

Zosano Pharma Reports Third Quarter 2017 Financial Results and Operational Update

- | *First patient enrolled in long term safety study in November 2017*
- | *Phase 2/3 data presented at International Headache Society in September*
- | *Clinical results published in two leading scientific journals*
- | *Access to capital expanded to fund Long-term Safety Study*

FREMONT, Calif., Nov. 09, 2017 (GLOBE NEWSWIRE) -- Zosano Pharma Corporation (NASDAQ:ZSAN) a clinical stage biopharmaceutical company focused on providing systemic administration of therapeutics to patients using our proprietary Adhesive Dermal-Applied Microarray (ADAM) technology, today announced financial results for the third quarter ended September 30, 2017.

"We continue our efforts to educate the clinical community regarding the data from the M207 clinical program," said John Walker, Chairman and Chief Executive Officer of Zosano. "Phase I data was published in Pain Management in August, with the Phase II/III data published in October by Cephalalgia. Additionally, in September, our clinical team presented new data from our ZOTRIP study regarding duration of effect at 24 and 48 hours post dosing at the International Headache Conference in Vancouver, B.C. The company continues to execute on our path to an NDA, including the initiation of our long-term safety study on November 7 and the continued scale up of manufacturing to support potential commercialization, pending approval of M207 by the FDA."

Recent Business Highlights and Clinical Update

- | In November 2017, Zosano announced initiation of our long-term safety study evaluating repeat uses of M207 in migraine patients.
- | In October 2017, Zosano entered into a common stock purchase agreement with Lincoln Park Capital Fund, LLC ("LPC") to sell to LPC up to \$35 million worth of shares over a 30-month period, subject to certain limitations.
- | In October 2017, Zosano announced that Cephalalgia had published the results from our ZOTRIP Phase 2/3 efficacy trial.
- | In October 2017, Zosano announced the appointment of Kenneth R. Greathouse to the Board of Directors. Mr. Greathouse is a seasoned pharmaceutical executive with over 40 years of experience in sales, marketing, business development and commercial operations.
- | In September 2017, Zosano presented new data from the Phase 2/3 ZOTRIP study evaluating M207 as an acute treatment for migraine during the 18th Annual Congress of the International Headache Society in Vancouver, British Columbia. In addition to previously reported data, Zosano reported that the 3.8mg dose showed durability of effect on pain freedom to 24 and 48 hours.

Financial Results for the Third Quarter Ended September 30, 2017

- | Zosano reported a net loss for the third quarter of 2017 of \$7.9 million, or \$0.20 per share on a basic and diluted basis, compared with a net loss of \$7.4 million, or \$0.52 per share on a basic and diluted basis, for the same quarter in 2016.
- | Research and development expenses for the third quarter of 2017 were \$5.7 million, compared with \$5.1 million for the same quarter in 2016. Increased expenses in the third quarter of 2017, including costs related to initiation of our long term safety study, were partially offset by a decrease in costs for the ZOTRIP pivotal efficacy trial, which was completed in February 2017.
- | General and administrative (G&A) expenses for the third quarter of 2017 and 2016 were \$2.0 million for each period. G&A expenses for the third quarter of 2017 and 2016 were essentially unchanged.
- | As of September 30, 2017, we had cash, cash equivalents and marketable securities of \$19.8 million, debt of \$8.2 million and 39.2 million common shares outstanding.

About Migraine

Migraine is the leading cause of disability among neurological disorders in the United States according to the American Migraine Foundation. Migraine symptoms can include moderate to severe headache pain combined with nausea and vomiting, or abnormal sensitivity to light and sound. According to the Migraine Research Foundation, migraine affects 30 million men, women and children in the United States. Most migraines last between four and 24 hours, but some last as long as three days. According to published studies, 63% of migraine patients experience between one and four migraines

Research and development	5,683	5,124	14,672	15,044
General and administrative	2,036	2,010	6,346	6,137
Total operating expenses	<u>7,719</u>	<u>7,134</u>	<u>21,018</u>	<u>21,181</u>
Loss from operations	(7,719)	(7,134)	(21,018)	(21,181)
Other income (expense):				
Interest expense, net	(154)	(314)	(608)	(951)
Other income, net	-	-	10	49
Net loss	<u>\$ (7,873)</u>	<u>\$ (7,448)</u>	<u>\$ (21,616)</u>	<u>\$ (22,083)</u>
Net loss per common share basic and diluted	<u>\$ (0.20)</u>	<u>\$ (0.52)</u>	<u>\$ (0.66)</u>	<u>\$ (1.73)</u>
Weighted-average shares used in computing net loss per common share basic and diluted	<u>39,228</u>	<u>14,259</u>	<u>32,991</u>	<u>12,752</u>

ZOSANO PHARMA CORPORATION AND SUBSIDIARY
SELECTED CONDENSED CONSOLIDATED BALANCE SHEETS DATA
(in thousands)

	September 30, 2017	December 31, 2016
	(unaudited)	
Cash, cash equivalents and marketable securities	\$ 19,849	\$ 15,003
Total current assets	21,184	15,276
Total assets	25,879	20,906
Secured promissory note	8,177	12,542
Total liabilities	11,646	16,421
Stockholders' equity	14,233	4,485