pursuant to the terms of an arrangement agreement entered into by Aeterna and Ceapro on December 14, 2023. As a result of the Transaction, each outstanding Ceapro common share was exchanged for 0.02360 of an Aeterna common share. Additionally, as part of the Transaction, Aeterna issued to its shareholders immediately prior to the closing of the Transaction, 0.47698 of a share purchase warrant (a "New Warrant") for each Aeterna common share or warrant held. Prior to and in anticipation of the Transaction, Aeterna effected a 4:1 share consolidation of its then existing shares. The underlying share and warrants of Aeterna that survived the Transaction have been retrospectively adjusted to reflect such consolidation.

Following the closing of the Transaction, former shareholders of Ceapro owned approximately 50% of the Aeterna common shares on a fully diluted basis and former shareholders of Aeterna owned approximately 50% of the Aeterna common shares on a fully diluted basis. For financial reporting and accounting purposes, Ceapro was the acquirer of Aeterna in the Transaction. The consolidated financial statements of COSCIENS Biopharma Inc. as of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 reflect the results of operations and financial position of Ceapro for the periods presented and includes the results of operations of Aeterna for the 211 days subsequent to the Transaction, which was completed on June 3, 2024, for the year ended December 31, 2024.

The accompanying consolidated financial statements include the accounts of COSCIENS Biopharma Inc., an entity incorporated under the *Canada Business Corporations Act*, and its wholly owned subsidiaries. COSCIENS Biopharma Inc. is the ultimate parent company of the group. The Company currently has six wholly-owned direct and indirect subsidiaries, Ceapro Inc. and its wholly-owned subsidiary Juvente^{DC} Inc., based in Canada, Aeterna Zentaris GmbH ("AEZS Germany") and its wholly-owned subsidiary Zentaris IVF GmbH, based in Frankfurt, Germany, and Aeterna Zentaris, Inc., an entity incorporated in the state of Delaware and with offices in Summerville, South Carolina, in the US.

Effective June 30, 2024, Ceapro has changed its reporting currency from Canadian dollars to U.S. dollars. This change in reporting currency has been applied retrospectively such that all amounts in the consolidated financial statements of the Company and the accompanying notes thereto are expressed in U.S. dollars. References to "$" are U.S. dollars and references to "CA $" are to Canadian dollars. For comparative purposes, historical consolidated financial statements of Ceapro were recast in U.S. dollars by translating assets and liabilities at the closing exchange rate in effect at the end of the respective period, revenues, expenses and cash flows at the average exchange rate in effect for the respective period and equity transactions at historical exchange rates. Translation gains and losses are included in the cumulative foreign currency translation adjustment, which is reported as a component of shareholders' equity under accumulated other comprehensive loss.

Name Change

At the Company's annual general and special meeting of shareholders held on July 16, 2024, the shareholders of the Company approved a special resolution authorizing the Board to effect a change of name of the Company from "Aeterna Zentaris Inc." to "COSCIENS Biopharma Inc." (the "Name Change"). On August 6, 2024, the Company filed articles of amendment pursuant to the *Canada Business Corporations Act* in order to effect the Name Change.

On August 9, 2024, the Company's common shares began trading on the TSX and Nasdaq under the trading symbol "CSCI", and concurrently ceased trading thereon under the former trading symbol "AEZS". The Name Change did not result in any changes in the capitalization of the Company.

Management Succession Plan

With the initial integration efforts now well underway, the Board of Directors, with the full support of current President and CEO Gilles Gagnon, M.Sc., MBA, has engaged an executive recruiting firm to identify and evaluate candidates for the next President and CEO role. This search aims to find a visionary leader who will drive COSCIENS forward and build on the Company's successes.

Key Operational Developments

Active ingredients

The Company's active ingredient segment focuses on leveraging our unique expertise in the extraction, production and commercialization of active ingredients from natural sources. The Company's commercialized products are well positioned in the cosmeceutical market and mostly focused on the documented health benefits of two bio actives extracted from oats; beta glucan and avenanthramides. These products include:

- A commercial line of natural active ingredients, including beta glucan, avenanthramides (colloidal oat extract), oat powder, oat oil, and oat peptides, which are marketed to the personal care, cosmetic, medical, and animal health industries through our distribution partners and direct sales;
- A commercial line of natural anti-aging skincare products, utilizing active ingredients including oat beta glucan and avenanthramides, which are marketed to the cosmeceuticals market through our wholly owned subsidiary, Juvente^{DC} Inc.; and
- Veterinary therapeutic products, including an oat shampoo, an ear cleanser, and a dermal complex/conditioner, which are manufactured and marketed to veterinarians in Japan and Asia.

The Company's core technologies used to extract and process bio actives include proprietary Ethanol Fractionation Processes (EFP) and Pressurized Gas eXpanded (PGX) Technology. EFP is mostly used to produce liquid formulations while PGX is used for powder formulations. PGX is a patented, unique and disruptive technology with several key advantages over conventional drying and purification technologies that can be used to process biopolymers into high-value and novel biocomposites. In a single step and using green solvents, it has the ability to generate purified highly porous polymer composites such as aerogels which cannot be made using conventional drying technologies. In 2023, the Company commenced a collaboration with Austria-based NATEX Prozesstechnologie GesmbH to accelerate the scale-up of PGX Technology at both its Edmonton facility and at the Natex Termitz facility. The project has been completed at the end of 2024 in Edmonton while it is expected to be completed in Q2, 2025 in Austria.

Given the well-known properties of oat beta glucan and avenanthramides as cholesterol reducer and anti-inflammation respectively, we are actively developing our oat-based pipeline products to address unmet needs within the nutraceuticals markets, with a strategic focus on:

Oat Beta Glucan – Chewable for cholesterol reduction

Leveraging approved claims for the use of oat beta glucan as a proven cholesterol reduction ingredient in Canada, the United States of America and the European Union, the Company has formulated a healthy edible product capable of delivering the appropriate dose of oat beta glucan to meet all regulatory and health requirements. Commercial manufacturing samples have been produced, proving manufacturability of a healthy and delicious edible product containing the high levels of oat beta glucan required to provide a scientifically proven cholesterol reduction in humans. The Company intends to bring this product to the wellness and functional food market B2C via various e-commerce platforms during the first 6 months of 2025.

Avenanthramides – nutraceutical-chewable formulation to reduce inflammation

In addition to cosmetic applications, avenanthramides, when taken orally, could treat inflammation-based conditions such as exercise induced inflammation, joint inflammation as well as inflammation at the gastro-intestinal and cardiovascular levels.

Through the use of a unique chromatography purification technology, the Company has successfully developed a highly purified and well characterized pharmaceutical grade powder formulation with the goal that such active pharmaceutical ingredient (API) could be offered as both nutraceutical and pharmaceutical formulations.

The Company's initial activities for use of avenanthramides in nutraceuticals were focused on assessing the bio-availability and bio-efficacy of the compound under the leadership of Dr. Li Li Ji at the University of Minnesota. Following the completion of the bio-availablity study in 2018, the Company successfully completed two bio-efficacy studies in 2019 using low and high doses of avenanthramides with young men and women demonstrating in a statistically significant manner the efficacy of avenanthramides in alleviating exercise-induced inflammation as evidenced by a significant decrease of inflammation biomarkers in the blood. These studies paved the way for the development of products like superfine oat flour enriched with Avenanthramides used for the production of chewable oat bar as a nutraceutical as well as for the development of a pharmaceutical grade tablet for clinical trials. The Company is initiating the production of enriched oat flour at small commercial scale at the Edmonton facility.

Beta glucan from yeast (YBG)- nutraceutical-capsule as an immune booster

While yeast beta glucan is a commercial product with well-known immune properties, the obtention of a consistently high-purity product represents a major challenge for suppliers. Using the PGX technology, the Company has successfully processed several formulations of yeast beta glucan and is now in a position to offer a very high purity YBG product with very well-defined specifications. The Company further demonstrated the mechanism of action following *in vitro* and *in vivo* studies.

This product has been used for the completion of the 50-liter PGX technology vessel at the Edmonton facility and will also be used for the 100-liter PGX technology vessel work being conducted in Austria. Powder formulation produced in Edmonton will be offered in capsules as an immune booster product.

Pharmaceutical

The Company is also dedicated to the development of its pharmaceutical therapeutic assets and has established a clinical and pre-clinical development pipeline to potentially address unmet medical needs across a number of indications, including diagnostic tests for growth hormone deficiency and potential treatment of inflammation based diseases.

During the third quarter of 2024, the Company made a strategic decision to discontinue its AIM Biological, Amyotrophic Lateral Sclerosis (ALS), and Delayed Clearance Parathyroid Hormone programs. This decision was influenced by several factors, including increasingly challenging timelines and costs associated with reaching the next value inflection point in pre-clinical development.

On August 27, 2024, the Company announced that the Phase 3 DETECT-trial evaluating macimorelin for the diagnosis of Childhood Onset Growth Hormone Deficiency (CGHD) had failed to meet its primary endpoints according to the definitions in the study protocol. Based on the results of the study, we are prioritizing our pipeline moving forward and repositioning the Company as a pure play Life Science's business offering natural-based products. Therefore, while macimorelin for the diagnosis of Adult Growth Hormone Deficiency is still on the market, the Company has decided to not make any future investments in macimorelin for the diagnosis of CGHD and is exploring and validating several options for its commercialization with adults.

Macimorelin Commercialization Program

Macrilen® (macimorelin), is the first and only U.S. Food and Drug Administration ("FDA") and European Medicines Agency ("EMA") approved oral test indicated for the diagnosis of patients with adult growth hormone deficiency ("AGHD"). Macimorelin is currently marketed under the tradename Ghryvelin® in the European Economic Area and the United Kingdom through an exclusive licensing agreement with Pharmanovia. To date the product has launched in the United Kingdom, Sweden, Denmark, Finland, Germany, Netherlands and Austria.

Avenanthramides for Potential Applications in Inflammation Based Diseases

Avenanthramides have garnered significant interest due to their suggested bioactivities, including potent antioxidant and anti-inflammatory effects both *in vitro* and *in vivo*. In November 2023, the Company initiated its Phase 1 safety study evaluating its flagship product, avenanthramides, for potential applications in managing conditions related to inflammation. The Phase 1-2a study ("AvenActive") is a double-blind, placebo-controlled, randomized, adaptive, first-in-human study designed to assess safety, tolerability, and pharmacokinetics of single and multiple ascending oral doses of avenanthramide. 72 healthy subjects have completed the Phase 1 portion of the trial which included 48 healthy subjects in a single ascending dose (SAD) arm and 24 healthy subjects in a multiple ascending dose (MAD) arm .

Subjects received doses ranging from 30mg to 960mg per group per day. Given that no significant adverse reactions have been observed during SAD and MAD phases, The Data Safety and Monitoring Board gave the green light to start the Phase 2a with patients suffering from mild inflammation. A total of 24 patients will be enrolled in the Phase 2a portion which is designed to gather initial insights into its potential efficacy. As the trial progresses, the Company remains focused on collaborating with regulatory authorities, healthcare professionals, and patient communities to bring this innovative therapy to market.

Consolidated Statements of Loss and Comprehensive Loss Data

(in thousands of US dollars, except loss per share)	Three months ended December 31,		Twelve months ended December 31,		
	2024	**2023**	**2024**	**2023**	**2022**
	$	**$**	**$**	**$**	
Revenues	**3,322**	1,213	**9,587**	7,143	14,572
Cost of sales	**(1,273)**	(1,066)	**(4,858)**	(4,205)	(6,016)
Gross profit	**2,049**	147	**4,729**	2,938	8,556
Research and development	**(2,913)**	(490)	**(8,304)**	(2,040)	(1,371)
Selling, general and administrative	**(2,746)**	(1,695)	**(10,448)**	(5,527)	(2,865)
Impairment of intangible assets	**(1,737)**	-	**(3,196)**	-	-
Impairment of property and equipment	**(1,061)**	-	**(1,061)**	-	-
Profit (loss) from operations	**(6,408)**	(2,038)	**(18,280)**	(4,629)	4,320
Other income	**759**	114	**3,055**	259	208
(Loss) income before income taxes	**(5,649)**	(1,924)	**(15,225)**	(4,370)	4,528
Income tax recovery (expense)	**(1,082)**	359	**(84)**	885	(1,080)
Net (loss) income	**(6,731)**	(1,565)	**(15,309)**	(3,485)	3,448
Other comprehensive loss:					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustments	**70**	514	**(771)**	492	(1,694)
Items that will not be reclassified subsequently to profit or loss:					
Actuarial loss on defined benefit plans	**(221)**	-	**(1,157)**	-	-
Comprehensive (loss) income	**(6,882)**	(1,051)	**(17,237)**	(2,993)	1,754
Basic (loss) income per share	**(2.15)**	(0.85)	**(5.93)**	(1.89)	1.87
Weighted average number of shares outstanding (basic)	**3,134,804**	1,847,233	**2,581,308**	1,847,233	1,839,896

Revenue and cost of sales

The following table summarizes our gross margin earned during the periods indicated:

(in thousands of US dollars, except percentages)	Three months ended December 31,			
	2024	**2023**	**Change**	**Change**
	$	**$**	**$**	%
Revenue				
Active ingredients	**2,394**	1,213	1,181	97%
Pharmaceutical	**928**	-	928	100%
Total revenue	**3,322**	1,213	2,109	174%
Cost of sales				
Active ingredients	**1,200**	1,066	134	13%
Pharmaceutical	**73**	-	73	100%
Total cost of sales	**1,273**	1,066	207	19%
Gross Margin	**2,049**	147	1,902	1,294%
Gross Margin %	**62%**	12%		

Our total revenue for the three-month period ended December 31, 2024, was $3.3 million as compared to $1.2 million for the same period in 2023, an increase of $2.1 million. This increase was primarily due to a $1.2 million increase in sales of Avenanthramides, Beta Glucan and Oat Oil from prior period, as well as a $0.9 million in Macrilen revenue due to the acquisition of Aeterna as described in the plan of arrangement section above. Cost of sales for the three-month period ended December 31, 2024, increased by $0.2 million, primarily due to the higher sales volumes during the period. The gross margin for the three-month period ended December 31, 2024, was $2.0 million as compared to $0.1 million for the same period in 2023, an increase of $1.9 million. This increase is in line with the movements in revenue and cost of sales and is primarily due to the high gross margin on pharmaceutical sales.

(in thousands of US dollars, except percentages)	Year ended December 31,			
	2024	**2023**	**Change**	**Change**
	$	**$**	**$**	%
Revenue				
Active ingredients	**8,492**	7,143	1,349	19%
Pharmaceutical	**1,095**	-	1,095	100%
Total revenue	**9,587**	7,143	2,444	34%
Cost of sales				
Active ingredients	**4,706**	4,205	501	12%
Pharmaceutical	**152**	-	152	100%
Total cost of sales	**4,858**	4,205	653	16%
Gross Margin	**4,729**	2,938	1,791	61%
Gross Margin %	**49%**	41%		

Our total revenue for the twelve-month period ended December 31, 2024, was $9.6 million as compared to $7.1 million for the same period in 2023, an increase of $2.4 million. This increase was primarily due to a $1.3 million increase in sales of Avenanthramides, Beta Glucan and Oat Oil from the prior period as well as a $1.1 million in Macrilen revenue due to the acquisition of Aeterna as described in the plan of arrangement section above. Cost of sales for the twelve-month period ended December 31, 2024, increased by $0.7 million, primarily due to the higher sales volumes during the period. The gross margin for the twelve-month period ended December 31, 2024, was $4.7 million as compared to $2.9 million for the same period in 2023, an increase of $1.8 million. This increase is in line with the movements in revenue and cost of sales and is primarily due to the high gross margin on pharmaceutical sales.

(in thousands of US dollars, except percentages)

	Year ended December 31,			
	2023	2022	Change	Change
	$	$	$	%
Revenue				
Active ingredients	**7,143**	14,572	(7,429)	(51%)
Pharmaceutical	**-**	-	-	0%
Total revenue	**7,143**	14,572	(7,429)	(51%)
Cost of sales				
Active ingredients	**4,205**	6,016	(1,811)	(30%)
Pharmaceutical	**-**	-	-	0%
Total cost of sales	**4,205**	6,016	(1,811)	(30%)
Gross Margin	**2,938**	8,556	(5,618)	(66%)
Gross Margin %	**41%**	59%		

Our total revenue for the twelve-month period ended December 31, 2023, was $7.1 million as compared to 14.5 million for the same period in 2022, a decrease of $7.4 million. This decrease was primarily due to lower sales of the Company's flagship products, avenanthramides, beta glucan, as well as lower sales of oat oil. Cost of sales for the twelve-month period ended December 31, 2023, decreased by $1.8 million, primarily due to the lower sales volumes during the period.

Research and development expenses

The following table summarizes our research and development expenses incurred during the periods indicated:

(in thousands of US dollars, except percentages)

	Three months ended December 31,			
	2024	2023	Change	Change
	$	$	$	%
Direct research and development expenses:				
Avenanthramides for inflammation-based diseases	**548**	204	344	169%
Macimorelin pediatric DETECT-trial	**694**	-	694	100%
Investment tax credits	**737**	-	737	100%
Other programs	**201**	24	177	738%
Sub total	**2,180**	228	1,952	856%
Employee-related expenses	**670**	255	415	163%
Facilities, depreciation, and other expenses	**63**	7	56	800%
Total	**2,913**	490	2,423	494%

Our total research and development expenses for the three-month period ended December 31, 2024, were $2.9 million as compared to $0.5 million for the same period in 2023, an increase of $2.4 million. This increase was primarily due to:

- Increased spending on phase 1-2a clinical study on avenanthramides for inflammation-based diseases of $0.3 million;
- Increased trial costs associated with the DETECT trial of $0.7 million and $0.2 million costs related to other pharmaceutical projects, attributable to the acquisition of Aeterna;
- A de-recognition of non-refundable Canadian Federal investment tax credits of $0.7 million in accordance with the Company's accounting policies; and
- Increases in employee and facility related costs of $0.5 million, also primarily attributable to the acquisition of Aeterna.

(in thousands of US dollars, except percentages)

	Twelve months ended December 31,			
	2024	**2023**	**Change**	**Change**
	$	**$**	**$**	%
Direct research and development expenses:				
Avenanthramides for inflammation-based diseases	**2,149**	575	1,574	274%
Macimorelin pediatric DETECT-trial	**2,376**	-	2,376	100%
Investment tax credits	**737**	-	737	100%
Other programs	**1,239**	545	694	127%
Sub total	**6,501**	1,120	5,381	480%
Employee-related expenses	**1,666**	892	774	87%
Facilities, depreciation, and other expenses	**137**	28	109	389%
Total	**8,304**	2,040	6,264	307%

Our total research and development expenses for the twelve-month period ended December 31, 2024, were $8.3 million as compared to $2.0 million for the same period in 2023, an increase of $6.3 million. This increase was primarily due to:

- Increased spending on phase 1-2a clinical study on avenanthramides for inflammation-based diseases of $1.6 million;
- Increased trial costs associated with the DETECT trial of $2.4 million and $0.7 million costs related to other pharmaceutical projects, attributable to the acquisition of Aeterna;
- A de-recognition of non-refundable Canadian Federal investment tax credits of $0.7 million in accordance with the Company's accounting policies; and
- Increases in employee and facility related costs of $0.9 million.

(in thousands of US dollars, except percentages)

	Twelve months ended December 31,			
	2023	**2022**	**Change**	**Change**
	$	**$**	**$**	%
Direct research and development expenses:				
Avenanthramides for inflammation-based diseases	**575**	301	274	91%
Other programs	**545**	312	233	75%
Sub total	**1,120**	613	507	83%
Employee-related expenses	**892**	636	256	40%
Facilities, depreciation, and other expenses	**28**	122	(94)	(77%)
Total	**2,040**	1,371	669	49%

Our total research and development expenses for the twelve-month period ended December 31, 2023, were $2.0 million as compared to $1.3 million for the same period in 2022, an increase of $0.7 million. This increase was primarily due to:

- Increased spending on phase 1-2a clinical study on avenanthramides for inflammation-based diseases of $0.3 million related to additional fees paid to the Montreal Heart Institute in 2023;
- Increased spending on other projects of $0.2 million; and
- Increases in employee related costs of $0.3 million, primarily due to less grant funding and higher share-based payment expenses in 2023; offset by
- Decreased spending on facilities, depreciation, and other expenses of $0.1 million.

Selling, general and administrative expenses

The following table summarizes our Selling, general and administrative expenses incurred during the period indicated:

(in thousands of US dollars, except percentages)	Three months ended December 31,			
	2024	**2023**	**Change**	**Change**
	$	**$**	**$**	%
Selling, general and administrative expenses:				
Salaries & benefits	**1,011**	457	554	121%
Insurance	**291**	34	257	756%
Professional fees	**427**	838	(411)	(49%)
Other office & general expenses	**1,017**	366	651	178%
Total selling, general and administrative expenses	**2,746**	1,695	1,051	62%

Our total selling, general and administrative expenses for the three-month period ended December 31, 2024, were $2.7 million as compared to $1.7 million for the same period in 2023, an increase of $1.0 million. This was primarily attributable due to the acquisition of Aeterna as described in the plan of arrangement section above and resulted with:

- An increase in Salaries & benefits of $0.5 million;
- An increase in Insurance costs $0.3 million; and
- An increase in office & general expenses of $0.6 million; offset by
- A decrease in professional fees of $0.4 million, due to a decrease in transaction costs from the prior period.

(in thousands of US dollars, except percentages)	Twelve months ended December 31,			
	2024	**2023**	**Change**	**Change**
	$	**$**	**$**	%
Selling, general and administrative expenses:				
Salaries & benefits	**3,079**	1,850	1,229	66%
Insurance	**732**	170	562	331%
Professional fees	**3,098**	2,074	1,024	49%
Other office & general expenses	**3,539**	1,433	2,106	147%
Total selling, general and administrative expenses	**10,448**	5,527	4,921	89%

Our total selling, general and administrative expenses for the twelve-month period ended December 31, 2024, were $10.4 million as compared to $5.5 million for the same period in 2023, an increase of $4.9 million. This was primarily attributable due to the acquisition of Aeterna as described in the plan of arrangement section above and resulted with:

- An increase in Salaries & benefits of $1.2 million;
- An increase in Insurance costs $0.6 million;
- An increase in Professional fees of $1.0 million; and
- An increase in office & general expenses of $2.1 million.

(in thousands of US dollars, except percentages)	Twelve months ended December 31,			
	2023	**2022**	**Change**	**Change**
	$	**$**	**$**	%
Selling, general and administrative expenses:				
Salaries & benefits	**1,850**	1,140	710	62%
Insurance	**170**	161	9	6%
Professional fees	**2,074**	106	1,968	1,857%
Other office & general expenses	**1,433**	1,458	(25)	(2%)
Total selling, general and administrative expenses	**5,527**	2,865	2,662	93%

Our total selling, general and administrative expenses for the twelve-month period ended December 31, 2023, were $5.5 million as compared to $2.8 million for the same period in 2023, an increase of $2.7 million. This was primarily attributable to the preparation of the acquisition of Aeterna as described in the plan of arrangement section above and resulted with:

- An increase in salaries & benefits of $0.7 million; and
- An increase in professional fees of $2.0 million

Impairment of intangible assets

On June 3, 2024, the Company acquired intangible assets of $3,352 through the Transaction. On August 27, 2024, the Company announced that the Phase 3 DETECT-trial evaluating macimorelin for the diagnosis of CGHD had failed to meet its primary endpoints according to the definitions in the study protocol and recorded a partial impairment of the patent intangible assets as of September 30, 2024. Based on the results of the study and further strategic evaluation of the Company's product portfolio as of December 31, 2024, the Company has decided to cease any future investments in macimorelin for the diagnosis of CGHD and is investigating all strategic options for the macimorelin assets.

Consequently, management has carried out an impairment test. The recoverable amount of the macimorelin patent intangible assets was estimated based on the present value of the future cash flows expected to be derived from the macimorelin patent intangible assets (value in use), assuming that the regulatory approval is delayed indefinitely. Accordingly, the recoverable amount of both the macimorelin adult and child patent intangible assets were estimated to be nil and a $3,195 impairment was recorded during the year ended December 31, 2024.

Impairment of property and equipment

During the year ended December 31, 2024, the Company tested certain manufacturing equipment and leasehold improvements not in use for impairment. Due to the equipment being idle and a subsequent change in plans for its commissioning, the Company performed an impairment test. The Company recognized an impairment loss of $1,061 as a result of a significant decline in the market value of the equipment. The recoverable amount of the equipment was determined to be $430 based on its fair value less costs to sell using comparables and market data. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used.

Net other income (costs)

For the three-month period ended December 31, 2024, our net other income was $0.8 million as compared to $0.1 million for the three-month period ended December 31, 2023, an increase of $0.7 million. This was primarily attributable to the change in fair value of warrant and DSU liabilities in the amount of $0.6 million and an increase in gains due to changes in foreign currency of $0.1 million.

Net other income for the twelve-month period ended December 31, 2024, was $3.1 million as compared to $0.3 million for the same period in 2023, an increase of $2.8 million. This was primarily attributable to the change in fair value of warrant and DSU liabilities in the amount of $2.6 million and an increase of $0.2 million in other income and gains due to changes in foreign currency.

Net other income for the twelve-month period ended December 31, 2023 was $0.3 million as compared to $0.2 million for the same period in 2022, an increase of $0.1 million. The increase was primarily due to recognition of higher investment tax credits offset by foreign exchange loss.

Net loss

For the three-month period ended December 31, 2024, we reported a consolidated net loss of $6.7 million, or $2.15 loss per common share, as compared with a consolidated net loss of $1.6 million, or $0.85 loss per common share for the same period in 2023. The $5.1 million increase in net loss is attributable to:

- an increase in research and development costs of $2.4 million due primarily to increase in costs associated with the avenanthramides and DETECT clinical trials;
- an increase in selling, general and administrative costs of $1.0 million due primarily to the acquisition of Aeterna;
- a $1.7 million impairment of intangible assets and a $1.1 million impairment of property & equipment; and
- a $1.4 million decrease in income tax recovery; offset by
- a $2.1 million increase in revenues offset by higher cost of sales of $0.2 million; and
- an increase in other income of $0.6 million primarily due to changes in the fair value of warrant and DSU liabilities

For the twelve-month period ended December 31, 2024, we reported a consolidated net loss of $15.3 million, or $5.93 loss per common share, as compared with a consolidated net loss of $3.5 million, or $1.89 loss per common share for the same period in 2023. The $11.8 million increase in net loss is attributable to:

- an increase in research and development costs of $6.3 million due primarily to increase in costs associated with the avenanthramides and DETECT clinical trials;
- an increase in selling, general and administrative costs of $4.9 million due primarily to the acquisition of Aeterna;
- a $3.2 million impairment of intangible assets and a $1.1 million impairment of property & equipment; and
- a $0.9 million decrease in income tax recovery; offset by
- a $2.4 million increase in revenues offset by higher cost of sales of $0.6 million; and
- an increase in other income of $2.8 million due to changes in the fair value of warrant and DSU liabilities.

For the twelve-month period ended December 31, 2023, we reported a consolidated net loss of $3.5 million, or $1.89 loss per common share, as compared with a consolidated net income of $3.5 million, or $1.87 income per common share for the same period in 2022. The $7.0 million increase in net loss is attributable to:

- a decrease in gross margin of $5.6 million;
- an increase in research and development costs of $0.7 million due primarily to increase in costs associated with the avenanthramides clinical trial and increased employee related costs; and
- an increase in selling, general and administrative costs of $2.7 million related primarily to the acquisition of Aeterna; offset by
- a $2.0 million increase in income tax benefit due to the losses incurred during 2023.

Selected quarterly financial data

(in thousands of US dollars, except for per share data)	Three months ended December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
	$	$	$	$
Revenues	**3,322**	**1,871**	**2,337**	**2,057**
Net loss	**(6,731)**	**(5,755)**	**(1,422)**	**(1,401)**
Net loss per share (basic and diluted) [(1)]	**(2.15)**	**(1.85)**	**(0.64)**	**(0.76)**

(in thousands of US dollars, except for per share data)	Three months ended December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
	$	$	$	$
Revenues	1,213	1,952	1,392	2,585
Net (loss) / profit	(1,565)	(776)	(860)	(285)
Net (loss) / profit per share (basic and diluted) [(1)]	(0.85)	(0.42)	(0.47)	(0.15)

(1) Net loss per share is based on the weighted average number of shares outstanding during each reporting period, which may differ on a quarter-to-quarter basis. As such, the sum of the quarterly net loss per share amounts may not equal full-year net loss per share.

Historical quarterly results of operations and net loss cannot be taken as reflective of recurring revenue or expenditure patterns of predictable trends, largely given the non-recurring nature of certain components of our revenues, unpredictable quarterly variations in net finance income and of foreign exchange gains and losses.

Historical quarterly sales and results primarily fluctuate due to variations in the timing of customer orders of different product mixes, and changes in the optimal use of our capacity to manufacture products.

Consolidated Statements of Financial Position Data

(in thousands of US dollars)	December 31, 2024	December 31, 2023	December 31, 2022
	$	$	$
Cash and cash equivalents	**16,393**	6,678	10,190
Trade and other receivables and other assets	**4,897**	1,398	2,915
Inventory	**2,691**	4,009	2,772
Restricted cash equivalents	**123**	8	-
Property, equipment and intangible assets	**10,966**	11,652	11,963
Total assets	**35,070**	23,745	27,840
Payables, accrued liabilities and income taxes payable	**4,835**	1,012	1,276
Current portion of provisions	**385**	-	-
Current portion of deferred revenues	**120**	-	-
Lease liabilities	**2,310**	1,698	1,932
Warrant and DSU liabilities	**1,611**	-	-
Non-financial non-current liabilities [(1)]	**12,648**	-	809
Total liabilities	**21,909**	2,710	4,017
Shareholders' equity	**13,161**	21,035	23,823
Total liabilities and shareholders' equity	**35,070**	23,745	27,840

(1) Comprised mainly of employee future benefits and non-current portion of deferred revenues.

Liquidity and capital resources

The Company's objective in managing capital, consisting of shareholders' equity, with cash and cash equivalents and restricted cash equivalents being its primary components, is to ensure sufficient liquidity to finance its manufacturing operations, R&D costs, selling, general and administrative expenses and working capital requirements. Historically, the Company has raised capital via public and private equity offerings and issuances as its primary source of liquidity. The capital management objective of the Company remains the same as that in previous periods. The policy on dividends is to retain cash to keep funds available to finance the activities required to advance the Company's product development portfolio and to pursue appropriate commercial opportunities as they may arise. The Company is not subject to any capital requirements imposed by any regulators or by any other external source.

Cash flows

The following table shows a summary of our consolidated cash flows for the periods indicated:

(in thousands of US dollars)	**Three months ended December 31,**		**Twelve months ended December 31,**		
	2024	**2023**	**2024**	**2023**	**2022**
	$	**$**	**$**	**$**	**$**
Cash and cash equivalents – Beginning of period	**19,998**	8,364	**6,678**	10,190	6,157
Net cash provided by (used in) operating activities	**(2,999)**	(1,180)	**(14,568)**	(2,582)	5,229
Net cash used in financing activities	**(202)**	(78)	**(588)**	(357)	(267)
Net cash provided by (used in) investing activities	**(316)**	(587)	**25,083**	(730)	(304)
Effect of exchange rate changes on cash & cash equivalents	**(88)**	159	**(212)**	157	(625)
Cash and cash equivalents – End of period	**16,393**	6,678	**16,393**	6,678	10,190

Operating Activities

Cash used by operating activities was $3.0 million for the three-month period ended December 31, 2024, as compared to $1.2 million in the same period in 2023. This $1.8 million increase in operating cash outflows is attributed primarily to:

- An increase in R&D costs of $1.7 million due primarily to increases in costs for the avenanthramides and DETECT clinical trials; and
- An increase in SG&A costs of $1.0 million and a decrease in operating assets and liabilities of $1.0 million; offset by
- An increase in gross margin of $1.9 million

Cash used by operating activities was $14.6 million for the twelve-month period ended December 31, 2024, as compared to $2.6 million in the same period in 2023. This $12.0 million increase in operating cash outflows is attributed primarily to:

- An increase in R&D costs of $6.2 million due primarily to increase in costs associated with the avenanthramides and DETECT clinical trials; and
- An increase in SG&A costs of $4.9 million and a decrease in operating assets and liabilities of $3.6 million; offset by
- An increase in gross margin of $1.8 million; and
- A decrease in tax recovery of $0.9 million.

Cash used by operating activities was $2.6 million for the twelve-month period ended December 31, 2023, as compared to cash provided by of $5.2 million in the same period in 2022. This $7.8 million increase in operating cash outflows is attributed primarily to:

- A decrease in gross margin of $5.6 million
- An increase in R&D costs of $0.7 million due primarily to increase in costs associated with the avenanthramides;
- An increase in SG&A costs of $2.7 million primarily associated with transaction costs for the merger with Aeterna Zentaris; and
- A decrease in operating assets and liabilities of $0.8 million; offset by
- A increase in tax recovery of $2.0 million.

Investing activities

Cash provided by investing activities totaled $25.2 million for the year ended December 31, 2024, as compared to cash used of $0.7 million in the same period in 2023. This $25.9 million increase in cash flows provided by investing activities is primarily related to the cash acquired as part of the Transaction of $26.0 million and a $0.1 million reduction in purchases of property and equipment.

Cash used in investing activities totaled $0.7 million for the year ended December 31, 2023, as compared to $0.3 million for the year ended December 31, 2022. This $0.4 million increase in the cash used in investing activities is primarily related to the purchase of property and equipment of $0.4 million.

Financing activities

Cash used in financing activities totaled $0.6 million for the year ended December 31, 2024, as compared to $0.4 million for the year ended December 31, 2023. This $0.2 million increase in cash flows used in financing activities is primarily related to the payment of DSU's of $0.2 million.

Cash used in financing activities totaled $0.4 million for the year ended December 31, 2023, as compared to $0.3 million for the year ended December 31, 2022. This $0.1 million increase in cash flows used in financing activities is primarily related to a decrease in the exercise of stock options.

Capital Stock

As of April 8, 2025, we had 3,146,225 common shares issued and outstanding, as well as, 51,527 stock options, 64,750 deferred share units and 662,534 warrants outstanding. Each stock option, deferred share unit and warrant is exercisable for one common share.

Adequacy of financial resources

As of December 31, 2024, the Company had an accumulated deficit of $12.1 million and a net loss of $15.3 million resulting in negative cash flows from operations of $14.7 million for the twelve-month period ended December 31, 2024. We believe that our existing cash on hand will be sufficient to fund our anticipated operating and capital expenditure requirements for at least the next 12 months. We plan to finance our future operations and capital expenditures primarily through products sales and cash on hand. We also believe that our existing cash on hand will be sufficient to fund our anticipated operating and capital expenditure requirements beyond the next 12 months and through to 2026. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our capital resources sooner than we expect. We may also require additional capital to pursue in-licenses or acquisitions of other product candidates.

Our forecast of the period through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially as a result of a number of factors. Our future capital requirements are difficult to forecast and will depend on many factors, including:

- the terms and timing of any other collaboration, licensing, and other arrangements that we may establish;
- the initiation, progress, timing, and completion of preclinical studies and clinical trials for our current and future potential product candidates, as well as other research and development programs;
- our alignment with the FDA on regulatory approval requirements;
- the number and characteristics of product candidates that we pursue;
- the outcome, timing, and cost of regulatory approvals;
- delays that may be caused by changing regulatory requirements;
- the cost and timing of hiring new employees to support our continued growth and potential expense associated with any loss of key personnel;
- the costs involved in filing and prosecuting patent applications and enforcing and defending patent claims;
- the costs of filing and prosecuting intellectual property rights and enforcing and defending any intellectual property-related claims;
- the costs associated with any potential late receipt or non-receipt of trade and other receivables;
- the potential costs associated with foreign currency fluctuations or changing interest rates;
- our ability to expand our customer base and related demand fluctuations;
- the costs associated with any potential interruption or quality impacts on raw material supplies;
- the transition to a new presidential administration in the United States, including the potential use and effects of tariffs to address the administration's policy goals, could materially impact the macroeconomic framework in which we operate.
- the costs of responding to and defending ourselves against complaints and potential litigation;
- the costs and timing of procuring clinical and commercial supplies for our product candidates; and
- the extent to which we acquire or in-license other product candidates and technologies.

Contractual obligations and commitments as of December 31, 2024

Significant expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows:

(in thousands of US dollars)	**TOTAL**
	$
Less than 1 year	1,287
1 - 5 years	34
	1,321

The Company previously entered into license agreements with Agriculture Canada (AG) for a technology to increase the concentration of avenanthramides in selected oat and with University of Alberta for a Pressurized Gaz expanded Technology (PGX) for the processing of various polymers. The royalty percentage rate would be 2% strictly for sales made from avenanthramides produced from the AG technology while royalty percentage rates would range between 1.0% to 3.5% for sales made from products manufactured using the PGX Technology, the rate being according to the classification of the resulting product (cosmeceutical, nutraceutical, pharmaceutical).

Contingencies

From time to time, the Company may be a party to litigation and subject to claims incidental to its business. Although the results of litigation and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these matters will not have a material adverse effect on its business. At each reporting period, the Company evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable, requiring recognition of a loss accrual, or whether the potential loss is reasonably possible, requiring potential disclosure.

Critical Accounting Estimates and Judgments

Critical accounting estimates and judgements are described in Note 3 to our audited consolidated financial statements as of December 31, 2024, and 2023 and for the years ended December 31, 2024, 2023 and 2022.

Financial Risk Factors and Other Financial Instruments

The nature and extent of our exposure to risks arising from financial instruments, including credit risk, liquidity risk and market risk and how we manage those risks are described in note 23 to our audited consolidated financial statements as of December 31, 2024, and 2023 and for the years ended December 31, 2024, 2023 and 2022.

Related Party Transactions

During the year ended December 31, 2024, the Company made payments for research and development expenditures to Angiogenesis Foundation for which a Director of the Company is the CEO of the Foundation of $50 (2023 - $201 and 2022 - $105). Other than employment agreements and indemnification agreements with our management, there are no further related party transactions.

Off-Balance Sheet Arrangements

As of December 31, 2024, we did not have any interests in special purpose entities or any other off-balance sheet arrangements.

Risk Factors and Uncertainties

An investment in our securities involves a high degree of risk. In addition to the other information included in this MD&A and in the related consolidated financial statements, investors are urged to carefully consider the risks described under the heading **"Risk Factors"** in this Annual Report on Form 20-F for the year ended December 31, 2024 and under the heading "Risks and Uncertainties", for a discussion of the various risks that may materially affect our business. The risks and uncertainties not presently known to us or that we currently deem immaterial may also materially harm our business, operating results and financial condition and could result in a complete loss of your investment.

B. Liquidity, Cash Flows and Resources

Please see Item 5.A "Operating Results" for information regarding the Company's liquidity and capital resources for the year ended December 31, 2024.

C. Research and development, patents and licenses, etc.

For a description of our R&D policies for the last three years, see "Item 4.B. Business Overview" and "Key Developments" at the beginning of this Item 5. Over the past four years, our research and development activities have encompassed:

- the 2021 initiation of the DETECT-trial which Novo funded all costs up to $9.6 million (€9 million), and any additional costs incurred over $9.6 million (€9 million) up to $10.5 million (€9.8 million) was shared equally between Novo and the Company until May 2023;
  Avenanthramides for Potential Applications in Inflammation Based Diseases - Phase 1-2a as a potential anti-inflammatory product. Study being conducted by Montreal Heart Institute. Clinical trial is expected to have included 96 subjects/patients (72 healthy volunteers in Phase 1 and 24 patients in Phase 2) upon completion. Enrollment for Phase 1 started mid-December 2023. Ceapro is the sponsor.
- our pipeline activities which consist of pre-clinical work.

D. Trend Information

Other than as disclosed below and elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on our net revenue, income from continuing operations, profitability, liquidity, or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

Financial Risk Factors and Other Instruments

The nature and extent of our exposure to risks arising from financial instruments, including credit risk, liquidity risk and market risk (share price risk) and how we manage those risks are described in note 23 to the Company's annual audited consolidated financial statements as of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022.

The consolidated financial statements filed as part of this Annual Report on Form 20-F are presented under "Item 18. – Financial Statements".

E. Critical Accounting Estimates

See Item 18. "Financial Statements".

Item 6. Directors, Senior Management and Employees

A. Directors and senior management

The following table sets forth information about our directors and our senior corporate officers as at December 31, 2024:

Name and Place of Residence	Position with COSCIENS Biopharma

Ammer, Nicola Hessen, Germany	Senior Vice President Clinical Development, Chief Medical Officer
Foster, Geneviève Quebec, Canada	Director
Gagnon, Gilles Quebec, Canada	President, Chief Executive Officer
Gerlach, Matthias Hessen, Germany	Senior Vice President Manufacturing and Supply Chain; Managing Director AEZS Germany
Kosciessa, Ulrich Pinneberg, Germany	Director
Labbé, Pierre Quebec, Canada	Director
La Fratta, Giuliano Quebec, Canada	Senior Vice President Finance, Chief Financial Officer
Li, William W. Holliston, Massachusetts, USA	Director
Miller, Ronald W. Quebec, Canada	Director, Chair of the Board
Regnier, Michel Edmonton, Canada	Senior Vice President, Chief Technology Officer
Teifel, Michael Hessen, Germany	Senior Vice President Non-Clinical Development, Chief Scientific Officer

The following is a brief biography of each of our directors and executive officers.

Geneviève Foster serves as a director on our Board. She is a corporate director and a business lawyer. Since 2008, as a solo business lawyer, she provides services and counsel to a select group of companies which operate in various industries including life sciences and pharma. Through her involvement with her client companies and their boards, Ms. Foster developed an expertise in leading publicly traded and privately held companies in the establishment of strategic plans, international development, sound governance practices and value-creating transactions. She began her career with a national law firm after which she became general counsel of private and publicly traded companies. She served as the Vice President, Legal Affairs and Corporate Secretary at Warnex Inc., a TSX-listed company which developed and licensed innovative technologies and operated medical and pharmaceutical laboratories. Additional career appointments include Director, Legal Affairs and Corporate Secretary of Boomerang Tracking Inc., a TSX-listed company which used cellular technology to track stolen vehicles, and Spectra Telecom ST Inc., an affiliate of SNC-Lavalin and Telesystem in the engineering and construction of wireless telecom towers on the international scene. Ms. Foster holds a Bachelor of Business Administration, a Bachelor of Law and is a member of the Quebec Bar. She is fluent in both English and French. In addition to the Board of directors of Ceapro, she currently sits on the Board of directors of the Quebec CPA Order. Previously, she served as a Board member and executive of BioQuebec and as a Board member of Oxfam Quebec. In 2023, Ms. Foster completed the Directors Education Program offered by the Institute of Corporate Directors - Rotman University and she holds the ICD.D designation.

Gilles Gagnon serves as the President and Chief Executive Officer of COSCIENS. Prior to joining COSCIENS, he was President and CEO of Ceapro, a TSX-V-listed biopharmaceutical company. During the past 40 years, Mr. Gagnon has worked at several management levels within the field of health, especially in the hospital environment and pharmaceutical industry. Before going to Ceapro in 1999, Mr. Gagnon was Vice President, external affairs for Novartis Pharma Canada Inc. from 1996 to 1999. Prior to that, from 1989 to 1996, Mr. Gagnon held various positions including Executive Director, Corporate Planning and Business Development, Senior Director, Strategic Alliances, General Manager, Government Affairs and Access to Market and Director of Professional Services at Sandoz Pharmaceuticals Inc. Throughout his career in the pharmaceutical industry, Mr. Gagnon was especially involved in corporate development, alliance management, as well as marketing functions where he participated in the launch of nine innovative pharmaceutical products in addition to his general management functions. Mr. Gagnon has participated in several international committees and strategic advisory boards. He completed three mandates on the board of directors of Canada's Research-Based Pharmaceutical Companies (Rx&D, now Innovative Medicine Canada) where he represented for nine years members from the biopharmaceutical sector and pioneered the Rx&D's Canadian bio partnering initiative. He also served on various boards in the life sciences industry including private organizations like Bio Quebec (Chairman) and Montreal In Vivo as well as publicly-traded biotech Nasdaq listed companies. Mr. Gagnon holds a master's degree in pharmacology (M.Sc.) and a master's degree in Business Administration (MBA) from Sherbrooke University, a certificate in General Management from the London Business School, UK and holds an ICD.D certification for completing the Directors Education Program at the Rotman School of Management of University of Toronto. He is a member of the Canadian Institute of Corporate Directors.

Matthias Gerlach was appointed as Managing Director of Aeterna Zentaris GmbH in February 2024 and as Senior Vice President, Manufacturing and Supply Chain in January 2021. From December 2011 through May 2014, he was our Vice President, Medicinal Chemistry. Dr. Gerlach, who is based in the Frankfurt office of AEZS Germany, began his career in the pharmaceutical industry in 1997. He joined our Company in January 2001, assuming roles of increasing responsibility in areas of medicinal chemistry and preclinical development through product commercialization during his career. He possesses numerous scientific and business skills and has a long record of successful innovation, drug development and management, and contributed significantly to the successful U.S.- and EU/UK-commercialization of macimorelin in the adult indication. Dr. Gerlach obtained a diploma in Chemistry from the Johann Wolfgang Goethe University in Frankfurt in 1994 and was awarded his doctorate diploma in synthetic organic chemistry by the Johann Wolfgang Goethe University in 1997.

Dr. Ulrich Kosciessa serves as a director on our board. Dr. Kosciessa currently serves as the Chief Executive Officer of Germany-based Photonamic GmbH & Co. KG and as the Chief Operating Officer of Tokyo-based SBI Pharmaceuticals Co. LTD. He has worked for 20 years for Medac GmbH, a global pharmaceutical company with operations in 70 countries where he served as a member of the Executive Management Board, as Managing Director of Medac International and as Chairman of the Board of Medac Pharma Inc., a U.S.-based subsidiary of Medac GmbH focused on specialty pharmaceuticals for autoimmune diseases and cancer. Throughout his career at Medac, Dr. Kosciessa has formed several subsidiaries and affiliates as well as established a network of global partners, growing the Company's international business more than 50% since 2005. In addition, since 2006 Dr. Kosciessa has also served as Chief Executive Officer of Photonamic, a subsidiary of Medac GmbH focused on research and development of photodynamic therapy and diagnostics. He has successfully developed two Photonamic products currently marketed in Europe, North America, South America, the Asian Pacific region and Australia. From 2006 to 2008, Dr. Kosciessa served as Chief Executive Officer at Immune Laboratory of Hannover, a research-based organization focused on autologous dendritic cell-based tumor vaccines. Prior to joining Medac GmbH, Dr. Kosciessa was a postdoctoral researcher at the neuroscience/neurodegenerative diseases division of Schering AG, a multinational pharmaceutical company. He received a B.Sc. in Biology and a Ph.D. in Molecular Biology from Georg-August University of Göttingen, Germany.

Pierre Labbé serves as a director on our board. Mr. Labbé has more than 30 years of progressive financial leadership roles in various industries. Mr. Labbé is currently the Executive Vice-President, Finance of Fonds QScale S.E.C., which is actively developing environmentally responsible computing centers, where he oversees financial strategy, investor relations, financial reporting, tax, treasury and risk management. Prior to joining Fonds QScale S.E.C., Mr. Labbé was the Chief Financial Officer of IMV Inc. for five years. Among other positions, he also previously served as Chief Financial Officer and Corporate Secretary of LeddarTech Inc. and Medicago Inc. (TSX). In addition, Mr. Labbé has been a director of Osisko Gold Royalties Ltd. a TSX- and NYSE-listed precious metal royalty company, since 2015, and currently serves as the Chair of its Human Resources Committee and as a member of its Audit and Risk Committee. As Senior Financial Officer, Pierre has played a key role in financing and mergers and acquisitions, overseeing transactions exceeding $1 billion. Mr. Labbé holds a Bachelor's Degree in Business Administration and a license in accounting from Université Laval, Québec City. He is a member of the Chartered Professional Accountants of Canada, Quebec Chartered Professional Accountants Order and the Institute of Corporate Directors. He also holds the ICD.D designation from the Institute of Corporate Directors.

Giuliano La Fratta was appointed as our Senior Vice President, Chief Financial Officer in January 2022. He is a senior financial professional with over 20 years of professional experience in the pharmaceutical, biopharma and financial services sector. During his career, he has served in both the public and private sectors where he has gained significant experience in leading and managing broad financial activities, including M&A transactions, corporate development, auditing, accounting and administrative functions. Prior to joining Aeterna Zentaris, Mr. La Fratta served as the Vice President of Finance at CellCarta (formerly Caprion Biosciences), a private equity-owned specialty Clinical Research and Development Organization laboratory with global operations headquartered in Montreal, Canada. Prior to CellCarta, Mr. La Fratta served in various functions at IMS Canada Health (now Iqvia) and Cato Research. He began his career at Deloitte Touche as a Senior Auditor for both Canadian and American companies across various industries, including the pharmaceutical sector. Mr. La Fratta holds a bachelor's degree in accounting from Concordia University and holds a CPA designation.

Dr. William W. Li serves as a director on our Board. Dr. Li is the President, Medical Director and Co-founder of the Angiogenesis Foundation, which leads a worldwide revolution in diet and disease prevention based on emerging clinical research and technological advances. Through his work at the Angiogenesis Foundation, he has developed a unique social enterprise model based on international collaborations with leading medical academic centers, biopharmaceutical companies and government agencies, including the National Institutes of Health, National Cancer Institute and the Food and Drug Administration. Dr. Li's expertise extends across numerous medical specialties including oncology, hematology, cardiology, diabetes, ophthalmology, dermatology and wound care along with a diverse category of other disease areas and health conditions. Dr. Li's extensive work has been published in Science, The New England Journal of Medicine, Nature Reviews Clinical Oncology, The Lancet and other leading peer-reviewed medical journals. He is a highly sought international lecturer and advisor, and has been recognized by O Magazine, The Atlantic, USA Today, The New York Times, TIME Magazine, Wall Street Journal and CNN, as well as the Bill and Melinda Gates Foundation and the Clinton Global Initiative. Additionally, Dr. Li's diet and disease prevention expertise has been featured on "The Doctor Oz Show" television show including his recent Eat to Defeat Cancer initiative, a healthy eating campaign in over 130 countries. Dr. Li received his A.B. with honors from Harvard College, and his M.D. from the University of Pittsburgh School of Medicine, Pennsylvania. He completed his clinical training in General Internal Medicine at the Massachusetts General Hospital in Boston. Dr. Li has held appointments on the clinical faculties of Harvard Medical School, Tufts University, and at Dartmouth Medical School. He is an Honorary Fellow of the American College of Wound Care Specialists and has served as advisor and consultant to leading global public and private companies.

Ronald W. Miller serves as the Chair of the Board of Directors. Ronnie Miller was President and CEO of Hoffmann-La Roche Limited (Roche Canada) for 22 years (until 2022). In this role, he was responsible for the growth and success of the Canadian Pharmaceuticals Division, particularly as it relates to Roche's mandate of developing and delivering innovative healthcare solutions for Canadians. Ronnie has more than 43 years of extensive and varied experience in the pharmaceutical industry. Born in Scotland, Ronnie completed his Bachelor of Science in Economics and Geography at the University of Glasgow, then moved to Leeds, England to accept a job as a pharmaceutical sales representative. Ronnie advanced through a series of successive sales and management positions across the industry to become the National Sales Manager for Roche in the United Kingdom in 1988 and continued to move globally as a Product Manager in Switzerland and Deputy Divisional Director of the Pharmaceutical Division in Japan. He moved back to Switzerland to head up a global product launch before returning to the UK as Pharmaceuticals Director. Ronnie was appointed President and CEO of Roche Pharmaceuticals in Canada in May 2000 and became a Canadian citizen in 2008. Ronnie was re-elected as Chairman of the Board of Directors of Innovative Medicines Canada (IMC), the national association representing Canada's research-based pharmaceutical companies, from 2019 to 2022. He served as Chairman of the IMC Board in 2007 and has since fulfilled two subsequent terms as Past Chair. Prior to this, Ronnie was the Chair of the IMC Prairies Core Team and sat as Co-Chair of the Health Research Foundation. He also served on several committees including the IMC Public Affairs, Stakeholder Relations, the British Columbia Sub-Committee, and was Chair of the Federal Affairs/FPT Relations Standing Committee.

Michel Regnier is an experienced and respected Operations Executive and Professional Engineer with 20+ years of progressive technical and leadership experience in the medical device, pharmaceutical and aerospace materials manufacturing industries. Over the course of his career, he has established a successful track record of leading cross functional technical and nontechnical teams, developing effective action plans, and working with international partners. Prior to joining Ceapro, Mr. Regnier served in a number of roles at Oerlikon Metco (Canada) Inc., a subsidiary of OC Oerlikon AG, a global provider of industrial technology based in Switzerland, with a focus on manufacturing of specialty materials, primarily nickel-based metal powders. In his most recent role at Oerlikon as the General Manager, Composite Materials for Aerospace, Electronics, Mining and Energy, he successfully led a team of 70 - 80 employees through the global pandemic and into back-to-back record years for revenue and profitability. Additionally, he served as the VP of Operations, Advanced Materials R&D for Infection Prevention and Control at Exciton Technologies, Inc., where he led the completion of product development and pilot manufacturing operations for the company's commercialization of their proprietary antimicrobial silver technology. Other career appointments include Director, Product Development and Director, Engineering at Nucryst Pharmaceuticals Corp.

Michael Teifel is a leading industry executive with a career spanning over 20 years in various therapeutic areas, including endocrinology and oncology. He has deep experience in translating research into clinical development. Over the course of his career, he has gained particular expertise in the design and implementation of non-clinical development programs for small molecule drugs, peptides, targeted therapies, and biologics, as well as in the continued non-clinical evaluation of drug candidates for global registration. Dr Teifel joined Aeterna Zentaris having held various positions in industry with increasing responsibilities in pharmacology, pharmacokinetics, toxicology and translational sciences. He began his career in industry at Roche Diagnostics in the area of delivery systems / non-viral gene therapy. In 1999, Dr. Teifel joined the biotech start-up, Munich Biotech in Martinsried, Germany as a co-founder. As head of pharmacology & toxicology, he was responsible for the evaluation and non-clinical development of a novel vascular targeting technology for the development of anti-tumor diagnostics and therapeutics. In 2004, Dr. Teifel started his first term at Aeterna Zentaris where he held several positions in the field of preclinical development and translational research. In his capacity he was, among others, responsible for preparation of the non-clinical dossier for registration of macimorelin in the U.S. and EU in the indication AGHD. In 2019, Dr. Teifel left Aeterna Zentaris to pursue his career in non-clinical research and development at Cleara Biotech in Utrecht, The Netherlands. As head of translational sciences at Cleara Biotech, he was responsible for translating research on anti-senescent drugs into pre-clinical development in age-related diseases and late-stage cancer. In May 2021 he re-joined Aeterna Zentaris as Senior Vice-President Non-Clinical Development and Chief Scientific officer. Dr. Teifel holds a degree in biology and his Ph.D. from the Technical University of Darmstadt, Germany.

There are no family relationships between any of the persons named above and no arrangement with any customers, major shareholders, suppliers or others pursuant to which any person above was selected as a director or executive officer. Each director holds office until the Company's next annual general meeting or until a successor is duly elected or appointed.

B. Compensation

Our directors and executive officers are generally paid in their home country currency. Unless otherwise indicated, all compensation information included in this document is presented in U.S. dollars and, to the extent a director or officer has been paid in a currency other than U.S. dollars, the amounts have been converted from such person's home country currency to U.S. dollars based on the following annual average exchange rates: for the financial year ended December 31, 2024: €1.000 = U.S.$1.082 and CAN$1.000 = U.S.$0.741; for the financial year ended December 31, 2022: €1.000 = U.S.$1.053 and CAN$1.000 = U.S.$0.759; for the financial year ended December 31, 2021: €1.000 = U.S.$1.182 and CAN$1.000 = U.S.$0.797.

Compensation of Outside Directors

The compensation paid to members of our Board who are not our employees (our "**Outside Directors**") is designed to (i) attract and retain the most qualified people to serve on the Board and its committees, (ii) align the interests of the Outside Directors with those of our shareholders, and (iii) provide appropriate compensation for the risks and responsibilities related to being an effective Outside Director. This compensation is recommended to the Board by the Nominating, Governance and Compensation Committee ("**NGCC**"). The NGCC is currently composed of three Outside Directors, each of whom is independent, namely Ms. Carolyn Egbert (Chair), Mr. Peter G. Edwards and Mr. Gilles Gagnon.

The Board has adopted a formal mandate for the NGCC, which is available on our website at *www.cosciensbio.com*. The mandate of the NGCC provides that it is responsible for, among other matters, assisting the Board in developing our approach to corporate governance issues, proposing new Board nominees, overseeing the assessment of the effectiveness of the Board and its committees, their respective chairs and individual directors, making recommendations to the Board with respect to directors' compensation and generally serving in a leadership role for our corporate governance practices.

Retainers

Our Outside Directors are paid an annual retainer, the amount of which depends on the position held on the Board. Annual retainers are paid on a quarterly basis to our Outside Directors. Each Outside Director is paid the equivalent value of the payment in his or her home currency, net of any withholdings or deductions required by applicable law.

Type of Compensation	Monthly Retainer for the year 2024	Annual Retainer for the year 2024
Chair of the Board Retainer	—	90,000
Board Member Retainer	—	50,000
Audit Committee Chair Retainer	—	30,000
Audit Committee Member Retainer	—	7,500
NGCC Chair Retainer	—	15,000
NGCC Member Retainer	—	5,000
BOD Strategic Committee	6,500	

All Directors are reimbursed for travel and other out-of-pocket expenses incurred in attending Board or committee meetings. Retainers are prorated when an Outside Director joins the Board during a financial year.

Outstanding Awards

The following table shows all awards outstanding to each Outside Director as at December 31, 2024:

	Option-based Awards				Share-based Awards		
Issuance Date	**Issuance Date**	**Number of Securities Underlying Unexercised Options**	**Option Exercise Price**	**Option Expiration Date**	**Number of Shares or Units of Shares that have vested**	**Market or payout value of vested share-based awards not paid out or distributed[2]**	**Market or Payout Value of Share-based Awards that have not vested[2]**
		(#)	($)		**(#)**	**($)**	**($)**
Foster, Geneviève	04/19/2022	3,540	16.16	04/19/2027			
	01/03/2023	1,416	19.27	01/03/2028			
	07/12/2025				12,500	34,625	-
Kosciessa, Ulrich	04/27/2015	3,540	11.19	04/27/2025			
	01/03/2020	472	11.19	01/03/2025			
	01/03/2023	1,416	19.27	01/03/2028			
	07/12/2025				12,500	34,625	-
Li, William	01/02/2015	1,770	19.89	01/02/2025			
	01/03/2020	472	11.19	01/03/2025			
	01/03/2023	1,416	19.27	01/03/2028			
	07/12/2025				12,500	34,625	-
Miller, Ronnie	03/01/2022	3,540	13.67	04/19/2027			
	01/03/2023	1,416	19.27	01/03/2028			
	07/12/2025				12,500	41,550	-

(1) "Value of unexercised in-the-money options" at financial year-end is calculated based on the difference between the closing prices of the Common Shares on the NASDAQ on the last trading day of the fiscal year (December 31, 2024) of $2.77 and the exercise price of the options, multiplied by the number of unexercised options.

(2) The Company used the closing price of its Common Shares on the NASDAQ as at the last trading day of the fiscal year (December 31, 2024) of $2.77.

See "Summary of the Stock Option Plan" for more details on the Company's second amended and restated stock option plan adopted by the Board on March 29, 2016 and ratified by the shareholders on May 10, 2016 ("**Stock Option Plan**") and see "Summary of Long-Term Incentive Plan" for more details on the Company's long-term incentive plan adopted by the Board on March 27, 2018, and ratified by the shareholders on May 8, 2018 ("**Long-Term Incentive Plan**").

Total Compensation of Outside Directors

The table below summarizes the total compensation paid to our Outside Directors during the financial year ended December 31, 2024 (all amounts are in U.S. dollars). Our Outside Directors are generally paid in their home currency. Mr. Miller, Mr. Turpin, Ms. Foster and Mr. Labbé were paid in Canadian dollars. Ms. Egbert, Mr. Edwards and Mr. Li were paid in U.S. dollars. Mr. Kosciessa was paid in Euro.

Name	**Fees earned[1] ($)**	**Share-based Awards[2] ($)**	**Option-based Awards ($)**	**Non-Equity Incentive Plan Compensation ($)**	**Pension Value ($)**	**All Other Compensation ($)**	**Total ($)**
Edwards, Peter[3]	5,208	—	—	—	—	—	5,208
Egbert, Carolyn[4]	21,667	79,000	—	—	—	—	100,667
Foster, Geneviève	95,510	79,000	—	—	—	—	174,510
Kosciessa, Ulrich	108,895	79,000	—	—	—	—	187,895
Labbé, Pierre[5]	20,000	—	—	—	—	—	20,000
Li, William	54,667	79,000	—	—	—	—	133,667
Miller, Ronald	145,534	94,800	—	—	—	—	240,334
Turpin, Dennis[6]	26,667	—	—	—	—	—	26,667

(1) In respect of our financial year ended December 31, 2024, we paid an aggregate amount of $478,148 in fees to all of our Outside Directors for services rendered in their capacity as directors, excluding reimbursement of out-of-pocket expenses and the value of share-based and option-based awards granted in 2024.
(2) Amounts shown represent the value of the DSUs on the grant date ($6.32). The value of one DSU on the grant date is the closing price of one Common Share on the NASDAQ on the last trading day preceding the date of grant.
(3) Mr., Peter Edwards left the Board on July 16, 2024.
(4) Ms., Carolyn Egbert left the Board on October 8, 2024.
(5) Mr., Pierre Labbé joined the Board on October 2, 2024.
(6) Mr., Dennis Turpin left the Board on October 2, 2024.

Compensation of Executive Officers

The following is disclosure of information related to the compensation that we paid to our "Named Executive Officers" during 2024. For the 2024 year, our "Named Executive Officers" were as follows:

- Gilles Gagnon, who, since 2008, is serving as President and Chief Executive Officer of Ceapro Inc., now COSCIENS Biopharma Inc.
- Mr. Giuliano La Fratta, who, since January 24, 2022, is serving as Senior Vice President, Chief Financial Officer of COSCIENS Biopharma Inc. (formerly Aeterna Zentaris Inc.); and
- Mitch Reigner, who serves as Chief Technology Officer; Dr. Matthias Gerlach, who serves as Senior Vice President Manufacturing & Managing Director, Aeterna Zentaris GmbH; Ms. Nicola Ammer, who serves as Chief Medical Officer and Senior Vice President Clinical Development; and Mr. Michael Teifel who serves as Senior Vice President, Non-Clinical Development and Chief Scientific Officer, who were our hour most highly compensated executive officers.

Compensation Discussion & Analysis

Compensation Philosophy and Objectives

Our Board, through the NGCC, establishes our executive compensation program that is market-based and at a competitive percentile grouping for both total cash and total direct compensation. The NGCC has established a compensation program that is designed to attract, motivate and retain high-performing senior executives, encourage and reward superior performance and align the executives' interests with those of our shareholders by:

- providing the opportunity for an executive to earn compensation that is competitive with the compensation received by executives serving in the same or measurably similar positions within comparable companies;
- providing the opportunity for executives to participate in equity-based incentive compensation plans;
- aligning executive compensation with our corporate objectives; and
- attracting and retaining highly qualified individuals in key positions.

Compensation Elements

Our executive compensation is targeted at the 50th percentile for small cap biopharmaceutical companies within both the local and national markets and is comprised of both fixed and variable components. The variable components include equity and non-equity incentive plans. Each compensation component is intended to serve a different function, but all elements are intended to work in concert to maximize both corporate and individual performance by establishing specific, competitive operational and corporate goals and by providing financial incentives to employees based on their level of attainment of these goals.

Our current executive compensation program is comprised of the following four basic components: (i) base salary; (ii) an annual bonus linked to both individual and corporate performance; (iii) equity incentives, including stock options, previously granted under our second amended and restated stock option plan adopted by the Board on March 29, 2016 and ratified by the shareholders of Aeterna Zentaris on May 10, 2016 (the "**Stock Option Plan**"), and presently granted under the Corporation's long-term incentive plan adopted by the Board on March 27, 2018 and ratified by the shareholders of Aeterna Zentaris on May 8, 2018 (the "**Long-Term Incentive Plan**"), established for the benefit of our directors, certain executive officers and other participants as may be designated from time to time by either the Board or the NGCC; and (iv) other elements of compensation, consisting of benefits, perquisites and retirement benefits.

Base Salary. Base salaries are intended to provide a steady income to our executive officers regardless of share price. In determining individual base salaries, the NGCC takes into consideration individual circumstances that may include the scope of an executive's position, the executive's relevant competencies or experience and retention risk. The NGCC also takes into consideration the fulfillment of our corporate objectives, as well as the individual performance of the executive.

Short-Term, Non-Equity Incentive Compensation. Our short-term, non-equity incentive compensation plan sets a target cash bonus for each executive officer, expressed as a percentage of the executive officer's base salary. The amount of cash bonus paid to an executive officer depends on the extent to which he or she contributed to the achievement of the annual performance objectives established by the Board for the year. The annual performance objectives are specific operational, clinical, regulatory, financial, commercial and corporate goals that are intended to advance our product pipeline, to promote the success of our commercial efforts and to enhance our financial position. The annual performance objectives are set at the end of each financial year as part of the annual review of corporate strategies. The performance objectives are not established for individual executive officers but rather by functional area(s), many of which are carried out by or fall within the responsibility of our President and Chief Executive Officer, Chief Financial Officer (or principal financial officer) and our other executive officers, including our Named Executive Officers. The award of a cash bonus requires the approval of both the NGCC and the Board and is based upon an assessment of each individual's performance, as well as our overall performance at a corporate level. The determination of individual performance does not involve quantitative measures using a mathematical calculation in which each individual performance objective is given a numerical weight. Instead, the NGCC's determination of individual performance is a subjective determination as to whether a particular executive officer substantially achieved the stated objectives or over-performed or under-performed with respect to corporate objectives that were deemed to be important to our success.

Long-Term Equity Compensation Plan of Executive Officers. The long-term component of the compensation of our executive officers is based exclusively on the Long-Term Incentive Plan, which permits the issuance of a number of equity-based awards based on the contribution of the officers and their responsibilities. The Board adopted a policy regarding stock option grants in December 2014, which provides that each Named Executive Officer is eligible to receive options to acquire our Common Shares having a value, based on the Black-Scholes option pricing model, equal to a specified multiple of his or her salary. The specified multiple for the President and Chief Executive Officer is 1.5. The specified multiple for each other Named Executive Officer is 0.75. To encourage retention and focus management on developing and successfully implementing our continuing growth strategy, stock options vest over a period of three years, with the first third vesting on the first anniversary of the date of grant. Since the adoption of the Long-Term Incentive Plan in 2018, we have broadened the types of equity-based awards which we may issue beyond stock options (to include, among other types, restricted stock units ("RSUs"), DSUs and others).

Other Forms of Compensation. Our executive employee benefits program also includes life, medical, dental and disability insurance to the same extent and in the same manner as all other employees as either enrollment in the payroll system benefits program or by additional percentage compensation to self-enroll in private insurance policies. These benefits and perquisites are designed to be competitive overall with equivalent positions in comparable North American organizations in the life sciences industry. We also contribute to our North American employees' retirement plans up to an annual maximum amount of $19,500 for employees in the United States and Canada. The contribution amounts for our United States and Canadian employees are subject to limitations imposed by the United States Internal Revenue Service and the Canadian Revenue Agency respectively, on contributions to our most highly compensated employees. Employees based in Frankfurt; Germany also benefit from certain employer contributions into the employees' pension funds. Our executive officers, including the Named Executive Officers, are eligible to participate in such employer-contribution plans to the same extent and in the same manner as all other employees.

Positioning

The NGCC is authorized to engage its own independent consultant to advise it with respect to executive compensation matters. While the NGCC may rely on external information and advice, all of the decisions with respect to executive compensation are made by the Board upon the recommendation of the NGCC and may reflect factors and considerations other than, or that may differ from, the information and recommendations provided by any external compensation consultants that may be retained from time to time.

In 2022, the NGCC retained a compensation consultant to benchmark our director compensation plan in an effort to determine whether we were achieving our objective of providing market competitive compensation opportunities. The compensation consultant gathered compensation data from companies that it concluded were of comparable size and/or stage of development as us and from other companies with which we compete. Based, in part, on the recommendations of the compensation consultant, the NGCC recommended, and the Board approved, certain changes to the board member retainer and committee chair compensation.

Risk Assessment of Executive Compensation Program

The Board, through the NGCC, oversees the implementation of compensation methods that tie a portion of executive compensation to our short-term and long-term performance and that of each executive officer and that take into account the advantages and risks associated with such compensation methods. In addition, the Board oversees the creation of compensation policies that are intended to reward the creation of shareholder value while reflecting a balance between our short-term and long-term performance and that of each executive officer. The NGCC has considered in general terms the concept of risk as it relates to our executive compensation program.

Base salaries are fixed in amount to provide a steady income to the executive officers regardless of share price and thus do not encourage or reward risk-taking to the detriment of other important business, operational, commercial or clinical metrics or milestones. The variable compensation elements (annual bonuses and equity-based awards) are designed to reward each of short-term, mid-term and long-term performance. For short-term performance, a discretionary annual bonus may be awarded based on the timing and level of attainment of specific operational and corporate goals that the NGCC believes to be challenging yet does not encourage unnecessary or excessive risk-taking. While our bonus payments are generally based on annual performance, a maximum bonus payment is pre-fixed for each senior executive officer and represents only a portion of each individual's overall total compensation opportunities. In exceptional circumstances, a particular executive officer may be awarded a bonus that exceeds his or her maximum pre-fixed or target bonus amount. Finally, a significant portion of executive compensation is provided in the form of equity-based awards, which is intended to further align the interests of executives with those of shareholders. The NGCC believes that these awards do not encourage unnecessary or excessive risk-taking since the ultimate value of the awards is tied to our share price, and in the case of grants under the long-term incentive compensation plan, are generally subject to mid-term and long-term vesting schedules to help ensure that executives generally have significant value tied to long-term share price performance.

The NGCC believes that the variable compensation elements (annual bonuses and equity-based awards) represent a percentage of overall compensation that is sufficient to motivate our executive officers to produce superior short-term, mid-term and long-term corporate results, while the fixed compensation element (base salary) is also sufficient to discourage executive officers from taking unnecessary or excessive risks. The NGCC and the Board also generally have the discretion to adjust annual bonuses and equity-based awards based on individual performance and any other factors they may determine to be appropriate in the circumstances. Such factors may include, where necessary or appropriate, the level of risk-taking a particular executive officer may have engaged in during the preceding year.

Based on the foregoing, the NGCC has not identified any specific risks associated with our executive compensation program that are reasonably likely to have a material adverse effect on us. The NGCC believes that our executive compensation program does not encourage or reward any unnecessary or excessive risk-taking behavior.

Our directors, executive officers and employees are prohibited from purchasing, selling or otherwise trading in derivative securities relating to our Common Shares. Derivative securities are securities whose value varies in relation to the price of our securities. Examples of derivative securities include warrants to purchase our Common Shares, and put or call options written on our Common Shares, as well as individually arranged derivative transactions, such as financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of our equity securities granted as executive compensation or directors' remuneration. Options to acquire our Common Shares and other equity-based awards issued pursuant to the Stock Option Plan or Long-Term Incentive Plan are not derivative securities for this purpose.

2024 Compensation

Base Salary. The primary element of our compensation program is base salary. Our view is that a competitive base salary is a necessary element for retaining qualified executive officers. In determining individual base salaries, the NGCC takes into consideration individual circumstances that may include the scope of an executive's position, the executive's relevant competencies or experience and retention risk. The NGCC also takes into consideration the fulfillment of our corporate objectives, as well as the individual performance of the executive.

Short-Term, Non-Equity Incentive Compensation.

For the financial year ended December 31, 2024, the Board approved did not approve any short-term, non-equity incentive compensation to any of the Named Executives.

Long-Term Equity Compensation

For the financial year ended December 31, 2024, the Board approved did not approve any issuance of stock option awards to any of the Named Executives, with the exception of replacement options issued as part of the Plan of Arrangement, as described above.

Summary of the Stock Option Plan

We established the Stock Option Plan in order to attract and retain directors, officers, employees and suppliers of ongoing services, who will be motivated to work towards ensuring our success. The Board has full and complete authority to interpret the Stock Option Plan, to establish applicable rules and regulations and to make all other determinations it deems necessary or useful for the administration of the Stock Option Plan, provided that such interpretations, rules, regulations and determinations are consistent with the rules of all stock exchanges and quotation systems on which our securities are then traded and with all relevant securities legislation.

There were nil options outstanding under the Stock Option Plan representing approximately 0.0% of all issued and outstanding Common Shares as of December 31, 2024. The proposed number of Common Shares issuable pursuant to the Long-Term Incentive Plan is fixed at 11.4% of the issued and outstanding Common Shares at any given time less the number of Common Shares issuable pursuant to stock options granted at such time under the Stock Option Plan. See below for a complete description of the Long-Term Incentive Plan. As of December 31, 2024, there were 294,269 Common Shares unallocated and available for future grants of options under the Stock Option Plan; however, the Corporation does not intend on issuing any new stock options under the Stock Option Plan, and instead will issue any future stock options under the Long-Term Incentive Plan.

The burn rate for the Stock Option Plan for the most recently completed fiscal year is set out below:

Stock Option Plan

Year End	Options Granted	Weighted Average Shares Outstanding	Burn Rate[(1)]
December 31, 2024	—	2,581,308	0%
December 31, 2023	—	1,847,233	0%
December 31, 2022	—	1,854,537	0%

(1) Annual burn rate is expressed as a percentage and is calculated by dividing the number of securities granted under the Stock Option Plan by the weighted average number of securities outstanding for the applicable fiscal year

Under the Stock Option Plan, (i) the number of securities issuable to insiders, at any time, or issued within any one-year period, under all of our security-based compensation arrangements, cannot exceed 10% of our issued and outstanding securities and (ii) no single person eligible to receive grants under the Stock Option Plan (each a "Participant") may hold options to purchase, from time to time, more than 5% of our issued and outstanding Common Shares. In addition: (i) the aggregate fair value of options granted under all of our security-based compensation arrangements to any one of our Outside Directors entitled to receive a benefit under the Stock Option Plan, within any one-year period, cannot exceed $100,000 valued on a Black-Scholes basis and as determined by the NGCC; and (ii) the aggregate number of securities issuable to all of our Outside Directors entitled to receive a benefit under the Stock Option Plan, within any one-year period, under all of our security-based compensation arrangements, cannot exceed 1% of its issued and outstanding securities.

Options granted under the Stock Option Plan may be exercised at any time within a maximum period of seven or ten years following the date of their grant (the "**Outside Expiry Date**"), depending on the date of grant. The Board or the NGCC, as the case may be, designates, at its discretion, the specific Participants to whom stock options are granted under the Stock Option Plan and determines the number of Common Shares covered by each of such option grants, the grant date, the exercise price of each option, the Outside Expiry Date and any other matter relating thereto, in each case in accordance with the applicable rules and regulations of the regulatory authorities. The price at which the Common Shares may be purchased may not be lower than the greater of the closing prices of the Common Shares on the NASDAQ on the last trading day preceding the date of grant of the option. Options granted under the Stock Option Plan shall vest in equal tranches over a three-year period (one-third each year, starting on the first anniversary of the grant date) or as otherwise determined by the Board or the NGCC, as the case may be. Participants may not assign their options (nor any interest therein) other than by will or in accordance with the applicable laws of estates and succession.

Unless the Board or the NGCC decides otherwise, Participants cease to be entitled to exercise their options under the Stock Option Plan: (i) immediately, in the event a Participant who is an officer or employee resigns or voluntarily leaves his or her employment or his or her employment is terminated with cause and, in the case of a Participant who is a non-employee director of us or one of our subsidiaries, the date on which such Participant ceases to be a member of the relevant Board; (ii) six months following the date on which employment is terminated as a result of the death of a Participant who is an officer or employee and, in the case of a Participant who is an Outside Director, six months following the date on which such Participant ceases to be a member of the Board by reason of death; (iii) 90 days following the date on which a Participant's employment is terminated for a reason other than those mentioned in (i) or (ii) above including, without limitation, upon the disability, long-term illness, retirement or early retirement of the Participant; and (iv) where the Participant is a service supplier, 30 days following the date on which such Participant ceases to act as such, for any cause or reason (each, an "**Early Expiry Date**").

The Stock Option Plan also provides that, if the expiry date of one or more options (whether an Early Expiry Date or an Outside Expiry Date) occurs during a "blackout period" or within the seven business days immediately after a blackout period imposed by us, the expiry date will be automatically extended to the date that is seven business days after the last day of the blackout period. For the purposes of the foregoing, "blackout period" means the period during which trading in our securities is restricted in accordance with our corporate policies.

If (i) we accept an offer to amalgamate, merge or consolidate with any other entity (other than one of our wholly-owned subsidiaries) or to sell or license all or substantially all of our assets to any other entity (other than one of our wholly-owned subsidiaries); (ii) we sign a support agreement in customary form pursuant to which the Board agrees to support a takeover bid and recommends that our shareholders tender their Common Shares to such takeover bid; or (iii) holders of more than 50% of our then outstanding Common Shares tender all of their Common Shares to a takeover bid made to all of the holders of the Common Shares to purchase all of the then issued and outstanding Common Shares, then, in each case, all of the outstanding options shall, without any further action required to be taken by us, immediately vest. Each Participant shall thereafter be entitled to exercise all of such options at any time up to and including, but not after the close of business on that date which is ten days following the Closing Date (as defined below). Upon the expiration of such ten-day period, all rights of the Participant to such options or to the exercise of same (to the extent not already exercised) shall automatically terminate and have no further force or effect whatsoever. "Closing Date" is defined to mean (x) the closing date of the amalgamation, merger, consolidation, sale or license transaction in the case of clause (i) above; (y) the first expiry date of the takeover bid on which each of the offeror's conditions are either satisfied or waived in the case of clause (ii) above; or (z) the date on which it is publicly announced that holders of greater than 50% of our then outstanding Common Shares have tendered their Common Shares to a takeover bid in the case of clause (iii) above.

The Stock Option Plan provides that the following amendments may be made to the plan only upon approval of each of the Board and our shareholders as well as receipt of all required regulatory approvals:

- any amendment to Section 3.2 of the Stock Option Plan (which sets forth the limit on the number of options that may be granted to insiders) that would have the effect of permitting, without having to obtain shareholder approval on a "disinterested vote" at a duly convened shareholders' meeting, the grant of any option(s) under the Stock Option Plan otherwise prohibited by Section 3.2;

- any amendment to the number of securities issuable under the Stock Option Plan (except for certain permitted adjustments, such as in the case of stock splits, consolidations or reclassifications);

- any amendment that would permit any option granted under the Stock Option Plan to be transferable or assignable other than by will or in accordance with the applicable laws of estates and succession;

- the addition of a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction of the number of underlying securities from the Stock Option Plan reserve;

- the addition of a deferred or restricted share unit component or any other provision that results in employees receiving securities while no cash consideration is received by us;

- with respect to any Participant, whether or not such Participant is an "insider" and except in respect of certain permitted adjustments, such as in the case of stock splits, consolidations or reclassifications:

- any reduction in the exercise price of any option after the option has been granted; or

- any cancellation of an option and the re-grant of that option under different terms;

- any extension to the term of an option beyond its Outside Expiry Date to a Participant who is an "insider" (except for extensions made in the context of a "blackout period");

- any amendment to the method of determining the exercise price of an option granted pursuant to the Stock Option Plan;

- the addition of any form of financial assistance or any amendment to a financial assistance provision which is more favorable to employees; and

- any amendment to the foregoing amending provisions requiring Board, shareholder and regulatory approvals.

The Stock Option Plan further provides that the following amendments may be made to the Stock Option Plan upon approval of the Board and upon receipt of all required regulatory approvals, but without shareholder approval:

- amendments of a "housekeeping" or clerical nature or to clarify the provisions of the Stock Option Plan;

- amendments regarding any vesting period of an option;

- amendments regarding the extension of an option beyond an Early Expiry Date in respect of any Participant, or the extension of an option beyond the Outside Expiry Date in respect of any Participant who is a "non-insider";

- adjustments to the number of issuable Common Shares underlying, or the exercise price of, outstanding options resulting from a split or a consolidation of the Common Shares, a reclassification, the payment of a stock dividend, the payment of a special cash or non-cash distribution to our shareholders on a pro rata basis provided such distribution is approved by our shareholders in accordance with applicable law, a recapitalization, a reorganization or any other event which necessitates an equitable adjustment to the outstanding options in proportion with corresponding adjustments made to all outstanding Common Shares;

- discontinuing or terminating the Stock Option Plan; and any other amendment which does not require shareholder approval under the terms of the Stock Option Plan.

Summary of the Long-Term Incentive Plan

The purpose of the Long-Term Incentive Plan is to (i) promote our long-term financial interests and growth by attracting and retaining management and other personnel and key service providers with the training, experience and ability to enable them to make a substantial contribution to the success of our business; (ii) motivate management personnel by means of growth-related incentives to achieve long-range goals; and (iii) further the alignment of interests of participants with those of our shareholders through opportunities for increased share ownership in the Corporation.

The NGCC is the administrator of the Long-Term Incentive Plan (the "**Administrator**"). At any time, the Board may serve as the Administrator of the Long-Term Incentive Plan, in lieu of, or in addition, to the NGCC. Except as provided otherwise under the Long-Term Incentive Plan, the Administrator has plenary authority to grant awards pursuant to the terms of the Long-Term Incentive Plan to eligible individuals, determine the types of awards and the number of shares to be covered by the awards, establish the terms and conditions for awards, including the exercise price and term of awards, and take all other actions necessary or desirable to carry out the purpose and intent of the Long-Term Incentive Plan.

Participation in the Long-Term Incentive Plan is generally open to all officers, employees and other individuals, including Outside Directors. However, any individual whose services to the Corporation or any of its subsidiaries are limited to capital-raising transactions, or the promotion and maintenance of a market for the Corporation securities, are ineligible to participate in the Long-Term Incentive Plan. Prospective officers, employees and other service providers who have accepted offers to provide services to the Corporation may also participate in the Long-Term Incentive Plan.

The Long-Term Incentive Plan enables the grant of stock options, stock appreciation rights ("**SARs**"), stock awards, stock unit awards, performance shares, cash-based performance units, deferred share units and other stock-based awards, each of which may be granted separately or in tandem with other awards.

The maximum number of Common Shares issuable under the Long-Term Incentive Plan is fixed at 11.4% of the issued and outstanding Common Shares at any given time, less the number of Common Shares issuable pursuant to stock options granted at such time under the Stock Option Plan. There were 140,774 awards outstanding under the Long-Term Incentive Plan representing approximately 4.5% of all issued and outstanding Common Shares as of December 31, 2024. As of December 31, 2024, there were 217,257 Common Shares unallocated and available for future grants of awards that are settled in Common Shares under the Long-Term Incentive Plan. See above for a complete description of the Stock Option Plan.

The burn rate for the LTIP for the most recently completed fiscal year is set out below:

	LTIP		
Year End	**Awards Granted**	**Weighted Average Shares Outstanding**	**Burn Rate[(1)]**
December 31, 2024	77,949	2,581,308	3.0%
December 31, 2023	21,712	1,847,233	1.2%
December 31, 2022	10,620	1,854,537	0.6%

(1) Annual burn rate is expressed as a percentage and is calculated by dividing the number of securities granted under the LTIP by the weighted average number of securities outstanding for the applicable fiscal year.

The number of securities issuable to insiders, at any time, or issued within any one-year period, under all of our security-based compensation arrangements, cannot exceed 10% of our issued and outstanding securities and no single participant may hold options to purchase, from time to time, more than 5% of our issued and outstanding Common Shares.

The aggregate fair value of options granted under all of our security-based compensation arrangements to any one of our Outside Directors entitled to receive a benefit under the Long-Term Incentive Plan, within any one-year period, cannot exceed $100,000 valued on a Black-Scholes basis and as determined by the NGCC; and the aggregate number of securities issuable to all of our Outside Directors entitled to receive a benefit under the Long-Term Incentive Plan, within any one-year period, under all of our security-based compensation arrangements, cannot exceed 1% of its issued and outstanding securities.

Except as provided below or within an award agreement, each award granted under the Long-Term Incentive Plan (other than a performance unit that cannot be paid in shares) will be subject to a minimum vesting period or minimum restriction period as follows: (i) each stock option or SAR will be subject to a minimum vesting period of 12 months from the date of grant, (ii) each award of stock, stock units, performance shares, performance units payable in shares and other stock- based awards ("**Full Value Awards**") granted to non-employee directors will be subject to a minimum restriction period of 12 months from the date of grant, and (iii) each Full Value Award granted to a participant other than a non-employee director will be subject to a minimum restriction period of 12 months from the date of grant if vesting of or lapse of restrictions on such award is based on the satisfaction of performance goals and a minimum restriction period of 36 months from the date of grant, applied in either pro rata installments or a single installment, if vesting of or lapse of restrictions on such award is based solely on the participant's satisfaction of specified service requirements with us (provided that no such Full Value Awards will vest or have its restrictions lapse during the first 12 months following the date of grant). If the grant of a performance award is conditioned on satisfaction of performance goals, the performance period must not be less than 12 months' duration, but no additional minimum restriction period need apply to such award. The minimum vesting period or minimum restriction period will not apply in the case of death or disability of a participant or in the event of a change in control. Awards that result in the issuance of an aggregate of up to 5% of the share pool under the Long-Term Incentive Plan may be granted without regard to such minimum vesting period or minimum restriction period.

A SAR is the right to receive a payment equal to the excess of the Fair Market Value (as defined below) of a specified number of shares on the date the SAR is exercised over the base price per share specified in the award agreement. The base price for each SAR cannot be less than 100% of the Fair Market Value of Common Shares on the grant date and the term of a SAR cannot be more than 10 years from the grant date, unless required otherwise by applicable law. At the discretion of the Administrator, the payment upon a SAR exercise may be in cash, shares or a combination of the two. The "Fair Market Value" means the official closing price per Common Share for the regular market session on the day of determination.

Awards granted under the Long-Term Incentive Plan shall not be subject in any manner to alienation, anticipation, sale, transfer, assignment, pledge, or encumbrance, except as otherwise determined by the Administrator; provided, however, that this restriction shall not apply to the Common Shares received in connection with an award after the date that the restrictions on transferability of such shares set forth in the applicable award agreement have lapsed.

Except as provided in the applicable award agreement or otherwise determined by the Administrator, and subject to the minimum vesting period or minimum restriction period described above, upon termination of service (as defined in the Long-Term Incentive Plan):

- Stock options or stock appreciation rights shall be forfeited, to the extent stock options or stock appreciation rights are not vested and exercisable;
- During the applicable restriction period, restricted stock and any accrued but unpaid dividends that are at that time subject to restrictions shall be forfeited; and
- During the applicable deferral period or portion thereof to which forfeiture conditions apply, or upon failure to satisfy any other conditions precedent to the delivery of Common Shares or cash to which RSUs, performance shares or performance units relate, all performance shares, performance units and RSUs and any other accrued but unpaid dividend equivalents with respect to such RSUs that are then subject to deferral or restriction shall be forfeited.

In the event of a change in control (as defined in the Long-Term Incentive Plan) of the Corporation, outstanding awards will terminate upon the effective time of the change in control unless provision is made for the continuation, assumption or substitution of awards by the surviving or successor entity or its parent. Unless an award agreement says otherwise, the following will occur with respect to awards that terminate in connection with a change in control of the Corporation:

- stock options and SARs, whether vested or unvested, will become fully exercisable and holders of these awards will be permitted immediately before the change in control to exercise them;
- restricted stock and RSUs with time-based vesting (i.e., not subject to achievement of performance goals) will become fully vested immediately before the change in control, and RSUs will be settled as promptly as is practicable in accordance with applicable law; and
- restricted stock, RSUs, performance shares, and performance units that vest based on the achievement of performance goals will become fully vested and earned based on the target performance level as to the performance goals, such that 100% of the target award is earned as of the date of the change of control; and the RSUs and performance units will be settled as promptly as is practicable in accordance with applicable law. The Long-Term Incentive Plan will terminate on the earlier of (i) the earliest date as of which all awards granted under the Long-Term Incentive Plan have been satisfied in full or terminated and no shares approved for issuance under the Long-Term Incentive Plan remain available to be granted under new awards, or (ii) the tenth anniversary of date the Long-Term Incentive Plan, as amended and restated, is approved by our shareholders.

The Administrator may amend, alter or discontinue the Long-Term Incentive Plan, but no amendment, alteration or discontinuation will be made that would materially impair the rights of a participant with respect to a previously granted award without his or her consent, except such an amendment made to comply with applicable law or rule of any securities exchange or market on which our Common Shares are listed or admitted for trading or to prevent adverse tax or accounting consequences to the Corporation or the participant. In no event, however, will an amendment be made without the approval of our shareholders to the extent such amendment would (i) materially increase the benefits accruing to participants under the Long-Term Incentive Plan, (ii) increase the number of shares that may be issued under the Long-Term Incentive Plan or to a participant, (iii) materially expand the eligibility for participation in the Long-Term Incentive Plan, (iv) eliminate or modify the prohibition on repricing of stock options and SARs, (v) lengthen the maximum term or lower the minimum exercise price or base price permitted for stock options and SARs, (vi) modify the prohibition on the issuance of reload or replenishment options, (vii) amend the amendment provisions in the Long-Term Incentive Plan, or (viii) amend the Long-Term Incentive Plan to remove or exceed the 10% insider participation limit.

Outstanding Option-Based Awards and Share-Based Awards

The following table shows all awards outstanding to our Named Executive Officers as of December 31, 2024:

	Option-based Awards					Share-based Awards		
Name	**Issuance Date (mm/dd/yyyy)**	**Number of Securities Underlying Unexercised Options[1] (#)**	**Option Exercise Price ($)**	**Option Expiration Date (mm/dd/yyyy)**	**Value of Unexercised In-the-money Options[2] ($)**	**Number of Shares or Units of shares that have Not Vested (#)**	**Market or Payout Value of Share-based Awards that have Not Vested ($)**	**Market or payout value of vested share-based awards not paid out or distributed[3] ($)**
Gagnon,	01/02/2015	3,540	19.89	01/02/2025				
Gilles	01/03/2017	9,440	54.38	01/03/2027				
	01/03/2020	1,416	11.19	01/03/2025				
	01/03/2023	3,540	19.27	01/03/2028				
	05/15/2020					300	-	831
	05/19/2021					700	-	1,939
	08/03/2022					5,000	-	13,850
	06/14/2023					6,250	-	17,313
La Fratta, Giuliano	01/10/2022	500	35.52	01/10/2029				
Gerlach,	12/04/2019	200	87.00	12/04/2026				
Matthias	12/14/2020	250	36.60	12/14/2027				
	12/17/2021	500	42.05	12/17/2028				
Ammer,	12/04/2019	250	87.00	12/04/2026				
Nicola	12/14/2020	250	36.60	12/14/2027				
	12/17/2021	500	42.05	12/17/2028				
Teifel, Michael	12/17/2021	500	42.05	12/17/2028				
Reigner, Michell	05/01/2023	3,540	18.02	05/01/2028				

(1) The number of securities underlying unexercised options represents all awards outstanding as at December 31, 2023.

(2) "Value of unexercised in-the-money options" at financial year-end is calculated based on the difference between the closing price of the Common Shares on the NASDAQ on the last trading day of the fiscal year (December 31, 2024) of $2.77 and the exercise price of the options, multiplied by the number of unexercised options.

(3) The Company used the closing price of its Common Shares on the NASDAQ as at the last trading day of the fiscal year (December 31, 2024) of $2.77.

For the financial year ended December 31, 2024, the Board approved did not approve any issuance of stock option awards to any of the Named Executives.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table shows the incentive plan awards value vested or earned for each Named Executive Officer for the financial year ended December 31, 2024:

	Option-based awards — Value vested during the year[(1)]	Share-based awards —Value vested during the year	Non-equity incentive plan compensation — Value earned during the year
	$	$	$
Gagnon, Gilles	—	—	—
La Fratta, Giuliano	—	—	—
Gerlach, Matthias	—	—	—
Guenther, Eckhard	—	—	—
Ammer, Nicola	—	—	—
Teifel, Michael	—	—	—
Reigner, Michell	—	—	—

(1) Represents the aggregate dollar value that would have been realized if the options had been exercised on the vesting date, based on the difference between the closing price of the Common Shares on the NASDAQ and the exercise price on such vesting date. If closing price of the Common Shares on the NASDAQ on the vesting date was lower than the exercise price, then $nil was considered realized.

Summary Compensation Table

The Summary Compensation Table set forth below shows compensation information for each of the Named Executive Officers for services rendered in all capacities during each of the financial years ended December 31, 2024, 2023 and 2022. All amounts in the table below are in U.S. dollars. Ms. Auld's and Mr. La Fratta's cash payments were made in Canadian dollars. All cash amounts paid to Dr. Paulini, Dr. Guenther, Dr. Gerlach, Dr Teifel and Dr. Ammer were made in Euros.

SUMMARY COMPENSATION TABLE

Name and principal position	Years	Salary ($)	Share based awards ($)	Option based awards ($)	Non-equity incentive plan compensation[1]		Pension Value ($)	Contributions to Registered Retirement Saving Plan / 401K account ($)	All other compensation [1]	Total compensation ($)
					Annual incentive plan ($)	Long-term incentive plans ($)				
Gilles Gagnon, President and Chief Executive	2024	401,610	—	—	—	—	—	—	—	401,610
	2023	414,960	—	—	—	100,400	—	—	—	414,960
	2022	369,008	—	—	—	71,000	—	—	61,501	501,510
Giuliano La Fratta Senior Vice President, Chief Financial Officer	2024	168,556	—	—	—	—	—	8,428	—	176,984
Stacy Prefontaine, Chief Financial Officer [2]	2024	159,907						—		159,907
	2023	176,377						—		176,377
	2022	151,638			27,483			—		179,121
Gerlach, Matthias Senior Vice	2024	129,431	—	—	—	—	8,937	—	—	138,367
Ammer, Nicola Chief Medical Officer and	2024	188,392	—	—	—	—	8,937	—	—	188,392
Teifel, Michael Chief Science Officer and Senior Vice President	2024	117,777	—	—	—	—	8,937	—	—	127,079
Reigner, Michel, Chief Technology Officer	2024	213,977	—	—	—	—		—	—	213,977

(1) Mr. Gagnon, through Prodev Pharma Inc., earned a bonus of $80,000 for additional services provided.
(2) Ms. Stacy Prefonataine was succeeded as Chief Financial Officer by Giuliano La Fratta on June 3, 2024.

Compensation of the Chief Executive Officer

The compensation of our President and Chief Executive Officer is governed by our executive compensation policy described in the section titled "Compensation of Executive Officers", and the President and Chief Executive Officer participates, together with the other Named Executive Officers, in all our incentive plans.

Mr. Gagnon's total earnings during the financial year ended December 31, 2024 was $401,610, including an incentive bonus in the amount of $nil.

For the financial year ended December 31, 2024, the Board did not approve an award of stock options to Mr. Gagnon in accordance with the Long-Term Incentive Plan.

See "Long-Term Equity Compensation Plan of Executive Officers - Summary of the Stock Option Plan", for a complete description of the Stock Option Plan. See "Long-Term Equity Compensation Plan of Executive Officers - Summary of the Long-Term Incentive Plan", for a complete description of the Long-Term Incentive Plan.

Pension, retirement or similar benefits

Each of our Named Executive Officers who are employed with AEZS Germany participate in defined-contribution pension plans. The terms of these pension plans are described below.

Rückgedeckte Unterstützungskasse 1 ("**RUK 1**")

Dr. Gerlach participates in RUK 1, a defined-contribution pension plan maintained by Unterstützungskasse Degussa e.V. Under RUK 1, AEZS Germany contributes 2.4% of Dr. Gerlach's monthly gross salary and Dr. Gerlach contributes 2% of his monthly gross salary. The contributions are limited to the social security contribution assessment ceiling. However, AEZS Germany provides an additional contribution of 18% of his monthly pensionable salary for the part of his salary that exceeds the social security contribution assessment ceiling. In 2024, the social security contribution assessment ceiling is $7,905 (€7,550) per month. Accordingly, AEZS Germany will contribute at most $1,596.23 (€1,473.90) (which includes the additional contribution of 18%) monthly and Dr. Gerlach will contribute at most $158.12 (€146.00) monthly. Both contributions are calculated with the monthly salary accounting and transferred to the relief fund monthly. We are liable to Dr. Gerlach for the pension benefits that have been promised if the private pension provider does not, or cannot, pay the promised pension payments. Dr. Gerlach will receive a pension payment based on the contributions that were made during his employment after he has reached the statutory retirement age, independent of whether he works with AEZS Germany until such age.

Dr. Ammer participates in RUK 1, a defined-contribution pension plan maintained by Unterstützungskasse Degussa e.V. Under RUK 1, AEZS Germany contributes 2.4% of Dr. Ammer's monthly gross salary and Dr. Ammer contributes 3% of her monthly gross salary. The contributions are limited to the social security contribution assessment ceiling. In 2024, the social security contribution assessment ceiling is $7,905 (€7,550) per month. Accordingly, AEZS Germany will contribute at most $189.74 (€175.20) monthly and Dr. Ammer will contribute at most $237.18 (€219.00) monthly. Both contributions are calculated with the monthly salary accounting and transferred to the relief fund monthly. We are liable to Dr. Ammer for the pension benefits that have been promised if the private pension provider does not, or cannot, pay the promised pension payments. Dr. Ammer will receive a pension payment based on the contributions that were made during her employment after she has reached the statutory retirement age, independent of whether she works with AEZS Germany until such age.

Rückgedeckte Unterstützungskasse 2 ("**RUK 2**")

Dr. Teifel participates in RUK 2, a defined-contribution pension plan maintained by Unterstützungskasse Degussa e.V. Under RUK 2, AEZS Germany contributes 2.4% of Dr. Teifel's monthly gross salary and Dr. Teifel contributes 3% of his monthly gross salary. The contributions are limited to the social security contribution assessment ceiling. In 2024, the social security contribution assessment ceiling is $7,905 (€7,550) per month. Accordingly, AEZS Germany will contribute at most $189.74 (€175.20) monthly and Dr. Teifel will contribute at most $237.18 (€219.00) monthly. Both contributions are calculated with the monthly salary accounting and transferred to the relief fund monthly. We are liable to Dr. Teifel for the pension benefits that have been promised if the private pension provider does not, or cannot, pay the promised pension payments. Dr. Teifel will receive a pension payment based on the contributions that were made during her employment after he has reached the statutory retirement age, independent of whether he works with AEZS Germany until such age.

- The table below includes the following information about each Named Executive Officer participating in the pension, retirement or similar plans of the Company:, years of credited service as at December 31, 2024;
- estimated annual benefit accrued, or earned, for service to December 31, 2024 and to the normal retirement age of 65; and
- a reconciliation of the accrued obligation from December 31, 2024 to December 31, 2023.

Name	Number of years credited service (#)[1]	Annual benefits payable ($)[2]		Opening present value of defined benefit obligation ($)[3]	Compensatory change ($)[4]	Non-compensatory change ($)[5]	Closing present value of defined benefit obligation ($)[3]
		At year end	At age 65				
Gerlach, Matthias	24	14,693	22,726	217,785	24,993	-	242,779
Teifel, Michael	20	15,293	16,143	246,204	3,327	-	249,531
Ammer, Nicola	10	2,842	5,003	38,835	5,028	-	43,863

(1) The number of years of credited service as at December 31, 2024 corresponds to the actual years of service with AEZS Germany.

(2) For each Named Executive Officer, the amount of annual benefits payable at December 31, 2024 is the pension the Named Executive Officer would be entitled to starting at age 65 based on termination of employment at December 31, 2024. For each Named Executive Officer, the annual benefits payable at age 65 is the annual benefits payable at December 31, 2024 increased to reflect estimated credited service at age 65.

(3) The present value is the estimated value of the pension obligation to the date indicated using the actuarial assumptions and methods that are consistent with those used in determining pension liabilities as disclosed in the Company's consolidated financial statements. In the past, certain Pension Benefit Plans were accounted for as defined contribution plans as sufficient information was not available for the Company to account for its proportionate share of the defined benefit obligation, plan assets and cost associated with such Pension Benefit Plans. In 2021, additional information became available to the Company, which began to account for its proportionate share of the defined benefit obligation and plan assets. The opening present value of defined benefit obligation for each named Executive Officer was adjusted to reflect the revised accounting treatment.

(4) Compensatory change represents the change in the pension liability between December 31, 2023, and 2024 for each Named Executive Officer.

(5) The calculations of reported amounts use the same actuarial assumptions and methods that are used for calculating accrued benefit obligations and annual expenses, as disclosed in the Company's 2024 and 2023 consolidated financial statements in Note 15, and as prescribed by IFRS. The methods and assumptions used to determine estimated amounts will not be identical to the methods and assumptions used by other issuers so, as a result, the figures may not be directly comparable across issuers. All amounts shown above are based on assumptions and represent contractual entitlements that may change over time.

C. Board practices

Our Articles provide that our Board shall be composed of a minimum of five (5) and a maximum of fifteen (15) directors. Directors are elected annually by our shareholders, but the directors may from time to time appoint one or more directors, provided that the total number of directors so appointed does not exceed one-third of the number of directors elected at the last annual meeting of shareholders. Each elected director will remain in office until termination of the next annual meeting of the shareholders or until his or her successor is duly elected or appointed, unless his or her post is vacated earlier. We do not have service agreements with our independent directors.

See Item 6A. for information about the period of service of each of our directors and senior corporate officers.

Standing Committees of the Board of Directors

Our Board has established an Audit Committee and a NGCC.

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities. The Audit Committee reviews the financial reporting process, the system of internal control, the audit process, and our process for monitoring compliance with laws and regulations and with our Code of Ethical Conduct. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member will obtain an understanding of the detailed responsibilities of committee membership as well as our business, operations and risks.

The function of the Audit Committee is oversight and while it has the responsibilities and powers set forth in its charter (incorporated by reference to Exhibit 11.3 to this Annual Report on Form 20-F), it is neither the duty of the committee to plan or to conduct audits or to determine that our financial statements are complete, accurate and in accordance with generally accepted accounting principles, nor to maintain internal controls and procedures.

The current members of the Audit Committee are Mr. Pierre Labbé (Chair), Ms. Genevieve Foster, and Mr. Ulrich Kosciessa. In accordance with Nasdaq rules applicable to foreign private issuers, all members of the Audit Committee satisfy the independence standards under Rule 10A-3 of the Securities Exchange Act of 1934, as amended. Our Board has determined that Mr. Labbé is the financial expert (as defined in paragraph (b) of Item 16A to Form 20-F).

NGCC

The compensation of executive officers of the Corporation and its subsidiaries is recommended to the Board by the NGCC. The NGCC is responsible for, among other matters, (i) assisting the Board in developing our approach to corporate governance issues, (ii) proposing new Board nominees, (iii) overseeing the assessment of the effectiveness of the Board and its committees, their respective chairs and individual directors and (iv) making recommendations to the Board with respect to board member nominees and directors' compensation, as well as serving in a leadership role for our corporate governance practices. It is also responsible for taking all reasonable actions to ensure that appropriate human resources policies, procedures and systems, e.g., recruitment and retention policies, competency and performance metrics and measurements, training and development programs, and market-based, competitive compensation and benefits structures, are in place so that we can attract, motivate and retain the quality of personnel required to achieve our business objectives. The NGCC also assists the Board in discharging its responsibilities relating to the recruitment, retention, development, assessment, compensation and succession planning for our executive and senior management members.

Thus, the NGCC recommends the appointment of senior officers, including the terms and conditions of their appointment and termination, and reviews the evaluation of the performance of our senior officers, including recommending their compensation and overseeing risk identification and management in relation to executive compensation policies and practices. The Board, which includes the members of the NGCC, reviews the Chief Executive Officer's corporate strategy, goals and performance objectives and evaluates and measures his or her performance and compensation against the achievement of such goals and objectives.

The NGCC recognizes that the industry, regulatory and competitive environment in which we operate requires a balanced level of risk-taking to promote and achieve the performance expectations of executives of a specialty biopharmaceutical company. The NGCC is of the view that our executive compensation program should not encourage senior executives to take inappropriate or unreasonable risk. In this regard, the NGCC recommends the implementation of compensation methods that appropriately connect a portion of senior executive compensation with our short-term and longer-term performance, as well as that of each individual executive officer and that take into account the advantages and risks associated with such compensation methods. The NGCC is also responsible for establishing compensation policies that are intended to reward the creation of shareholder value while reflecting a balance between our short-term and longer-term performance and that of each executive officer.

The NGCC is currently composed of Ms. Genevieve Foster (Chair), Mr. William Li and Mr. Ulrich Kosciessa, each of whom is independent. The Board believes that the members of the NGCC collectively have the knowledge, experience and background required to fulfill its mandate.

D. Employees

As at December 31, 2024, we had a total of 40 active employees, of which 29 are based in Canada, 10 are based in Frankfurt, Germany and 1 based in the U.S.

Our current employees are engaged in the following activities: (i) 6 are engaged in research and development, regulatory affairs and quality assurance; (ii) 30 are involved in commercial operations; and (iii) 14 are involved in various administrative functions, including corporate development, finance and accounting. We do not employ any sales representatives.

We have agreements with our employees covering confidentiality, loyalty, non-competition and assignment of all intellectual property rights developed during the employment period.

E. Share ownership

The table below sets forth information as of March 26, 2025 provided to us by our directors and named executive officers as of December 31, 2024 concerning their ownership of Common Shares and stock options of the Company:

Name	No. of Common Shares owned or held	Percent[(1)]	No. of stock options held[(2)]	No. of currently exercisable options	No. of DSUs Held
Miller, Ronnie	—	—	4,956	4,956	15,000
Ulrich, Kosciessa	1,848	*	5,428	5,428	12,500
Li, William	2,397	*	3,658	3,658	12,500
Labbe, Pierre	—	—	—	—	—
Foster, Genevieve	—	—	4,956	4,956	12,500
Gagnon, Gilles	41,962	*	—	—	12,250
Gerlach, Matthias	—	—	950	950	—
Ammer, Nicola	—	—	1,000	1,000	—
Teifel, Michael	—	—	500	500	—
La Fratta, Giuliano	—	—	500	333	—
Total	**46,207**	**—**	**43,424**	**43,257**	**64,500**

* Less than 1%

(1) Based on 3,123,513 Common Shares outstanding as at March 26, 2025
(2) For information regarding option expiration dates and exercise price refer to the tables included under the caption “Outstanding Option-Based Awards and Share-Based Awards”.

Item 7. Major Shareholders and Related Party Transactions

A. Major shareholders

We are not directly or indirectly owned or controlled by another corporation or by any foreign government. Based on filings with the SEC and the Canadian securities regulatory authorities, as at March 26, 2025, no individual or entity, other than as set out below, beneficially owned, directly or indirectly, or exercised control or direction over our Common Shares carrying more than 5% of the voting rights attached to all our Common Shares (to whom we refer as our major shareholders).

Changes in Percentage Ownership by Major Shareholders

On July 1, 2020, Intracoastal Capital LLC became a major shareholder due to the acquisition of over 5% of our outstanding Common Shares, but as of December 31, 2021 ceased to beneficially own more than 5% of our Common Shares, based solely on a Schedule 13G filed with the SEC on February 11, 2022. On July 2, 2020, Lind Global Macro Fund, LP became a major shareholder due to the acquisition of over 5% of our outstanding Common Shares, but as of December 31, 2021 ceased to beneficially own more than 5% of our Common Shares, based solely on a Schedule 13G filed with the SEC on February 11, 2022. As of the close of business on June 5, 2024, Goodwood Fund, together with its affiliate and control person, became a major shareholder due to its beneficial ownership of over 5% of our outstanding Common Shares. Based solely on a Schedule 13DA filed on December 20, 2024, Goodwood Fund LP, together with its affiliates and control person, held approximately 8.2% of our outstanding Common Shares as of December 20, 2024.

United States Shareholders

Based on a review of the information provide to us by our transfer agent, as at March 26, 2025, there were [14] holders of record of our Common Shares, of which [two] were registered with an address in the U.S., holding in the aggregate approximately 99% of our outstanding Common Shares. We believe that the number of beneficial owners of our Common Shares is substantially greater than the number of record holders, because the overwhelming majority of our Common Shares are held in broker “street names”.

B. Related party transactions

During the year ended December 31, 2024, the Company made payments for research and development expenditures to Angiogenesis Foundation for which a Director of the Company is the CEO of the Foundation of $50 (2023 - $201 and 2022 - $105). Other than employment agreements and indemnification

agreements with our management as described under “Item 10. – Additional Information,” there are no further related party transactions.

C. Interests of experts and counsel

Not required.

Item 8. Financial Information

A. Consolidated statements and other financial information

The consolidated financial statements filed as part of this Annual Report on Form 20-F are presented under “Item 18. – Financial Statements”.

B. Significant changes

No significant changes occurred since the date of our annual consolidated financial statements included elsewhere in this Annual Report on Form 20-F.

Item 9. The Offer and Listing

A. Offer and listing details

Not applicable, except for Item 9A(4). Our Common Shares have been listed on both the NASDAQ and the TSX under the symbol "CSCI". From November 20, 2015 until August 9, 2024, our ticker symbol was "AEZS". The following table indicates, for the relevant periods, the high and low closing prices of our Common Shares on the NASDAQ and on the TSX as of December 31, 2024:

	NASDAQ (US$)		TSX (CAN$)	
	High	Low	High	Low
2024				
Fourth quarter	3.90	2.50	5.20	3.72
Third quarter	6.91	3.75	9.55	4.84
Second quarter	10.25	4.42	13.90	5.90
First quarter	8.80	6.78	11.72	9.16
2023	3.89	1.42	5.30	1.91
Fourth quarter	2.46	1.42	3.36	1.91
Third quarter	3.19	2.44	4.21	3.25
Second quarter	3.23	2.45	4.38	3.34
First quarter	3.89	2.61	5.30	3.36
2022	10.50	3.02	12.75	4.05
Fourth quarter	4.34	3.02	5.84	4.05
Third quarter	6.00	3.69	7.50	5.07
Second quarter	9.25	4.25	11.75	5.50
First quarter	10.50	8.25	12.75	10.25

B. Plan of distribution

Not applicable.

C. Markets

Our Common Shares are listed and posted for trading on both the NASDAQ and the TSX under the symbol "CSCI". From November 20, 2015 until August 9, 2024, our ticker symbol was "AEZS".

D. Selling shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the issue

Not applicable.

Item 10. Additional Information

A. Share capital

Not required.

B. Memorandum and articles of association

We are governed by our restated articles of incorporation (the "**Restated Articles of Incorporation**") under the CBCA and by articles of amendment dated October 2, 2012, November 17, 2015, May 9, 2019, July 18, 2022, April 30, 2024 and August 6, 2024 (together with the Restated Articles of Incorporation, the "**Articles**") and by our bylaws, as amended and restated on March 21, 2013 (the "**bylaws**"). Our Articles are on file with Corporations Canada under Corporation Number 264271-9. The Articles do not include a stated purpose and do not place any restrictions on the business that we may carry on.

Inspection Rights of Shareholders

Under the CBCA, shareholders are entitled to be provided with a copy of the list of our registered shareholders. In order to obtain the shareholder list, a shareholder must provide to us an affidavit including, among other things, a statement that the list will only be used for the purposes permitted by the CBCA. These permitted purposes include an effort to influence the voting of our shareholders, an offer to acquire our securities and any other matter relating to our affairs. We are entitled to charge a reasonable fee for the provision of the shareholder list and must deliver that list no more than ten days after receipt of the affidavit described above.

Under the CBCA, shareholders have the right to inspect certain corporate records, including our Articles and bylaws and minutes of meetings and resolutions of the shareholders. Shareholders have no statutory right to inspect minutes of meetings and resolutions of our directors. Our shareholders have the right to certain financial information respecting us. In addition to the annual and quarterly financial statements required to be filed under applicable securities laws, we are required by the CBCA to place before every annual meeting of shareholders our audited comparative annual financial statements. In addition, shareholders have the right to examine the financial statements of each of our subsidiaries and any other corporate entity whose accounts are consolidated in our financial statements.

Directors

The minimum number of directors we must have is five (5) and the maximum number is fifteen (15). In accordance with the CBCA, at least 25% of our directors must be residents of Canada. In order to serve as a director, a person must be a natural person at least 18 years of age, of sound mind, not bankrupt, and must not be prohibited by any court from holding the office of director. None of the Articles, the bylaws and the CBCA impose any mandatory retirement requirements for directors.

The directors are elected by a majority of the votes cast at the annual meeting at which an election of directors is required, to hold office until the election of their successors, except in the case of resignations or if their offices become vacant by death or otherwise. Subject to the provisions of our bylaws, all directors may, if still qualified to serve as directors, stand for re-election. The Board is not replaced at staggered intervals but is elected annually.

There is no provision in our bylaws or Articles that requires that a director must be a shareholder.

The directors are entitled to remuneration as shall from time to time be determined by the Board or by a committee to which the Board may delegate the power to do so. Under the mandate of the NGCC, such committee, comprised of at least a majority of independent directors, is tasked with making recommendations to the Board concerning director remuneration. The directors are allowed to vote on and approve their own remuneration in the absence of an independent quorum of directors.

The CBCA provides that a director who is a party to, or who is a director or officer of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with us must disclose to us the nature and extent of his or her interest at the time and in the manner provided by the CBCA, or request that same be entered in the minutes of the meetings of the Board, even if such contract, in connection with our normal business activity, does not require the approval of either the directors or the shareholders. At the request of the president or any director, the director placed in a situation of conflict of interest must leave the meeting while the Board discusses the matter. The CBCA prohibits such a director from voting on any resolution to approve the contract or transaction unless the contract or transaction:

- relates primarily to his or her remuneration as our director, officer, employee or agent or as a director, officer, employee or agent of an affiliate of us;
- is for indemnity or insurance for director's liability as permitted by the CBCA; or
- is with our affiliate.

The CBCA provides that the Board may, on our behalf and without authorization of our shareholders:

- borrow money upon our credit;
- issue, reissue, sell or pledge our debt obligations;
- give a guarantee on our behalf to secure performance of an obligation of any person; and
- mortgage, hypothecate, pledge or otherwise create a security interest in all or any of our property, owned or subsequently acquired, to secure any of our obligations.

The shareholders have the ability to restrict such powers through our Articles or bylaws (or through a unanimous shareholder agreement), but no such restrictions are in place.

The CBCA prohibits the giving of a guarantee to any of our shareholders, directors, officers or employees or of an affiliated corporation or to an associate of any such person for any purpose or to any person for the purpose of or in connection with a purchase of a share issued or to be issued by us or our affiliates, where there are reasonable grounds for believing that we are or, after giving the guarantee, would be unable to pay our liabilities as they become due, or the realizable value of our assets in the form of assets pledged or encumbered to secure a guarantee, after giving the guarantee, would be less than the aggregate of our liabilities and stated capital of all classes. These borrowing powers may be varied by our bylaws or Articles. However, our bylaws and Articles do not contain any restrictions on or variations of these borrowing powers.

Pursuant to the CBCA, our directors manage and administer our business and affairs and exercise all such powers and authority as we are authorized to exercise pursuant to the CBCA, the Articles and the bylaws. The general duties of our directors and officers under the CBCA are to act honestly and in good faith with a view to our best interests and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Any breach of these duties may lead to liability to us and our shareholders for breach of fiduciary duty. In addition, a breach of certain provisions of the CBCA, including the improper payment of dividends or the improper purchase or redemption of shares, will render the directors who authorized such action liable to account to us for any amounts improperly paid or distributed.

Our bylaws provide that the Board may, from time to time, appoint from amongst their number committees of the Board, and delegate to any such committee any of the powers of the Board except those which pursuant to the CBCA a committee of the Board has no authority to exercise. As such, the Board has two standing committees: the Audit Committee and the Nominating, Governance and Compensation Committee, or the NGCC.

Subject to the limitations provided by the CBCA, our bylaws provide that we shall, to the full extent provided by law, indemnify a director or an officer, a former director or officer or a person who acts or acted at our request as a director or officer of a body corporate of which we are or were a shareholder or creditor, and his or her heirs and legal representatives, against all costs, losses, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of having been our director or officer or such body corporate, provided: (a) he or she acted in good faith in our best interests and (b) in the case of a criminal or an administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds to believe that his or her conduct was lawful.

Our directors are authorized to indemnify from time to time any director or other person who has assumed or is about to assume in the normal course of business any liability for us or for any corporation controlled by us and to secure such director or other person against any loss by the pledge of all or part of our movable or immovable property through the creation of a hypothec or any other real right in all or part of such property or in any other manner.

We have also agreed to indemnify and save harmless our directors and senior corporate officers as well as the managing directors of our German subsidiary pursuant to various Director and Officer Indemnification Agreements against certain charges, damages, awards, settlements, liabilities, interest, judgments, fines, penalties, statutory obligations, professional fees and retainers and other expenses of whatever nature or kind, provided that any such costs, charges, professional fees and other expenses are reasonable (collectively, "**Expenses**") and from and against all Expenses sustained or incurred by the indemnified party as a result of serving as a director, officer or employee of the Company (or its subsidiary) in respect of any act, matter, deed or thing whatsoever made, done, committed, permitted, omitted or acquiesced in by the indemnified party as a director, officer or employee of the Company (or its subsidiary).

Share Capitalization

Our authorized share capital structure consists of an unlimited number of shares of the following classes (all classes are without nominal or par value): Common Shares; and first preferred shares (the "**First Preferred Shares**") and second preferred shares (the "**Second Preferred Shares**" and, together with the First Preferred Shares, the "**Preferred Shares**"), both issuable in series. As of April 8, 2025, we had 3,146,225 common shares issued and outstanding, as well as, 51,527 stock options, 64,750 deferred share units and 662,534 warrants outstanding. Each stock option, deferred share unit and warrant is exercisable for one common share. No Preferred Shares have been issued to date.

Common Shares

The holders of the Common Shares are entitled to one vote for each Common Share held by them at all meetings of shareholders, except meetings at which only shareholders of a specified class of shares are entitled to vote. In addition, the holders are entitled to receive dividends if, as and when declared by our Board on the Common Shares. Finally, the holders of the Common Shares are entitled to receive our remaining property upon any liquidation, dissolution or winding-up of our affairs, whether voluntary or involuntary. Shareholders have no liability to further capital calls as all shares issued and outstanding are fully paid and non-assessable.

Preferred Shares

The First and Second Preferred Shares are issuable in series with rights and privileges specific to each class. The holders of Preferred Shares are generally not entitled to receive notice of or to attend or vote at meetings of shareholders. The holders of First Preferred Shares are entitled to preference and priority to any participation of holders of Second Preferred Shares, Common Shares or shares of any other class of shares of our share capital ranking junior to the First Preferred Shares with respect to dividends and, in the event of our liquidation, the distribution of our property upon our dissolution or winding-up, or the distribution of all or part of our assets among the shareholders, to an amount equal to the value of the consideration paid in respect of such shares outstanding, as credited to our issued and paid-up share capital, on an equal basis, in proportion to the amount of their respective claims in regard to such shares held by them. The holders of Second Preferred Shares are entitled to preference and priority to any participation of holders of Common Shares or shares of any other class of shares of our share capital ranking junior to the Second Preferred Shares with respect to dividends and, in the event of our liquidation, the distribution of our property upon our dissolution or winding-up, or the distribution of all or part of our assets among the shareholders, to an amount equal to the value of the consideration paid in respect of such shares outstanding, as credited to our issued and paid-up share capital, on an equal basis, in proportion to the amount of their respective claims in regard to such shares held by them.

Our Board may, from time to time, provide for additional series of Preferred Shares to be created and issued, but the issuance of any Preferred Shares is subject to the general duties of the directors under the CBCA to act honestly and in good faith with a view to our best interests and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Warrants

For a description of our Warrants, see note 16 – share capital, warrants and other capital, to the audited consolidated financial statements included in Item 18 of this Annual Report on Form 20-F.

Shareholder Actions

The CBCA provides that our shareholders may, with leave of a court, bring an action in our name and on our behalf for the purpose of prosecuting, defending or discontinuing an action on our behalf. In order to grant leave to permit such an action, the CBCA provides that the court must be satisfied that our directors were given adequate notice of the application, the shareholder is acting in good faith and that it appears to be in our best interests that the action be brought.

Shareholder Rights Plan

The Board of the Company approved an amended and restated shareholder rights plan of the Company on March 29, 2019, which was approved, ratified and confirmed by the shareholders at the annual and special meeting of shareholders of the Company on May 8, 2019 (the "**Rights Plan**"). Shareholders of the Company reconfirmed the Rights Plan on June 21, 2022. The Rights Plan was originally implemented in 2016 and was implemented to ensure, to the extent possible, that all shareholders of the Company are treated fairly in connection with any take-over offer or other acquisition of control of the Company.

Objectives and Background of the Rights Plan

The fundamental objectives of the Rights Plan are to provide adequate time for our Board and shareholders to assess an unsolicited take-over bid for us, to provide the Board with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made, and to provide shareholders with an equal opportunity to participate in a take-over bid.

The Rights Plan encourages a potential acquiror who makes a take-over bid to proceed either by way of a "Permitted Bid", as described below, which requires a take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of our Board. If a take-over bid fails to meet these minimum standards and the Rights Plan is not waived by the Board, the Rights Plan provides that holders of Common Shares, other than the acquiror, will be able to purchase additional Common Shares at a significant discount to market, thus exposing the person acquiring Common Shares to substantial dilution of its holdings.

Summary of the Rights Plan

The following is a summary of the principal terms of the Rights Plan, which summary is qualified in its entirety by reference to the terms thereof. Capitalized terms not otherwise defined in this summary shall have the meaning ascribed to such terms in the Rights Plan. A draft of the Rights Plan is available at the following websites: www.zenataris.com, www.sedarplus.ca and www.sec.gov.

For the purposes of this summary and as set out in the Rights Plan, the term "NI 62-104" refers to National Instrument 62-104-*Take-Over Bids and Issuer Bids* adopted by the Canadian securities regulatory authorities, as now in effect or as the same may from time to time be amended, re-enacted or replaced and including for greater certainty any successor instrument thereto.

Operation of the Rights Plan

Pursuant to the terms of the Rights Plan, one right was issued in respect of each common share outstanding at 5:01 p.m. on March 29, 2016 (the "**Record Time**"). In addition, we will issue one right for each additional Common Share issued after the Record Time and prior to the earlier of the Separation Time (as defined below) and the Expiration Time (as defined below). The rights have an initial exercise price equal to the Market Price (as defined below) of the Common Shares as determined at the Separation Time, multiplied by five, subject to certain anti-dilution adjustments (the "**Exercise Price**"), and they are not exercisable until the Separation Time. Upon the occurrence of a Flip-in Event (as defined below), each right will entitle the holder thereof, other than an Acquiring Person or any other person whose rights are or become void pursuant to the provisions of the Rights Plan, to purchase from us, effective at the close of business on the eighth trading day after the Stock Acquisition Date (as defined below), upon payment to us of the Exercise Price, Common Shares having an aggregate Market Price equal to twice the Exercise Price on the date of consummation or occurrence of such Flip-in Event, subject to certain anti-dilution adjustments.

Definition of Market Price

Market Price is generally defined in the Rights Plan, on any given day on which a determination must be made, as the volume weighted average trading price of the Common Shares for the 20 consecutive trading days (i.e. days on which the TSX or another stock exchange or national securities quotation system on which the Common Shares are traded (including for greater certainty, each of the Nasdaq Global Select Market, the Nasdaq Global Market and the Nasdaq Capital Market) is open for the transaction of business, subject to certain exceptions), through and including the trading day immediately preceding such date of determination, subject to certain exceptions.

Trading of Rights

Until the Separation Time (or the earlier termination or expiration of the rights), the rights trade together with the Common Shares and are represented by the same share certificates as the Common Shares or an entry in our securities register in respect of any outstanding Common Shares. From and after the Separation Time and prior to the Expiration Time, the rights are evidenced by rights certificates and trade separately from the Common Shares. The rights do not carry any of the rights attaching to the Common Shares such as voting or dividend rights.

Separation Time

The rights will separate from the Common Shares to which they are attached and become exercisable at the time (the "**Separation Time**") of the close of business on the eighth business day after the earliest to occur of:

(1) the first date (the "Stock Acquisition Date") of a public announcement of facts indicating that a person has become an Acquiring Person; and

(2) the date of the commencement of, or first public announcement of the intention of any person (other than us or any of our subsidiaries) to commence a take-over bid or a share exchange bid for more than 20% of our outstanding Common Shares other than a Permitted Bid or a Competing Permitted Bid (as defined below), so long as such take-over bid continues to satisfy the requirements of a Permitted Bid or a Competing Permitted Bid, as the case may be.

The Separation Time can also be such later time as may from time to time be determined by the Board, provided that if any such take-over bid expires, or is canceled, terminated or otherwise withdrawn prior to the Separation Time, without securities deposited thereunder being taken up and paid for, it shall be deemed never to have been made and if the Board determines to waive the application of the Rights Plan to a particular Flip-in Event, the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred.

From and after the Separation Time and prior to the Expiration Time, each right entitles the holder thereof to purchase one Common Share upon payment of the Exercise Price to us.

Flip-in Event

The acquisition by a person (an "**Acquiring Person**"), including others acting jointly or in concert with such person, of more than 20% of the outstanding Common Shares, other than by way of a Permitted Bid, a Competing Permitted Bid or in certain other limited circumstances described in the Rights Plan, is referred to as a "Flip-in Event".

In the event that, prior to the Expiration Time, a Flip-in Event that has not been waived occurs (see "Waiver and Redemption" below), each right (other than those held by or deemed to be held by the Acquiring Person) will thereafter entitle the holder thereof, effective as at the close of business on the eighth trading day after the Stock Acquisition Date, to purchase from us, upon payment of the Exercise Price and otherwise exercising such right in accordance with the terms of the Rights Plan, that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of the Flip-in Event equal to twice the Exercise Price, for an amount in cash equal to the Exercise Price (subject to certain anti-dilution adjustments described in the Rights Plan).

A bidder may enter into Permitted Lock-up Agreements with our shareholders ("**Locked-up Persons**") who are not affiliates or associates of the bidder and who are not, other than by virtue of entering into such agreement, acting jointly or in concert with the bidder, whereby such shareholders agree to tender their Common Shares to the take-over bid (the "**Lock-up Bid**") without the bidder being deemed to beneficially own the Common Shares deposited pursuant to the Lock-up Bid. Any such agreement must include a provision that permits the Locked-up Person to withdraw the Common Shares to tender to another take-over bid or to support another transaction that will either provide greater consideration to the shareholder than the Lock-up Bid or provide for a right to sell a greater number of shares than the Lock-up Bid contemplates (provided that the Permitted Lock-up Agreement may require that such greater number exceed the number of shares under the Locked-up Bid by a specified percentage not to exceed 7%).

A Permitted Lock-up Agreement may require that the consideration under the other transaction exceed the consideration under the Lock-up Bid by a specified amount. The specified amount may not be greater than 7%. For greater certainty, a Permitted Lock-up Agreement may contain a right of first refusal or require a period of delay (or other similar limitation) to give a bidder an opportunity to match a higher price in another transaction as long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw the Common Shares during the period of the other take-over bid or transaction.

The Rights Plan requires that any Permitted Lock-up Agreement be made available to us and the public. The definition of Permitted Lock-up Agreement also provides that under a Permitted Lock-up Agreement, no "break up" fees, "topping" fees, penalties, expenses or other amounts that exceed in aggregate the greater of (i) 2.5% of the price or value of the aggregate consideration payable under the Lock-up Bid, and (ii) 50% of the amount by which the price or value of the consideration received by a Locked-up Person under another take-over bid or transaction exceeds what such Locked-up Person would have received under the Lock-up Bid, can be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender Common Shares to the Lock-up Bid or withdraws Common Shares previously tendered thereto in order to deposit such Common Shares to another take-over bid or support another transaction.

Permitted Bid Requirements

The requirements of a Permitted Bid include the following:

1. the take-over bid must be made by means of a take-over bid circular;
2. the take-over bid must be made to all holders of Common Shares wherever resident, on identical terms and conditions, other than the bidder;
3. the take-over bid must not permit Common Shares tendered pursuant to the bid to be taken up or paid for:

    a) prior to the close of business on a date that is not less than 105 days following the date of the relevant take-over bid or such shorter minimum period that a take-over bid (that is not exempt from any of the requirements of Division 5 (Bid Mechanics of NI 62-104)) must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to NI 62-104;
    b) then only if at the close of business on the date Common Shares (and/or "Convertible Securities", as defined in the Rights Plan) are first taken up or paid for under such take-over bid, outstanding Common Shares and Convertible Securities held by shareholders other than any other Acquiring Person, the bidder, the bidder's affiliates or associates, persons acting jointly or in concert with the bidder and any employee benefit plan, deferred profit-sharing plan, stock participation plan or trust for the benefit of our employees or the employees of any of our subsidiaries, unless the beneficiaries of such plan or trust direct the manner in which the Common Shares are to be voted or direct whether the Common Shares are to be tendered to a take-over bid (collectively, "Independent Shareholders") that represent more than 50% of the aggregate of (I) then outstanding Common Shares and (II) Common Shares issuable upon the exercise of Convertible Securities, have been deposited or tendered pursuant to the take-over bid and not withdrawn

4. the take-over bid must allow Common Shares and/or Convertible Securities to be deposited or tendered pursuant to such take-over bid, unless such take-over bid is withdrawn, at any time prior to the close of business on the date Common Shares and/or Convertible Securities are first taken up or paid for under the take-over bid;
5. the take-over bid must allow Common Shares and/or Convertible Securities to be withdrawn until taken up and paid for; and
6. in the event the requirement set forth in clause 3.b) above is satisfied, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits and tenders of Common Shares for not less than ten days from the date of such public announcement.

A Permitted Bid need not be a bid for all outstanding Common Shares not held by the bidder, i.e., a Permitted Bid may be a partial bid. The Rights Plan also allows a competing Permitted Bid (a "**Competing Permitted Bid**") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid other than the requirement set out in clause 3.a) above and must not permit Common Shares tendered or deposited pursuant to the bid to be taken up or paid for prior to the close of business on the last day of the minimum initial deposit period that such take-over bid must remain open for deposits of securities thereunder pursuant to NI 62-104 after the date of the take-over bid constituting the Competing Permitted Bid; provided, however, that a take-over bid that has qualified as a Competing Permitted Bid shall cease to be a Competing Permitted Bid at any time and as soon as such time as when such take-over bid ceases to meet any or all of the foregoing provisions of the definition of "Competing Permitted Bid" and any acquisition of Common Shares and/or Convertible Securities made pursuant to such take-over bid that qualified as a Competing Permitted Bid, including any acquisition of Common Shares and/or Convertible Securities made before such take-over bid ceased to be a Competing Permitted Bid, will not be a "Permitted Bid Acquisition" (as defined in the Rights Plan).

Waiver and Redemption

The Board may, prior to the occurrence of a Flip-in Event, waive the dilutive effects of the Rights Plan in respect of, among other things, a particular Flip-in Event resulting from a take-over bid made by way of a take-over bid circular to all holders of our Common Shares. In such an event, such waiver shall also be deemed to be a waiver in respect of any other Flip-in Event occurring under a take-over bid made by way of a take-over bid circular to all holders of Common Shares prior to the expiry of the first mentioned take-over bid.

The Board may, with the approval of a majority of Independent Shareholders (or, after the Separation Time has occurred, holders of rights, other than rights which are void pursuant to the provisions of the Rights Plan or which, prior to the Separation Time, are held otherwise than by Independent Shareholders), at any time prior to the occurrence of a Flip-in Event which has not been waived, elect to redeem all, but not less than all, of the then outstanding rights at a price of CAN$0.00001 each, appropriately adjusted as provided in the Rights Plan (the "**Redemption Price**").

Where a take-over bid that is not a Permitted Bid or Competing Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board may elect to redeem all the outstanding rights at the Redemption Price without the consent of the holders of the Common Shares or the rights and reissue rights under the Rights Plan to holders of record of Common Shares immediately following such redemption. Upon the rights being so redeemed and reissued, all the provisions of the Rights Plan will continue to apply as if the Separation Time had not occurred, and the Separation Time will be deemed not to have occurred and we shall be deemed to have issued replacement rights to the holders of its then outstanding Common Shares.

Amendment to the Rights Plan

The Rights Plan may be amended to correct any clerical or typographical error or to make such changes as are required to maintain the validity of the Rights Plan as a result of any change in any applicable legislation, regulations or rules thereunder, without the approval of the holders of the Common Shares or rights. Prior to the Separation Time, we may, with the prior consent of the holders of Common Shares, amend, vary or delete any of the provisions of the Rights Plan in order to effect any changes which the Board, acting in good faith, considers necessary or desirable. We may, with the prior consent of the holders of rights, at any time after the Separation Time and before the Expiration Time, amend, vary or delete any of the provisions of the Rights Plan.

Protection Against Dilution

The Exercise Price, the number and nature of securities which may be purchased upon the exercise of rights and the number of rights outstanding are subject to adjustment from time to time to prevent dilution in the event of stock dividends, subdivisions, consolidations, reclassifications or other changes in the outstanding Common Shares, pro rata distributions to holders of Common Shares and other circumstances where adjustments are required to appropriately protect the interests of the holders of rights.

Fiduciary Duty of Board

The Rights Plan will not detract from or lessen the duty of the Board to act honestly and in good faith with a view to our best interests and the best interests of our shareholders. The Board will continue to have the duty and power to take such actions and make such recommendations to our shareholders as are considered appropriate.

Exemptions for Investment Advisors

Fund managers, investment advisors (for fully-managed accounts), trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds, and administrators of registered pension plans are exempt from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a take-over bid.

Term

The Rights Plan will expire on the earlier of (i) the Termination Time; and (ii) the Close of Business on the date on which the annual meeting of the Company to be held in 2025 and at every third annual meeting of the Company thereafter (each such annual meeting being a "**Reconfirmation Meeting**") occurs and at which the Rights Plan is not reconfirmed or presented for reconfirmation as contemplated in the Rights Plan (the "**Expiration Time**").

Action Necessary to Change Rights of Shareholders

In order to change the rights of our shareholders, we would need to amend our Articles to effect the change. Such an amendment would require the approval of holders of two-thirds of the issued and outstanding shares cast at a duly called special meeting. For certain amendments, a shareholder is entitled under the CBCA to dissent in respect of such a resolution amending the Articles and, if the resolution is adopted and we implement such changes, demand payment of the fair value of its shares.

Disclosure of Share Ownership

In general, under applicable securities regulation in Canada, a person or company who beneficially owns, or who directly or indirectly exercises control or direction over voting securities of a reporting issuer, voting securities of an issuer or a combination of both, carrying more than ten percent of the voting rights attached to all the issuer's outstanding voting securities is an insider and must, within ten days of becoming an insider, file a report in the required form effective the date on which the person became an insider, disclosing any direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer.

Additionally, securities regulation in Canada provides for the filing of a report by an insider of a reporting issuer whose holdings change, which report must be filed within five days from the day on which the change takes place.

Section 13 of the Exchange Act imposes reporting requirements on persons who acquire beneficial ownership (as such term is defined in the Rule 13d-3 under the Exchange Act) of more than five percent of a class of an equity security registered under Section 12 of the Exchange Act. Our Common Shares are so registered. In general, such persons must file, within ten days after such acquisition, a report of beneficial ownership with the SEC containing the information prescribed by the regulations under Section 13 of the Exchange Act. This information is also required to be sent to the issuer of the securities and to each exchange where the securities are traded.

The bylaws of the Company do not require disclosure of share ownership.

Meeting of Shareholders

An annual meeting of shareholders is held each year for the purpose of considering the financial statements and reports, electing directors, appointing auditors and fixing or authorizing the Board to fix their remuneration and for the transaction of other business as may properly come before a meeting of shareholders. Any annual meeting may also constitute a special meeting to take cognizance and dispose of any matter of which a special meeting may take cognizance and dispose. Under the bylaws, our Chief Executive Officer or our President has the power to call a meeting of shareholders.

The CBCA provides that the holders of not less than 5% of our outstanding voting shares may requisition our directors to call a meeting of shareholders for the purpose stated in the requisition. Except in limited circumstances, including where a meeting of shareholders has already been called and a notice of meeting already given or where it is clear that the primary purpose of the requisition is to redress a personal grievance against us or our directors, officers or shareholders, our directors, on receipt of such requisition, must call a meeting of shareholders. If the directors fail to call a meeting of shareholders within twenty-one days after receiving the requisition, any shareholder who signed the requisition may call the meeting of shareholders and, unless the shareholders resolve otherwise at the meeting, we shall reimburse the shareholders for the expenses reasonably incurred by them in requisitioning, calling and holding the meeting of shareholders.

The CBCA also provides that, except in limited circumstances, a resolution in writing signed by all of the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of shareholders.

A quorum of shareholders is present at an annual or special meeting of shareholders, regardless of the number of persons present in person at the meeting, if the holder(s) of shares representing at least 10% of the outstanding voting shares at such meeting are present in person or represented in accordance with our bylaws. In the case where the CBCA, our Articles or our bylaws require or permit the vote by class of holders of a given class of shares of our share capital, the quorum at any meeting will be one or more persons representing 10% of the outstanding shares of such class.

Notice of the time and place of each annual or special meeting of shareholders must be given not less than 21 days, nor more than 50 days, before the date of each meeting to each director, to the auditor and to each shareholder entitled to vote thereat. If the address of any shareholder, director or auditor does not appear in our books, the notice may be sent to such address as the person sending the notice may consider to be most likely to reach such shareholder, director or auditor promptly. Every person who, by operation of the CBCA, transfers or by any other means whatsoever, becomes entitled to any share, shall be bound by every notice given in respect of such share which, prior to the entry of his or her name and address on our register, is given to the person whose name appears on the register at the time such notice is sent. Notice of meeting of shareholders called for any other purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor, must state the nature of the business in sufficient detail to permit the shareholder to form a reasoned judgment on and must state the text of any special resolution or bylaw to be submitted to the meeting.

Our bylaws include an advance notice provision (the "**Advance Notice Requirement**"). The Advance Notice Requirement applies in certain circumstances where nominations of persons for election to the Board are made by our shareholders other than pursuant to: (a) a requisition of a meeting made pursuant to the provisions of the CBCA; or (b) a shareholder proposal made pursuant to the provisions of the CBCA.

Among other things, the Advance Notice Requirement fixes a deadline by which shareholders must submit a notice of director nominations to us prior to any annual or special meeting of shareholders where directors are to be elected and sets forth the information that a shareholder must include in the notice for it to be valid. In the case of an annual meeting of shareholders, we must be given not less than 30 nor more than 65 days' notice prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting), we must be given notice not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Board may, in its sole discretion, waive any requirement of the Advance Notice Requirement.

Limitations on Right to Own Securities

Neither Canadian law nor our Articles or bylaws limit the right of a non-resident to hold or vote our Common Shares, other than as provided in the *Investment Canada Act* (the "**Investment Act**").

The Investment Act requires any person that is a "non-Canadian" (as defined in the Investment Act) who acquires "control" (as defined in the Investment Act) of an existing Canadian business to file either a pre-closing application for review or a post-closing notification with Innovation, Science and Economic Development Canada.

As of the date hereof, the threshold for review of a direct acquisition of control of a non-cultural Canadian business by a World Trade Organization member country investor that is not a state-owned enterprise is an enterprise value of assets that exceeds CAN$1.326 billion. For "trade agreement investors" that are not state-owned enterprises (as defined in the Investment Act), the threshold for review of a direct acquisition of control of a non-cultural Canadian business is an enterprise value of assets that exceeds CAN$1.989 billion. The enterprise value review thresholds for both World Trade Organization member countries and trade agreement investors are indexed to annual GDP growth and are adjusted accordingly each year. For purposes of a publicly traded company, the "enterprise value" of the assets of the Canadian business is equal to the market capitalization of the entity, plus its liabilities (excluding its operating liabilities), minus its cash and cash equivalents.

As such, under the Investment Act, the acquisition of control of us (either through the acquisition of our Common Shares or all or substantially all our assets) by a non-Canadian who is a World Trade Organization member country investor or a trade agreement investor, including a U.S. investor, would be reviewable only if the enterprise value of our assets exceeds the specified threshold for review.

Where the acquisition of control is a reviewable transaction, the Investment Act generally prohibits the implementation of the reviewable transaction unless, after review, the relevant Minister is satisfied or deemed to be satisfied that the acquisition is likely to be of net benefit to Canada.

The acquisition of a majority of the voting interests of an entity is deemed to be acquisition of "control" of that entity. The acquisition of less than a majority but one-third or more of the total number of votes attached to all of the voting shares of a corporation or of an equivalent undivided ownership interest in the total number of votes attached to all of the voting shares of the corporation is presumed to be an acquisition of control of that corporation unless it can be established that, on the acquisition, the corporation is not controlled in fact by the acquiror through the ownership of voting shares. The acquisition of less than one-third of the total number of votes attached to all of the voting shares of a corporation is deemed not to be acquisition of control of that corporation subject to certain discretionary rights relative to investments involving state-owned enterprises. Other than in connection with a "national security" review, discussed below, certain transactions in relation to our Common Shares would be exempt from the Investment Act including:

- the acquisition of our Common Shares by a person in the ordinary course of that person's business as a trader or dealer in securities;
- the acquisition or control of us in connection with the realization of security granted for a loan or other financial assistance and not for any purpose related to the provisions of the Investment Act, if the acquisition is subject to approval under the Bank Act, the Cooperative Credit Associations Act, the Insurance Companies Act or the Trust and Loan Companies Act; and
- the acquisition or control of us by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of us, through the ownership of our voting interests, remains unchanged.

Under the national security regime in the Investment Act, review on a discretionary basis may also be undertaken by the federal government in respect of a much broader range of investments by a non-Canadian to "acquire, in whole or in part, or to establish an entity carrying on all or any part of its operations in Canada". The relevant test is whether such an investment by a non-Canadian could be "injurious to national security". The Minister of Innovation, Science and Economic Development has broad discretion to determine whether an investor is a non-Canadian and therefore may be subject to national security review. Review on national security grounds is at the discretion of the federal government and may occur on a pre- or post-closing basis.

There is no law, governmental decree or regulation in Canada that restricts the export or import of capital, or which would affect the remittance of dividends or other payments by us to non-resident holders of our Common Shares, other than withholding tax requirements.

C. Material contracts

The following are the only material agreements of the Company that are in effect as of the date hereof (other than certain agreements entered into in the ordinary course of business):

- the Arrangement Agreement (as described below);
- the Lock-Up Agreements (as described below);
- Symrise distribution agreement (as described below); and
- the Licensing Agreement with Consilient Health (as described below).

Arrangement Agreement

On December 14, 2023, Aeterna Zentaris entered into an Arrangement Agreement with Ceapro, pursuant to which we and Ceapro agreed that, subject to the terms and conditions set forth in the Arrangement Agreement, including the receipt of the approval of the stockholders of Aeterna Zentaris and Ceapro the final order of the Court of King's Bench of Alberta and certain regulatory and exchange approvals described below, on the Effective Date (as defined in the Arrangement Agreement) we will acquire 100 percent of the Ceapro Shares pursuant to a company-approved plan of arrangement under the Canada Business Corporations Act such that Ceapro will become a wholly-owned subsidiary of Aeterna Zentaris and Aeterna Zentaris will continue the operations of Aeterna Zentaris and Ceapro on a combined basis. On March 12, 2024, the stockholders of Aeterna approved the Plan of Arrangement.

For additional information with respect to the representations and warranties, conditions to closing and other terms in the Plan of Arrangement please refer to the section entitled "*The Plan of Arrangement*" and to the Arrangement Agreement incorporated by reference as Exhibit 2.1 to our Registration Statement on Form F-1 filed with the SEC on February 15, 2024, which is incorporated herein by reference.

Lock-Up Agreements

On December 14, 2023 and prior to entering into the Arrangement Agreement, each of the directors and officers of Ceapro have entered into Aeterna Zentaris Lock-Up Agreements pursuant to which, among other things, they have agreed in favour of Aeterna Zentaris to vote in favour of the Arrangement Resolution (as defined in the Arrangement Agreement) on the terms and subject to the conditions set forth in the Aeterna Zentaris Lock-Up Agreements. As of January 12, 2024, the record date for the determination of shareholders and option holders of Ceapro entitled to receive notice of and vote at Ceapro's special meeting of shareholders and option holders held on March 12, 2024, the directors and officers of Ceapro subject to the Aeterna Zentaris Lock-Up Agreements held or exercised control or direction over 1,990,468 Ceapro Shares, representing approximately 2.54% of the issued and outstanding Ceapro Shares, and 1,985,000 Ceapro Options (as defined in the Arrangement Agreement), for a total of 3,975,468 Ceapro securities, representing 4.90% of the total issued and outstanding Ceapro securities.

Symrise Distribution agreement

The Symrise Agreement is a supply and distribution agreement with Symrise AG with respect to the distribution and commercialization of Ceapro's high-value active ingredients to key international players in the cosmetics industry, effective from January 1, 2022 until December 31, 2026. Under the Symrise Agreement, Symrise AG is obligated to purchase minimum annual volumes of Ceapro's products unless (i) there is a force majeure event, or (ii) there is a decrease or cessation of any customer's purchase of the products from Symrise due to a formulation change by such customers, as more particularly set forth in the Symrise Agreement.

European Economic Area and United Kingdom License Agreement

On December 7, 2020, the Company entered into an exclusive licensing agreement with Consilient Health Limited ("CH") for the commercialization of macimorelin (the "Licensed Product") in the European Economic Area and the United Kingdom (the "CH License Agreement"). On March 15, 2023, with the Company's consent, Consilient Health ("CH") entered into an assignment agreement with Pharmanovia to transfer the current licensing agreement for the commercialization of macimorelin in the European Economic Area and the United Kingdom to Pharmanovia, as well as the current supply agreement pursuant to which the Company agreed to provide the licensed product (together, the "Assignment Agreement"). Also on March 15, 2023, the Company and Pharmanovia entered into an amendment agreement, pursuant to which the Company provided its acknowledgement and consent to the Assignment Agreement and agreed to certain amended terms which do not materially differ from the previous license and supply agreement with CH.

Under the terms of the Agreement, CH agreed to make a non-refundable, non-creditable upfront payment to the Company of $1,209 (€1.0 million), which the Company received in January 2021. The Company also is eligible to receive additional consideration, including regulatory milestones related to agreed-upon pricing and reimbursement parameters; net sales milestones; and royalties, ranging from 10%-20% of net sales of macimorelin, subject to reduction in certain cases, or sublicense income recorded by Pharmanovia.

As consideration for the right to commercialize the licensed product, Pharmanovia has agreed to pay certain milestones and royalty payments as summarized below:

Paediatric Use Regulatory payment (non-refundable and non-creditable)

- Grant of first marketing authorization from the European Commission for Paediatric Use of Euro 500,000.

Regulatory payments (non-refundable and non-creditable)

- Upon receipt of pricing and reimbursement approval in France, Germany, Italy, Spain and the United Kingdom upon price per test of:
- Above Euro 300: Euro 200,000 per country;
- Euro 250 to Euro 300: Euro 100,000 per country; and
- Achievement of a mean average reimbursement price of above Euro 300 in France, Germany, Italy, Spain and UK of Euro 500,000.

Commercial milestones (non-refundable and non-creditable)

- Annual net sales reaching Euro 4 million for payment of Euro 250,000;
- Annual net sales reaching Euro 6 million for payment of Euro 400,000;
- Annual net sales reaching Euro 8 million for payment of Euro 600,000; and
- Annual net sales reaching Euro 10 million for payment of Euro 1,000,000.

Royalties

- 10.0% for up to Euro 2 million annual net sales;
- 12.5% between Euro 2 million and Euro 3 million net sales;
- 15.0% between Euro 3 million and Euro 4 million net sales; and
- 20.0% for above Euro 4 million net sales.

Sublicense Income Royalty

- 10.0% on any form of consideration other than running royalties on net sales

The license remains in full force and effect (i) as long as the licensed product is covered by a valid claim in any country covered by the licensing agreement; (ii) the expiration of any regulatory marketing exclusivity period or other statutory designation that provides similar exclusivity for the commercialization of the licensed product in any country covered by the licensing agreement; or (iii) on a country by country of the covered territory, and licensed product by licensed product basis, for a period of ten (10) years after the first commercial sale date in the respective country, whichever term is longer, subject to renewal. The licensee has the right to terminate the license in certain circumstances.

D. Exchange controls

Canada has no system of exchange controls. There are no exchange restrictions on borrowing from foreign countries or on the remittance of dividends, interest, royalties and similar payments, management fees, loan repayments, settlement of trade debts or the repatriation of capital.

E. Taxation

THE FOLLOWING SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER. CONSEQUENTLY, HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR ADVICE AS TO THE TAX CONSEQUENCES OF AN INVESTMENT IN THE COMMON SHARES HAVING REGARD TO THEIR PARTICULAR CIRCUMSTANCES.

Material Canadian Income Tax Considerations

The following summary describes the principal Canadian federal income tax considerations applicable to a holder of Common Shares and who, for the purposes of the Canadian federal Income Tax Act, R.S.C. 1985, as amended (the "**Tax Act**"), and at all relevant times, deals at arm's length with, and is not affiliated with, the Company and holds their Common Shares as capital property (a "**holder**"). Common Shares will generally be considered to be capital property to a holder for purposes of the Tax Act unless either the holder holds such Common Shares in the course of carrying on a business of trading or dealing in securities, or the holder has held or acquired such Common Shares in a transaction or transactions considered to be an adventure in the nature of trade.

This summary is not applicable to a holder (i) that is a "financial institution", as defined in the Tax Act for purposes of the mark-to- market rules, (ii) that is a "specified financial institution", as defined in the Tax Act, (iii) an interest in which would be a "tax shelter investment" as defined in the Tax Act, (iv) that has made a functional currency reporting election for purposes of the Tax Act, (v) that has entered or will enter into a "derivative forward agreement", as defined in the Tax Act, in respect of Common Shares, or (vi) that receives dividends on Common Shares under or as part of a dividend rental arrangement as defined in

the Tax Act. Such holders should consult their own tax advisors.

Additional considerations, not discussed herein, may be applicable to a holder that is a corporation resident in Canada, and is, or becomes, or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes, as part of a transaction or series of transactions or events that includes the acquisition of the Common Shares, controlled by a non-resident person or a group of non-resident persons not dealing with each other at arm's length for the purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such holders should consult their tax advisors with respect to the consequences of acquiring Common Shares.

This summary is based upon the current provisions of the Tax Act and the regulations promulgated thereunder (the "**Regulations**") and the Company's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**"). It also takes into account all proposed amendments to the Tax Act and the Regulations publicly released by the Minister of Finance (Canada) prior to the date hereof ("**Tax Proposals**"), and assumes that all such Tax Proposals will be enacted as currently proposed. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practice or policy of the CRA, whether by legislative, regulatory, judicial or administrative action or interpretation, nor does it address any provincial, local, territorial or foreign tax considerations.

For purposes of the Tax Act, all amounts, including dividends, adjusted cost base and proceeds of disposition, must generally be determined in Canadian dollars. Amounts denominated in a foreign currency must be converted to Canadian currency using exchange rates determined in accordance with the Tax Act. The amount of any capital gain or any capital loss to a holder with respect to the Common Shares may be affected by fluctuations in Canadian dollar exchange rates.

Holders Not Resident in Canada

The following discussion applies to a holder who, at all relevant times, for purposes of the Tax Act, is neither resident nor deemed to be resident in Canada and does not, and is not deemed to, use or hold Common Shares in carrying on a business or part of a business in Canada (a "**Non-Resident holder**"). In addition, this discussion does not apply to an insurer who carries or is deemed to carry on, an insurance business in Canada and elsewhere.

Disposition of Common Shares

A Non-Resident holder generally will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non- Resident holder on a disposition or deemed disposition of Common Shares unless such shares constitute "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident holder at the time of disposition and the gain is not exempt from tax pursuant to the terms of an applicable income tax treaty or convention. As long as the Common Shares are listed on a designated stock exchange (which currently includes the NASDAQ and the TSX) at the time of their disposition, the Common Shares generally will not constitute taxable Canadian property of a Non-Resident holder, unless (a) at any time during the 60-month period immediately preceding the disposition (i) one or any combination of (A) the Non-Resident holder, (B) persons with whom the Non-Resident holder did not deal at arm's length, and (C) partnerships in which the Non-Resident holder or a person described in (B) holds a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the shares of the Company was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act), "timber resource properties" (as defined in the Tax Act) or options in respect of, or interests in, or for civil law rights in, any such property whether or not such property exists or (b) the Common Shares are otherwise deemed to be taxable Canadian property to the Non-Resident holder.

A Non-Resident holder's capital gain (or capital loss) in respect of Common Shares that constitute or are deemed to constitute taxable Canadian property (and are not "treaty-protected property" as defined in the Tax Act) will generally be computed in the manner described below under the heading "Holders Resident in Canada - Disposition of Common Shares". If the Common Shares were to cease being listed on the NASDAQ, the TSX or another "recognized stock exchange" (as defined in the Tax Act), a Non-Resident holder who disposes of Common Shares that are taxable Canadian property may be required to fulfill the requirements of section 116 of the Tax Act, unless the Common Shares are "treaty-protected property" (as defined in the Tax Act) of the disposing Non-Resident holder.

Non-Resident holders whose Common Shares are taxable Canadian property should consult their own tax advisors.

Taxation of Dividends on Common Shares

Dividends paid or credited or deemed to be paid or credited to a Non-Resident holder by the Company are subject to Canadian withholding tax at the rate of 25% unless reduced by the terms of an applicable tax treaty or convention. Under the Canada - United States Tax Convention (1980) (the "**Convention**") as amended, the rate of withholding tax on dividends paid or credited to a Non-Resident holder who is the beneficial owner of the dividends, is resident in the U.S. for purposes of the Convention and entitled to the benefits of the Convention (a "**U.S. holder**") is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.S. holder that is a company beneficially owning at least 10% of the Company's voting shares). Non-Resident holders should consult their own tax advisors.

Holders Resident in Canada

The following discussion applies to a holder of Common Shares who, at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada (a "**Canadian holder**"). Certain Canadian holders whose Common Shares might not otherwise qualify as capital property may, in certain circumstances, treat the Common Shares and every other "Canadian security" (as defined in the Tax Act) owned by the Canadian holder as capital property by making an irrevocable election provided by subsection 39(4) of the Tax Act. Canadian holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances.

Taxation of Dividends on Common Shares

Dividends received or deemed to have been received on the Common Shares will be included in a Canadian holder's income for purposes of the Tax Act. Such dividends received or deemed to have been received by a Canadian holder that is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules generally applicable under the Tax Act in respect of dividends received on shares of taxable Canadian corporations. Generally, a dividend will be eligible for the enhanced gross-up and dividend tax credit if the Company designates the dividend as an "eligible dividend" (within the meaning of the Tax Act) in accordance with the provisions of the Tax Act. There may be limitations on the ability of the Company to designate dividends as eligible dividends. A Canadian holder that is a corporation will be required to include such dividends in computing its income and will generally be entitled to deduct the amount of such dividends in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act may treat a taxable dividend received by a Canadian holder that is a corporation as proceeds of disposition or a capital gain. A Canadian holder that is a "private corporation" or a "subject corporation" (as such terms are defined in the Tax Act), may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to have been received on the Common Shares to the extent such dividends are deductible in computing the holder's taxable income.

Disposition of Common Shares

A disposition, or a deemed disposition, of a Common Share by a Canadian holder will generally give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the share to the holder. Such capital gain (or capital loss) will be subject to the treatment described below under "Taxation of Capital Gains and Capital Losses".

Additional Refundable Tax

A Canadian holder that is a "Canadian-controlled private corporation" (as such term is defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income including amounts in respect of "Taxable Capital Gains", as defined below.

Taxation of Capital Gains and Capital Losses

In general, one half of any capital gain (a "**Taxable Capital Gain**") realized by a Canadian holder in a taxation year will be included in the holder's income in the year. Subject to and in accordance with the provisions of the Tax Act, one half of any capital loss (an "**Allowable Capital Loss**") realized by a Canadian holder in a taxation year must be deducted from Taxable Capital Gains realized by the holder in the year and Allowable Capital Losses in excess of Taxable Capital Gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net Taxable Capital Gains realized in such years. The amount of any capital loss realized by a Canadian holder that is a corporation on the disposition or deemed disposition of a Common Share may be reduced by the amount of dividends received or deemed to have been received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust.

Alternative Minimum Tax

A Taxable Capital Gain realized and taxable dividends received or deemed to have been received by a Canadian holder who is an individual (including a trust, other than certain specified trusts) may give rise to liability for alternative minimum tax.

Material U.S. Federal Income Tax Considerations

The following discussion is a summary of the material U.S. federal income tax consequences applicable to the purchase, ownership and disposition of Common Shares by a U.S. Holder (as defined below), but does not purport to be a complete analysis of all potential U.S. federal income tax effects. This summary is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury regulations promulgated thereunder, IRS rulings and judicial decisions in effect on the date hereof. All of these are subject to change, possibly with retroactive effect, or different interpretations. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive basis. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to particular U.S. Holders in light of their specific circumstances (for example, U.S. Holders subject to the alternative minimum tax or the Medicare contribution tax on net investment income under the Code) or to holders that may be subject to special rules under U.S. federal income tax law, including:

- dealers in stocks, securities or currencies;
- securities traders that use a mark-to-market accounting method;
- banks and financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- tax-exempt organizations;
- retirement plans, individual plans, individual retirement accounts and tax-deferred accounts;
- partnerships or other pass-through entities for U.S. federal income tax purposes and their partners or members;
- persons holding Common Shares as part of a hedging or conversion transaction straddle or other integrated or risk reduction transaction;
- persons who or that are, or may become, subject to the expatriation provisions of the Code;
- persons whose functional currency is not the U.S. dollar; and
- direct, indirect or constructive owners of 10% or more of the total combined voting power of all classes of our voting stock or 10% or more of the total value of shares of all classes of our stock.

This summary also does not address the tax consequences of holding, exercising or disposing of warrants in the Company. If the Company is a PFIC, as described below, U.S. Holders of its warrants will be subject to adverse tax rules and will not be able to make the mark-to-market or the QEF election described below with respect to such warrants. U.S. Holders of warrants should consult their tax advisors with regard to the U.S. federal income tax consequences of holding, exercising or disposing of warrants in the Company, including in the situation in which the Company is classified as a PFIC.

This summary also does not discuss any aspect of state, local or foreign law, or estate or gift tax law as applicable to U.S. Holders. In addition, this discussion is limited to U.S. Holders holding Common Shares as capital assets. For purposes of this summary, "U.S. Holder" means a beneficial holder of Common Shares who or that for U.S. federal income tax purposes is:

- an individual citizen or resident of the U.S.;
- a corporation or other entity classified as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the U.S., any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (a) a court within the U.S. is able to exercise primary supervision over the administration of such trust and one or more "U.S. persons" (within the meaning of the Code) have the authority to control all substantial decisions of the trust, or (b) a valid election is in effect to be treated as a U.S. person for U.S. federal income tax purposes.

If a partnership or other entity or arrangement classified as a partnership for U.S. federal income tax purposes holds Common Shares, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. This summary does not address the tax consequences to any such partner. Such a partner should consult its own tax advisor as to the tax consequences of the partnership purchasing, owning and disposing of Common Shares.

U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH REGARD TO THE APPLICATION OF THE TAX CONSEQUENCES DESCRIBED BELOW TO THEIR PARTICULAR SITUATIONS AS WELL AS THE APPLICATION OF ANY STATE, LOCAL, FOREIGN OR OTHER TAX LAWS, INCLUDING GIFT AND ESTATE TAX LAWS.

For a summary of the U.S. federal income tax consequences to U.S. Holders of the receipt and exercise (or expiration) of the new warrants to be issued in connection with the Plan of Arrangement and the ownership and disposition of Common Shares received upon exercise of such warrants, please refer to the section entitled "*U.S. Federal Income Tax Considerations for U.S. Holders"* of our Registration Statement on Form F-1 filed with the SEC on February 15, 2024, which is incorporated herein by reference.

*Tax Consequences if we are a Passive Foreign Investment Company ("**PFIC**")*

A foreign corporation will be classified as a PFIC for any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules", either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the average quarterly value of its assets is attributable to assets which produce passive income or are held for the production of passive income. Passive income generally includes dividends, interest, rents and royalties (other than certain rents and royalties derived in the active conduct of a trade or business), annuities and gains from assets that produce passive income. If a non-U.S. corporation owns at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income.

The Company believes it was a PFIC for the 2015 taxable year, but not for the taxable years 2016 through 2024. However, the fair market value of the Company's assets may be determined in large part by the market price of the Common Shares, which is likely to fluctuate, and the composition of the Company's income and assets will be affected by how, and how quickly, the Company spends any cash that is raised in any financing transaction. Thus, no assurance can be provided that the Company will not be classified as a PFIC for the 2024 taxable year or any future taxable year. U.S. Holders should consult their tax advisors regarding the Company's PFIC status.

If the Company is classified as a PFIC for any taxable year during which a U.S. Holder owns Common Shares, the U.S. Holder, absent certain elections (including the mark-to-market and QEF elections described below), will generally be subject to adverse rules (regardless of whether the Company continues to be classified as a PFIC) with respect to (i) any "excess distributions" (generally, any distributions received by the U.S. Holder on the Common Shares in a taxable year that are greater than 125% of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the Common Shares) and (ii) any gain realized on the sale or other disposition of the Common Shares.

Under these adverse rules (a) the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Company is classified as a PFIC will be taxed as ordinary income and (c) the amount allocated to each of the other taxable years during which the Company was classified as a PFIC will be subject to tax at the highest rate of tax in effect for the applicable category of taxpayer for that year and an interest charge will be imposed with respect to the resulting tax attributable to each such other taxable year. A U.S. Holder that is not a corporation will be required to treat any such interest paid as "personal interest", which is not deductible.

U.S. Holders can avoid the adverse rules described above in part by making a mark-to-market election with respect to the Common Shares, provided that the Common Shares are "marketable". The Common Shares will be marketable if they are "regularly traded" on a "qualified exchange" or other market within the meaning of applicable U.S. Treasury regulations. For this purpose, the Common Shares generally will be considered to be regularly traded during any calendar year during which they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. The Common Shares are currently listed on the NASDAQ, which constitutes a qualified exchange; however, there can be no assurance that the Common Shares will be treated as regularly traded for purposes of the mark-to-market election on a qualified exchange. If the Common Shares were not regularly traded on the NASDAQ or were delisted from the NASDAQ and were not traded on another qualified exchange for the requisite time period described above, the mark-to-market election would not be available.

A U.S. Holder that makes a mark-to-market election must include in gross income, as ordinary income, for each taxable year an amount equal to the excess, if any, of the fair market value of the U.S. Holder's Common Shares at the close of the taxable year over the U.S. Holder's adjusted tax basis in the Common Shares. An electing U.S. Holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder's adjusted tax basis in the Common Shares over the fair market value of the Common Shares at the close of the taxable year, but this deduction is allowable only to the extent of any net mark-to-market gains previously included in income. A U.S. Holder that makes a mark-to-market election generally will adjust such U.S. Holder's tax basis in the Common Shares to reflect the amount included in gross income or allowed as a deduction because of such mark-to-market election. Gains from an actual sale or other disposition of the Common Shares will be treated as ordinary income, and any losses incurred on a sale or other disposition of the Common Shares will be treated as ordinary losses to the extent of any net mark-to-market gains previously included in income.

If the Company is classified as a PFIC for any taxable year in which a U.S. Holder owns Common Shares but before a mark-to-market election is made, the adverse PFIC rules described above will apply to any mark-to-market gain recognized in the year the election is made. Otherwise, a mark-to-market election will be effective for the taxable year for which the election is made and all subsequent taxable years. The election cannot be revoked without the consent of the IRS unless the Common Shares cease to be marketable, in which case the election is automatically terminated.

If the Company is classified as a PFIC, a U.S. Holder of Common Shares will generally be treated as owning stock owned by the Company in any direct or indirect subsidiaries that are also PFICs and will be subject to similar adverse rules with respect to distributions to the Company by, and dispositions by the Company of, the stock of such subsidiaries. A mark-to-market election is not permitted for the shares of any subsidiary of the Company that is also classified as a PFIC. U.S. Holders should consult their tax advisors regarding the availability of, and procedure for making, a mark-to-market election.

In some cases, a shareholder of a PFIC can avoid the interest charge and the other adverse PFIC consequences described above by making a QEF election to be taxed currently on its share of the PFIC's undistributed income. We will endeavor to satisfy the record keeping requirements that apply to a QEF and to supply requesting U.S. Holders with the information that such U.S. Holders are required to report under the QEF rules. However, there can be no assurance that the Company will satisfy the record keeping requirements or provide the information required to be reported by U.S. Holders.

A U.S. Holder that makes a timely and effective QEF election for the first tax year in which its holding period of its Common Shares begins generally will not be subject to the adverse PFIC consequences described above with respect to its Common Shares. Rather, a U.S. Holder that makes a timely and effective QEF election will be subject to U.S. federal income tax on such U.S. Holder's pro rata share of (a) the Company's net capital gain, which will be taxed as long-term capital gain to such U.S. Holder, and (b) the Company's ordinary earnings, which will be taxed as ordinary income to such U.S. Holder, in each case regardless of which such amounts are actually distributed to the U.S. Holder by the Company. Generally, "net capital gain" is the excess of (i) net long-term capital gain over (ii) net short-term capital loss, and "ordinary earnings" are the excess of (A) "earnings and profits" over (B) net capital gain.

A U.S. Holder that makes a timely and effective QEF election with respect to the Company generally (a) may receive a tax-free distribution from us to the extent that such distribution represents "earnings and profits" that were previously included in income by the U.S. Holder because of such QEF election and (b) will adjust such U.S. Holder's tax basis in the Common Shares to reflect the amount included in income or allowed as a tax-free distribution because of such QEF election. In addition, a U.S. Holder that makes a QEF election generally will recognize capital gain or loss on the sale or other taxable disposition of Common Shares.

The QEF election is made on a shareholder-by-shareholder basis. Once made, a QEF election will apply to the tax year for which the QEF election is made and to all subsequent tax years, unless the QEF election is invalidated or terminated or the IRS consents to revocation of the QEF election. In addition, if a U.S. Holder makes a QEF election, the QEF election will remain in effect (although it will not be applicable) during those tax years in which the Company is not a PFIC.

If the Company is classified as a PFIC and then ceases to be so classified, a U.S. Holder may make an election (a "**deemed sale election**") to be treated for U.S. federal income tax purposes as having sold such U.S. Holder's Common Shares on the last day of the taxable year of the Company during which it was a PFIC. A U.S. Holder that made a deemed sale election would then cease to be treated as owning stock in a PFIC by reason of ownership of Common Shares in the Company. However, gain recognized as a result of making the deemed sale election would be subject to the adverse rules described above and loss would not be recognized.

If the Company is a PFIC in any year with respect to a U.S. Holder, the U.S. Holder will be required to file an annual information return on IRS Form 8621 regarding distributions received on Common Shares and any gain realized on the disposition of Common Shares.

In addition, if the Company is a PFIC, U.S. Holders will generally be required to file an annual information return with the IRS (also on IRS Form 8621, which PFIC shareholders are required to file with their U.S. federal income tax or information returns) relating to their ownership of Common Shares.

U.S. Holders should consult their tax advisors regarding the potential application of the PFIC regime and any reporting obligations to which they may be subject under that regime.

Dividends

Subject to the PFIC rules discussed above, any distributions paid by the Company out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), before reduction for any Canadian withholding tax paid with respect thereto, will generally be taxable to a U.S. Holder as foreign source dividend income, and generally will not be eligible for the dividends received deduction generally allowed to corporations.

Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's adjusted tax basis in the Common Shares and thereafter as capital gain. The Company does not, however, intend to calculate its earnings and profits under U.S. federal income tax principles. Therefore, U.S. Holders should expect that any distribution from the Company generally will be treated for U.S. federal income tax purposes as a dividend. U.S. Holders should consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of any distribution received from the Company.

Dividends paid to non-corporate U.S. Holders by the Company in a taxable year in which it is treated as a PFIC, or in the immediately following taxable year, will not be eligible for the special reduced rates normally applicable to long-term capital gains. In all other taxable years, dividends paid by the Company should be taxable to a non-corporate U.S. Holder at the special reduced rates normally applicable to long-term capital gains, provided that certain conditions are satisfied. (including a minimum holding period requirement). The Company believes it was not a PFIC for the 2024 taxable year. However, no assurance can be provided that the Company will not be classified as a PFIC for 2025 and, therefore, no assurance can be provided that a U.S. Holder will be able to claim a reduced rate for dividends paid in 2024 or 2025 (if any). Please see the subsection above entitled "Material U.S. Federal Income Tax Considerations —'Tax Consequences if we are a Passive Foreign Investment Company'" for a more detailed discussion.

Under current law, payments of dividends by the Company to non-Canadian investors are generally subject to a 25% Canadian withholding tax. The rate of withholding tax applicable to U.S. Holders that are eligible for benefits under the Canada-United States Tax Convention (the "**Convention**") is reduced to a maximum of 15% (or 5% in the case of a U.S. holder that is a company beneficially owning at least 10% of the Company's voting shares). This reduced rate of withholding will not apply if the dividends received by a U.S. Holder are effectively connected with a permanent establishment of the U.S. Holder in Canada. For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of Canadian taxes withheld by the Company, and as then having paid over the withheld taxes to the Canadian taxing authorities. As a result of this rule, the amount of dividend income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Company with respect to the payment.

Subject to certain limitations, a U.S. Holder will generally be entitled, at the election of the U.S. Holder, to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Canadian income taxes withheld by the Company. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year. For purposes of the foreign tax credit limitation, dividends paid by the Company generally will constitute foreign source income in the "passive category income" basket. The foreign tax credit rules are complex and U.S. Holders should consult their tax advisors concerning the availability of the foreign tax credit in their particular circumstances.

Dividends paid in Canadian dollars will be included in the gross income of a U.S. Holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date the U.S. Holder (actually or constructively) receives the dividend, regardless of whether such Canadian dollars are actually converted into U.S. dollars at that time. If the Canadian dollars received are not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a tax basis in the Canadian dollars equal to their U.S. dollar value on the date of receipt. Gain or loss, if any, realized on a sale or other disposition of the Canadian dollars will generally be U.S. source ordinary income or loss to a U.S. Holder.

The Company generally does not pay any dividends and does not anticipate paying any dividends in the foreseeable future.

Sale, Exchange or Other Taxable Disposition of Common Shares

Subject to the PFIC rules discussed above, upon a sale, exchange or other taxable disposition of Common Shares, a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition and the U.S. Holder's adjusted tax basis in the Common Shares.

This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Common Shares exceeds one year. The deductibility of capital losses is subject to limitations. Any gain or loss will generally be U.S. source for U.S. foreign tax credit purposes.

Information Reporting and Backup Withholding

Payments made within the U.S., or by a U.S. payor or U.S. middleman, of dividends on, and proceeds arising from sales or other dispositions of Common Shares, generally will be reported to the IRS and to the U.S. Holder as required under applicable regulations. Backup withholding tax may apply to these payments if the U.S. Holder fails to timely provide in the appropriate manner an accurate taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax requirements. Certain U.S. Holders are not subject to the information reporting or backup withholding tax requirements described herein. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding tax and the procedure for establishing an exemption.

Backup withholding tax is not an additional tax. U.S. Holders generally will be allowed a refund or credit against their U.S. federal income tax liability for amounts withheld, provided the required information is timely furnished to the IRS. The company assumes responsibility for the withholding of tax at the source.

Subject to certain exceptions and future guidance, a U.S. Holder that is a "specified individual" or a "specified domestic entity" (as defined in the instructions to IRS Form 8938) must report annually to the IRS on IRS Form 8938 such U.S. Holder's interests in stock or securities issued by a non-U.S. person (such as the Company). U.S. Holders should consult their tax advisors regarding the information reporting obligations that may arise from their acquisition, ownership or disposition of Common Shares.

F. Dividends and paying agents

We have never declared nor paid dividends on our securities and do not have paying agents therefor. We currently expect to retain future earnings, if any, for use in the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends on our securities is subject to the discretion of our Board of Directors and will depend upon various factors, including, without limitation, our results of operations and financial condition.

G. Statement by experts

Not required.

H. Documents on display

In addition to placing our audited consolidated annual financial statements before every annual meeting of shareholders as described above, we are subject to the information requirements of the Securities Exchange Act of 1934, as amended. In accordance with these requirements, we file and furnish reports and other information with the SEC. These materials, including this Annual Report on Form 20-F and the exhibits hereto, may be inspected and copied at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the SEC's Public Reference Room by calling the SEC in the U.S. at 1-800-SEC-0330. The SEC also maintains a website at www.sec.gov that contains reports, proxy statements and other information regarding registrants that file electronically with the SEC. Our annual reports and some of the other information we submitted to the SEC may be accessed through this website. In addition, material we filed can be inspected on the Canadian Securities Administrators' electronic filing system, SEDAR+, accessible at the website www.sedarplus.ca. This material includes our Management Information Circular for our annual meeting of shareholders to be held in 2024 to be furnished to the SEC on Form 6-K, which provides information including directors' and officers' remuneration and indebtedness and principal holders of securities. Additional financial information is provided in our audited annual financial statements for the year ended December 31, 2024 and our MD&A relating to these statements included elsewhere in this Annual Report on Form 20-F. These documents are also accessible on SEDAR+ (www.sedarplus.ca) and on EDGAR (www.sec.gov).

I. Subsidiary information

Not required.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

Fair value

The Company classifies its financial instruments in the following categories: "Financial assets at amortized cost"; "Financial liabilities at amortized cost"; and "Fair value through the profit or loss".

- The Company's financial assets at amortized cost are comprised of cash and cash equivalents, trade and other receivables and restricted cash equivalents.
- Financial liabilities at amortized cost include payables and accrued liabilities, and lease liability.

The carrying values of all of the aforementioned financial instruments approximate their fair values due to their short-term maturity or to the prevailing interest rates of these instruments which are comparable to those of the market.

The Black-Scholes valuation methodology uses inputs in calculating fair value, as defined in IFRS 13, which establishes a hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Financial risk factors

The following provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk and foreign exchange risk and how the Company manages those risks.

(a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of this exposure resulting in losses. The Company's exposure to credit risk currently relates to the financial assets at amortized cost in the table above. The Company holds its available cash in amounts that are readily convertible to known amounts of cash and deposits its cash balances with financial institutions that have an investment grade rating of at least "P-2" or the equivalent. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information to ensure that it invests its cash in creditworthy and reputable financial institutions. Once there are indicators that there is no reasonable expectation of recovery, such financial assets are written off but are still subject to enforcement activity.

As of December 31, 2024, one counterparty included in trade and other receivables comprised 75% of total receivables (2023 – one counterparty for 40%) of which $nil (2023 - $nil) was past due, considered to be impaired and fully provided for.

Generally, the Company does not require collateral or other security from customers for trade accounts receivable; however, credit is extended following an evaluation of creditworthiness. In addition, the Company performs ongoing credit reviews of all of its customers and determines expected credit losses. On this basis, as of December 31, 2024, the Company has provided for all outstanding and unpaid amounts relating to its operations.

The maximum exposure to credit risk approximates the amount recognized in the Company's consolidated statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages this risk through the management of its capital structure by monitoring rolling forecasts of the Company's cash and cash equivalents on the basis of expected cash flows.

All of the Company's financial liabilities except lease liabilities are current liabilities with expected settlement dates within one year. The maturity analysis for lease liabilities is disclosed in note 14.

While the Company has $16,393 in cash and cash equivalents at December 31, 2024, the Company has noted the existence of a material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern.

(c) Foreign exchange risk

The Company is exposed to foreign exchange risk due to its investments in foreign operations whose functional currency is the Canadian Dollar. A table summarizing the impact of a 10% change in the foreign exchange rates of the Canadian dollar against the US dollar on the financial assets and liabilities of the Company is presented in note 23 to our consolidated financial statements included in this Annual Report on Form 20-F at Item 18.

Item 12. Description of Securities Other than Equity Securities

A. Debt securities

Not required.

B. Warrants and rights

Not required.

C. Other securities

Not required.

D. American depositary shares

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

(a) Disclosure Controls and Procedures

Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding our required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overring of the controls and procedures. Accordingly, any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving management's control objective.

As required by Rules 13a-15 and 15d-15 promulgated under the Exchange Act, our management, including our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act, as of December 31, 2024, the end of the period covered by this Annual Report. Based on the results of that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that, as of December 31, 2024, the Company's disclosure controls and procedures were not effective due to the material weaknesses described in Item 15(b) below.

(b) Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act. The Company's internal control over financial reporting is a process designed under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentations. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2024 based on the criteria established in *Internal Control – Integrated Framework: 2013* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO framework"). Based on the results of that evaluation, our management concluded that, as of December 31, 2024, the Company's internal control over financial reporting was not effective due to the identification of the material weaknesses described below.

Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim consolidated financial statements may not be prevented or detected on a timely basis.

Our management concluded that material weaknesses existed as of the year ended December 31, 2024. Specifically, based on the criteria established by the COSO framework, our management identified deficiencies in the COSO framework principles associated with the control environment, control activities, information and communication and monitoring components of internal control, that constitute material weaknesses, either individually or in the aggregate.

The Company underwent a business combination on June 3, 2024 pursuant to which Aeterna Zentaris Inc. ("Aeterna") combined with Ceapro Inc. ("Ceapro") in a Plan of Arrangement. As part of the integration of Aeterna and Ceapro, our management has put in place a process to standardize policies and procedures and harmonize controls across the Company in order to develop and operate effective internal control over financial reporting. As the harmonization of these controls remains in progress, the following material weaknesses were identified by management as of December 31, 2024:

Ineffective Control Environment: The Company did not maintain an effective control environment based on the criteria established in the COSO framework. The Company did not have sufficient competent personnel with the appropriate levels of knowledge, experience, and training in accounting and internal control over financial reporting. The material weakness in the control environment led to the additional material weaknesses detailed below.

Ineffective Control Activities: The Company did not maintain effective control activities based on the criteria established in the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate:

(d) Control activities were not designed, implemented or performed in a timely manner to support the operating effectiveness of the controls to prevent and detect potential material errors.
(e) The Company lacked sufficient personnel with appropriate technical training in, and experience with, IFRS Accounting Standards to allow for a detailed review of complex accounting transactions that would identify errors in a timely manner, including in areas such as revenue recognition, inventory, fixed assets and impairment of assets.
(f) The Company did not have an adequate segregation of duties or appropriate level of review that is needed to comply with financial reporting requirements, including segregation of duties over the preparation, independent review, and recording of journal entries.

Ineffective Information and Communication: Management was unable to generate or provide adequate quality supporting information and communication based on the criteria established in the COSO framework. Management concluded that the Information Technology General Controls were not operating effectively, undermining the Information Technology environment's capability to support the integrity of financial reporting, with deficiencies identified across all key Information Technology General Controls areas in scope.

Ineffective Monitoring Activities: The Company did not maintain effective monitoring activities based on the criteria established in the COSO framework. Management identified that the Company did not have in place adequate processes for oversight, accountability for performance of internal control over financial reporting responsibilities, and timely implementation of corrective activities, and therefore could not perform sufficient ongoing evaluations to ascertain whether the components of internal control were present and functioning.

Management's Plan to Remediate the Material Weaknesses

We have commenced and are in the process of developing and implementing a remediation plan to address the material weaknesses discussed above and to improve our internal control over financial reporting. The remediation plan includes:

- We are evaluating our long-term resource needs and requirements to ensure we have adequate resources with the necessary technical knowledge, oversight and accountability to ensure there is adequate segregation of duties and to satisfy the Company's internal control over financial reporting needs and requirements. We have also committed to providing the Company's personnel with the necessary guidance and on-the-job training to effectively perform their responsibilities related to internal control over financial reporting.
- We will formalize the documentation of internal control over financial reporting at the Company to assist in assessing, implementing and maintaining an effective control environment, including: scoping and risk assessment; business process flows; risk control matrices; and the evaluation of the design and operating effectiveness of controls.
- We are implementing a formal monitoring program over our internal control framework that will more effectively identify, evaluate and remediate deficiencies than the current year and regularly report on progress of internal control remediation efforts to the audit committee during 2025.
- We will implement additional system capabilities and enhancing existing controls that support management's assertions with respect to the completeness, accuracy and validity of complex accounting transactions on a timely basis.

Although the documentation of internal control over financial reporting has been formalized, the material weaknesses will not be remediated until the necessary controls have been fully implemented and are operationally effective. As we finalize and implement the remediation plan outlined above, we may also identify additional measures to address the material weaknesses or modify certain of the remediation procedures described above. We also may implement additional changes to our internal control over financial reporting as may be appropriate in the course of remediating the material weakness. There can be no assurance that the measures we take in response to the material weaknesses described above will be sufficient to remediate such material weaknesses or to avoid potential future material weaknesses or significant deficiencies.

(c) Attestation Report of the Company's Registered Public Accounting Firm.

We did not include an attestation report of the Company's registered public accounting firm in this Annual Report due to rules of the SEC where domestic and foreign registrants that are non-accelerated filers, which we are, are not required to provide the auditor attestation report.

(d) Changes in Internal Control Over Financial Reporting.

During the period covered by this Annual Report, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, except for the material weaknesses and remediation activities described in Item 15(b) above.

Item 16A. Audit Committee Financial Expert

Our Board has determined that we have at least one audit committee financial expert (as defined in paragraph (b) of Item 16A to Form 20-F). The name of the audit committee financial expert is Mr. Pierre Labbé, the Audit Committee's Chairman. In accordance with Item 16A, paragraph (d) of Form 20-F, the designation of Mr. Labbé as our audit committee financial expert does not: (i) make Mr. Labbé an "expert" for any purpose, including without limitation for purposes of Section 11 of the Securities Act of 1933, as amended, as a result of this designation; (ii) impose any duties, obligations or liability on Mr. Labbé that are greater than those imposed on him as a member of the Audit Committee and the Board in the absence of such designation; or (iii) affect the duties, obligations or liability of any other member of the Audit Committee or the Board. The other current members of the Audit Committee are Ms. Genevieve Foster, and Mr. Ulrich Kosciessa each of whom, along with Pierre Labbé (Chair), is independent, as that term is defined in the NASDAQ listing standards and Rule 10A-3 under the Securities Exchange Act of 1934, as amended. For a description of their respective education and experience, please refer to "Item 6. – Directors, Senior Management and Employees".

Item 16B. Code of Ethics

On February 2, 2023, we adopted a Code of Ethics for all directors, officers and employees that complies with the Nasdaq rules and the definition of a "code of ethics" set forth in Section 406(c) of the Sarbanes-Oxley Act of 2002, as amended. We have filed our Code of Ethics as Exhibit 11.1 to this Annual Report on Form 20-F. A copy of our Code of Ethics is posted on the "Corporate Governance – Governance Documents" page of our website at https://www.cosciensbio.com/governance-docs. We expect that any amendment to our Code of Ethics, or any waivers of its requirements, will be disclosed on our website. We will also provide a copy of our Code of Ethics without charge to any person or company upon request to our Corporate Secretary, at our principal executive offices at c/o Norton Rose Fulbright Canada, LLP, 222 Bay Street, Suite 3000, PO Box 53, Toronto ON M5K 1E7.

Item 16C. Principal Accountant Fees and Services

(All amounts are in U.S. dollars)

The current auditors of the Company are Deloitte LLP. Deloitte LLP was appointed as the Company's (formerly Aeterna Zentaris Inc.) auditor on June 14, 2023.

(a) Audit Fees

During the financial year ended December 31, 2024, the Company's principal accountant, Deloitte LLP, billed $668,481 for the audit of the Company's annual consolidated financial statements and for services rendered in connection with statutory and regulatory filings. During the financial year ended December 31, 2023, the Company's principal accountant, Deloitte LLP, billed $394,345 for the audit of the Company's annual consolidated financial statements and for services rendered in connection with statutory and regulatory filings.

(b) Audit-related Fees

During the financial year ended December 31, 2024, the Company's principal accountant, Deloitte LLP, billed $217,046 (This amount includes $212,306 for services rendered to Aeterna Zentaris Inc. prior to the Transaction). During the financial year ended December 31, 2023, the Company's principal accountant, Deloitte LLP, billed $58,639.

(c) Tax Fees

During the financial year ended December 31, 2024, the Company's principal accountants, Deloitte LLP, billed $nil, for services related to tax compliance, tax planning and tax advice. During the financial year ended December 31, 2023, the Company's principal accountants, Deloitte LLP, billed $nil, for services related to tax compliance, tax planning and tax advice.

(d) All Other Fees

During the financial year ended December 31, 2024, the Company's principal accountant, Deloitte LLP, billed us $nil for services not included in audit fees, audit-related fees and tax fees. During the financial year ended December 31, 2023, the Company's principal accountant, Deloitte LLP, billed us $5,198 for services not included in audit fees, audit-related fees and tax fees.

(e) Audit Committee Pre-Approval Policies and Procedures

Under applicable Canadian securities regulations, we are required to disclose whether our Audit Committee has adopted specific policies and procedures for the engagement of non-audit services and to prepare a summary of these policies and procedures. The Audit Committee Charter (incorporated by reference as Exhibit 11.3 to this Annual Report on Form 20-F) provides that it is such committee's responsibility to approve all audit engagement fees and terms as well as reviewing policies for the provision of non-audit services by the external auditors and, when required, the framework for pre-approval of such services. The Audit Committee delegates to its Chairman the pre-approval of such non-audit fees. The pre-approval by the Chairman is then presented to the Audit Committee at its first scheduled meeting following such pre-approval.

Item 16D. Exemptions from the Listing Standards for Audit Committees

None.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 16F. Change in Registrant's Certifying Accountant

A change in our independent registered public accounting firm in June 2023 was previously disclosed in Item 16F – "Change in Registrant's Certifying Accountant" in our Annual Report on Form 20-F for the year ended December 31, 2023.

On June 3, 2024, Ceapro acquired control of Aeterna Zentaris Inc. The Transaction was accounted for as a reverse acquisition under the acquisition method of accounting for business combinations. Ceapro was considered to be the accounting acquirer, and Aeterna was considered the legal acquirer. Ceapro's auditor prior to the Transaction was Raymond Chabot Grant Thornton LLP. As a result of the Transaction, Ceapro's auditor was changed from Raymond Chabot Grant Thornton LLP to Deloitte LLP, Aeterna Zentaris' auditor as the time.

The reports of Raymond Chabot Grant Thornton LLP on Ceapro's consolidated financial statements for the fiscal years ended December 31, 2023 and 2022 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle. During the fiscal years ended December 31, 2023 and 2022 and the subsequent interim period through June 3, 2024, there were no disagreements between Ceapro and Raymond Chabot Grant Thornton LLP on any matter of accounting principles or practices, financial statement disclosure, or audit scope or procedure.
During the fiscal years ended December 31, 2023 and 2022 and the subsequent interim period through June 3, 2024, there were no reportable events (as defined in Item 16F(a)(1)(v) of the instructions to Form 20-F).

We have provided Raymond Chabot Grant Thorton LLP with a copy of this disclosure in Item 16F and requested from Raymond Chabot Grant Thornton LLP a letter addressed to the SEC indicating whether it agrees with the above statements. A copy of the letter from Raymond Chabot Grant Thornton LLP addressed to the SEC, dated April 9, 2025, is filed herein as Exhibit 16.2.

Prior to the date of this change from Raymond Chabot Grant Thornton LLP to Deloitte LLP, neither Ceapro nor anyone on its behalf consulted with Deloitte LLP regarding either (a) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on Ceapro's consolidated financial statements, and neither a written report nor oral advice was provided to Ceapro that Deloitte LLP concluded was an important factor considered by Ceapro in reaching a decision as to any accounting, auditing, or financial reporting issue, or (b) any matter that was the subject of a disagreement (as defined in Item 16F(a)(1)(iv) of the instructions to Form 20-F and the related instructions therein) or a reportable event (as defined in Item 16F(a)(1)(v) of the instructions to Form 20-F).

Item 16G. Corporate Governance

We are generally in compliance with the corporate governance requirements of the NASDAQ except as described below and in the risk factor entitled "Our Common Shares may be delisted from the NASDAQ or the TSX, which could affect their market price and liquidity. If our Common Shares were to be delisted, investors may have difficulty in disposing their Common Shares" in Item 3.D above. We are not in compliance with the NASDAQ requirement that a quorum for a meeting of the holders of our Common Shares be no less than 33 1/3% of such outstanding shares. Our bylaws provide that a quorum for purposes of any meeting of our shareholders consists of at least 10% of the outstanding voting shares. We benefit from an exemption from the NASDAQ from this quorum requirement because the quorum provided for in our bylaws complies with the requirements of the CBCA, our governing corporate statute, and with the rules of the TSX, the home country exchange on which our voting shares are traded. In accordance with applicable current NASDAQ requirements, we have in the past, and upon request, provided to the NASDAQ letters from outside counsel certifying that these practices are not prohibited by our home country law.

Item 16H. Mine Safety Disclosure

None.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Item 16J. Insider Trading Policies

We have adopted insider trading policies and procedures governing the purchase, sale, and other dispositions of our securities by directors, senior management, and employees that are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and listing standards applicable to us. Our Insider Trading Policy is part of our Code of Conduct and Business Ethics, which has been filed as Exhibit 11.1 to this annual report.

Item 16K. Cybersecurity

We recognize the critical importance of maintaining the trust and confidence of all of our stakeholders. Our business depends on the efficient and uninterrupted operation of our information technology systems and those of our third-party vendors. Our board of directors is actively involved in oversight of our risk management program, and cybersecurity represents an important component of our risk management and compliance program.

Our cybersecurity policies, standards, processes and practices are fully integrated into the Company's enterprise-wide risk management and compliance program and overseen by the Audit Committee and our CFO. In general, we seek to address cybersecurity risks through a comprehensive, cross-functional approach that is focused on preserving the confidentiality, security and availability of the information that we collect and store by identifying, preventing and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur.

Risk Management and Strategy

As one of the critical elements of the Company's overall risk management and compliance approach, the Company's cybersecurity program is focused on the following key areas:

Governance: The Board's oversight of cybersecurity risk management is led by the Audit Committee of the Board, which regularly interacts with our CFO, our Information technology partners and other members of management.

Collaborative Approach: We have implemented a comprehensive, cross-functional approach to identifying, preventing and mitigating cybersecurity threats and incidents, while also implementing controls and procedures that provide for the prompt escalation of certain cybersecurity incidents so that decisions regarding the public disclosure and reporting of such incidents can be made by management in a timely manner.

Technical Safeguards: We deploy technical safeguards that are designed to protect our information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, Security Information and Event Management systems, Extended Detection and Response with 24/7 Security Operations Center**,** anti-malware functionality and access controls, which are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence.

Incident Response and Recovery Planning: We have established and maintain comprehensive incident response and recovery plans to address our response to a cybersecurity incident, and such plans are tested and evaluated on a regular basis.

Third-Party Risk Management: We maintain a risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including vendors, service providers and other external users of our systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third-party systems.

Education and Awareness: We provide regular training for personnel regarding cybersecurity threats as a means to equip our employees with effective tools to address cybersecurity threats, and to communicate our evolving information security policies, standards, processes and practices.

PART III

Item 17 Financial Statements

Not applicable.

Item 18. Financial Statements

The financial statements and related notes required by this Item 18 are included in this Annual Report beginning on page F-1.

COSCIENS Biopharma Inc.

Consolidated Financial Statements

As of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of COSCIENS Biopharma Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial position of COSCIENS Biopharma Inc. and subsidiaries (the "Company") as of December 31, 2024, the related consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows, for the year ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and its financial performance and its cash flows for the year ended December 31, 2024, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company incurred a net loss of $15.309 million and had negative cash flows from operating activities of $14.706 million during the year ended December 31, 2024 and, as of that date, the Company had an accumulated deficit of $12.110 million. These conditions, along with other matters as set forth in Note 1, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Going concern is also communicated as a critical audit matter below.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Acquisition of Aeterna Zentaris Inc. – Refer to Notes 2, 3 and 5 to the financial statements

Critical Audit Matter Description

The Company acquired control of Aeterna Zentaris Inc. ("Aeterna") and accounted for the business combination as a reverse acquisition. The consideration transferred for the acquisition involved an exchange of Ceapro Inc. shares for Aeterna shares. The Company recognized the assets acquired and the liabilities assumed at fair value, including intangible assets for patents (the "patents") based on information available at the date of acquisition. The fair value of the patents was determined using the royalty relief method which required management to make significant estimates and assumptions related to forecasted sales, royalty rates and discount rates ("significant assumptions").

Management made significant judgment to determine the accounting acquirer, the consideration transferred and the significant assumptions used in the evaluation of the patents. Performing audit procedures to evaluate the accounting acquirer, the consideration transferred and the reasonableness of the significant assumptions required a high degree of auditor judgment and an increased extent of audit effort, including the involvement of technical accounting and fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the determination of the accounting acquirer, assessment of the consideration transferred and the significant assumptions used to determine the fair value of the patents included the following, among others:

- With the assistance of technical accounting specialists:
    - Assessed management's evaluation of the information in the arrangement agreement to evaluate whether all relevant matters have been considered; and
    - Evaluated management's determination of the accounting acquirer and the methodology used to assess the consideration transferred by analyzing specific facts against relevant accounting guidance.
- Evaluated the reasonableness of forecasted sales by considering, among others:
    - inquiries with the Company's medical research personnel, management and board of directors;
    - Development and commercialization stage of the patents; and
    - Medical journals and studies.
- With the assistance of fair value specialists, evaluated the reasonableness of the royalty and discount rates by testing the source information underlying the determination of the royalty and discount rates.
- Evaluated all information obtained through audit procedures to consider information that could be potentially contradictory to management's assessment.

Active ingredient cash-generating unit impairment assessment – Refer to Notes 2, 3 and 11 to the financial statements

Critical Audit Matter Description

The Company reviews property, plant and equipment at the end of each reporting period to determine whether there is any indication of impairment. An impairment indicator was identified for one of the Company's cash-generating units ("the CGU"), and the Company estimated the recoverable amount for the CGU based on value in use, using a discounted cash flow model. As at December 31, 2024, the recoverable amount exceeded the carrying amount of the CGU.

While there are several inputs required to determine the recoverable amount of the CGU, the inputs with the highest degree of subjectivity and estimation uncertainty are the forecasted revenues, forecasted costs and discount rate. The determination of these inputs is impacted by the material weakness identified by management as described in Management's Annual Report on Internal Control over Financial Reporting. Consequently, auditing these inputs required a high degree of auditor judgement and an increased extent of audit effort, including the involvement of fair value specialists.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to forecasted revenues, forecasted costs, and the discount rate used to determine the recoverable amount of the CGU included the following, among others:

- Evaluated the reasonableness of management's forecasted revenues by considering historical results and management's underlying growth plans.
- Evaluated the reasonableness of management's forecasted costs by considering:
    - Actual results of the CGU;
    - Industry data where applicable; and
    - Management's plans corroborated through inquiry with the Company's operational personnel.
- With the assistance of fair value specialists, evaluated the reasonableness of the discount rate by testing the underlying source information.

Going Concern – Refer to Notes 1 and 3 to the financial statements (also see going concern explanatory paragraph above)

Critical Audit Matter Description

The financial statements have been prepared on the basis that the Company will continue as a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company had net losses and negative cash flows from operating activities during the year ended December 31, 2024 and an accumulated deficit as of December 31, 2024. These conditions, along with other matters discussed in Note 1 to the financial statements, raise substantial doubt about the Company's ability to continue as a going concern. Management's assessment of the Company's ability to continue as a going concern involved significant judgment based on detailed financial forecasts, including future sales, operating costs, research and development expenses and capital expenditures.

Auditing management's evaluation of whether their plans would alleviate substantial doubt regarding the Company's ability to continue as a going concern is complex and involves subjective auditor judgment when assessing (i) the reasonableness of the financial forecasts and the impact of macroeconomic conditions on those forecasts, including the potential direct and indirect impacts of tariffs, retaliatory tariffs or other trade protectionist measures to its business, (ii) whether it was probable that management's plans would be effectively implemented and alleviate substantial doubt and (iii) the adequacy of the financial statements disclosures related to going concern. This resulted in an increased extent of audit effort.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the evaluation of going concern included the following, among others:

- Evaluated management's assessment of the Company's ability to continue as a going concern by analyzing the specific facts and circumstances and considering audit evidence obtained during the audit to determine whether it supported or contradicted the conclusion reached by management.
- Evaluated the financial forecasts by:
    - Assessing the key assumptions underlying management's forecasted operating cash flows by inquiring of senior management to gain an understanding of the Company's operations, strategy, and research and development activities;
    - Comparing forecasted sales, operating costs, research and development expenses and capital expenditures to recent historical financial information; and
    - Assessing and evaluating the probability that management will effectively implement its mitigating actions and achieve the financial forecasts in light of the macroeconomic conditions and potential impact from tariffs.
- Evaluated whether the disclosures were consistent with management's assessment of the Company's ability to continue as a going concern.

/s/ Deloitte LLP

Chartered Professional Accountants
Montreal, Canada
April 9, 2025

We have served as the Company's auditor since 2024.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
COSCIENS Biopharma Inc.

Opinion on the financial statements

We have audited the accompanying consolidated statement of financial position of COSCIENS Biopharma Inc. (formerly Aeterna Zentaris Inc.) (the "Company") as of December 31, 2023, the related consolidated statements of changes in shareholders' equity, (loss) income and comprehensive (loss) income, and cash flows for the years ended December 31, 2023, and 2022 and the related notes (collectively referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the years ended December 31, 2023 and 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (hereafter ''IFRS Accounting Standards'').

Going concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has continued to incur losses and negative cash flows from operating activities subsequent to December 31, 2023 that raise substantial doubt about the Company's ability to continue operating as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Inventory costing

As described further in Note 2 to the financial statements, inventories are valued at the lower of cost and net realizable value. Costs of inventory include costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present condition and location. Costs of conversion include direct costs (material and labour) and indirect costs (fixed and variable production overheads). Fixed overheads are allocated based on normal capacity. We identified the inventory costing as a critical audit matter.

The principal consideration for our determination that the inventory costing is a critical audit matter is that there are significant judgments utilized by management in their methodology for allocating indirect costs, including overhead costs to inventory. This, consequently, necessitated considerable auditor judgment, subjectivity, and effort in conducting audit procedures and evaluating audit evidence. As of December 31, 2023, inventory amounted to $4,008,901 of which work in progress and finished goods to which indirect costs are allocated totalled $3,131,057.

Our audit procedures related to the inventory costing included the following, among others:

- We obtained an understanding of and tested management's process for developing the costing model and overhead allocations;
- We assessed the accuracy, completeness and reasonableness of the costs included in the costing model, including the allocation of indirect costs to obtain assurance that capitalized costs were appropriate and complete;
- We evaluated the appropriateness and reasonableness of the assumptions, including production times, used by management to allocate costs to specific inventory products;
- We assessed the allocation of indirect costs for appropriate accounting treatment in accordance with IFRS Accounting Standards.

We served as the Company's auditor from 2022 to 2023.

/s/ Raymond Chabot Grant Thornton LLP

Montreal, Canada
April 9, 2025

COSCIENS Biopharma Inc.
Consolidated Statements of Financial Position
As of December 31, 2024 and 2023

(in thousands of US dollars)

	As of December 31, 2024	As of December 31, 2023
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (note 7)	**16,393**	6,678
Trade and other receivables (note 8)	**2,357**	290
Inventories (note 9)	**2,691**	4,009
Income taxes receivable	**114**	-
Prepaid expenses and other assets (note 10)	**2,426**	290
Total current assets	**23,981**	11,267
Non-current assets		
Restricted cash and cash equivalents (note 7)	**123**	8
Investment tax credits receivable	**-**	743
Property and equipment (note 11)	**10,966**	11,645
Intangible assets (note 12)	**-**	7
Deferred tax assets (note 21)	**-**	75
Total non-current assets	**11,089**	12,478
Total assets	**35,070**	23,745
LIABILITIES		
Current liabilities		
Payables and accrued liabilities (note 13)	**4,730**	1,012
Provisions	**385**	-
Income taxes payable	**105**	-
Current portion of deferred revenues (note 6)	**120**	-
Current portion of lease liabilities (note 14)	**271**	299
Warrant liability (note 16)	**1,563**	-
DSU liability (note 17)	**48**	-
Total current liabilities	**7,222**	1,311
Non-current liabilities		
Deferred revenues (note 6)	**914**	-
Lease liabilities (note 14)	**2,039**	1,399
Employee future benefits (note 15)	**11,734**	-
Total non-current liabilities	**14,687**	1,399
Total liabilities	**21,909**	2,710
Shareholders' equity		
Share capital (note 18)	**22,486**	13,517
Contributed surplus (note 18)	**4,268**	3,874
Retained earnings (accumulated deficit)	**(12,110)**	4,356
Accumulated other comprehensive loss	**(1,483)**	(712)
Total shareholders' equity	**13,161**	21,035
Total liabilities and shareholders' equity	**35,070**	23,745

Commitments (note 26)
Subsequent event (note 28)

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

/s/ Ronnie Miller
Ronnie Miller, Chair of the Board

/s/ Pierre Labbé
Pierre Labbé, Director

COSCIENS Biopharma Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2024, 2023 and 2022

(in thousands of US dollars)

	Share capital	Contributed Surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total
	$	$	$	$	$
Balance - January 1, 2022	**13,389**	**3,664**	**4,392**	**491**	**21,936**
Net income	-	-	3,448	-	3,448
Other comprehensive loss:					
Foreign currency translation adjustments	-	-	-	(1,694)	(1,694)
Comprehensive (loss) income			**3,448**	**(1,694)**	**1,754**
Stock options exercised	107	(43)	-	-	64
Share-based compensation costs	-	69	-	-	69
Balance - December 31, 2022	**13,496**	**3,690**	**7,841**	**(1,204)**	**23,823**
Net loss	-	-	(3,485)	-	(3,485)
Other comprehensive loss:					
Foreign currency translation adjustments	-	-	-	492	492
Comprehensive (loss) income			**(3,485)**	**492**	**(2,993)**
Stock options exercised	21	(8)	-	-	13
Share-based compensation costs	-	192	-	-	192
Balance – December 31, 2023	**13,517**	**3,874**	**4,356**	**(712)**	**21,035**
Net loss	-	-	**(15,309)**	-	**(15,309)**
Other comprehensive loss:					
Foreign currency translation adjustments	-	-	-	**(771)**	**(771)**
Actuarial loss on defined benefit plans and remeasurement of the net defined benefit liability (note 15)	-	-	**(1,157)**	-	**(1,157)**
Comprehensive loss			**(16,466)**	**(771)**	**(17,237)**
Acquisition of Aeterna Zentaris (note 5)	**8,485**	**9**	-	-	**8,494**
Share-based compensation costs	-	**464**	-	-	**464**
Exercise of warrants (note 16)	**405**	-	-	-	**405**
Exercise of DSUs (note 17)	**79**	**(79)**	-	-	-
Balance – December 31, 2024	**22,486**	**4,268**	**(12,110)**	**(1,483)**	**13,161**

The accompanying notes are an integral part of these consolidated financial statements.

COSCIENS Biopharma Inc.
Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income
For the years ended December 31, 2024, 2023 and 2022

(in thousands of US dollars, except per share data)

	Years ended December 31,		
	2024	**2023**	**2022**
	$	**$**	**$**
Revenues (note 6)	**9,587**	7,143	14,572
Cost of sales	**(4,858)**	(4,205)	(6,016)
Gross profit	**4,729**	2,938	8,556
Research and development	**(8,304)**	(2,040)	(1,371)
Selling, general and administrative	**(10,448)**	(5,527)	(2,865)
Impairment of property and equipment (note 11)	**(1,061)**	-	-
Impairment of intangible assets (note 12)	**(3,196)**	-	-
Total expenses	**(23,009)**	(7,567)	(4,236)
Profit (loss) from operations	**(18,280)**	(4,629)	4,320
Foreign exchange gain (loss)	**48**	(24)	211
Finance costs	**(129)**	(136)	(143)
Interest income	**441**	59	145
Other income (expenses)	**98**	360	(5)
Change in fair value of warrant and DSU liabilities	**2,597**	-	-
Other income	**3,055**	259	208
(Loss) Income before income taxes	**(15,225)**	(4,370)	4,528
Income tax recovery (expense) (note 21)	**(84)**	885	(1,080)
Net (loss) income	**(15,309)**	(3,485)	3,448
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments	**(771)**	492	(1,694)
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit plans (note 15)	**(1,157)**	-	-
Comprehensive (loss) income	**(17,237)**	(2,993)	1,754
(Loss) income per share – Basic (note 24)	**(5.93)**	(1.89)	1.87
(Loss) income per share – Diluted (note 24)	**(5.93)**	(1.89)	1.86

The accompanying notes are an integral part of these consolidated financial statements.

COSCIENS Biopharma Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2024, 2023 and 2022

(in thousands of US dollars)

	Years ended December 31,		
	2024	**2023**	**2022**
	$	**$**	**$**
Cash flows from operating activities			
Net (loss) income	**(15,309)**	(3,485)	3,448
Items not affecting cash and cash equivalents:			
Depreciation and amortization	**1,607**	1,443	1,468
Share-based compensation costs	**464**	192	69
Impairment of intangible assets (note 12)	**3,196**	-	-
Impairment of property and equipment (note 11)	**1,061**	-	-
Employee future benefits	**288**	-	-
Amortization of deferred revenues	**(856)**	-	-
Change in fair value of warrant and DSU liabilities	**(2,590)**	-	-
Other non-cash items	**6**	95	100
Income tax (recovery) expense	**79**	(885)	1,080
Changes in operating assets and liabilities (note 20)	**(2,514)**	58	(936)
Net cash provided by (used in) operating activities	**(14,568)**	**(2,582)**	**5,229**
Cash flows from financing activities			
Exercise of stock options	**-**	13	63
Payments on exercise of DSUs	**(167)**	-	-
Payments on lease liabilities	**(421)**	(370)	(330)
Net cash used in financing activities	**(588)**	(357)	(267)
Cash flows from investing activities			
Cash acquired on acquisition of Aeterna Zentaris Inc. (note 5)	**26,037**	-	-
Purchase of property and equipment	**(1,161)**	(722)	(304)
Changes in restricted cash equivalents	**207**	(8)	-
Net cash provided by (used in) investing activities	**25,083**	(730)	(304)
Effect of exchange rate changes on cash and cash equivalents	**(212)**	157	(625)
Net change in cash and cash equivalents	**9,715**	(3,512)	4,033
Cash and cash equivalents – beginning of year	**6,678**	10,190	6,157
Cash and cash equivalents – end of year	**16,393**	6,678	10,190

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands of US dollars, except share and per share data and where otherwise noted)

1. Business overview

Summary of business

COSCIENS Biopharma Inc. and its subsidiaries (the "Company"), formerly Aeterna Zentaris Inc., is a Life Science company developing and commercializing a diversified portfolio of products for the cosmeceutical, nutraceutical and pharmaceutical markets. These products are produced using the Company's proprietary technologies. The Company's patented technologies include the Pressurized Gas eXpanded (PGX) technology, which is a unique technology that generates high-value yields of active ingredients from natural based resources for use in novel cosmeceutical, nutraceutical and pharmaceutical products. The Company's two value-driving products, oat beta glucan and avenanthramides, are found in many household name cosmetic and personal care brands. These products are manufactured from the Company's proprietary oat extraction manufacturing technology and are known for their well-documented health benefits.

On August 27, 2024, the Company announced that the Phase 3 DETECT-trial evaluating macimorelin for the diagnosis of Childhood Onset Growth Hormone Deficiency (CGHD) had failed to meet its primary endpoints according to the definitions in the study protocol. Based on the results of the study, the Company is prioritizing its pipeline moving forward. While macimorelin for the diagnosis of Adult Growth Hormone Deficiency is still on the market, the Company has decided to not make any future investments in macimorelin for the diagnosis of CGHD and is exploring and validating several options for its commercialization with adults.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

During the year ended December 31, 2024, the Company incurred a net loss and had negative cash flow from operating activities of $15,309 and $14,706, respectively. As at December 31, 2024, the Company had an accumulated deficit of $12,110.

Assessing the Company's ability to continue as a going concern requires significant judgment, and is based on detailed financial forecasts, which incorporate significant estimates related to future sales, operating costs, research and development expenses, and capital expenditures. The Company's ability to satisfy the Company's financial liabilities is dependent upon attaining positive cash flows from operations. While the Company believes that cash on hand and future cash flows from operations will be adequate to support the Company's financial liabilities as they become due for a period of at least 12 months from the date of issuance of these consolidated financial statements, future cash flows are dependent on a number of factors outside the Company's control. As a result of the concentration of revenue from a major customer primarily located in the United States described in Note 25, as well as the potential direct and indirect impacts due to tariffs, retaliatory tariffs or other trade protectionist measures described in Note 28, the Company is exposed to uncertainty in cash flows from operations. As such, there is no assurance that it will be able to realize its projected revenue and generate positive cashflows. If it is unable to do so, the Company may have to reduce or curtail operations and development activities, any of which could harm the business, financial condition and results of operations. The Company has the ability to scale its research and development activities, capital expenditures and restructure operations, and will do so as necessary, based on cash availability.

As such, there is material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern for a period of at least 12 months from the date of issuance of these consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that might be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, and the classification of items in the consolidated statements of financial position. Such adjustments could be material.

Transaction

On December 14, 2023, Aeterna Zentaris Inc. ("Aeterna") and Ceapro Inc. ("Ceapro") entered into a binding arrangement agreement pursuant to which Aeterna would acquire all of the issued and outstanding common shares of Ceapro (the "Transaction") by way of a plan of arrangement pursuant to which, at closing, each outstanding Ceapro common share would be exchanged for 0.02360 of a Aeterna common share (the "Plan of Arrangement"). Additionally, as part of the Transaction, Aeterna would issue to its shareholders immediately prior to the closing of the Transaction, 0.47698 of a share purchase warrant ("New Warrant") for each Aeterna common share or warrant held. On March 12, 2024, the shareholders of both Ceapro and Aeterna approved the Plan of Arrangement at their respective special meetings. On March 28, 2024, the Court of Kings Bench of Alberta approved the Plan of Arrangement. On May 3, 2024, Aeterna effected a 4:1 share consolidation of its then existing shares. The underlying share and warrants of Aeterna that survived the Transaction have been retrospectively adjusted to reflect such consolidation. The Transaction was consummated on June 3, 2024.

In conjunction with the Transaction, at the annual general meeting on July 16, 2024, the shareholders approved a special resolution authorizing the Board to change the Company name from "Aeterna Zentaris Inc." to "COSCIENS Biopharma Inc." On August 6, 2024, the company filed articles of amendment pursuant to the Canada Business Corporations Act to effect this name change.

Following the closing of the Transaction, former shareholders of Ceapro owned approximately 50% of the Aeterna common shares on a fully diluted basis and former shareholders of Aeterna owned approximately 50% of the Aeterna common shares on a fully diluted basis. For financial reporting and accounting purposes, Ceapro is the acquirer of Aeterna in Transaction. The consolidated financial statements of COSCIENS Biopharma Inc. as of December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 reflect the results of operations and financial position of Ceapro for the periods presented and

includes the results of operations of Aeterna subsequent to the Transaction, which was completed on June 3, 2024. Refer to Note 5 for additional information.

(in thousands of US dollars, except share and per share data and where otherwise noted)

Reporting entity

The accompanying consolidated financial statements include the accounts of COSCIENS Biopharma Inc., an entity incorporated under the Canada *Business Corporations Act*, and its wholly owned subsidiaries (the "Group"). COSCIENS Biopharma Inc. is the ultimate parent company of the Group. The Company currently has six wholly-owned direct and indirect subsidiaries, Ceapro Inc. and its wholly-owned subsidiaries Ceapro (P.E.I.) and Juvente^{DC} Inc., based in Canada, Aeterna Zentaris GmbH ("AEZS Germany") and its wholly-owned subsidiary Zentaris IVF GmbH, based in Frankfurt, Germany, and Aeterna Zentaris, Inc., an entity incorporated in the state of Delaware and with offices in Summerville, South Carolina, in the US.

The registered office of the Company is located at 222 Bay Street, Suite 3000, P.O. Box 53, Toronto, Ontario M5K 1E7, Canada.

The Company's common shares are listed on both the Toronto Stock Exchange under the symbol CSCI (previously AEZS) and on the NASDAQ Capital Market under the symbol CSCI (previously AEZS).

2. Basis of presentation

Statement of compliance

These consolidated financial statements as of December 31, 2024, and 2023 and for the years ended December 31, 2024, 2023 and 2022 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The Board of Directors authorized these consolidated financial statements for issue on April 9, 2025.

The preparation of financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates and the exercise of management's judgement in applying the Company's accounting policies. Areas involving a high degree of judgement or complexity and areas where assumptions and estimates are significant to the Company's consolidated financial statements are discussed in note 3 - Critical accounting estimates and judgements.

Basis of measurement

The consolidated financial statements have been prepared under a historical cost convention, except for certain financial instruments measured at fair value.

Principles of consolidation

These consolidated financial statements include any entity for which the Company has power over, through existing rights providing the current ability to direct the relevant activities. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. An entity is included in the consolidation from the date that control is transferred to the Company, while any entities that are sold are excluded from the consolidation from the date that control ceases. All inter-company balances and transactions are eliminated on consolidation.

Change in presentation currency

Effective June 30, 2024, Ceapro has changed its reporting currency from Canadian dollars to U.S. dollars. This change in reporting currency has been applied retrospectively such that all amounts in the consolidated financial statements of the Company and the accompanying notes thereto are expressed in U.S. dollars. References to "$" are U.S. dollars and references to "CA $" are to Canadian dollars. For comparative purposes, historical consolidated financial statements of Ceapro were recast in U.S. dollars by translating assets and liabilities at the closing exchange rate in effect at the end of the respective period, revenues, expenses and cash flows at the average exchange rate in effect for the respective period and equity transactions at historical exchange rates. Translation gains and losses are included in the cumulative foreign currency translation adjustment, which is reported as a component of shareholders' equity under accumulated other comprehensive loss.

(in thousands of US dollars, except share and per share data and where otherwise noted)

The change in the presentation currency resulted in the following impact on the consolidated statement of financial position.

	Previously reported in CA$ December 31, 2023	Presentation currency change	Reported in US$ December 31, 2023
	$	$	$
Total assets	31,446	(7,701)	23,745
Total liabilities	3,591	(881)	2,710
Total equity	27,855	(6,820)	21,035

	Previously reported in CA$ December 31, 2022	Presentation currency change	Reported in US$ December 31, 2022
	$	$	$
Total assets	37,734	(9,894)	27,840
Total liabilities	5,445	(1,427)	4,018
Total equity	32,289	(8,466)	23,823

(in thousands of US dollars, except share and per share data and where otherwise noted)

The change in the presentation currency resulted in the following impact on the consolidated statement of (loss) income.

	Previously reported in CA$ December 31, 2023	Presentation currency change	Reported in US$ December 31, 2023
	$	$	$
Revenues	9,633	(2,490)	7,143
Gross profit	3,956	(1,018)	2,938
Loss from operations	(6,438)	1,809	(4,629)
Net loss	(4,710)	1,225	(3,485)

	Previously reported in CA$ December 31, 2022	Presentation currency change	Reported in US$ December 31, 2022
	$	$	$
Revenues	18,840	(4,268)	14,572
Gross profit	11,018	(2,462)	8,556
Profit from operations	5,314	(994)	4,320
Net income	4,398	(950)	3,448

The change in the presentation currency resulted in the following impact on the basic and diluted earnings per share:

	Previously reported in CA$ December 31, 2023	Impact of reverse share consolidation	Presentation currency change	Reported in US$ December 31, 2023
	$	$	$	$
Loss per share – Basic	(0.06)	(2.48)	0.65	(1.89)
Loss per share – Diluted	(0.06)	(2.48)	0.65	(1.89)

	Previously reported in CA$ December 31, 2022	Impact of reverse share consolidation	Presentation currency change	Reported in US$ December 31, 2022
	$	$	$	$
Income per share – Basic	0.06	2.33	(0.52)	1.87
Income per share – Diluted	0.06	2.32	(0.52)	1.86

(in thousands of US dollars, except share and per share data and where otherwise noted)

Foreign currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"), which is the US dollar for the Company and its US subsidiary, Aeterna Zentaris, Inc., the Euro ("EUR" or "€") for its German subsidiaries and the Canadian Dollar for its Canadian subsidiary, Ceapro Inc.

Assets and liabilities of the subsidiaries are translated at the period-end exchange rates, and the results of operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in accumulated other comprehensive loss within shareholders' equity.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the underlying transaction. Foreign exchange gains and losses from settling transactions and translating non-functional currency monetary assets and liabilities are recognized in the consolidated statements of loss and comprehensive loss.

Summary of material accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by all Group entities.

Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date when control is transferred. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, and any liability and equity interests issued by the Company to the former owners of the acquired business on the acquisition date. Identifiable assets acquired and liabilities assumed in a business combination are generally measured initially at their fair values at the acquisition date. Acquisition-related costs other than those associated with the issue of debt or equity securities, and other direct costs of a business combination are not considered part of the business acquisition transaction and are expensed as incurred.

Cash and cash equivalents

Cash and cash equivalents consist of unrestricted cash on hand and balances with banks, as well as short-term interest-bearing deposits, such as money market accounts, that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, with a maturity of three months or less from the date of acquisition.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs of inventory include costs of purchase, costs of conversion, and any other costs incurred in bringing the inventories to their present location and condition. Costs of conversion include direct costs (materials and labor) and indirect costs (fixed and variable production overheads). Fixed overheads are allocated based on normal capacity. Raw materials are assigned costs by using a first-in-first-out cost formula and work-in-progress, and finished goods are assigned costs by using a weighted average cost formula.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(in thousands of US dollars, except share and per share data and where otherwise noted)

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses. Depreciation methods and rates are calculated as follows:

Manufacturing equipment	5 - 25 years straight-line
Office equipment	20% declining balance
Computer equipment	30% declining balance
Leasehold improvements	over the lesser of the term of the lease and the useful life of the underlying asset
Right-of-use asset – buildings	over the lesser of the term of the lease and the useful life of the underlying asset

Cost for property and equipment includes the purchase price, import duties, non-refundable taxes, and any other costs directly attributable to bringing the asset into the location and condition to be capable of operating. Significant parts of an item of property and equipment with different useful lives are recognized and depreciated separately. Depreciation commences when the asset is available for use. The asset's residual values, useful lives, and method of depreciation are reviewed at each financial year-end and adjustments are accounted for prospectively if appropriate. An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of an asset is included in profit or loss in the period the asset is derecognized.

Intangible assets

Intangible assets, consisting of patents, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Patents are amortized on their respective remaining patent life and are expiring between 2027 and 2041.

Impairment of non-financial assets

Items of property and equipment and identifiable intangible assets with finite lives that are subject to depreciation or amortization, respectively, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. For impairment assessment purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units or "CGU").

Impairment is determined by assessing whether the carrying value of the CGU exceeds the recoverable amount, which is the higher of fair value less costs of disposal and the value in use. Fair value less costs of disposal is determined based on a market approach and also derived from market data, including, information from market participants regarding the price that the Company could receive in a sale of the asset. Value in use is determined based on cash flow projections from financial budgets approved by senior management covering a five-year period. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the event that the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in an amount equal to the excess. Impairment losses related to property and equipment and identifiable intangible assets with finite lives, which are recorded in the consolidated statement of loss and comprehensive loss, can be subsequently reversed.

Leases

At inception, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is measured at an amount equal to the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date, less any lease incentives received.

(in thousands of US dollars, except share and per share data and where otherwise noted)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected not to recognize right-of-use assets or lease liabilities for short-term leases and leases of low-value assets. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these leases are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the balance sheet, right-of-use assets have been included in property and equipment.

Post-employment benefits

The Company has partially funded and unfunded defined benefit multi-employer pension plans, namely the DUPK pension plan and the RUK 1990 and 2006 pension plans, (the "Pension Benefit Plans") and unfunded post-employment benefit plans in Germany. Provisions for pension obligations are established for benefits payable in the form of retirement, disability and surviving dependent pensions. The Company also provides defined contribution plans to some of its employees.

For defined benefit pension plans and other post-employment benefits, net periodic pension expense is actuarially determined on a quarterly basis using the projected unit credit method. The cost of pension and other benefits earned by employees is determined by applying certain assumptions, including discount rates, rate of pension benefit increases, the projected age of employees upon retirement and the expected rate of future compensation.

The employee future benefits liability is recognized at its present value, which is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related future benefit liability. Actuarial gains and losses that arise in calculating the present value of the defined benefit obligation are recognized in other comprehensive loss, net of tax, and simultaneously reclassified in the deficit in the consolidated statement of financial position in the year in which the actuarial gains and losses arise and without recycling to the consolidated statement of loss and comprehensive loss in subsequent periods.

Warrant liabilities

Warrant liabilities are derivative financial instruments. They are initially measured at fair value. Subsequent to initial recognition, they are measured at fair value, and changes therein are recognized in profit or loss.

(in thousands of US dollars, except share and per share data and where otherwise noted)

Revenue recognition

Supply agreements and licensing agreements

The Company generates revenue from supply agreements and licensing agreements with customers for the sale of certain finished goods, semi-finished goods and active pharmaceutical ingredients. The license is generally combined with other promises to supply goods to the customer, and revenue from the combined performance obligation is satisfied at a point in time, which occurs upon shipment. The transaction price for the combined performance obligation includes the license non-refundable non-creditable upfront payment, regulatory milestones, royalties and the selling price of each good supplied. Milestone payments, which are oftentimes payable upon the successful achievement of development or regulatory events, and royalties are included in the transaction price using the most likely amount method only if the milestones are considered probable of being reached and the Company concludes it is highly probable that a significant revenue reversal will not occur. Milestone payments and royalties that are not within the control of the Company or the licensee, such as regulatory approvals, are generally not considered probable of being achieved until those approvals or subsequent sales are received. The Company allocates the transaction price to the projected units that the Company expects to supply pursuant to the contract, estimated based on current projections and anticipated market demand. If the Company expects to be entitled to a breakage amount for upfront and milestone payments, it recognizes the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer.

Product sales

The Company also generates revenues from product sales. Each sale is considered a single performance obligation and revenue for the sale of product is recognized at the point in time when control or ownership of the product is transferred to the customer, generally when the products are shipped, when collectability is probable, and the Company has satisfied its performance obligation.

Product revenues are derived primarily from standard product sales contracts. Contracts with customers do not provide for refunds or any other rights of return. The Company does not have any revenue contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As such, the Company does not adjust any of the transaction prices for the time value of money.

When an amount is received as an advance or a deposit from a customer, prior to the recognition of revenue, it results in a contract liability.

Research and development expenses

Research costs are expensed as incurred. Development costs are expensed as incurred, except for those that meet the criteria for deferral, in which case the costs are capitalized and amortized to operations over the estimated period of benefit. No development costs have been capitalized during any of the periods presented.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case the tax expense is also recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are provided for using the liability method on temporary differences between the tax bases and carrying amounts of assets and liabilities. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the year in which temporary differences are expected to be recovered or settled. Changes to these balances, including changes due to changes in income tax rates, are recognized in profit or loss in the period in which they occur.

(in thousands of US dollars, except share and per share data and where otherwise noted)

Deferred tax assets are recognized to the extent future recovery is probable. Deferred tax assets are reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Investment tax credits

Investment tax credits relating to qualifying scientific research and experimental development expenditures are accrued provided it is probable that the credits will be realized. When recorded, the investment tax credits are accounted for as a reduction of the related expenditures.

Earnings per share

Basic net income (loss) per share is calculated by dividing the net income (loss) by the weighted average number of common shares outstanding during the year.

Diluted net income (loss) per share is calculated based on the weighted average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents, such as stock options, warrants and similar instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. Diluted net loss per share is equal to the basic net loss per share as the Company is in a loss position and all securities, comprised of options and warrants, would be anti-dilutive.

Reclassification

Certain prior period line item amounts which were combined have been reclassified into single line items given their materiality to conform to current period presentation. In the consolidated statement of financial position, trade receivables of $126 and other receivable of $164 were classified to trade and other receivables and non-current deposits of $56 were classified to current prepaid expenses and other assets. In the consolidated statements of loss for the year ended December 31, 2023, the general and administration expenses of $5,497 (2022 - $2,842) and the sales and marketing expenses of $30 (2022 - $23) were reclassified within Selling, general and administrative expenses.

3. Critical accounting estimates and judgements

The preparation of consolidated financial statements in accordance with IFRS Accounting Standards requires management to make critical judgements, estimates, and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses recorded during the reporting period. In making estimates and judgements, management relies on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the Company's consolidated financial statements are prepared. Actual results may differ from those estimates.

Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates and judgements in order to ensure that the consolidated financial statements are presented fairly and in accordance with IFRS Accounting Standards. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates and assumptions are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustment.

The following discusses the most significant accounting estimates and assumptions that the Company has made in the preparation of the consolidated financial statements.

(in thousands of US dollars, except share and per share data and where otherwise noted)

Basis of preparation of the consolidated financial statements

These consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Assessing the Company's ability to continue as a going concern requires significant judgment, and is based on detailed financial forecasts, which incorporate significant estimates related to future sales, operating costs, research and development expenses, and capital expenditures. The Company believes that cash on hand and future cash flows from operations will be adequate to satisfy the Company's financial liabilities, however no assurance can be provided. See note 1 and "liquidity risk" in note 23.

Business combinations

The accounting for business combinations necessitates significant estimates and judgements, particularly in identifying the acquirer, valuing consideration transferred, and measuring acquired assets and liabilities. These processes require assumptions regarding control, future cash flows and discount rates. Due to the inherent uncertainty in these assumptions, actual outcomes may differ from estimates, impacting intangibles, asset valuations, and overall financial reporting. Detailed information on valuation techniques and assumptions is provided in note 5.

Impairment of property and equipment

The Company is required to make judgments in assessing at the end of each reporting period whether there is any indication that an asset may be impaired. In making this assessment, the Company uses various indicators including, but not limited to, the Company's market capitalization and sustained decreases in revenue and profitability. When such an indication exists, the Company makes a number of estimates when determining the recoverable amount of an asset or a cash-generating unit, see note 11.

Impairment of intangible assets

The impairment assessment related to intangibles assets requires management to estimate the recoverable amount, which is the higher of an asset's fair value less costs of disposal and value in use. Based on this assessment, management determined that the intangible assets were impaired in the year ended December 31, 2024, see note 12.

License and collaboration arrangements with multiple elements

The Company enters into licensing and supply agreements related to the licensing, development, supply and distribution for macimorelin in various territories. Each agreement may contain specific terms or clauses that require careful analysis by management under IFRS 15 in order to ensure the appropriate accounting treatment is reached. The agreements may include non-refundable upfront payments and licensing fees, the provision of development services, pre- and post-commercialization milestone payments, royalties on future product sales derived from such license agreements, and supply arrangements. Management analyzes each agreement and applies significant judgement to determine whether contracts entered into at or near the same time should be accounted for as a single arrangement, whether all parts of the contract are scoped into IFRS 15, to identify all performance obligations, determine whether a performance obligation is distinct or should be combined with other promised goods and services, determine and allocate the transaction price on a relative stand-alone selling price basis, determine whether a combined performance obligation is satisfied at a point in time or over time, and, for performance obligations satisfied over time, in concluding upon the appropriate method of measuring progress to be applied for purposes of recognizing revenue. Breakage is an estimate of the reduction in forecasted product sales that will no longer be made. If the Company expects to be entitled to a breakage amount it recognizes the expected breakage amount as revenue in proportion to the pattern of rights exercised by the Customer. The breakage rate is reviewed on an ongoing basis and is estimated based on forecasted product sales. Any changes in the judgements or assumptions applied can give rise to a significant impact on the Company's revenues and deferred revenues.

(in thousands of US dollars, except share and per share data and where otherwise noted)

Employee future benefits

The determination of expenses, obligations and the Company's share of the multi-employer plan assets associated with employee future benefits requires the use of assumptions, such as the discount rate to measure obligations, rate of pension benefit increases, the projected age of employees upon retirement and the expected rate of future compensation. Because the determination of the costs, obligations and the Company's share of the multi-employer plan assets associated with employee future benefits requires the use of various assumptions, there is measurement uncertainty inherent in the actuarial valuation process. Actual results will differ from results that are estimated based on the aforementioned assumptions. Additional information is included in note 15 - Employee future benefits.

Research and development accruals

As part of the process of preparing our financial statements, management is required to estimate accrued expenses including those pertaining to the Company's research and development expenses. This process involves reviewing open contracts and purchase orders, communicating with our personnel to identify services that have been performed on the Company's behalf and estimating the level of service performed and the associated cost incurred for the service when the Company has not yet been invoiced or otherwise notified of the actual cost. If the actual timing of the performance of services or the level of effort varies from management's estimate, the Company adjusts the accrued or prepaid expense balance accordingly. Although the Company does not expect estimates to be materially different from amounts actually incurred, if those estimates of the status and timing of services performed differ from the actual status and timing of services performed, the Company may report amounts that are too high or too low in any particular period.

Investment tax credits

The recognition of investment tax credits relating to the Company's qualifying scientific research and experimental development expenditures requires management to estimate the amount and timing of recovery.

Taxation

The Company makes estimates in respect of recognition of the extent of deferred tax liabilities and tax assets. Full provision is made for future and current taxation at the rates of tax prevailing at the year-end unless future rates have been substantively enacted. These calculations represent our best estimate of the costs that will be incurred and recovered, but actual experience may differ from the estimates made and therefore affect future financial results. The effects would be recognized in profit or loss.

The Company recognizes the deferred tax benefit related to deferred tax assets to the amount that is probable to be realized. Assessing the recoverability of a portion or all of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred tax assets. Management considers projected future taxable income, the scheduled reversal of deferred tax assets, and tax planning strategies in making this assessment. The amount of the deferred tax asset considered realizable could change materially in future periods.

4. Recent accounting pronouncements

New standards and amendments

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new or amended standards did not result in substantial changes to the Company's accounting policies and has no material effect on the amounts reported for the current of prior financial years.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments have not had an impact on the classification of the Company's liabilities.

New standards and interpretations not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Company. The Company is currently assessing the impact these new accounting standards and amendments may have on the Company's financial statements. These new standards and amendments include:

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 - effective for annual reporting periods beginning on or after January 1, 2026.
- IFRS 18 Presentation and Disclosures in Financial Statements - effective for annual reporting periods beginning on or after January 1, 2027.

(in thousands of US dollars, except share and per share data and where otherwise noted)

5. Acquisition of Aeterna Zentaris Inc.

As discussed in Note 1, Business Overview, as a result of the Transaction, Ceapro acquired control of Aeterna Zentaris Inc. on June 3, 2024. Aeterna is a specialty biopharmaceutical company commercializing and developing therapeutics and diagnostic tests. Aeterna's lead product, Macrilen® (macimorelin), is the first and only U.S. FDA and EMA approved oral test indicated for the diagnosis of patients with adult growth hormone deficiency ("AGHD"). Macimorelin is currently marketed under the tradename Ghryvelin™ in the European Economic Area and the United Kingdom through an exclusive licensing agreement with Pharmanovia.

The Transaction was accounted for as a reverse acquisition under the acquisition method of accounting for business combinations. Ceapro was considered to be the accounting acquirer, and Aeterna was considered the legal acquirer. Under the acquisition method of accounting, total consideration exchanged and allocation of the purchase price to the fair values of assets acquired and liabilities assumed in the Transaction were as follows:

Final Purchase Price Allocation

	Number	Amount
	#	$
Purchase price		
Shares deemed issued to Aeterna shareholders[(1)]	1,213,967	8,485
Warrants issued to Aeterna shareholders[(2)]	633,543	4,422
Replacement share-based payment awards:		
Equity-settled options[(3)]	12,949	9
Cash-settled DSUs[(3)]	49,230	344
Warrants deemed issued[(4)]	114,405	2
	2,024,094	**13,262**
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		26,037
Trade and other receivables		142
Inventories		64
Income tax receivables		119
Prepaid expenses and deposits		971
Restricted cash equivalents		328
Property and equipment		235
Intangible assets[(5)]		3,352
Accounts payable and accrued liabilities		(4,357)
Provisions		(424)
Income tax payable		(109)
Deferred revenues		(1,731)
Lease liabilities		(201)
Employee future benefits		(11,164)
Total identifiable net assets (liabilities)		**13,262**

(1) The fair value of the 1,213,967 common shares deemed issued to Aeterna shareholders of $6.99 per share was based on the listed share price of Ceapro as at June 3, 2024 (CA$0.225), after giving effect to the exchange of each outstanding Ceapro common share for 0.02360 of a Aeterna common share and the foreign currency exchange rate.

(in thousands of US dollars, except share and per share data and where otherwise noted)

(2) The fair value of the 633,543 New Warrants ("New Warrants") issued to Aeterna shareholders was based on the listed share price of Ceapro as at June 3, 2024 of $6.99 (CA$0.225) less the exercise price of $0.01, after giving effect to the exchange of each outstanding Ceapro Common Share for 0.02360 of a Aeterna Zentaris Common Share and the foreign currency exchange rate.

(3) In accordance with the terms of the Plan of Arrangement, Aeterna's share-based payment awards held by employees of Aeterna continued with no modifications and are deemed to be replacement awards issued.

The fair value of the replacement awards is $356, after taking into account an estimated forfeiture rate of nil. The consideration for the business combination includes $9 for equity-settled options and $344 for cash-settled DSUs transferred to employees of Aeterna when the acquiree's awards were substituted by the replacement awards, which relates to past service. The balance of $3 will be recognized as post-acquisition compensation cost.

The fair value at acquisition date was estimated using a Black-Scholes option pricing model, considering the terms and conditions upon which the options were granted, using the following assumptions:

		Options
Expected dividend yield	$	0.0
Weighted average expected volatility		65%
Weighted average risk-free rate		4.01%
Weighted average expected life (years)		2.87
Share price	$	6.99
Weighted average exercise price	$	50.15
Weighted average fair value	$	0.90

The expected volatility of these options was determined using historical volatility rates and the expected life was determined using the weighted average life of past options issued.

The fair value of the replacement DSUs of $6.99 per DSU was based on the listed share price of Ceapro as at June 3, 2024 (CA$0.225), after giving effect to the exchange of each outstanding Ceapro common share for 0.02360 of a Aeterna common share and the foreign currency exchange rate.

(4) The fair value of the 114,405 warrants deemed issued to Aeterna warrant holders was estimated using a Black-Scholes option pricing model, considering the terms and conditions upon which the warrants were issued, using the following assumptions:

		Warrants
Expected dividend yield	$	0.00
Weighted average expected volatility		65%
Weighted average risk-free rate		4.47%
Weighted average expected life (years)		1.19
Share price	$	6.99
Weighted average exercise price	$	87.04
Weighted average fair value	$	0.02

(5) The identifiable intangible assets consist of patents expiring between 2027 and 2041 which will be amortized on their respective remaining patent life. To estimate the fair value of the intangible assets, management uses the royalty relief method to value patents using discounted cash flow models. Management developed assumptions related to revenue, royalty rates and discount rates.

For the period subsequent to the Transaction, Aeterna contributed revenue of $1,095 and net loss of $5,607 to the Company's results. If the acquisition had occurred on January 1, 2024, management estimates that revenue would have been $9,593 and consolidated net loss for the year would have been $24,972. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2024.

The Company incurred acquisition-related costs of $4,081 on legal fees and due diligence costs. These costs have been included in Selling, general and administrative expenses as incurred.

(in thousands of US dollars, except share and per share data and where otherwise noted)

6. Revenue

Disaggregation of revenue

The Company derives revenue from the transfer of goods and services at a point in time in the following categories and regions:

	Year ended December 31, 2024		
	Active Ingredients	**Biopharmaceutical**	**Total**
	$	**$**	**$**
United States	6,691	-	**6,691**
Germany	1,360	-	**1,360**
Colombia	300	-	**300**
United Kingdom	-	976	**976**
Other	141	119	**260**
	8,492	**1,095**	**9,587**

	Year ended December 31, 2023		
	Active Ingredients	**Biopharmaceutical**	**Total**
	$	**$**	**$**
United States	3,416	-	**3,416**
Germany	3,563	-	**3,563**
Other	164	-	**164**
	7,143	**-**	**7,143**

	Year ended December 31, 2022		
	Active Ingredients	**Biopharmaceutical**	**Total**
	$	**$**	**$**
United States	8,600	-	**8,600**
Germany	4,563	-	**4,563**
China	1,326	-	**1,326**
Other	83	-	**83**
	14,572	**-**	**14,572**

Revenues of approximately $7,593 (2023 – $6,337 and 2022 - $13,560) are derived from a single customer.

(in thousands of US dollars, except share and per share data and where otherwise noted)

Deferred revenue

The deferred revenue balance primarily relates to the advance consideration received in the form of non-refundable non-creditable upfront payment and milestone payments relating to list price approvals of Ghryvelin™ in the United Kingdom, Spain and Germany as per an exclusive licensing agreement for the commercialization of macimorelin (the "Licensed Product") in the European Economic Area and the United Kingdom and an exclusive supply agreement for a period of ten years, subject to renewal, to supply such Licensed Product.

Revenue for this contract will be recognized based on units of Licensed Product supplied. The total units that the Company expects to supply pursuant to the Pharmanovia Agreement is an estimate, based on current projections and anticipated market demand, and therefore will be a significant judgement that will be relied upon when using the outputs method to recognize revenue. The Company expects to recognize the balance of the deferred revenue over the remaining period of eight years, subject to extension based on the outcome of the ongoing clinical development related to the Pediatric Indication and related patent application initiatives.

During the year ended December 31, 2024, the Company deferred indefinitely future material investments in the development of macimorelin for the diagnosis of CGHD. This decision is expected to result in a reduction of future product sales to Pharmanovia, and consequently, the Company recognized expected breakage of $715 in proportion to the pattern of sales.

For the year ended December 31, 2024, the Company recognized $845 (2023 - $nil) respectively as revenue, including the breakage amount, from the deferred revenue balance originating from the acquisition of Aeterna Zentaris Inc. (note 5).

Liabilities related to contracts with customers

The Company has recognized the following deferred revenue balances related to contracts with customers:

	December 31, 2024		
	Current	**Non-Current**	**Total**
	$	**$**	**$**
Pharmanovia	**115**	**875**	**990**
NK Meditech Limited	**5**	**39**	**44**
	120	**914**	**1,034**

7. Cash and cash equivalents

	December 31,	
	2024	**2023**
	$	**$**
Cash on hand and balances with banks	**16,393**	6,678
	16,393	6,678

The Company had restricted cash equivalents amounting to $123 at December 31, 2024 (2023 - $8). These balances consist of certificates of deposit that are used as collateral for corporate credit cards and leases.

(in thousands of US dollars, except share and per share data and where otherwise noted)

8. Trade and other receivables

	December 31,	
	2024	**2023**
	$	**$**
Trade accounts receivable, net	**1,884**	126
Value added tax	**383**	-
Other receivables	**90**	164
	2,357	290

9. Inventories

The Company had the following inventories at the end of each reporting period:

	December 31,	
	2024	**2023**
	$	**$**
Raw materials	**737**	878
Work in progress	**1,655**	2,587
Finished goods	**299**	544
	2,691	4,009

Inventories expensed to cost of goods sold during the year ended December 31, 2024, are $4,432 (2023 - $3,472 and 2022 - $5,344).

During the year ended December 31, 2024, the Company decreased the carrying value of inventory by $7 (2023 - $3 and 2022 - $18) primarily due to damaged or obsolete inventory. The write-down is included in cost of goods sold.

10. Prepaid expenses and other current assets

	December 31,	
	2024	**2023**
	$	**$**
Prepaid insurance	**1,700**	81
Prepaid research and development	**516**	97
Other	**210**	112
	2,426	290

(in thousands of US dollars, except share and per share data and where otherwise noted)

11. Property and equipment

Components of the Company's property and equipment are summarized below.

	Cost					
	Equipment Not Available for Use	Equipment	Office and Computer Equipment	Buildings	Leasehold Improvements	Total
	$	$	$	$	$	$
At January 1, 2023	1,462	9,223	681	2,730	6,442	20,538
Additions	683	68	20	-	86	857
Disposals	-	(438)	-	-	-	(438)
Impact of foreign exchange rate changes	54	206	16	64	152	492
At December 31, 2023	**2,199**	**9,059**	**717**	**2,794**	**6,680**	**21,449**
Acquisition of Aeterna (note 5)	**-**	**124**	**23**	**88**	**-**	**235**
Additions	**1,395**	**224**	**12**	**939**	**11**	**2,581**
Impairment	**(547)**	**-**	**-**	**-**	**(514)**	**(1,061)**
Disposals	**-**	**(989)**	**(321)**	**-**	**-**	**(1,310)**
Impact of foreign exchange rate changes	**(242)**	**(696)**	**(55)**	**(269)**	**(533)**	**(1,795)**
At December 31, 2024	**2,805**	**7,722**	**376**	**3,552**	**5,644**	**20,099**

	Accumulated Depreciation					
	Equipment Not Available for Use	Equipment	Office and Computer Equipment	Buildings	Leasehold Improvements	Total
	$	$	$	$	$	$
At January 1, 2023	-	4,842	565	997	2,180	8,584
Amortization	-	630	34	287	490	1,441
Disposals	-	(438)	-	-	-	(438)
Impact of foreign exchange rate changes	-	114	14	29	60	217
At December 31, 2023	**-**	**5,148**	**613**	**1,313**	**2,730**	**9,804**
Amortization	-	**612**	**36**	**343**	**454**	**1,445**
Disposals	-	**(989)**	**(321)**	**-**	**-**	**(1,310)**
Impact of foreign exchange rate changes	-	**(399)**	**(47)**	**(121)**	**(239)**	**(806)**
At December 31, 2024	**-**	**4,372**	**281**	**1,535**	**2,945**	**9,133**

	Carrying amount					
	Equipment Not Available for Use	Equipment	Office and Computer Equipment	Buildings	Leasehold Improvements	Total
	$	$	$	$	$	$
At December 31, 2023	2,199	3,911	104	1,481	3,950	11,645
At December 31, 2024	**2,805**	**3,350**	**95**	**2,017**	**2,699**	**10,966**

Additions of property and equipment amounting to $263 as at December 31, 2024 (2023 - $138) are included in accounts payable and accrued liabilities. Included in the net carrying amount of property and equipment at December 31, 2024, are right-of-use assets relating to buildings, in the amount of $1,990 (2023 - $1,481).

During the year ended December 31, 2024, the Company retired fully depreciated assets no longer in use of $1,241 (2023 - $nil).

(in thousands of US dollars, except share and per share data and where otherwise noted)

During the year ended December 31, 2024, the Company tested certain manufacturing equipment and leasehold improvements not in use for impairment. Due to the equipment being idle and a subsequent change in plans for its commissioning, the Company performed an impairment test. The Company recognized an impairment loss of $1,061 as a result of a significant decline in the market value of the equipment. The recoverable amount of the equipment was determined to be $430 based on its fair value less costs to sell using comparables and market data. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used.

The Company considers sustained fluctuations in revenue and operating losses, among other factors, as indicators of impairment. As of December 31, 2024, the Active Ingredient CGU has experienced decline in revenues and continued to incur operating losses for a sustained period of time, suggesting potential impairment. As a result, the Company tested the Active Ingredient CGU for impairment and the recoverable amount was estimated based on its value in use, using a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The significant estimates used in the determination of value in use included forecasted revenues, costs, growth rate and discount rate. As at December 31, 2024, the value in use of the CGU tested for impairment was determined using a pre-tax discount rate of 13.1%, based on historical industry average weighted-average cost of capital, and a terminal value growth of 2%, based on management's estimate of the long-term compound annual growth rate. The recoverable amount of the CGU tested was estimated to be higher than its carrying amount and no impairment was required. No reasonable change in the discount rate or the terminal value growth could cause the carrying amount to exceed the recoverable amount.

12. Intangible assets

Changes in the carrying value of the Company's identifiable intangible assets, consisting of patents, are summarized below.

	Cost	Accumulated amortization	Carrying value
	$		$
At January 1, 2023	**33**	**(24)**	**9**
Amortization	-	(2)	(2)
Impact of foreign exchange rate changes	1	(1)	-
At December 31, 2023	**34**	**(27)**	**7**
Acquisition of Aeterna (note 5)	3,352	-	3,352
Amortization	-	(162)	(162)
Impairment of intangible assets	(3,196)	-	(3,196)
Impact of foreign exchange rate changes	(1)	-	(1)
At December 31, 2024	**189**	**(189)**	**-**

On June 3, 2024, the Company acquired intangible assets of $3,352 through the Transaction (see Note 5). On August 27, 2024, the Company announced that the Phase 3 DETECT-trial evaluating macimorelin for the diagnosis of CGHD had failed to meet its primary endpoints according to the definitions in the study protocol and recorded a partial impairment of the patent intangible assets as of September 30, 2024. Based on the results of the study and further strategic evaluation of the Company's product portfolio as of December 31, 2024, the Company has decided to cease any future investments in macimorelin for the diagnosis of CGHD and is investigating all strategic options for the macimorelin assets.

Consequently, management has carried out an impairment test. The recoverable amount of the macimorelin patent intangible assets was estimated based on the present value of the future cash flows expected to be derived from the macimorelin patent intangible assets (value in use), assuming that the regulatory approval is delayed indefinitely. Accordingly, the recoverable amount of both the macimorelin adult and child patent intangible assets were estimated to be nil and a $3,195 impairment was recorded during the year ended December 31, 2024.

(in thousands of US dollars, except share and per share data and where otherwise noted)

13. Payables and accrued liabilities

	December 31,	
	2024	2023
	$	$
Trade accounts payable	**2,407**	281
Accrued research and development costs	**1,344**	34
Accrued employee benefits	**607**	130
Payroll tax and other statutory liabilities	**25**	-
Other accrued liabilities	**347**	567
	4,730	1,012

14. Lease liabilities

The Company has leases for manufacturing facilities, office space, and warehouse. The lease liabilities consist of leases of buildings. The leases have been discounted using interest rates between 3.42% - 6.76%.

	December 31,	
	2024	2023
	$	$
Balance – Beginning of year	**1,698**	1,932
Acquisition of Aeterna (note 5)	**201**	-
Additions	**992**	-
Interest paid as charged to net loss as other finance costs	**87**	95
Payment against lease liabilities	**(421)**	(370)
Modification of lease liability	**(106)**	-
Impact of foreign exchange rate changes	**(141)**	41
Balances – End of the year	**2,310**	1,698
Current lease liabilities	**271**	299
Non-current lease liabilities	**2,039**	1,399

Future lease payments as of December 31, 2024, are as follows:

	Amount
	$
Less than 1 year	395
1 – 3 years	619
4 – 5 years	604
	1,618

In November 2024, the Company exercised extension options on two facility leases, extending each for five years. This resulted in a $992 increase to both the lease liability and a corresponding increase in the right-of-use asset for buildings (Note 11). This non-cash transaction is excluded from the Statement of Cash Flows.

(in thousands of US dollars, except share and per share data and where otherwise noted)

15. Employee future benefits

The change in the Company's employee future benefit obligations is summarized as follows:

	Twelve months ended December 31, 2024		
	Pension benefit plans	**Other benefit plans**	**Total**
	$	**$**	**$**
Change in plan liabilities			
Balances – Beginning of the period	-	-	-
Acquisition of Aeterna (note 5)	22,036	100	22,136
Current service cost	71	(12)	59
Interest cost	469	2	471
Actuarial loss from changes in financial assumptions	1,185	1	1,186
Benefits paid	(496)	-	(496)
Impact of foreign exchange rate changes	(949)	(4)	(953)
Balances – End of the period	**22,316**	**87**	**22,403**
Change in plan assets			
Balances – Beginning of the period	-	-	-
Acquisition of Aeterna (note 5)	10,972	-	10,972
Interest income from plan assets	236	-	236
Employer contributions	23	-	23
Employee contributions	7	-	7
Benefits paid	(149)	-	(149)
Remeasurement of plan assets	28	-	28
Impact of foreign exchange rate changes	(448)	-	(448)
Balances – End of the period	**10,669**	**-**	**10,669**
Net liability of the unfunded plans	11,078	87	11,165
Net liability of the funded plans	569	-	569
Net amount recognized as Employee future benefits	**11,647**	**87**	**11,734**
Amounts recognized:			
In net loss	**297**	**(9)**	**288**
Actuarial loss on defined benefit plans in other comprehensive loss	**(1,157)**	**-**	**(1,157)**

(in thousands of US dollars, except share and per share data and where otherwise noted)

The fair values of each major class of the Company's proportionate share of the multi-employer pension plan assets are as follows:

	December 31, 2024
	$
Cash and cash equivalents (level 1)	30
Debt instruments (level 1)	6,664
Equity instruments (level 1)	1,022
Real estate (level 3)	2,256
Other (level 3)	697
	10,669

The significant actuarial assumptions applied to determine the Company's accrued benefit obligations are as follows:

Actuarial assumptions	Pension Benefit Plans Years ended December 31, 2024	Other benefit plans Years ended December 31, 2024
	%	%
Discount rate	3.40%	3.40%
Pension benefits increase	2.00%	-
Rate of compensation increase	2.50%	2.50%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Germany. These assumptions translate into an average remaining life expectancy in years for a pensioner retiring at age 65:

	December 31, 2024
	Years
Retiring at the end of the reporting period:	
Male	21
Female	24

(in thousands of US dollars, except share and per share data and where otherwise noted)

In accordance with the assumptions used as of December 31, 2024, undiscounted defined pension benefits expected to be paid are as follows:

	Amount
	$
2025	825
2026	871
2027	1,055
2028	1,081
2029	1,203
Thereafter	33,858
	38,893

The weighted average duration of the defined benefit obligation is 14.0 years.

If variations in the following assumptions had occurred during 2024, the impact on the Company's pension benefit obligation of $22,403 as of December 31, 2024, would have been as follows:

Assumption	**Increase**	**Decrease**
	$	$
Change in discount rate of 0.25%	(822)	694
Change in salary rate of 0.25%	410	(560)
Change in pension rate assumption by 0.25%	72	(97)
Change mortality by one year	1,009	(1,178)

(in thousands of US dollars, except share and per share data and where otherwise noted)

16. Warrants

Warrant activity for the years ended December 31, 2024, 2023 and 2022, was as follows:

	Number	Weighted average exercise price	Amount
	#	$	$
Balance at December 31, 2022	-	-	-
Balance at December 31, 2023	-	-	-
Warrants either issued or assumed as part of the acquisition of Aeterna (note 5)	747,948	13.32	4,424
Exercised	(66,561)	0.01	(405)
Expired	(13,249)	165.00	-
Change in fair value of warrants	-	-	(2,456)
Balance at December 31, 2024	**668,138**	**2.35**	**1,563**

The method and inputs used in estimating the fair value of warrants on the acquisition date are described in Note 5. The fair values of warrants as at December 31, 2024 are estimated using the Black-Scholes option pricing model. The weighted average assumptions used in the Black-Scholes valuation model for the period presented were as follows:

	December 31, 2024
Expected dividend yield	$ 0.00
Expected volatility	65.00%
Risk-free annual interest rate	4.47%
Expected life (years)	2.67
Weighted average share price	$ 3.75
Weighted average exercise price	$ 2.35

The expected volatility of these warrants was determined using historical volatility rates and the expected life was determined based on time to expiry from the issuance date.

At December 31, 2024, the following warrants were outstanding:

Warrant issuance	Number	Weighted average remaining contractual life	Weighted average exercise price
	#	years	$
February 2020	11,129	0.64	129.12
July 2020	56,210	0.51	45.00
August 2020	17,310	1.10	47.00
February 2021	16,507	1.14	181.25
June 2024	566,982	2.42	0.01
Balance – December 31, 2024	**668,138**	**2.17**	**2.35**

(in thousands of US dollars, except share and per share data and where otherwise noted)

17. Deferred share units

The Company grants deferred share units ("DSUs") to members of its Board of Directors and DSUs cannot be redeemed until the holder is no longer a director of the Company. Under the terms of the Long-Term Incentive Plan ("LTIP"), DSUs vest immediately and can either be settled via equity issuance or a cash payment, which is determined by the Board of Directors on the date of issuance for each grant. Each DSU settled by the issuance of one common share of the Company, net of applicable withholding taxes, is classified as equity-settled, while the DSUs settled by cash payment are classified as cash-settled.

Cash-settled deferred share units

Cash-settled DSU activity for the year ended December 31, 2024, was as follows:

	Units	Amount
	#	$
Balance – January 1, 2024	**-**	-
Granted – Replacement awards (note 5)	**49,230**	344
Exercised	**(36,980)**	(167)
Change in fair value of cash-settled DSUs	**-**	(129)
Balance – December 31, 2024	**12,250**	**48**

The method and inputs used in estimating the fair value of DSUs on the acquisition date are described in Note 5. The fair value of the liability, classified as DSU liability, is subsequently remeasured at each reporting date and at settlement date, with changes in fair value recognized in profit or loss.

Equity-settled deferred share units

The compensation expense for the year ended December 31, 2024, was $411 (2023 - $nil) and is presented in selling, general and administrative expenses. Equity-settled DSU activity for the years ended December 31, 2024, 2023 and 2022, was as follows:

	2024	Amount
	#	$
Balance – December 31, 2022	**-**	**-**
Balance – December 31, 2023	**-**	**-**
Granted	65,000	411
Exercised	(12,500)	(79)
Balance – December 31, 2024	**52,500**	**332**

(in thousands of US dollars, except share and per share data and where otherwise noted)

18. Shareholders' equity

Share capital

The Company has authorized an unlimited number of common shares (being voting and participating shares) with no par value, as well as an unlimited number of preferred, first and second ranking shares, issuable in series, with rights and privileges specific to each class, with no par value.

	Common shares	Amount
	#	$
Balance – January 1, 2022	1,833,260	13,389
Stock options exercised	12,917	107
Balance – December 31, 2022	1,846,177	13,496
Stock options exercised	1,416	21
Balance – December 31, 2023	1,847,593	13,517
Deemed issuance of shares to Aeterna shareholders (note 5)	**1,213,967**	**8,485**
Granted	**79,061**	**484**
Balance – December 31, 2024	**3,140,621**	**22,486**

As discussed in Note 1, Business Overview, on June 3, 2024, each outstanding Ceapro common share was exchanged for 0.02360 of an Aeterna common share. Accordingly, all common shares, stock options and per share amounts in these consolidated financial statements have been retroactively adjusted for all periods presented to give effect to the share exchange.

Share-based compensation

The Company grants stock options to eligible employees, directors and officers under stock option plans. During the year ended December 31, 2024, the Company granted nil (2023 – 21,712 and 2022 – 10,620) new stock options. The stock options have a term of seven years and will vest over a period of three years. The compensation expense for the year ended December 31, 2024, was $53 (2023 – $192 and 2022 – $69) recognized over the vesting period. Option activity for the year ended December 31, 2024, 2023, and 2022 was as follows:

	Stock options	Weighted average exercise price in $CAD
	#	$
Balance – January 1, 2022	70,572	23.73
Granted	10,620	21.61
Exercised	(12,917)	6.36
Cancelled / Forfeited	(3,540)	27.12
Balance –December 31, 2022	**64,735**	**28.37**
Granted	21,712	25.85
Exercised	(1,416)	11.86
Cancelled / Forfeited	(10,660)	25.00
Balance – December 31, 2023	**74,371**	**28.40**
Granted - Replacement options (note 5)	12,949	50.65
Cancelled / Forfeited	(11,296)	25.71
Balance – December 31, 2024	**76,024**	**25.77**

Concurrent with the Transaction described in Note 1, Business Overview, on June 3, 2024, each outstanding stock option was reissued to reflect the exchange rate of the Company's common shares. Accordingly, all quantities and prices in these consolidated financial statements have been retroactively adjusted for all periods presented to give effect to the share exchange and related adjustments.

(in thousands of US dollars, except share and per share data and where otherwise noted)

19. Expenses by nature

	December 31,		
	2024	**2023**	**2022**
	$	**$**	**$**
Inventory expensed during the year	**4,432**	3,472	5,344
Employee benefits expense	**5,207**	3,945	3,429
Depreciation and amortization	**1,607**	1,443	1,468
Professional and consulting fees	**4,649**	2,558	691
Third-party research and development	**5,507**	1,007	550
Impairment of property and equipment	**1,061**	-	-
Impairment of intangible assets	**3,196**	-	-
Other	**2,208**	(653)	(1,230)
	27,867	11,772	10,252

20. Supplemental disclosure of cash flow information

	December 31,		
	2024	**2023**	**2022**
	$	**$**	**$**
Changes in operating assets and liabilities:			
Trade and other receivables	**(1,683)**	1,856	(607)
Inventories	**1,107**	(1,157)	(1,090)
Prepaid expenses and other current assets	**(497)**	(128)	21
Investment tax credit receivable	**(743)**	(95)	(65)
Payables and accrued liabilities	**(823)**	(418)	805
Deferred revenues	**217**	-	-
Provisions	**276**	-	-
Employee future benefits	**(368)**	-	-
	(2,514)	58	(936)

Additions of property and equipment of $306 for the year ended December 31, 2024 (2023 - $138) were acquired on deferred payment terms, the settlement of which are still outstanding at period end.

(in thousands of US dollars, except share and per share data and where otherwise noted)

21. Income taxes

Significant components of the current and deferred income tax recovery for the years ended December 31, 2024, 2023 and 2022 are as follows:

	December 31,		
	2024	**2023**	**2022**
	$	**$**	**$**
Current income tax expense	**10**	-	-
Deferred tax:			
Origination and reversal of temporary differences	**(3,924)**	(961)	1,059
Tax rate changes and tax rate differences	**-**	70	46
Change in unrecognized deductible temporary differences	**3,998**	28	47
Prior period adjustments	**10**	(22)	(72)
Income tax (benefit) expense	**84**	(885)	1,080

The reconciliation of the combined Canadian federal and provincial corporate income tax rate to the income tax expense for the years ended December 31, 2024, 2023 and 2022 is provided below:

	December 31,		
	2024	**2023**	**2022**
	$	**$**	**$**
(Loss) Profit before tax	**(15,225)**	(4,370)	4,528
Combined Canadian federal and provincial statutory income tax rate	**26.50%**	23.00%	23.00%
Expected tax expense at the Canadian combined federal and statutory tax rate	**(4,035)**	(1,006)	1,041
Non-deductible expenses	**215**	45	18
Change in unrecognized deductible temporary differences	**3,998**	28	47
Change in tax rates and rate differences	**(328)**	70	46
Expiration of tax attributes	**214**	-	-
Prior period adjustments	**15**	(22)	(72)
Other	**5**	-	-
Income tax (benefit) expense	**84**	(885)	1,080

(in thousands of US dollars, except share and per share data and where otherwise noted)

Loss before income taxes is attributable to the Company's tax jurisdictions for the years ended December 31, 2024, 2023 and 2022. as follows:

	December 31,		
	2024	**2023**	**2022**
	$	**$**	**$**
Canada	**(10,796)**	(4,370)	4,528
Germany	**(4,265)**	-	-
United States	**(164)**	-	-
	(15,225)	(4,370)	4,528

Significant components of deferred tax assets and liabilities are as follows:

	December 31,	
	2024	**2023**
	$	**$**
Deferred tax assets are attributable to the following:		
Patents	-	102
Intangibles	**108**	31
Other	**56**	-
SRED pool	**170**	184
Lease liabilities	**43**	391
Non-capital losses	**941**	1,378
Deferred tax assets	**1,318**	2,086
Offset by deferred tax liabilities	**(1,318)**	(2,011)
Net deferred tax asset	**-**	75
Deferred tax liabilities are attributable to the following:		
Property and equipment	**(1,292)**	(2,011)
Other	**(26)**	
Deferred tax liabilities	**(1,318)**	(2,011)
Offset by deferred tax assets	**1,318**	2,011
Net deferred tax liability	**-**	-

Deferred income tax assets are recognized to the extent that the realization of the related tax benefit through reversal of temporary differences and future taxable profits is probable. Based on the current forecasted future taxable profits and reversal of temporary differences, the company does not believe it will have sufficient future earnings to offset the deferred tax assets and has an unrecognized deferred tax asset balance of $111,120.

(in thousands of US dollars, except share and per share data and where otherwise noted)

The amount of deductible temporary differences and unused tax losses for which no deferred tax asset is recognized in the balance sheet is as follows:

	December 31,	
	2024	2023
	$	$
Canada	**142,926**	6,958
Germany	**217,443**	-
United States	**5,634**	-
	366,003	6,958

The non-capital loss carryforwards in Canada expire between 2026 and 2043, the United States expire between 2028 and 2042, and there is no expiry date on the losses in Germany. As of December 31, 2024, the Company also has unrecognized non-refundable Canadian Federal income tax credits of $1,818, which expire between 2031 and 2043. Deferred tax assets and non-refundable investment tax credits have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company and its subsidiaries can utilize the benefits.

22. Capital disclosures

The Company's objective in managing capital, consisting of shareholders' equity, with cash and cash equivalents and restricted cash equivalents being its primary components, is to ensure sufficient liquidity to finance its manufacturing operations, research and development costs, selling, general and administrative expenses and working capital requirements. Historically, the Company has raised capital via public and private equity offerings and issuances as its primary source of liquidity, as discussed in note 23. The capital management objective of the Company remains the same as that in previous periods. The policy on dividends is to retain cash to keep funds available to finance the activities required to advance the Company's product development portfolio and to pursue appropriate commercial opportunities as they may arise.

The Company is not subject to any capital requirements imposed by any regulators or by any other external source.

(in thousands of US dollars, except share and per share data and where otherwise noted)

23. Financial instruments and financial risk management

Financial assets and liabilities as of December 31, 2024, and 2023 are presented below.

December 31, 2024	Financial assets at amortized cost	Financial liabilities at amortized cost
	$	$
Cash and cash equivalents	**16,393**	-
Trade and other receivables	**2,144**	-
Restricted cash equivalents	**123**	-
Payables and accrued liabilities	-	**4,712**
	18,660	**4,712**

December 31, 2023	Financial assets at amortized cost	Financial liabilities at amortized cost
	$	$
Cash and cash equivalents	6,678	-
Trade and other receivables	290	-
Restricted cash equivalents	8	-
Payables and accrued liabilities	-	1,012
	6,976	**1,012**

The Company assessed that the fair values of cash and cash equivalents, trade receivables and other receivables, restricted cash equivalents, and payables and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Assets and liabilities, such as value added taxes, that are not contractual and that arise as a result of statutory requirements imposed by governments, do not meet the definition of financial assets or financial liabilities and are, therefore, excluded from trade and other receivables and payables and accrued liabilities.

Financial risk factors

The following provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk and foreign exchange risk and how the Company manages those risks.

(a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of this exposure resulting in losses. The Company's exposure to credit risk currently relates to the financial assets at amortized cost in the table above. The Company holds its available cash in amounts that are readily convertible to known amounts of cash and deposits its cash balances with financial institutions that have an investment grade rating of at least "P-2" or the equivalent. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information to ensure that it invests its cash in creditworthy and reputable financial institutions. Once there are indicators that there is no reasonable expectation of recovery, such financial assets are written off but are still subject to enforcement activity.

(in thousands of US dollars, except share and per share data and where otherwise noted)

As of December 31, 2024, one counterparty included in trade and other receivables comprised 75% of total receivables (2023 – one counterparty for 40%) of which $nil (2023 - $nil) was past due, considered to be impaired and fully provided for. Generally, the Company does not require collateral or other security from customers for trade accounts receivable; however, credit is extended following an evaluation of creditworthiness. In addition, the Company performs ongoing credit reviews of all of its customers and determines expected credit losses. On this basis, as of December 31, 2024 and December 31, 2023, the Company has provided for all outstanding and unpaid amounts relating to its operations.

Based on historical data and management's assessment of current credit risk, which remains low, no expected credit loss allowance is deemed necessary under IFRS 9. The Company continuously monitors customer creditworthiness and maintains strict credit policies. The Company considers the credit risk associated with these financial assets to be minimal. The maximum exposure to credit risk approximates the amount recognized in the Company's consolidated statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages this risk through the management of its capital structure by monitoring rolling forecasts of the Company's cash and cash equivalents on the basis of expected cash flows.

All of the Company's financial liabilities except lease liabilities are current liabilities with expected settlement dates within one year. The maturity analysis for lease liabilities is disclosed in note 14.

While the Company has $16,393 in cash and cash equivalents at December 31, 2024, the Company has noted the existence of a material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern (refer to note 1).

(c) Foreign exchange risk

Entities using the Canadian dollar as their functional currency

The Company is exposed to foreign exchange risk due to its investments in foreign operations whose functional currency is the Canadian Dollar. The following table summarizes the impact of a 10% change in the foreign exchange rates of the Canadian dollar against the US dollar on the financial assets and liabilities of the Company. The amounts have been translated based on the exchange rate at December 31, 2024, 2023 and 2022.

December 31, 2024

		Foreign Exchange Risk (US$)	
	Carrying Amount (US$)	-10% Net Income and Equity	+10% Net Income and Equity
Financial assets			
Trade receivables	1,847	185	(185)
Financial liabilities			
Accounts payable and accrued liabilities	90	(9)	9
Total increase (decrease)		176	(176)

December 31, 2023

		Foreign Exchange Risk (US$)	
	Carrying Amount (US$)	-10% Net Income and Equity	+10% Net Income and Equity
Financial assets			
Trade receivables	95	10	(10)
Financial liabilities			
Accounts payable and accrued liabilities	42	(4)	4
Total increase (decrease)		6	(6)

December 31, 2022

		Foreign Exchange Risk (US$)	
	Carrying Amount (US$)	-10% Net Income and Equity	+10% Net Income and Equity
Financial assets			
Trade receivables	1,571	157	(157)
Financial liabilities			
Accounts payable and accrued liabilities	732	(73)	73

Total increase (decrease)		84	(84)

(in thousands of US dollars, except share and per share data and where otherwise noted)

24. Net loss per share

The following table sets forth pertinent data relating to the computation of basic and diluted net loss per share attributable to common shareholders.

	Years ended December 31,		
	2024	**2023**	**2022**
	$	**$**	**$**
Net (loss) income	**(15,309)**	(3,485)	3,448
Basic weighted-average number of shares outstanding	**2,581,308**	1,847,233	1,839,896
Dilutive weighted-average number of shares outstanding	**2,581,308**	1,847,233	1,854,537
Basic (loss) income per share	**(5.93)**	(1.89)	1.87
Dilutive (loss) income per share	**(5.93)**	(1.89)	1.86
Items excluded from the calculation of diluted net loss per share due to their anti-dilutive effect:			
Stock options and DSUs	**140,774**	74,371	30,727
Share purchase warrants	**668,138**	-	-

25. Segment information

As of December 31, 2024 and a result of the Transaction, the Company has two reportable and operating segments: Active ingredient and Biopharmaceutical. The Company's chief operating decision maker (the Chief Executive Officer) assesses the performance of the reportable segments based on revenues and operating losses before selling, general & administrative expenses, other income and tax by segment. Selling, general and administrative expenses are expenses and salaries related to centralized functions, such as corporate finance, legal, human resources and technology teams, which are not allocated to segments. Accounting policies applied for the Active ingredient and the Biopharmaceutical segments are identical to those used for the purposes of the consolidated financial statements as described in Note 3.

Active ingredient

The Active ingredient segment involves the development of proprietary extraction technologies and the application of these technologies to the production and development and commercialization of active ingredients derived from oats and other renewable plant resources for healthcare and cosmetic industries. Active ingredients produced include oat beta glucan, oat oil and avenanthramides. These and similar manufactured products are sold primarily through distribution networks.

Biopharmaceutical

The Biopharmaceutical segment includes the results of Aeterna Zentaris from its acquisition on June 3, 2024 (Note 5). The segment involves the commercializing and developing pharmaceutical therapeutics and diagnostic tests, including the Company's lead product, Macrilen® (macimorelin). The segment also includes costs associated with the development of our pre-clinical pipeline to potentially address unmet medical needs across several indications with a focus on rare or orphan indications.

(in thousands of US dollars, except share and per share data and where otherwise noted)

The table below summarizes the relevant financial information by operating segment:

	Year ended December 31, 2024		
	Active ingredient	**Pharmaceutical**	**Total**
	$	**$**	**$**
Revenue	8,492	**1,095**	9,587
Cost of sales	(4,706)	(152)	(4,858)
Gross margin	**3,786**	**943**	**4,729**
Research and development	(3,943)	(4,361)	(8,304)
Impairment of intangible assets	-	(3,196)	(3,196)
Impairment of property and equipment	(1,061)	-	(1,061)
Loss from operations before SG&A and other income (expenses)	**(1,218)**	**(6,614)**	**(7,832)**
Selling, general & administrative			(10,448)
Loss from operations			(18,280)
Net other income			3,055
Loss before income taxes			**(15,225)**

	Year ended December 31, 2023		
	Active ingredient	**Pharmaceutical**	**Total**
	$	**$**	**$**
Revenue	7,143	**-**	7,143
Cost of sales	(4,205)	-	(4,205)
Gross margin	**2,938**	**-**	**2,938**
Research and development	(2,040)	-	(2,040)
Income from operations before SG&A and other income (expenses)	898	-	**898**
Selling, general & administrative			(5,527)
Loss from operations			**(4,629)**
Net other income			259
Loss before income taxes			**(4,370)**

(in thousands of US dollars, except share and per share data and where otherwise noted)

	Year ended December 31, 2022		
	Active ingredient	**Pharmaceutical**	**Total**
	$	**$**	**$**
Revenue	14,572	-	14,572
Cost of sales	(6,016)	-	(6,016)
Gross margin	**8,556**	**-**	**8,556**
Research and development	(1,371)	-	(1,371)
Income from operations before SG&A and other income (expenses)	7,185	-	**7,185**
Selling, general & administrative			(2,865)
Income from operations			**4,320**
Net other income			208
Income before income taxes			**4,528**

Major Customer

During the year ended December 31, 2024, the Company had sales to one major customer representing 79% of total revenue (2023 - 89% of total revenue, 2022 – 94% of total revenue). As at December 31, 2024, one customer represented 75% of total trade and other receivables (2023 – one customer amounted to 40%).

Non-current assets include restricted cash equivalents and property and equipment, and are detailed by geographical area as follows:

	December 31,	
	2024	**2023**
	$	**$**
Germany	**205**	-
Canada	**9,320**	10,979
United States	**71**	-
Austria	**1,493**	681
	11,089	**11,660**

(in thousands of US dollars, except share and per share data and where otherwise noted)

26. Commitments and Contingencies

Significant expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows:

	TOTAL
	$
Less than 1 year	1,287
1 - 3 years	34
4 - 5 years	-
More than 5 years	-
	1,321

The Company previously entered into license agreements with Agriculture Canada (AG) for a technology to increase the concentration of avenanthramides in selected oat and with University of Alberta for a Pressurized Gaz expanded Technology (PGX) for the processing of various polymers. The royalty percentage rate would be 2% strictly for sales made from avenanthramides produced from the AG technology while royalty percentage rates would range between 1.0% to 3.5% for sales made from products manufactured using the PGX Technology, the rate being according to the classification of the resulting product (cosmeceutical, nutraceutical, pharmaceutical).

27. Related party disclosures

Compensation of key management

Key management includes the Company's Directors, Chief Executive Officer, Chief Financial Officer, Chief Scientific Officer and Chief Medical Officer. Compensation awarded to key management is summarized as follows:

	December 31,		
	2024	2023	2022
	$	$	$
Salaries and short-term benefits	**1,587**	1,344	971
Post-retirement benefits	**20**	-	-
Stock-based compensation	**411**	121	44
	2,018	1,465	1,015

Most of the employment agreements entered into between the Company and its executive officers include termination provisions, whereby the executive officers would be entitled to receive benefits that would be payable if the Company were to terminate the executive officers' employment without cause or if their employment is terminated following a change of control. Separation benefits generally are calculated based on an agreed-upon multiple of applicable base salary and incentive compensation and, in certain cases, other benefit amounts.

During the year ended December 31, 2024, the Company made payments for research and development expenditures to Angiogenesis Foundation for which a Director of the Company is the CEO of the Foundation of $50 (2023 - $201 and 2022 - $105). These transactions are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

28. Subsequent event

Tariffs

On February 1, 2025, the President of the United States issued three executive orders directing the United States to impose new tariffs on imports originating from Canada, Mexico, and China. These orders call for additional 25% duty on imports into the United States of Canadian-origin and Mexican-origin products and 10% duty on Chinese-origin products, except for Canadian energy resources that are subject to an additional 10% duty.

On April 2, 2025, the orders in regard to goods imported from Canada and Mexico that are compliant with the Canada-United States-Mexico Agreement were suspended for a one-month period. The Company is assessing the direct and indirect impacts to its business of such tariffs, retaliatory tariffs or other trade protectionist measures as this situation develops.

Item 19. Exhibits

Exhibit Index

1.1	Restated Certificate of Incorporation and Restated Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 99.2 to the Registrant's report on Form 6-K furnished to the Commission on May 25, 2011)
1.2	Certificate of Amendment and Articles of Amendment of the Registrant (incorporated by reference to Exhibit 99.2 to the Registrant's report on Form 6-K furnished to the Commission on October 3, 2012)
1.3	Certificate of Amendment and Articles of Amendment of the Registrant (incorporated by reference to Exhibit 99.1 to the Registrant's report on Form 6-K furnished to the Commission on November 17, 2015)
1.4	Certificate of Amendment and Articles of Amendment of the Registrant (incorporated by reference to Exhibit 1.4 to the Registrant's report on Form 20-F furnished to the Commission on March 26, 2024)
1.5*	Certificate of Amendment and Articles of Amendment of the Registrant
1.6	Amended and Restated By-Law One of the Registrant (incorporated by reference to Exhibit 1.3 of the Registrant's Annual Report on Form 20-F for the financial year ended December 31, 2012 filed with the Commission on March 22, 2013)
2.1	Amended and Restated Shareholder Rights Plan Agreement between the Registrant and Computershare Trust Company of Canada, as Rights Agent, dated as of May 8, 2019 (incorporated by reference to Exhibit 99.2 to the Registrant's report on Form 6-K furnished to the Commission on May 9. 2019)
2.2	Description of Securities Registered Under Section 12 of The Exchange
4.1	Second Amended and Restated Stock Option Plan of the Registrant (incorporated by reference to Exhibit 4.1 of the Registrant's Annual Report on Form 20-F for the financial year ended December 31, 2013 filed with the Commission on March 21, 2014)
4.2	2018 Long-Term Incentive Plan of the Registrant (incorporated by reference to Exhibit 4.7 of the Registrant's Form S-8 filed with the Commission on May 8, 2018)
8.1	Subsidiaries of the Registrant
11.1*	Code of Conduct and Business Ethics of the Registrant (incorporated by reference to Exhibit 11.1 of the Registrant's Annual Report of Form 20-F/A for the financial year ended December 31, 2024 filed with the Commission on July 17, 2024)
11.2*	Code of Business Conduct and Ethics for Members of the Board of Directors (incorporated by reference to Exhibit 11.2 of the Registrant's Annual Report on Form 20-F for the financial year ended December 31, 2014 filed with the Commission on March 17, 2015)
11.3*	Audit Committee Charter of the Registrant (incorporated by reference to Exhibit 11.3 of the Registrant's Annual Report on Form 20-F for the financial year ended December 31, 2014 filed with the Commission on March 17, 2015)
12.1**	Certification of the Principal Executive Officer pursuant to §302 of the Sarbanes-Oxley Act of 2002
12.2**	Certification of the Principal Financial Officer pursuant to §302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1**	Consent of Deloitte LLP
15.2**	Consent of Raymond Chabot Grant Thornton LLP
16.2**	Concurrence Letter from Raymond Chabot Grant Thornton LLP
97.1*	COSCIENS Executive Compensation Clawback Policy (incorporated by reference to Exhibit 97.1 of the Registrant's Annual Report of Form 20-F/A for the financial year ended December 31, 2024 filed with the Commission on July 17, 2024)
	Code of Ethical Conduct

* Incorporated by reference.
** Filed with this annual report on Form 20-F.

Exhibit Index

101. INS XBRL Instance Document

101. SCH XBRL Taxonomy Extension Schema

101. CAL XBRL Taxonomy Extension Schema Calculation Linkbase

101. DEF XBRL Taxonomy Extension Schema Definition Linkbase

101. LAB XBRL Taxonomy Extension Schema Label Linkbase

101. PRE XBRL Taxonomy Extension Schema Presentation Linkbase

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

COSCIENS BIOPHARMA INC.

/s/ Gilles Gagnon
Gilles Gagnon
President and Chief Executive Officer

Date: April 9, 2025

Exhibit 2.2

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT

As of the date of the Annual Report on Form 20-F of which this Exhibit 2.2 is a part, COSCIENS Biopharma Inc. (the "**Company**") had the following securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (the "**Exchange Act**"):

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares	CSCI	NASDAQ Capital Market Toronto Stock Exchange

Common Shares:

*The following description of our Common Shares is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our articles (the "**Articles**"), as amended, which are filed as an exhibit to the Annual Report on Form 20-F of which this Exhibit 2.2 is a part.*

We have 3,146,225 Common Shares issued and outstanding as of April 8, 2025, and we are authorized to issue an unlimited number of Common Shares, without par value.

Basic Rights of our Common Shares

The holders of Common Shares are entitled to one vote per share on all matters voted on by shareholders, including the election of directors. All our Common Shares rank equally as to dividends (as may be declared from time to time by our board of directors from funds available for distribution to holders), voting power and participation in assets. Upon liquidation, dissolution or winding up of the Company, holders of our Common Shares are entitled to receive pro rata the assets of the Company, if any, remaining after payments of all debts and liabilities.

Our Common Shares are not subject to liability to further capital calls by the Company. There are no provisions in our Articles discriminating against any existing or prospective shareholder as a result of such shareholder owning a substantial number of our Common Shares, and non-resident or foreign holders of our Common Shares are not limited in having, holding or exercising the voting rights associated with Common Shares. Also, no provision or rights exist in our Articles regarding our Common Shares in connection with exchange, redemption, retraction, purchase for cancellation, surrender or sinking or purchase funds.

Pre-emptive Rights

Our Common Shares do not contain any pre-emptive purchase rights to any of our securities.

Transferability of Common Shares

Our Articles do not impose restrictions on the transfer of Common Shares by a shareholder. We will not, however, register a transfer of Common Shares until: (1) we receive a duly signed instrument in respect of the transfer of Common Shares; (2) a share certificate, if any, representing the transferred Common Shares has been surrendered to us; and (3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the Common Shares to be transferred, that acknowledgement has been surrendered to us.

Action(s) to change Rights attaching to our Common Shares

Provisions as to the modification, amendment or variation of shareholder rights for holders of our Common Shares are contained in the British Columbia Business Corporation Act ("**BCBCA**"). The BCBCA requires a "special resolution" of shareholders for specific corporate actions, including certain alterations of our share capital, with such "special resolution" requiring an affirmative two-thirds vote of shareholders (rather than a simple majority) for passage. No right or special right attached to any of our issued shares may be prejudiced or interfered with unless the shareholders holding shares of such class or series of shares to which the right or special right is attached consent by a separate "special resolution" of those shareholders.

Change of Control restrictions for our Common Shares

Our Articles do not contain provisions that would have an effect of delaying, deferring or preventing a change in control of the Company which would operate with respect to a merger, acquisition or corporate restructuring involving the Company or any of its subsidiaries.

Ownership disclosure threshold for our Common Shares

Our Articles do not have any specific threshold requiring disclosure of ownership by holders of our Common Shares. However, Canadian securities regulators do require disclosure of shareholder ownership by any shareholder owning more than 10% of our outstanding Common Shares.

THIS AMENDMENT AGREEMENT (this "Agreement") is made the 15th day of March 2023 (the "Effective Date")

BETWEEN:

(1) **Atnahs Pharma UK Limited**, a company registered in the United Kingdom under company number 08789556 with registered offices at Atnahs Pharma UK Ltd, Reg. No.: 08789556, Reg. Office: Sovereign House, Miles Gray Road, Basildon, Essex, England, United Kingdom, SS14 3FR ("**Pharmanovia**"); and

(2) **Aeterna Zentaris GmbH a** company registered in Germany under company number HRB 56000 with registered offices at Weismüllerstrasse 50, 60314 Frankfurt, Germany ("**AEZS**"),

each a "Party" and together the "Parties".

BACKGROUND:

(A) On 7 December 2020 Consilient Health Ltd ("**Consilient**") and AEZS entered into a Licence Agreement pursuant to which AEZS agreed to licence the Licensed Product to Consilient in the EEA and UK (the "**Licence Agreement**") and a Supply Agreement related to the supply by AEZS of the Licensed Product to Consilient ("**Supply Agreement**") (the License Agreement and the Supply Agreement hereinafter referred to as the "**Assigned Agreements**").

(B) As of the date hereof (the "**Effective Date**"), Consilientand Pharmanovia entered into an Assignment Agreement to assign the Assigned Agreements from Consilient to Pharmanovia (the "**Assignment Agreement**").

(C) AEZS has agreed to give its consent to the assignment of the License and the Supply Agreements from Consilient to Pharmanovia.

(D) Pharmanovia and AEZS have further agreed to amend the terms of the Licence Agreement and the Supply Agreement on the terms set out herein.

IT IS AGREED AS FOLLOWS:

1. INTERPRETATION

In this Agreement, capitalised terms shall have the meaning given in the Licence Agreement unless otherwise defined herein.

1.1 In this Agreement:

1.1.1 "including" means including without limitation; "include" and "includes" shall be construed accordingly;

1.1.2 references to statutory provisions include those statutory provisions as amended or re-enacted (and include any subordinate legislation made from time to time under those statutory provisions);

1.1.3 references to "person" shall be construed so as to include any individual, firm, company, corporation, body corporate, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having a separate legal personality).

2. ACKNOWLEDGEMENT AND CONSENT; SURVIVAL

2.1 AEZS hereby acknowledges and agrees to the assignment of the Assigned Agreements.

2.2 AEZS shall retain the right to proceed against Consilient for any and all claims related to any breaches, representations and warranties, damages, losses, liabilities and expenses that may at any time be incurred by AEZS due to acts, omissions or occurrences of Consilient relating to the License Agreement and the Supply Agreement which occur, accrue or arise prior to the Effective Date.

2.3 AEZS hereby confirms and acknowledges to Pharmanovia that the payments pursuant to clause 10.1 and clauses 10.2.1 (ii), (iv) and (v) of the Licence Agreement that have been incurred prior to the Effective Date are obligations of Consilient, and no payments are owing by Pharmanovia pursuant to such clauses for this period.

3. AMENDMENTS

AEZS hereby agrees with Pharmanovia, as of the Effective Date, to make the following amendments to the **Licence Agreement**:

3.1 Clause 11.3 of the Licence Agreement shall be deleted and replaced with the following:

"**Within ten (10) days of the end of each quarter Pharmanovia shall deliver to AEZS a draft report including an estimate of Net Sales of the Licensed Product and all payments from sublicensees in the Territory, on a country-by-country basis for the previous quarter**. Within thirty (30) days of the end of each quarter of the year, Pharmanovia shall deliver to AEZS an updated report setting forth, for such quarter, the following information, on a country-by-country, and Territory-wide basis: (a) Net Sales of the Licensed Product and all payments from sublicensees, (b) deductions taken from gross sales in the calculation of such Net Sales, (c) the royalty due hereunder for the sale of the Licensed Product, including all information pertaining to the calculation of each of the foregoing, and (d) the exchange rates, if any, used

in determining the amount of Euros. Following receipt of such report AEZS shall invoice Pharmanovia for the royalties due for the previous quarter and such invoice shall be payable within 30 days of receipt."

AEZS hereby agrees with Pharmanovia, as of the Effective Date, to make the following amendments to the **Supply Agreement**:

3.2 AEZS hereby agrees with Pharmanovia, as of the Effective Date, to delete clause 1.12 (definition of "FCA") of the Supply Agreement in its entirety without any replacement. All references to FCA in the Supply Agreement shall from the Effective Date be to EXW.

3.3 AEZS hereby agrees with Pharmanovia, as of the Effective Date, to delete Exhibit B to the Supply Agreement and replace it with the Exhibit B to this Agreement.

4. Renewal of Supplementary Agreements

4.1 Within sixty (60) days after the Effective Date, AEZS and Pharmanovia shall agree upon new terms and conditions for the following supplementary agreements to the License Agreement and the Supply Agreement in good faith, taking into consideration current developments and requirements of AEZS:

(a) The Quality Agreement as Exhibit C to the Supply Agreement; and

(b) the agreement upon safety data exchange procedures (Pharmacovigilance Agreement) as defined in clause 8 of the License Agreement

("**Supplementary Agreements**").

4.2 As long as AEZS and Pharmanovia did not agree upon the renewal of the Supplementary Agreements according to section 5.1, the Supplementary Agreements as in force on the Effective Date shall apply with the proviso that as soon as new terms and conditions for the Supplementary Agreements are agreed upon, these new terms and conditions shall apply retroactively to the date (60) days after the Effective Date.

5. Governing Law and Jurisdiction

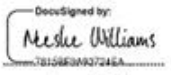
5.1 This Agreement shall be governed by and construed in accordance with the law of Germany excluding the United Nations Convention on Contracts for the International Sale of Goods (CISG) and without regards for the conflicts of laws principles thereof.

5.2 For all disputes arising out of or in connection with this Agreement, the Parties submit to the exclusive jurisdiction of the ordinary courts of Frankfurt am Main, Germany, without restricting any right of appeal.

AGREED by the Parties through their duly authorised representatives on the date written at the top of the first page of this Agreement:

For and on behalf of:

Atnahs Pharma UK Limited

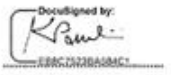
Signed 

Full Name Neeshe Williams

Title General Counsel and Director

For and on behalf of:

Aeterna Zentaris GmbH

Signed 

Full Name Dr. Klaus Paulini

Title Managing Director, President and CEO

Aeterna Zentaris GmbH

Signed 

Full Name Dr. Eckhard Guenther

Title Managing Director

Exhibit B

Price, Order quantities, Delivery address, Lead time and Minimum Shelf Life

1. **Unit Price for European Economic Area (EEA): EXW, Incoterms 2020**

The transfer Price for one (1) Unit of Licensed Product depends on the units ordered and is listed in the following table. The price is set for the period January 1st, 2023 to December 31st, 2024

Ordered Units	Price/ Unit (EUR)
240	60,00
480	50,00
1440	43,00

2. **Unit Price for United Kingdom (UK): EXW-Goettingen, Incoterms 2020**

The transfer Price for one (1) Unit of Licensed Product depends on the units ordered and is listed in the following table. The price is set for the period January 1st, 2023 to December 31st, 2024

Ordered Units	Price/ Unit (EUR)*
240	49,00
480	44,00
1440	41,00

*: Price per Unit includes commercial invoice; export documentation and loading of the vehicle; Export Duty & Taxes will be invoiced separately to Contract Giver

Lead-time

Licensed Product	Lead time
Macimorelin Aeterna Zentaris 60 mg granules in sachet for oral suspension	6 months

Minimum Shelf Life

Licensed Product	Minimum Shelf Life
Macimorelin Aeterna Zentaris 60 mg granules in sachet for oral suspension	30 months*

* The minimum shelf life may be extended to 36 months after approval.

Exhibit 4.7

AETERNA ZENTARIS GMBH
WEISMUELLERSTR. 50; D-60314 FRANKFURT/ MAIN GERMANY
Attn.: Chief Executive Officer Klaus Paulini

Sent by electronic mail to CEO Klaus Paulini

26 August 2022

Early Termination of Amendment Agreement ("Agreement") dated as of 16 November 2020

With reference to telephone conversation 22 August 2022 between undersigned and Klaus Paulini, with this letter, Novo Nordisk A/S ("Novo") hereby provides written notice to Aeterna Zentaris that it is terminating of Agreement pursuant to Section 13.2(c) of the Agreement. Thus, with this Early Termination the Agreement will terminate 270 days from the date of this notice letter.

We propose to meet at your earliest convenience to discuss the details and plans for the transition activities as a consequence of the Early Termination as set forth in the Agreement. Please rest assured that Novo will use commercially reasonable efforts to support you in this transition.

I kindly ask you to confirm receipt of this notice.

On behalf of Novo Nordisk:

DocuSigned by:
DA244347E117496

Jane Buus Laursen
CVP, Commercial Business Development and Alliance Management

Exhibit 8.1

SUBSIDIARIES OF THE REGISTRANT

COSCIENS BIOPHARMA INC.

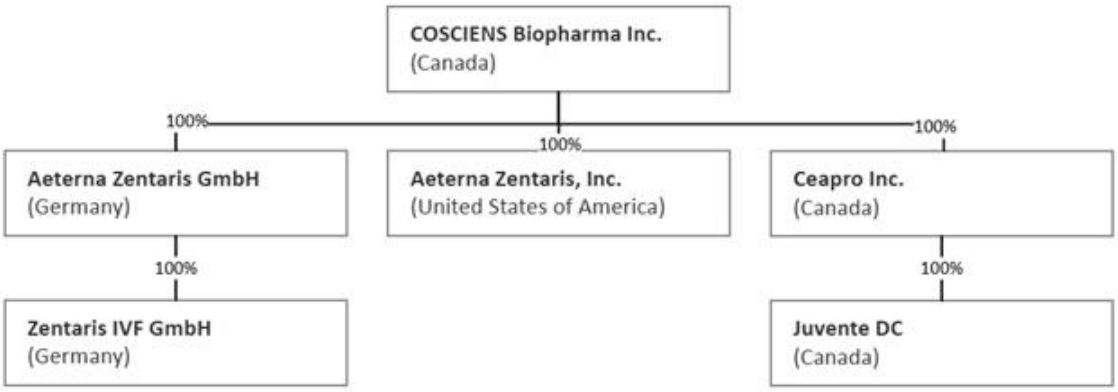


Exhibit 11.1

CODE OF CONDUCT AND BUSINESS ETHICS

February 2, 2023

Table of Contents

Message from Klaus Paulini, President and CEO

Colleagues,

Aeterna Zentaris Inc. (the "Company") is committed to conducting business with the highest degree of ethics, integrity, and compliance with laws worldwide. In fact, we shall all strive to reasonably exceed the letter of the law to create the culture of a values-based company. I am proud to present an updated version of the Aeterna Zentaris Inc. Code of Conduct and Business Ethics ("Code"), which reflects the Company's commitment to integrity and a values-based culture.

It is essential that we remain committed to the highest standards of legal compliance and ethical business conduct. As such, the Code is designed to require that we act with unwavering integrity and the highest ethical standards.

The Company is committed to complying with all applicable laws and regulations governing our business and our pharmaceutical products. Aeterna Zentaris also follows the PhRMA Code on Interactions with Healthcare Professionals. employee/Contractor are expected to read, understand, and abide by all these policies, the Code, and other relevant policies and procedures.

All of us has a critical role to play in the lawful and ethical conduct of our business. We want all colleagues to take the time to understand the principles behind the laws and regulations that underlie these important Company policies. These policies are so important to the Company that adherence to them will be considered in connection with all employee/Contractor performance evaluations.

If you ever have questions about the operation of these policies or have concerns about known or suspected violations of these policies, we expect you to raise them with your supervisor, Human Resources, or even anonymously via the Company's Ethics and Compliance Hotline, as more fully detailed in the Code.

We are all individually responsible for protecting the business and reputation of Aeterna Zentaris and following this Code in our daily conduct will serve as the cornerstone of a values-based culture.

Thank you for your continued contributions to the growing success of Aeterna Zentaris.

Sincerely,

Klaus Paulini
President and Chief Executive Officer & Managing Director (GmbH)

This Code applies to every employee, contractor, officer and director of Aeterna Zentaris Inc. and its subsidiaries ("Company"). Third parties acting on behalf of the Company are also expected to act within the framework and tenor of this Code. Every employee, contractor, officer, and director should become familiar with the contents of this Code of Conduct and act in accordance with its terms. This Code will also be applied in accordance with applicable local laws and regulations.

This Code only provides general guidance and is not an exhaustive document anticipating every situation encountered in our daily commercial activities. Rather, this Code highlights the guiding principles that form the basis of the Company's conduct and its other policies. The Company will provide appropriate training to ensure that all participants are familiar with the terms of this Code.

Employee and Contractors are encouraged to ask questions when they need clarity and to speak up when they have ethical or compliance concerns.

This Code is intended to exceed requirements for a code of ethics under the Sarbanes-Oxley Act of 2002 (and the related regulations adopted by the Securities and Exchange Commission) and applicable Marketplace Rules of The Nasdaq Stock Market, Inc.

POLICY REVIEWS AND/OR CHANGES

- This policy dated January 2019 replaces and supersedes the Code of Ethical Conduct that was previously approved on March 10, 2009.
- This policy dated September 2021 replaces and supersedes the Code of Ethical Conduct that was previously approved on January 4, 2019. Policy formatting was updated only.
- This policy dated December 1, 2021 replaces and supersedes the Code of Ethical Conduct that was previously approved on September 2021.
- Policy formatting was updated only.
- This policy dated January 12, 2022 replaces and supersedes the Code of Ethical Conduct that was previously approved on December 1, 2021.
- The Policy dated February 2, 2023 updates to the whistleblower telephone number and website for reporting of any wrongdoing.

Health and Safety in the Workplace

High safety standards and the constant improvement thereof are an integral part of the Company's ethics and commitment. The Company provides safe and healthy working conditions on its sites for both its employee and Contractors. Each employee/Contractor is expected to contribute to the safetyof the workplace by being aware of the rules, policies, and procedures and by reporting any unsafe condition.

Equal Opportunity and Non-Discrimination

All employee/Contractors should respect one another and treat each other with respect, without regard to race, color, national or ethnic origin, ancestry, age, religion or religious creed, disability or handicap, sex or gender, sexual orientation, military or veteran status, genetic information, or any other characteristic protected under applicable federal, state, or local law. Unlawful discrimination will not be tolerated.

Harassment-Free Environment

The Company strives to maintain a work environment in which people are treated with dignity, decency, and respect. That environment should be characterized by mutual trust and the absence of intimidation, oppression, and exploitation. employee/Contractors should be able to work and to learn in a safe and stimulating atmosphere. The accomplishment of this goal is essential to the Company's mission.

An Open Dialogue with employee/Contractors

The Company is committed to maintaining trusting and constructive relations with its employee/Contractors. This exchange is particularly important as the employee/Contractors are the key players in the Company's responsible performance. The Company encourages dialogue between employee/Contractors and management to assist employee/Contractors to identify actual or potential situations that might lead to a violation of this Code and to find solutions to prevent such situations.

Data Privacy

Personal data can only be collected to serve legitimate purposes and subject to applicable directives, rules, and regulations.

Conflict of Interest

Employee/Contractors shall exercise fair, objective, and impartial judgment in all business dealings, placing the interest of the Company over any personal interest in matters relating to the Company's business.
Employee/Contractors must not use their positions to obtain direct or indirect personal benefits. To protect the Company and themselves against even the appearance of a conflict of interest, employee/Contractors are encouraged to disclose to their managers any relationship they have with any other entity with which the Company does business or may potentially do business or with any actual or potential competitor of the Company. More generally, employee/Contractors must avoid being involved in any transactions or activities that could be or give rise to a conflict.

Use of Company Resources

Employee/Contractors are expected to dedicate their working time to the pursuit of the Company's interests, protecting its assets and making reasonable use of its resources. The Company understands that its employee/Contractors may make use of the Company's resources from time-to-time to address minor personal matters that cannot be managed outside of normal work hours. Should an employee's personal use of the Company's resources be authorized, that use must not be excessive, engaged in for personal gain or illegal purposes or otherwise abused.

Communication with the Public

Although the Company respects the private lives and social relations of its employee/Contractors, any public reference to the Company or its employee/Contractors, personally or through any social media, must be consistent with the terms of this Code of Conduct and our Disclosure Policy. This Code is not intended to preclude or dissuade discussions among employee/Contractors about topics protected by law. For example, such public comments may not amount to harassment of another employee/Contractor.

Ethics and Integrity as a Member of the Healthcare Industry

Overview

The Company is committed to complying with all applicable laws and regulations governing our business and our products. The Company also supports and subscribes to the PhRMA Code on Interactions with Healthcare Professionals. With these commitments in mind, Company employee/Contractors are responsible for conducting business in conformance with these Healthcare Law Compliance Policies and the Company's Code.

Interacting with Healthcare Community

Interactions with the healthcare community are subject to many laws that restrict the economic benefits given to members of the healthcare community. The term "healthcare community" generally means any person or entity in a role to purchase, prescribe, administer, recommend, or arrange for the purchase sale or formulary placement of one of the Company's products. This includes but is not limited to physicians, nurses, office practice managers, pharmacists, wholesalers, and professional organizations. The Company complies with these requirements by ensuring that it does not improperly influence members of the healthcare community when they make decisions about the use of our products.

It is never permissible to promise or to provide anything of value for the purpose of encouraging or inducing any member of the healthcare community to purchase, prescribe, use, or recommend our products. If it is necessary to compensate any member of the healthcare community for their services, the amount of compensation must be commensurate with the services provided and reflect fair market value. For example, the Company is required to report direct and indirect transfers of value, including payments, to any members of the healthcare community. To learn more about this reporting obligation, please review the Company's U.S. Sales and Marketing Code of Conduct (Sunshine Act Policy).

Key Healthcare Laws

There are many government enforcement agencies and numerous healthcare laws that regulate the pharmaceutical industry. The Company expects all employee/Contractors to have a basic understanding of the regulatory environment in which we operate. Brief descriptions of some of the key agencies and the laws they enforce are below.

Food and Drug Administration (FDA)

The FDA has wide-ranging authority to regulate drug approval, safety, clinical studies, and product labeling, as well as advertising and promotion for prescription drugs. It also has at its disposal a host of enforcement tools, including regulatory "Warning Letters," product seizure, import and export restriction, and monetary fines.
Centers for Medicare and Medicaid Services (CMS)

The CMS administers the Medicare and Medicaid programs. Medicare is a federal program that provides healthcare coverage for the elderly, disabled, and persons with end-stage renal disease. Medicaid, which is jointly funded by the federal government and the states and is administered by the states, is a healthcare program for people with limited income and resources. Both Medicare and Medicaid reimburse for certain pharmaceutical products.

Other Government Agencies

There are other agencies of the federal government that investigate health- care fraud, such as the Department of Justice (DOJ), Department of Health and Human Services' Office of Inspector General (OIG), Drug Enforcement Administration, Federal Bureau of Investigation (FBI), Department of Defense (DOD), and Department of Veterans Affairs (VA). In addition, almost every state has a Medicaid Fraud Control Unit and/or a state Medicaid Inspector General to investigate Medicaid issues, and the office of a state attorney general also to investigate any suspected violation of state law.

The key health regulatory laws that form the basis for the policies set forth in this Code are listed here and summarized below:

- The Federal Healthcare Anti-Kickback Statute
- The Federal Civil False Claims Act
- The Federal Food, Drug, and Cosmetic Act
- The Civil Monetary Penalties Law
- Federal Price Reporting Laws (including Medicaid Drug Rebate Statute, Public Health Services Act, and Veterans Health Care Act)
- The Health Insurance Portability and Accountability Act of 1996
- The Medicare Drug, Improvement, and Modernization Act of 2003
- The Physician Payments Sunshine Act (part of the healthcare reform legislation in the Patient Protection and Affordable Care Act of 2010)

Summary of Key Healthcare Laws

FEDERAL HEALTHCARE ANTI-KICKBACK STATUTE

Relevant Purpose

The Federal Anti-Kickback Statute generally prevents companies such as the Company from encouraging customers, directly or indirectly, to recommend, prescribe, or purchase the Company products based on a financial incentive or "kickback" rather than sound medical judgment.

Summary of the Law

As it applies to the Company, the Anti-Kickback Statute generally makes it illegal to directly or indirectly offer or pay any "remuneration" to any entity (including vendors, customers, and potential customers) to induce that entity to recommend, prescribe, or purchase Company products when those products are being paid for by the federal government. "Remuneration" can be anything of value, such as discounts, rebates, grants, vouchers, cash, gifts, services, coupons, lottery tickets, trips, or free products.

The government may view remuneration as a kickback even if one among many other appropriate reasons you provided it was to encourage your customer to prescribe or order Company products.

Similarly, the Anti-Kickback Statute generally makes it illegal for the Company's customers and vendors to accept any improper remuneration in exchange for prescribing or influencing prescribing of the Company products. Thus, there is a common interest between the Company and those individuals and entities with whom we do business to avoid an arrangement that might appear to be a "kickback."

"Safe Harbors"

Not all discounts, grants, and gifts are illegal. The government has established "safe harbors" to protect certain conduct. If a manufacturer fully complies with a safe harbor, it will not be liable under the Anti- Kickback Statute. Four safe harbors are particularly significant to pharmaceutical manufacturers:

- The Discount Safe Harbor protects certain price reductions, provided they are set in advance and properly disclosed and reported to the government
- The Personal Services Safe Harbor allows a manufacturer to enter into contracts with healthcare professionals for services such as speaking engagements, consultancies, and advisory boards. It is important to note that this safe harbor requires that the services be "bona fide" and that any fees paid for such services represent the "fair market value" for such services
- The Group Purchasing Organization (GPO) Safe Harbor protects certain administrative fees paid to GPOs
- The Managed Care Safe Harbor protects certain discount arrangements with managed care organizations.

The specifics of these safe harbors are extremely complex. For this reason, all arrangements, and contracts for the sale of Company products, including any discounts or rebate arrangements, as well as all arrangements for paid services, must be approved by

the CEO.

Penalties

It is a felony to violate the Anti-Kickback Statute. Violators may be fined substantial penalties for violations and may also face probation (for organizations) or prison (for individuals). Additionally, violation of the Anti-Kickback Statute may result in exclusion from the federal healthcare programs such as Medicare and Medicaid. For the Company, exclusion could mean that our products would no longer be reimbursed by these important federal payors. Likewise, there are state-based anti-kickback statues under which the Company could face penalties for activities deemed to be kickbacks.

FEDERAL CIVIL FALSE CLAIMS ACT

Purpose

The government relies on certain information provided by pharmaceutical manufacturers in determining whether and what to pay for certain products and services under programs such as Medicare and Medicaid. The purpose of the Federal False Claims Act is to prevent the government from paying more than it should for a product or service because of false or inaccurate information.

Summary

It is illegal to make – or assist others in making – false statements or claims to the government. A claim is "false" if the person or company making the claim knows that it is false or acts in "deliberate ignorance" of, or with "reckless disregard" for, whether the statement or claim is actually true. Under the False Claims Act, individuals with knowledge of false claims, sometimes called "whistle-blowers," may bring suit on behalf of the government in so-called *qui tam* actions.

Unintentional or honest mistakes are not generally illegal. However, too many "honest mistakes" may suggest that a person or company is not taking care with the information it provides to the government and which could be viewed as "reckless disregard" of the truth.

If government reimbursement (including but not limited to Medicare or Medicaid reimbursement) for Company products depends on information that the Company generates or reports, and the Company "knowingly" fails to generate or report such information completely and accurately, or even is negligent in doing so, the Company may be liable under the False Claims Act.

The following are some other examples of activities that the government may view as false claims:

- Failing to include the value of discounts and rebates (including "off invoice" discounts) in certain prices reported to the government.
- Providing "false invoices" to customers to assist them in obtaining a larger government reimbursement than they deserve.
- Failing to correct the fact that a price provided to the government is clearly inaccurate.
- Making inadequate efforts to check the accuracy of the prices submitted to the government.

- Allowing employee/Contractors with insufficient training and supervision to calculate prices reported to the government.
- Encouraging a customer to bill inappropriately for a Company product, or
- Providing false product information or kickbacks (as described in more detail in other sections of these policies) to formulary committee members or prescribers in order to get Company products reimbursed by a federal healthcare program.

Penalties

Financial penalties for violations of the False Claims Act can be substantial. Moreover, there are other similar state and federal laws that would criminalize certain false claims. Additionally, violation of the False Claims Act may result in exclusion from federal healthcare programs such as Medicare and Medicaid. For the Company, exclusion could mean that our products would no longer be reimbursed by these important federal payors.

FEDERAL FOOD, DRUG, AND COSMETIC ACT

Purpose

The ultimate purpose of the Federal Food, Drug, and Cosmetic Act (FDCA) is to protect consumer health. Under the FDCA, the Food and Drug Administration (FDA) regulates several areas of prescription drug development and marketing, including clinical studies, manufacturing, market approval, safety and efficacy, and advertising and promotion.

Summary

In order to ensure that any drugs placed on the market are safe and effective, the FDCA requires clinical investigation of a new drug for a particular use. Clinical studies must be designed and conducted in compliance with applicable industry standards and in such a way as to produce scientifically accurate data. The FDA may only approve a drug that has been shown to be safe and effective for the use investigated during its clinical trial(s). As such, the Company may not promote a drug that is currently under clinical investigation. There are limited exceptions to disseminate information concerning a drug before it has received marketing approval from the FDA. These exceptions must be approved in advance by an outside legal expert approved by the CEO.
Even after a company drug receives approval, the company must control how its drug is promoted. A manufacturer may only promote a drug for its approved use, even though prescribers may use their professional judgment in determining how to prescribe the drug. Promoting a drug for an unapproved use is known as "off-label promotion," meaning that the manufacturer is promoting the drug for a use not indicated in the drug's approved labeling.

A drug's "labeling" includes all information contained on its label, packaging, and its full prescribing information (FPI) or package insert (PI), as well as any other materials distributed by the manufacturer about the drug, and oral statements about the drug's intended use. Thus, all such materials and statements must contain only information related to the drug's approved use(s) as set forth in the FPI. As previously mentioned, there are some narrow exceptions to the off-label promotion rule, which can be used only when approved by an outside legal expert approved by the CEO.

In addition to promoting a drug only for its approved use(s), a company must promote its drugs in a way that is truthful and not misleading and that gives a "fair and balanced" description of the drugs' risks and benefits. This means that risk information must be

presented with prominence and readability comparable to any safety or efficacy information. Fair balance must exist in our printed materials as well as any oral communications of a promotional nature.

The Prescription Drug Marketing Act (PDMA), part of the FDCA, regulates the distribution of prescription drugs. Under the PDMA, manufacturers must closely track the distribution of prescription drugs, including drug samples. Manufacturers are also prohibited from engaging in any sale of drug samples.

Penalties

Violations of the FDCA, including violations of the PDMA, may result in civil penalties, such as monetary fines or criminal sanctions, including imprisonment. In order to monitor a manufacturer's development and marketing of its drugs, FDA uses a variety of enforcement mechanisms. Such mechanisms may include conducting on-site facility inspections to ensure compliance with Good Manufacturing Practice and Quality Systems regulations, issuing "Warning Letters" or "Untitled Letters" if any deficiencies or regulatory violations are found with respect to product manufacturing or promotion, seizing products or withdrawing products from the market, and debarring individuals or companies from drug manufacturing or other FDA-regulated activities.

FEDERAL PRICE REPORTING LAWS

Purpose

State and federal laws (including the Medicaid Drug Rebate Statute, Public Health Services Act, Veterans Health Care Act, and Medicare Modernization Act (MMA) require the Company to report drug prices on a regular basis as a condition of its drugs being covered by various government reimbursement programs (such as Medicaid).

Summary

There are complex rules governing the calculation of the pricing metrics that need to be reported to the government. Among other things, the following arrangements must, at a minimum, be considered by the Finance and the Commercial Organization of the Company when reporting prices to the government: discounts (regardless of how they are noted or characterized), rebates, any price concessions, fees, credits, settlements of accounts receivables, provision of free goods contingent upon a sale of Company products, reduced price services, or grants intended to lower the price of a drug.

Penalties

Reporting inaccurate pricing information can lead to various civil and criminal penalties under the relevant laws. For example, penalties may be available under the Federal Civil False Claims Act, discussed in greater detail above. Additionally, penalties may be imposed under the government price reporting statutes themselves, and such penalties may include monetary fines, as well as potential criminal liability. Finally, The Company's products may be excluded from coverage under most federal and state healthcare programs for violation of these price reporting laws.

Discounts, rebates, and other requests to lower the ultimate price of a The Company product to a customer must be approved by the [Vice President and Chief Commercial Officer] with the concurrence of an outside legal expert approved by the CEO].

CIVIL MONETARY PENALTIES LAW

Purpose

The Civil Monetary Penalties Law provides the OIG with the authority to impose civil monetary penalties (CMPs) for various activities involving the federal healthcare programs. These penalties are in addition to those penalties that might be available under other federal statutes, such as those discussed previously.

Summary

The Civil Monetary Penalties Law provides for the imposition of CMPs against any person (including an organization or other entity) for various activities, including:

- knowinglypresenting, or causing to be presented, false or improper claims to a state or federal government employee/Contractor or agent
- violating the Federal Healthcare Anti-Kickback Statute
- engaging in certain arrangements or contracts with entities or individuals who have been excluded from participation in federal healthcare programs, and
- providing certain financial incentives or inducements to individual beneficiaries of federal healthcare programs

Penalties

CMPs are civil fines that can be imposed in addition to any civil or criminal liability under the other laws discussed in these policies.

HIPAA—PRIVACY OF MEDICAL INFORMATION

Purpose

The purpose of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) is to protect personal health information from disclosure to unauthorized persons.

Summary

HIPAA requires certain companies (known as Covered Entities) to take precautions when using or disclosing confidential health information under certain circumstances. "Covered Entities" may include physicians, pharmacies, health plans and others with whom we do business. With the possible exception of certain employee/Contractor benefit plans, The Company is not a "Covered Entity." However, it is important that all The Company employee/Contractors recognize that our customers may be restricted from sharing certain health information with us, particularly if such information might identify any individual patients.

In many circumstances, Covered Entities must obtain permission before they can use or disclose protected health information. Even in situations where permission is unnecessary, companies must still follow certain rules in using or disclosing this confidential data. HIPAA

also allows individuals to learn what information has been collected about them by Covered Entities and what will happen to that information.

In the context of adverse event reporting, HIPAA specifically permits disclosure of personally identifiable information that is relevant to the report.

HIPAA's requirements are extremely complex. Any questions about The Company's privacy policies and procedures should be directed to an outside legal expert approved by the CEO.

Penalties

HIPAA violations are criminal and are punishable by substantial monetary fines, as well as possible jail time (for an individual) and probation (for an organization).

Note: Laws relating to personal health and privacy may be more restrictive in other countries of the European Union

THE MEDICARE DRUG, IMPROVEMENT, AND MODERNIZATION ACT OF 2003

Purpose

The Medicare Drug, Improvement, and Modernization Act of 2003 (MMA) established a Medicare outpatient prescription drug benefit program, among other things.

Summary

The MMA created Medicare Part D as an outpatient prescription drug benefit administered by private entities. Part D drug benefits may be made available through entities offering stand-alone prescription drug benefit plans (known as "prescription drug plans" or PDPs), through managed care plans that offer a more comprehensive healthcare benefit (known as "Medicare Advantage Plans" or MA-PDs), and a variety of other arrangements. Discounts and rebates to PDPs and MA-PDs are not included in Medicaid Best Price calculations.

Penalties

Although most penalties that may be assessed under Part D do not apply to The Company, the federal money used for Part D drugs brings the program within the purview of the other laws discussed above.

Some activities that may generate scrutiny by the Centers for Medicare and Medicaid Services (CMS) include:

- Failure to generate, report, or document Part D rebate or discount information completely and accurately,
- Kickbacks, inducements, and other illegal remuneration,
- Inappropriate relationships with formulary committee members, payments to pharmacy benefits managers (PBMs), and formulary placement payments in order to have manufacturer's products included on a plan's formulary,
- Inappropriate relationships with physicians, including "switching" arrangements, certain services payments, gratuities, and improper entertainment, and,
- Illegal off-label promotion

Additionally, it is important to keep as much separation as possible between discussions of Part D rebates and discounts and discussions of commercial rebates and discounts, as it would be inappropriate to "swap" between programs (e.g., offer higher discounts to Part D in order to win a company's commercial business or vice versa).

THE PHYSICIAN PAYMENTS SUNSHINE ACT

Purpose

The Sunshine Act provisions of the Patient Protection and Affordable Care Act seek to provide increased transparency on interactions between physicians and teaching hospitals and the pharmaceutical, biologics, and medical device industries.

Summary

Manufacturers must report payments or other transfers of value to physicians and teaching hospitals annually. Reports must be filed by March 31st each year, reflecting all payments and transfers of value to physicians and teaching hospitals for the previous calendar year. The Secretary of Health and Human Services will make reported information publicly available in a searchable format by June 30th of each year. It is extremely important that Company employee/Contractors (and certain contractors) responsible for making such payments or transfers of value accurately report such transfers.

The Finance Department will service as data stewards, aggregating data and reporting it, but the completeness and accuracy of data are the responsibility of the employee/Contractors/contractors involved in the payments or transfers of value.

Penalties

Manufacturers that fail to report in a timely and accurate manner may be subject to significant civil monetary penalties.

Promoting Products

The way the Company promotes and markets its products is subject to regulation in every country in which it operates. To comply with the regulations, the Company carefully controls the form and content of all promotional materials. It is never permissible to use promotional materials other than those that have been approved by the Company. You may never create your own promotional materials or modify materials that have been approved. Be sure that your promotional discussions are complete, accurate and not misleading when you promote the Company's products. Never promote an off-label use of the Company's products. All products claims must be consistent with approved labeling and prescribing information. When discussing the Company's products, always describe all safety information fully and accurately and never misrepresent or minimize it.

Pricing and Price Reporting

Accurate and timely pricing information assists not only the Company but government agencies, private payors, healthcare professionals, patients, and other stakeholders. This type of information is also important to our commercial success and to meeting our legal and

regulatory requirements. Therefore, all employee/Contractors are expected to ensure that the government price calculations and reports that they produce are timely and accurate. All employee/Contractors are expected to follow the Company's procedures for obtaining approval for, documenting, and communicating lawful discounts, rebates, and administrative fees.

Good Operating Practices

The Company adheres to sound scientific and quality principles and ensures that these principles are reflected in its operations. To uphold the principles, the Company complies with all applicable laws dealing with current Good Laboratory Practices (cGLP), Good Clinical Practices (cGCP), Good Manufacturing Practices (cGMP) and Good Distribution Practices (cGDP). The Company refers to these practices collectively as current Good Operating Practices (cGxP). The Company has adopted systems and internal controls for all cGxP areas, or it has contracted with other entities to provide services that are compliant with cGxP.

All employee/Contractors are expected to know the relevant compliance policies and procedures that apply to their respective cGxP responsibilities and to participate in training regarding the policies. It is never appropriate to take shortcuts in complying with any cGxP policy or procedure. Doing so could invalidate a batch of product and subject the Company to regulatory enforcement actions. All employee/Contractors are expected to cooperate with all assessments and tests designed to ensure GxP compliance and to report to their respective managers any deviations from cGxP policies and procedures.

Drug Safety – Reporting Adverse Events, Product Complaints, and other Safety Findings

The Company is committed to compliance with all laws and regulations that require it to collect and review information regarding adverse events, product complaints and other safety findings. If you become aware of any adverse event, product complaint or other safety finding experienced by a patient or a trial subject taking an approved or investigational product, you are required to notify the Company's Chief Medical Officer within one business day.

Government Inspections and Requests

The Company's facilities and activities are likely to be inspected by representatives of government agencies from time-to-time. The Company is committed to being cooperative with government representatives conducting such inspections. All employee/Contractors are expected to provide a positive and cooperative environment for inspectors throughout the inspection and to respond to inquiries truthfully to the best of their abilities. It is never permissible to make false or misleading statements to any government representative. Doing so will result in severe disciplinary action. If an employee/Contractor does not know the answer to a question posed by a government representative, the appropriate course of action is to say so and to tell the representative that the answer will be obtained promptly.

Scientific Exchange

"Scientific Exchange" refers to the bona fide exchange of medical and scientific information in a non-promotional manner or context. It also refers to a response to an unsolicited question or request for information from a healthcare professional or institution. As such, scientific exchange is an important part of the Company's business. employee/Contractors involved in scientific exchange are required to use information that is truthful and not misleading and that is non-promotional in its nature and intent.

Financial Records and Accounting

The Company accurately informs its shareholders of all actions, events, or decisions reasonably likely to have a significant effect on their investment decisions. The Company's books and records must always reflect actual financial information consistent with International Financial Reporting Standards. employee/Contractors must ensure that the records are accurate and properly retained in accordance with applicable laws and regulations.

Insider Trading

The Company has a policy governing insider trading. The policy is called the "Insider Trading Compliance Policy." All employee/Contractors have been provided a copy of this policy and all employee/Contractors are expected to comply with it. In general, the Insider Trading Compliance Policy provides, among other things, that employee/Contractors who have access to inside information shall not buy or sell any securities based on that information or communicate it to someone else who then trades in those securities. This concerns securities of the Company and of third parties. Inside information means information that has not yet been made public and that if it were made public would likely have a significant impact on the trading price of the securities.

Proprietary and Confidential Information

Each employee/Contractor and contractor of the Company shall execute a "Confidentiality and Proprietary Rights Agreement." In general, this agreement imposes restrictions on the disclosure of the Company's and other third parties confidential and proprietary information both within and outside the Company. employee/Contractors must take precautions to safeguard the Company's proprietary information from disclosure to competitors and other unauthorized third parties. In addition to safeguarding the Company's confidential information, employee/Contractors must also take care to protect the confidential information of third parties (for example customers and suppliers) that comes into their possession.

Fair Competition

The Company wants to succeed ethically and with the highest integrity. The Company values fair and open competition and must comply with all competition and antitrust laws. The Company does not enter business arrangements that distort, eliminate, or discourage competition or that provide improper competitive advantages. The Company strives to succeed fairly and honorably.

Supply Chain

The Company expects its vendors, suppliers, and customers to obey all laws and regulations governing their activities, both within their own worksites and the Company's. They are also contractually encouraged to adhere to the spirit of this Code of Conduct in their operations. The Company applies a structured, fair, and ethical process to select and to evaluate its suppliers to build a mutually beneficial relationship with them. Our suppliers are selected based on objective criteria such as quality, reliability, competitive pricing, and commitments to ethical behavior.

Gifts, Bribes and Kickbacks

Other than gifts of nominal value given or received in the normal course of business (e.g., business lunches), neither you, nor your relatives, may give gifts to, or receive gifts from, patients, customers, or suppliers. Other gifts may be given or accepted with prior approval of the CEO.

A kickback or bribe is the offering of an item to a person with the intent to obtain favorable treatment. Any employee/Contractor who pays or receives a bribe or kickback will be immediately terminated and reported, as warranted, to the appropriate authorities.

Ethics and Integrity as a Corporate Citizen

Political Contributions

The Company does not take part in political activities, nor does it make corporate donations to political parties or to candidates. The Company respects the freedom of its employee/Contractors to make their own political decisions. Any personal participation or involvement by an employee/Contractor in the political process must be on an individual basis, on the employee/Contractor's own time and at the employee/Contractor's personal expense.

Supporting the Code of Conduct – Speak Up

How to Speak Up

The first and best place for employee/Contractors to Speak Up is with their individual manager. In fact, part of the manager's job is to listen to employee/Contractors, understand their questions and concerns and to act on them appropriately. In addition, employee/Contractors may seek help from any manager or supervisor. Aeterna Zentaris Inc. has selected EthicsPoint, an independent third-party vendor, to provide a confidential and anonymous communication channel for reporting concerns about possible violations of this Code as well as financial and/or accounting irregularities or fraud. As an alternative, employee/Contractors may wish to use the EthicsPoint to report matters that concern them. All information needed to report a case using EthicsPoint could be found on the Company's website at http://ir.aezsinc.com/corporate-governance.

Aeterna Zentaris Inc., through an independent third-party supplier, provides a confidential and anonymous communication channel for reporting concerns about possible violations to the Code as well as financial and/or accounting irregularities or fraud. Internet Interface is available in French and English and EthicsPoint call center manages more than one hundred languages.

All inquiries will be managed promptly and discreetly. In order to make the process of inquiry managing easier, we encourage you to identify yourself. However, you have the right to remain anonymous, and confidentiality will be maintained as far as possible. Aeterna Zentaris Inc. employee/Contractors will not be penalized, dismissed, demoted, or suspended and no retaliatory action will be taken against them for reporting or not, inquiring in good faith about potential breaches of the Code, or for seeking guidance on how to manage suspected breaches.

To make a report
You may use either of the following two methods:

1. Canada and United States call - 1-844-539-2239
2. Germany call - 0-800-225-5288 (Germany's country code) followed by 844-539-2239.
3. Click here and go to www.aezsinc.ethicspoint.com

The Company prefers that human resources issues be managed at the local level. employee/Contractors are encouraged to speak with someone in their local management or Human Resources staff, if possible, to try to resolve their issues before filing a report. If the issue has not been addressed after a reasonable amount of time, employee/Contractors are encouraged to make a report. No matter how concerns are reported – whether anonymously or by name, in person or through Ethicspoint – employee/Contractors can be assured confidentiality will be maintained to every extent possible. Limited disclosures will be made only to facilitate investigation or where required by law. All reports will be investigated, and all investigations will be conducted in a manner that reflects the Company's values, its respect for the rights of all parties involved and applicable law.

No Retaliation

In no event shall an employee/Contractor who makes a report be subject to retaliation. Any person, regardless of position, who engages in retaliatory behavior will be subject to disciplinary action. If reports are made in good faith, no action will be taken against an employee/Contractor raising a concern that eventually proves to be inaccurate. However, abusive accusations will not be tolerated.
The Company expects every employee/Contractor to support this Code and encourages every employee/Contractor to Speak Up for what is right when there is something wrong.

Annual Certification of the Code of Conduct

Training and Awareness

To ensure understanding and compliance, all employee/Contractors will receive a copy of this Code on an annual basis to certify their acceptance and understanding of the Code and its requirements. The Company will provide updates and training for new laws and regulations as well. employee/Contractors should review their behavior considering this Code and determine whether changes are required. At the same time, all managers and supervisors should actively communicate about this Code, monitor compliance and function as positive role models.

Enforcement

Violations of the Code will not be tolerated. employee/Contractors are encouraged to speak up when behavior inconsistent with the Code is observed and managers are expected to deal with such reports and, if necessary, to refer them to the appropriate member of management and/or compliance officer. Violations can lead to disciplinary action, up to and including termination of employment and/or contract status consistent with applicable laws and regulations.

How to Make the Right Decision

Questions that can help you to make the right decision:

- Could my behavior harm the Company's reputation?
- How would my action look like as a headline in tomorrow's newspaper?
- How would my family or friends view my decision?
- Would I be comfortable if someone treated me the same way?
- Am I asking the right people for input?

Employee/Contractor Acknowledgement of Review

I have received a copy, read, understand, and agree to abide by Æterna Zentaris' Code of Conduct and Business Ethics.

_____ _____

Employee/Contractor Signature Date

_____

Employee/Contractor Name (printed)

Exhibit 12.1

Certification of the Principal Executive Officer pursuant to §302 of the Sarbanes-Oxley Act of 2002 **Certification**

I, Gilles Gagnon, certify that:

1. I have reviewed this annual report on Form 20-F of COSCIENS Biopharma Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 9, 2025

/s/ Gilles Gagnon

Gilles Gagnon
President and Chief Executive Officer

Exhibit 12.2

Certification of the Principal Financial Officer pursuant to §302 of the Sarbanes-Oxley Act of 2002 **Certification**

I, Giuliano La Fratta, certify that:

1. I have reviewed this annual report on Form 20-F of COSCIENS Biopharma Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as for the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 9, 2025

/s/ Giuliano La Fratta
Giuliano La Fratta
Chief Financial Officer

Exhibit 13.1

Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of COSCIENS Biopharma Inc. (the "**Company**") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), I, Gilles Gagnon, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 9, 2025

/s/ Gilles Gagnon
Gilles Gagnon
President and Chief Executive Officer

Exhibit 13.2

Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of COSCIENS Biopharma Inc. (the "**Company**") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), I, Giuliano La Fratta, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 9, 2025

/s/ Giuliano La Fratta
Giuliano La Fratta
Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-224737, 333-210561, 333-200834, 333-279844 on Form S-8 of our report dated April 9, 2025, relating to the financial statements of Cosciens Biopharma Inc. appearing in this Annual Report on Form 20-F for the year ended December 31, 2024.

/s/ Deloitte LLP

Chartered Professional Accountants

Montreal, Canada
April 9, 2025

Exhibit 15.2

Consent of Independent Registered Public Accounting Firm

We have issued our report dated April 9, 2025, with respect to the consolidated financial statements included in the Annual Report of COSCIENS Biopharma Inc. on Form 20-F for the year ended December 31, 2024. We consent to the incorporation by reference of said report in Registration Statements on Form S-8 (File No. 333-224737, File No. 333-210561, File No. 333-200834 and File No. 333-279844).

/s/ Raymond Chabot Grant Thornton LLP

Montréal, Canada
April 9, 2025

Exhibit 16.2

April 9, 2025

U.S. Securities and Exchange Commission
Office of the Chief Accountant
100 F Street, NE
Washington, DC 20549
U.S.A.

Dear Sir or Madam:

Subject: COSCIENS Bioparma Inc.
File No. 001-38064

We have read Item 16F of Form 20-F of COSCIENS Biopharma Inc. dated April 9, 2025, and agree with the statements concerning our Firm contained therein.

Yours truly,

/s/ Raymond Chabot Grant Thornton LLP

POLICY STATEMENT OF

COSCIENS BIOPHARMA

REGARDING

CODE OF ETHICAL CONDUCT

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Message from the President and CEO

Colleagues,

Cosciens Biopharma Inc. (the "Company") and its subsidiaries, are committed to conducting business with the highest degree of ethics, integrity, and compliance with laws worldwide. In fact, we shall all strive to reasonably exceed the letter of the law to create the culture of a values-based company. I am proud to present an updated version of the Cosciens Biopharma Inc. Code of Conduct and Business Ethics ("Code"), which reflects the Company's commitment to integrity and a values-based culture.

It is essential that we remain committed to the highest standards of legal compliance and ethical business conduct. As such, the Code is designed to require that we act with unwavering integrity and the highest ethical standards.

The Company is committed to complying with all applicable laws and regulations governing our business and our pharmaceutical products. Cosciens Biopharma Inc. also follows the PhRMA Code on Interactions with Healthcare Professionals. employee/Contractor are expected to read, understand, and abide by all these policies, the Code, and other relevant policies and procedures.

All of us have a critical role to play in the lawful and ethical conduct of our business. We want all colleagues to take the time to understand the principles behind the laws and regulations that underlie these important Company policies. These policies are so important to the Company that adherence to them will be considered in connection with all employee/Contractor performance evaluations.

If you ever have questions about the operation of these policies or have concerns about known or suspected violations of these policies, we expect you to raise them with your supervisor, Human Resources, or even anonymously via the Company's Ethics and Compliance Hotline, as more fully detailed in the Code.

We are all individually responsible for protecting the business and reputation of Cosciens Biopharma Inc. and following this Code in our daily conduct will serve as the cornerstone of a values-based culture.

Thank you for your continued contributions to the growing success of Cosciens Biopharma Inc.

This Code applies to every employee, contractor, officer and director of Cosciens Biopharma Inc. and its subsidiaries ("Company"). Third parties acting on behalf of the Company are also expected to act within the framework and tenor of this Code. Every employee, contractor, officer, and director should become familiar with the contents of this Code of Conduct and act in accordance with its terms. This Code will also be applied in accordance with applicable local laws and regulations.

This Code only provides general guidance and is not an exhaustive document anticipating every situation encountered in our daily commercial activities. Rather, this Code highlights the guiding principles that form the basis of the Company's conduct and its other policies. The Company will provide appropriate training to ensure that all participants are familiar with the terms of this Code.

Employee and Contractors are encouraged to ask questions when they need clarity and to speak up when they have ethical or compliance concerns.

This Code is intended to exceed requirements for a code of ethics under the Sarbanes-Oxley Act of 2002 (and the related regulations adopted by the Securities and Exchange Commission) and applicable Marketplace Rules of The Nasdaq Stock Market, Inc.

POLICY REVIEWS AND/OR CHANGES

- This policy dated January 2019 replaces and supersedes the Code of Ethical Conduct that was previously approved on March 10, 2009.
- This policy dated September 2021 replaces and supersedes the Code of Ethical Conduct that was previously approved on January 4, 2019. Policy formatting was updated only.
- This policy dated December 1, 2021 replaces and supersedes the Code of Ethical Conduct that was previously approved on September 2021. Policy formatting was updated only.
- This policy dated January 12, 2022 replaces and supersedes the Code of Ethical Conduct that was previously approved on December 1, 2021.
- The Policy dated January 2, 2023 updates the whistleblower telephone number and website for reporting of any wrongdoing. replaces and supersedes the Code of Ethical Conduct that was previously approved on January 12, 2022.
- The Policy dated August 8, 2023 updates spelling and formatting only, replaces and supersedes the Code of Ethical Conduct that was previously approved on January 12, 2022.
- The Policy dated December 13, 2024 updates the name of the corporation to Cosciens Biopharma Inc., replaces and supersedes the Code of Ethical Conduct that was previously approved on August 8, 2023.
- The Policy dated January 2025 updates the links to Ethics Point.

Health and Safety in the Workplace

High safety standards and the constant improvement thereof are an integral part of the Company's ethics and commitment. The Company provides safe and healthy working conditions on its sites for both its employee and Contractors. Each employee/Contractor is expected to contribute to the safety of the workplace by being aware of the rules, policies, and procedures and by reporting any unsafe condition.

Equal Opportunity and Non-Discrimination

All employee/contractors should respect one another and treat each other with respect, without regard to race, color, national or ethnic origin, ancestry, age, religion or religious creed, disability or handicap, sex or gender, sexual orientation, military or veteran status, genetic information, or any other characteristic protected under applicable federal, state, or local law. Unlawful discrimination will not be tolerated.

Harassment-Free Environment

The Company strives to maintain a work environment in which people are treated with dignity, decency, and respect. That environment should be characterized by mutual trust and the absence of intimidation, oppression, and exploitation. employees/contractors should be able to work and to learn in a safe and stimulating atmosphere. The accomplishment of this goal is essential to the Company's mission.

An Open Dialogue with Employees / Contractors

The Company is committed to maintaining trusting and constructive relations with its employees/contractors. This exchange is particularly important as the employees/contractors are the key players in the Company's responsible performance. The Company encourages dialogue between employees/contractors and management to assist employees/contractors to identify actual or potential situations that might lead to a violation of this Code and to find solutions to prevent such situations.

Data Privacy

Personal data can only be collected to serve legitimate purposes and subject to applicable directives, rules, and regulations.

Conflict of Interest

Employees/contractors shall exercise fair, objective, and impartial judgment in all business dealings, placing the interest of the Company over any personal interest in matters relating to the Company's business.
Employees/contractors must not use their positions to obtain direct or indirect personal benefits. To protect the Company and themselves against even the appearance of a conflict of interest, employees/contractors are encouraged to disclose to their managers any relationship they have with any other entity with which the Company does business or may potentially do business or with any actual or potential competitor of the Company. More generally, employees/contractors must avoid being involved in any transactions or activities that could be or give rise to a conflict.

Use of Company Resources

Employees/contractors are expected to dedicate their working time to the pursuit of the Company's interests, protecting its assets and making reasonable use of its resources. The Company understands that its employees/contractors may make use of the Company's resources from time to time to address minor personal matters that cannot be managed outside of normal work hours. Should an employee's personal use of the Company's resources be authorized, that use must not be excessive, engaged in for personal gain or illegal purposes or otherwise abused.

Communication with the Public

Although the Company respects the private lives and social relations of its employee/contractors, any public reference to the Company or its employee/contractors, personally or through any social media, must be consistent with the terms of this Code of Conduct and our Disclosure Policy. This Code is not intended to preclude or dissuade discussions among employees/contractors about topics protected by law. For example, such public comments may not amount to harassment of another employee/Contractor.

Ethics and Integrity as a Member of the Healthcare Industry

Overview

The Company is committed to complying with all applicable laws and regulations governing our business and our products. The Company also supports and subscribes to the PhRMA Code on Interactions with Healthcare Professionals. With these commitments in mind, Company employees/contractors are responsible for conducting business in conformance with these Healthcare Law Compliance Policies and the Company's Code.

Interacting with Healthcare Community

Interactions with the healthcare community are subject to many laws that restrict the economic benefits given to members of the healthcare community. The term "healthcare community" generally means any person or entity in a role to purchase, prescribe, administer, recommend, or arrange for the purchase sale or formulary placement of one of the Company's products. This includes but is not limited to physicians, nurses, office practice managers, pharmacists, wholesalers, and professional organizations. The Company complies with these requirements by ensuring that it does not improperly influence members of the healthcare community when they make decisions about the use of our products.

It is never permissible to promise or to provide anything of value for the purpose of encouraging or inducing any member of the healthcare community to purchase, prescribe, use, or recommend our products. If it is necessary to compensate any member of the healthcare community for their services, the amount of compensation must be commensurate with the services provided and reflect fair market value. For example, the Company is required to report direct and indirect transfers of value, including payments, to any members of the healthcare community. To learn more about this reporting obligation, please review the Company's U.S. Sales and Marketing Code of Conduct (Sunshine Act Policy).

Key Healthcare Laws

There are many government enforcement agencies and numerous healthcare laws that regulate the pharmaceutical industry. The Company expects all employees/contractors to have a basic understanding of the regulatory environment in which we operate. Brief descriptions of some of the key agencies and the laws they enforce are below.

Food and Drug Administration (FDA)

The FDA has wide-ranging authority to regulate drug approval, safety, clinical studies, and product labeling, as well as advertising and promotion for prescription drugs. It also has at its disposal a host of enforcement tools, including regulatory "Warning Letters," product seizure, import and export restriction, and monetary fines.
Centers for Medicare and Medicaid Services (CMS)

The CMS administers the Medicare and Medicaid programs. Medicare is a federal program that provides healthcare coverage for the elderly, disabled, and persons with end-stage renal disease. Medicaid, which is jointly funded by the federal government and the states and is administered by the states, is a healthcare program for people with limited income and resources. Both Medicare and Medicaid reimburse certain pharmaceutical products.

Other Government Agencies

There are other agencies of the federal government that investigate health- care fraud, such as the Department of Justice (DOJ), Department of Health and Human Services' Office of Inspector General (OIG), Drug Enforcement Administration, Federal Bureau of Investigation (FBI), Department of Defense (DOD), and Department of Veterans Affairs (VA). In addition, almost every state has a Medicaid Fraud Control Unit and/or a state Medicaid Inspector General to investigate Medicaid issues, and the office of a state attorney general also to investigate any suspected violation of state law.

The key health regulatory laws that form the basis for the policies set forth in this Code are listed here and summarized below:

- The Federal Healthcare Anti-Kickback Statute
- The Federal Civil False Claims Act
- The Federal Food, Drug, and Cosmetic Act
- The Civil Monetary Penalties Law
- Federal Price Reporting Laws (including Medicaid Drug Rebate Statute, Public Health Services Act, and Veterans Health Care Act)
- The Health Insurance Portability and Accountability Act of 1996
- The Medicare Drug, Improvement, and Modernization Act of 2003
- The Physician Payments Sunshine Act (part of the healthcare reform legislation in the Patient Protection and Affordable Care Act of 2010)

Summary of Key Healthcare Laws

FEDERAL HEALTHCARE ANTI-KICKBACK STATUTE

Relevant Purpose

The Federal Anti-Kickback Statute generally prevents companies such as the Company from encouraging customers, directly or indirectly, to recommend, prescribe, or purchase the Company products based on a financial incentive or "kickback" rather than sound medical judgment.

Summary of the Law

As it applies to the Company, the Anti-Kickback Statute generally makes it illegal to directly or indirectly offer or pay any "remuneration" to any entity (including vendors, customers, and potential customers) to induce that entity to recommend, prescribe, or purchase Company products when those products are being paid for by the federal government. "Remuneration" can be anything of value, such as discounts, rebates, grants, vouchers, cash, gifts, services, coupons, lottery tickets, trips, or free products.

The government may view remuneration as a kickback even if one among many other appropriate reasons you provided was to encourage your customer to prescribe or order Company products.

Similarly, the Anti-Kickback Statute generally makes it illegal for the Company's customers and vendors to accept any improper remuneration in exchange for prescribing or influencing prescribing of the Company products. Thus, there is a common interest between the Company and those individuals and entities with whom we do business to avoid an arrangement that might appear to be a "kickback."

"Safe Harbors"

Not all discounts, grants, and gifts are illegal. The government has established "safe harbors" to protect certain conduct. If a manufacturer fully complies with a safe harbor, it will not be liable under the Anti- Kickback Statute. Four safe harbors are particularly significant to pharmaceutical manufacturers:

- The Discount Safe Harbor protects certain price reductions, provided they are set in advance and properly disclosed and reported to the government
- The Personal Services Safe Harbor allows a manufacturer to enter into contracts with healthcare professionals for services such as speaking engagements, consultancies, and advisory boards. It is important to note that this safe harbor requires that the services be "bona fide" and that any fees paid for such services represent the "fair market value" for such services
- The Group Purchasing Organization (GPO) Safe Harbor protects certain administrative fees paid to GPOs
- The Managed Care Safe Harbor protects certain discount arrangements with managed care organizations.

The specifics of these safe harbors are extremely complex. For this reason, all arrangements and contracts for the sale of Company products, including any discounts or rebate arrangements, as well as all arrangements for paid services, must be approved by the CEO.

Penalties

It is a felony to violate the Anti-Kickback Statute. Violators may be fined substantial penalties for violations and may also face probation (for organizations) or prison (for individuals). Additionally, violation of the Anti-Kickback Statute may result in exclusion from the federal healthcare programs such as Medicare and Medicaid. For the Company, exclusion could mean that our products would no longer be reimbursed by these important federal payors. Likewise, there are state-based anti-kickback statues under which the Company could face penalties for activities deemed to be kickbacks.

FEDERAL CIVIL FALSE CLAIMS ACT

Purpose

The government relies on certain information provided by pharmaceutical manufacturers in determining whether and what to pay for certain products and services under programs such as Medicare and Medicaid. The purpose of the Federal False Claims Act is to prevent the government from paying more than it should for a product or service because of false or inaccurate information.

Summary

It is illegal to make – or assist others in making – false statements or claims to the government. A claim is "false" if the person or company making the claim knows that it is false or acts in "deliberate ignorance" of, or with "reckless disregard" for, whether the statement or claim is actually true. Under the False Claims Act, individuals with knowledge of false claims, sometimes called "whistle-blowers," may bring suit on behalf of the government in so-called *qui tam* actions.

Unintentional or honest mistakes are not generally illegal. However, too many "honest mistakes" may suggest that a person or company is not taking care with the information it provides to the government, and which could be viewed as "reckless disregard" of the truth.

If government reimbursement (including but not limited to Medicare or Medicaid reimbursement) for Company products depends on information that the Company generates or reports, and the Company "knowingly" fails to generate or report such information completely and accurately, or even is negligent in doing so, the Company may be liable under the False Claims Act.

The following are some other examples of activities that the government may view as false claims:

- Failing to include the value of discounts and rebates (including "off invoice" discounts) in certain prices reported to the government.
- Providing "false invoices" to customers to assist them in obtaining a larger government reimbursement than they deserve.
- Failing to correct the fact that the price provided to the government is clearly inaccurate.
- Making inadequate efforts to check the accuracy of the prices submitted to the government.
- Allowing employee/contractors with insufficient training and supervision to calculate prices reported to the government.

- Encouraging a customer to bill inappropriately for a Company product, or
- Providing false product information or kickbacks (as described in more detail in other sections of these policies) to formulary committee members or prescribers in order to get Company products reimbursed by a federal healthcare program.

Penalties

Financial penalties for violations of the False Claims Act can be substantial. Moreover, there are other similar state and federal laws that would criminalize certain false claims. Additionally, violation of the False Claims Act may result in exclusion from federal healthcare programs such as Medicare and Medicaid. For the Company, exclusion could mean that our products would no longer be reimbursed by these important federal payors.

FEDERAL FOOD, DRUG, AND COSMETIC ACT

Purpose

The ultimate purpose of the Federal Food, Drug, and Cosmetic Act (FDCA) is to protect consumer health. Under the FDCA, the Food and Drug Administration (FDA) regulates several areas of prescription drug development and marketing, including clinical studies, manufacturing, market approval, safety and efficacy, and advertising and promotion.

Summary

In order to ensure that any drugs placed on the market are safe and effective, the FDCA requires clinical investigation of a new drug for a particular use. Clinical studies must be designed and conducted in compliance with applicable industry standards and in such a way as to produce scientifically accurate data. The FDA may only approve a drug that has been shown to be safe and effective for the use investigated during its clinical trial(s). As such, the Company may not promote a drug that is currently under clinical investigation. There are limited exceptions to disseminating information concerning a drug before it has received marketing approval from the FDA. These exceptions must be approved in advance by an outside legal expert approved by the CEO.

Even after a company drug receives approval, the company must control how its drug is promoted. A manufacturer may only promote a drug for its approved use, even though prescribers may use their professional judgment in determining how to prescribe the drug. Promoting a drug for an unapproved use is known as "off-label promotion," meaning that the manufacturer is promoting the drug for a use not indicated in the drug's approved labeling.

A drug's "labeling" includes all information contained on its label, packaging, and its full prescribing information (FPI) or package insert (PI), as well as any other materials distributed by the manufacturer about the drug, and oral statements about the drug's intended use. Thus, all such materials and statements must contain only information related to the drug's approved use(s) as set forth in the FPI. As previously mentioned, there are some narrow exceptions to the off-label promotion rule, which can be used only when approved by an outside legal expert approved by the CEO.

In addition to promoting a drug only for its approved use(s), a company must promote its drugs in a way that is truthful and not misleading and that gives a "fair and balanced" description of the drugs' risks and benefits. This means that risk information must be presented with prominence and readability comparable to any safety or efficacy information. Fair balance must exist in our printed materials as well as any oral communications of a

promotional nature.

The Prescription Drug Marketing Act (PDMA), part of the FDCA, regulates the distribution of prescription drugs. Under the PDMA, manufacturers must closely track the distribution of prescription drugs, including drug samples. Manufacturers are also prohibited from engaging in any sale of drug samples.

Penalties

Violations of the FDCA, including violations of the PDMA, may result in civil penalties, such as monetary fines or criminal sanctions, including imprisonment. In order to monitor a manufacturer's development and marketing of its drugs, FDA uses a variety of enforcement mechanisms. Such mechanisms may include conducting on-site facility inspections to ensure compliance with Good Manufacturing Practice and Quality Systems regulations, issuing "Warning Letters" or "Untitled Letters" if any deficiencies or regulatory violations are found with respect to product manufacturing or promotion, seizing products or withdrawing products from the market, and debarring individuals or companies from drug manufacturing or other FDA-regulated activities.

FEDERAL PRICE REPORTING LAWS

Purpose

State and federal laws (including the Medicaid Drug Rebate Statute, Public Health Services Act, Veterans Health Care Act, and Medicare Modernization Act (MMA) require the Company to report drug prices on a regular basis as a condition of its drugs being covered by various government reimbursement programs (such as Medicaid).

Summary

There are complex rules governing the calculation of the pricing metrics that need to be reported to the government. Among other things, the following arrangements must, at a minimum, be considered by the Finance and the Commercial Organization of the Company when reporting prices to the government: discounts (regardless of how they are noted or characterized), rebates, any price concessions, fees, credits, settlements of accounts receivables, provision of free goods contingent upon a sale of Company products, reduced price services, or grants intended to lower the price of a drug.

Penalties

Reporting inaccurate pricing information can lead to various civil and criminal penalties under the relevant laws. For example, penalties may be available under the Federal Civil False Claims Act, discussed in greater detail above. Additionally, penalties may be imposed under the government price reporting statutes themselves, and such penalties may include monetary fines, as well as potential criminal liability. Finally, The Company's products may be excluded from coverage under most federal and state healthcare programs for violation of these price reporting laws.

Discounts, rebates, and other requests to lower the ultimate price of a The Company product to a customer must be approved by the [Vice President and Chief Commercial Officer] with the concurrence of an outside legal expert approved by the CEO].

CIVIL MONETARY PENALTIES LAW

Purpose

The Civil Monetary Penalties Law provides the OIG with the authority to impose civil monetary penalties (CMPs) for various activities involving the federal healthcare programs. These penalties are in addition to those penalties that might be available under other federal statutes, such as those discussed previously.

Summary

The Civil Monetary Penalties Law provides for the imposition of CMPs against any person (including an organization or other entity) for various activities, including:

- knowingly presenting, or causing to be presented, false or improper claims to a state or federal government employee/Contractor or agent
- violating the Federal Healthcare Anti-Kickback Statute
- engaging in certain arrangements or contracts with entities or individuals who have been excluded from participating in federal healthcare programs, and
- providing certain financial incentives or inducements to individual beneficiaries of federal healthcare programs

Penalties

CMPs are civil fines that can be imposed in addition to any civil or criminal liability under the other laws discussed in these policies.

HIPAA—PRIVACY OF MEDICAL INFORMATION

Purpose

The purpose of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) is to protect personal health information from disclosure to unauthorized persons.

Summary

HIPAA requires certain companies (known as Covered Entities) to take precautions when using or disclosing confidential health information under certain circumstances. "Covered Entities" may include physicians, pharmacies, health plans and others with whom we do business. With the possible exception of certain employee/Contractor benefit plans, The Company is not a "Covered Entity." However, it is important that all The Company employee/contractors recognize that our customers may be restricted from sharing certain health information with us, particularly if such information might identify any individual patients.

In many circumstances, Covered Entities must obtain permission before they can use or disclose protected health information. Even in situations where permission is unnecessary, companies must still follow certain rules in using or disclosing this confidential data. HIPAA also allows individuals to learn what information has been collected about them by Covered Entities and what will happen to that information.

In the context of adverse event reporting, HIPAA specifically permits disclosure of personally identifiable information that is relevant to the report.

HIPAA's requirements are extremely complex. Any questions about The Company's privacy policies and procedures should be directed to an outside legal expert approved by the CEO.

Penalties

HIPAA violations are criminal and are punishable by substantial monetary fines, as well as possible jail time (for an individual) and probation (for an organization).

Note: Laws relating to personal health and privacy may be more restrictive in other countries of the European Union

THE MEDICARE DRUG, IMPROVEMENT, AND MODERNIZATION ACT OF 2003

Purpose

The Medicare Drug, Improvement, and Modernization Act of 2003 (MMA) established a Medicare outpatient prescription drug benefit program, among other things.

Summary

The MMA created Medicare Part D as an outpatient prescription drug benefit administered by private entities. Part D drug benefits may be made available through entities offering stand-alone prescription drug benefit plans (known as "prescription drug plans" or PDPs), through managed care plans that offer a more comprehensive healthcare benefit (known as "Medicare Advantage Plans" or MA-PDs), and a variety of other arrangements. Discounts and rebates to PDPs and MA-PDs are not included in Medicaid Best Price calculations.

Penalties

Although most penalties that may be assessed under Part D do not apply to The Company, the federal money used for Part D drugs brings the program within the purview of the other laws discussed above.

Some activities that may generate scrutiny by the Centers for Medicare and Medicaid Services (CMS) include:

- Failure to generate, report, or document Part D rebate or discount information completely and accurately,
- Kickbacks, inducements, and other illegal remuneration,
- Inappropriate relationships with formulary committee members, payments to pharmacy benefits managers (PBMs), and formulary placement payments in order to have manufacturer's products included on a plan's formulary,
- Inappropriate relationships with physicians, including "switching" arrangements, certain services payments, gratuities, and improper entertainment, and,
- Illegal off-label promotion

Additionally, it is important to keep as much separation as possible between discussions of Part D rebates and discounts and discussions of commercial rebates and discounts, as it would be inappropriate to "swap" between programs (e.g., offer higher discounts to Part D in order to win a company's commercial business or vice versa).

THE PHYSICIAN PAYMENTS SUNSHINE ACT

Purpose

The Sunshine Act provisions of the Patient Protection and Affordable Care Act seek to provide increased transparency on interactions between physicians and teaching hospitals and the pharmaceutical, biologics, and medical device industries.

Summary

Manufacturers must report payments or other transfers of value to physicians and teaching hospitals annually. Reports must be filed by March 31st each year, reflecting all payments and transfers of value to physicians and teaching hospitals for the previous calendar year. The Secretary of Health and Human Services will make reported information publicly available in a searchable format by June 30th of each year. It is extremely important that Company employees/contractors (and certain contractors) responsible for making such payments or transfers of value accurately report such transfers.

The Finance Department will serve as data stewards, aggregating data and reporting it, but the completeness and accuracy of data are the responsibility of the employee/contractors/contractors involved in the payments or transfers of value.

Penalties

Manufacturers that fail to report in a timely and accurate manner may be subject to significant civil monetary penalties.

Promoting Products

The way the Company promotes and markets its products is subject to regulation in every country in which it operates. To comply with the regulations, the Company carefully controls the form and content of all promotional materials. It is never permitted to use promotional materials other than those that have been approved by the Company. You may never create your own promotional materials or modify materials that have been approved. Be sure that your promotional discussions are complete, accurate and not misleading when you promote the Company's products. Never promote off-label use of the Company's products. All products claims must be consistent with approved labeling and prescribing information. When discussing the Company's products, always describe all safety information fully and accurately and never misrepresent or minimize it.

Pricing and Price Reporting

Accurate and timely pricing information assists not only the Company but government agencies, private payors, healthcare professionals, patients, and other stakeholders. This type of information is also important to our commercial success and to meeting our legal and regulatory requirements. Therefore, all employees/contractors are expected to ensure that the government price calculations and reports that they produce are timely and accurate. All

employee/contractors are expected to follow the Company's procedures for obtaining approval for, documenting, and communicating lawful discounts, rebates, and administrative fees.

Good Operating Practices

The Company adheres to sound scientific and quality principles and ensures that these principles are reflected in its operations. To uphold the principles, the Company complies with all applicable laws dealing with current Good Laboratory Practices (cGLP), Good Clinical Practices (cGCP), Good Manufacturing Practices (cGMP) and Good Distribution Practices (cGDP). The Company refers to these practices collectively as current Good Operating Practices (cGxP). The Company has adopted systems and internal controls for all cGxP areas, or it has contracted with other entities to provide services that are compliant with cGxP.

All employees/contractors are expected to know the relevant compliance policies and procedures that apply to their respective cGxP responsibilities and to participate in training regarding the policies. It is never appropriate to take shortcuts in complying with any cGxP policy or procedure. Doing so could invalidate a batch of products and subject the Company to regulatory enforcement actions. All employees/contractors are expected to cooperate with all assessments and tests designed to ensure GxP compliance and to report to their respective managers any deviations from cGxP policies and procedures.

Drug Safety – Reporting Adverse Events, Product Complaints, and other Safety Findings

The Company is committed to compliance with all laws and regulations that require it to collect and review information regarding adverse events, product complaints and other safety findings. If you become aware of any adverse event, product complaint or other safety finding experienced by a patient or a trial subject taking an approved or investigational product, you are required to notify the Company's Chief Medical Officer within one business day.

Government Inspections and Requests

The Company's facilities and activities are likely to be inspected by representatives of government agencies from time to time. The Company is committed to being cooperative with government representatives conducting such inspections. All employees/contractors are expected to provide a positive and cooperative environment for inspectors throughout the inspection and to respond to inquiries truthfully to the best of their abilities. It is never permissible to make false or misleading statements to any government representative. Doing so will result in severe disciplinary action. If an employee/Contractor does not know the answer to a question posed by a government representative, the appropriate course of action is to say so and to tell the representative that the answer will be obtained promptly.

Scientific Exchange

"Scientific Exchange" refers to the bona fide exchange of medical and scientific information in a non-promotional manner or context. It also refers to a response to an unsolicited question or request for information from a healthcare professional or institution. As such, scientific exchange is an important part of the Company's business. employee/contractors involved in scientific exchange are required to use information that is truthful and not misleading and that is non-promotional in its nature and intent.

Financial Records and Accounting

The Company accurately informs its shareholders of all actions, events, or decisions reasonably likely to have a significant effect on their investment decisions. The Company's books and records must always reflect actual financial information consistent with International Financial Reporting Standards. employees/contractors must ensure that the records are accurate and properly retained in accordance with applicable laws and regulations.

Insider Trading

The Company has a policy governing insider trading. The policy is called the "Insider Trading Compliance Policy." All employees/contractors have been provided with a copy of this policy and all employees/contractors are expected to comply with it. In general, the Insider Trading Compliance Policy provides, among other things, that employee/contractors who have access to inside information shall not buy or sell any securities based on that information or communicate it to someone else who then trades in those securities. This concerns the securities of the Company and of third parties. Inside information means information that has not yet been made public and that if it were made public it would likely have a significant impact on the trading price of the securities.

Proprietary and Confidential Information

Each employee/Contractor and contractor of the Company shall execute a "Confidentiality and Proprietary Rights Agreement." In general, this agreement imposes restrictions on the disclosure of the Company's and other third parties confidential and proprietary information both within and outside the Company employees/contractors must take precautions to safeguard the Company's proprietary information from disclosure to competitors and other unauthorized third parties. In addition to safeguarding the Company's confidential information, employees/contractors must also take care to protect the confidential information of third parties (for example customers and suppliers) that comes into their possession.

Fair Competition

The Company wants to succeed ethically and with the highest integrity. The Company values fair and open competition and must comply with all competition and antitrust laws. The Company does not enter into business arrangements that distort, eliminate, or discourage competition or that provide improper competitive advantages. The Company strives to succeed fairly and honorably.

Supply Chain

The Company expects its vendors, suppliers, and customers to obey all laws and regulations governing their activities, both within their own worksites and the Company's. They are also contractually encouraged to adhere to the spirit of this Code of Conduct in their operations. The Company applies a structured, fair, and ethical process to select and to evaluate its suppliers to build a mutually beneficial relationship with them. Our suppliers are selected based on objective criteria such as quality, reliability, competitive pricing, and commitments to ethical behavior.

Gifts, Bribes and Kickbacks

Other than gifts of nominal value given or received in the normal course of business (e.g., business lunches), neither you, nor your relatives, may give gifts to or receive gifts from patients, customers, or suppliers. Other gifts may be given or accepted with prior approval of the CEO.

A kickback or bribe is the offering of an item to a person with the intent to obtain favorable treatment. Any employee/Contractor who pays or receives a bribe or kickback will be immediately terminated and reported, as warranted, to the appropriate authorities.

Ethics and Integrity as a Corporate Citizen

Political Contributions

The Company does not take part in political activities, nor does it make corporate donations to political parties or to candidates. The Company respects the freedom of its employees/contractors to make their own political decisions. Any personal participation or involvement by an employee/Contractor in the political process must be on an individual basis, on the employee/Contractor's own time and at the employee/Contractor's personal expense.

Supporting the Code of Conduct – Speak Up

How to Speak Up

The first and best place for employees/contractors to Speak Up is with their individual manager. In fact, part of the manager's job is to listen to employees/contractors, understand their questions and concerns and to act on them appropriately. In addition, employees/contractors may seek help from any manager or supervisor. Cosciens Biopharma Inc. has selected EthicsPoint, an independent third-party vendor, to provide a confidential and anonymous communication channel for reporting concerns about possible violations of this Code as well as financial and/or accounting irregularities or fraud. As an alternative, employees/contractors may wish to use the EthicsPoint to report matters that concern them. All information needed to report a case using EthicsPoint could be found on the Company's website at https://www.cosciensbio.com/governance-docs

Cosciens Biopharma Inc., through an independent third-party supplier, provides a confidential and anonymous communication channel for reporting concerns about possible violations to the Code as well as financial and/or accounting irregularities or fraud. Internet Interface is available in French and English and EthicsPoint call center manages more than one hundred languages.

All inquiries will be managed promptly and discreetly. In order to make the process of inquiry managing easier, we encourage you to identify yourself. However, you have the right to remain anonymous, and confidentiality will be maintained as far as possible. Cosciens Biopharma Inc. employees/contractors will not be penalized, dismissed, demoted, or suspended and no retaliatory action will be taken against them for reporting or not, inquiring in good faith about potential breaches of the Code, or for seeking guidance on how to manage suspected breaches.

To make a report
You may use any of the following methods:

1. Canada and United States call – 1-844-539-2239
2. Germany: Wählen Sie:0-800-225-5288 Wählen Sie dann: 844-539-2239
3. Click here and go to
   https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=7829

The Company prefers that human resources issues are managed at the local level. employees/contractors are encouraged to speak with someone in their local management or Human Resources staff, if possible, to try to resolve their issues before filing a report. If the issue has not been addressed after a reasonable amount of time, employees/contractors are encouraged to make a report. No matter how concerns are reported – whether anonymously or by name, in person or through Ethicspoint – employee/contractors can be assured confidentiality will be maintained to every extent possible. Limited disclosures will be made only to facilitate investigation or where required by law. All reports will be investigated, and all investigations will be conducted in a manner that reflects the Company's values, its respect for the rights of all parties involved and applicable law.

No Retaliation

In no event shall an employee/Contractor who makes a report be subject to retaliation. Any person, regardless of position, who engages in retaliatory behavior will be subject to disciplinary action. If reports are made in good faith, no action will be taken against an employee/Contractor raising a concern that eventually proves to be inaccurate. However, abusive accusations will not be tolerated.
The Company expects every employee/Contractor to support this Code and encourages every employee/Contractor to Speak Up for what is right when there is something wrong.

Annual Certification of the Code of Conduct

Training and Awareness

To ensure understanding and compliance, all employees/contractors will receive a copy of this Code on an annual basis to certify their acceptance and understanding of the Code and its requirements. The Company will provide updates and training for new laws and regulations as well. employee/contractors should review their behavior considering this Code and determine whether changes are required. At the same time, all managers and supervisors should actively communicate about this Code, monitor compliance and function as positive role models.

Enforcement

Violations of the Code will not be tolerated. employee/contractors are encouraged to speak up when behavior inconsistent with the Code is observed and managers are expected to deal with such reports and, if necessary, to refer them to the appropriate member of management and/or compliance officer. Violations can lead to disciplinary action, up to and including termination of employment and/or contract status consistent with applicable laws and regulations.

Questions that can help you to make the right decision:

- Could my behavior harm the Company's reputation?
- How would my action look like as a headline in tomorrow's newspaper?
- How would my family or friends view my decision?
- Would I be comfortable if someone treated me the same way?
- Am I asking the right people for input?

Exhibit 97.1

COSCIENS BIOPHARMA INC.

EXECUTIVE COMPENSATION CLAWBACK POLICY

Introduction

The Board of Directors (the "**Board**") of COSCIENS Biopharma Inc. (the "**Company**") believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the "**Policy**"). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934 (the "**Exchange Act**"), Rule 10D-1 promulgated under the Exchange Act and Listing Rule 5608 of the Nasdaq Stock Market (the "**Listing Standards**").

Administration

The Board has delegated administration of this Policy to the Nominating, Governance & Compensation Committee of the Board (the "**Committee**"). Any determinations made by the Committee shall be final and binding on all affected individuals.

Covered Executives

This Policy applies to the Company's current and former executive officers, as determined by the Committee in accordance with Section 10D of the Exchange Act and the Listing Standards, and such other senior executives or employees who may from time to time be deemed subject to the Policy by the Committee ("**Covered Executives**"). The following are examples of persons who may be deemed executive officers:

- Chief Executive Officer;
- President;
- Chief Financial Officer or principal financial officer;
- Principal accounting officer or controller;
- Any vice president in charge of a principal business unit, division or function, such as sales administration or finance;
- Any other officer who performs a policy-making function; and
- Any other person (such as an executive officer of a subsidiary or parent entity) who performs similar policy-making functions for the company.

Recoupment; Accounting Restatement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, the Committee will require reimbursement or forfeiture of any excess Incentive Compensation received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement. However, no reimbursement or forfeiture will apply to Incentive Compensation received by a Covered Executive before such Covered Executive began providing services as a Covered Executive.

Incentive Compensation

For purposes of this Policy, "**Incentive Compensation**" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive Compensation is "received" for purposes of this Policy in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of such Incentive Compensation occurs after the end of that period. The following are examples of Incentive Compensation that may be based on a Financial Reporting Measure:

- Annual bonuses and other short- and long-term cash incentives.
- Stock options.
- Stock appreciation rights.
- Restricted stock.
- Restricted stock units.
- Performance shares.
- Performance units.

A "**Financial Reporting Measure**" is any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measure that is derived wholly or in part from such measure. A Financial Reporting Measure need not be presented within the Company's financial statements or included in a filing with the Securities Exchange Commission. Examples of Financial Reporting Measures may include:

- Company stock price;
- Total shareholder return;
- Revenues;
- Net income;
- Earnings before interest, taxes, depreciation, and amortization (EBITDA);
- Funds from operations;
- Liquidity measures such as working capital or operating cash flow;
- Return measures such as return on invested capital or return on assets; or
- Earnings measures such as earnings per share.

Excess Incentive Compensation: Amount Subject to Recovery

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Committee.

If the Committee cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement.

Method of Recoupment

The Committee will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:

- requiring reimbursement of cash Incentive Compensation previously paid;
- seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;

- cancelling outstanding vested or unvested equity awards; and
- taking any other remedial and recovery action permitted by law, as determined by the Committee.

No Indemnification

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive Compensation.

Interpretation

The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the Securities and Exchange Commission or any national securities exchange on which the Company's securities are listed.

Effective Date

This Policy has been adopted by the Committee effective as of December 1, 2023 (the "**Effective Date**") and shall apply to Incentive Compensation that is approved, awarded or granted to Covered Executives on or after that date.

Amendment; Termination

The Committee may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect further regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act or rules or interpretations promulgated thereunder and to comply with any Listing Standards. The Committee may terminate this Policy at any time.

Other Recoupment Rights

The Committee intends that this Policy will be applied to the fullest extent of the law. The Committee may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Impracticability

The Committee shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Committee in accordance with Rule 10D-1 of the Exchange Act and the Listing Standards.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

Exhibit Filing Requirement

A copy of this Policy and any amendments thereto shall be posted on the Company's website and filed as an exhibit to the Company's annual report on Form 20-F.