

Interim Consolidated Financial Statements of  
(In thousands of Canadian dollars)

## **THERATECHNOLOGIES INC.**

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

# THE RATECHNOLOGIES INC.

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(Unaudited)

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# THE RATECHNOLOGIES INC.

Interim Consolidated Financial Positions  
(In thousands of Canadian dollars)

As at February 29, 2016 and November 30, 2015  
(Unaudited)

	Note	February 29, 2016	November 30, 2015
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	5	\$ 11,316	\$ 15,350
Bonds		21	–
Trade and other receivables		5,881	4,601
Inventories		12,083	12,705
Prepaid expenses		1,478	1,430
Derivative financial assets		306	332
<b>Total current assets</b>		<b>31,085</b>	<b>34,418</b>
Non-current assets:			
Bonds		4,466	–
Property and equipment		120	111
Intangible assets		15,250	15,554
<b>Total non-current assets</b>		<b>19,836</b>	<b>15,665</b>
<b>Total assets</b>		<b>\$ 50,921</b>	<b>\$ 50,083</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 11,849	\$ 12,133
Provisions	6	462	304
Current portion of long-term obligation	7	5,027	4,391
Deferred revenue		23	24
<b>Total current liabilities</b>		<b>17,361</b>	<b>16,852</b>
Non-current liabilities:			
Long-term obligation	7	12,672	12,505
Warrant liability	10	702	702
<b>Total non-current liabilities</b>		<b>13,374</b>	<b>13,207</b>
<b>Total liabilities</b>		<b>30,735</b>	<b>30,059</b>
<b>Equity</b>			
Share capital	9	290,994	290,994
Contributed surplus		8,651	8,581
Deficit		(281,230)	(281,077)
Accumulated other comprehensive income		1,771	1,526
<b>Total equity</b>		<b>20,186</b>	<b>20,024</b>
Subsequent event	13		
<b>Total liabilities and equity</b>		<b>\$ 50,921</b>	<b>\$ 50,083</b>

The accompanying notes are an integral part of these interim consolidated financial statements.

# THE RATECHNOLOGIES INC.

Interim Consolidated Statements of Comprehensive Income (Loss)  
(In thousands of Canadian dollars, except per share amounts)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

	Note	February 29, 2016	February 28, 2015
<b>Revenue:</b>			
Net sales		\$ 8,741	\$ 4,567
Royalties and licence fees		2	4
		8,743	4,571
<b>Operating expenses:</b>			
Cost of sales:			
Cost of goods sold		1,055	641
Unallocated production costs		(34)	–
Royalties		348	–
Research and development expenses		1,884	1,120
Selling and market development expenses	3	3,903	2,516
General and administrative expenses		1,083	1,020
		8,239	5,297
<b>Profit (loss) from operating activities</b>		504	(726)
Finance income	4	28	258
Finance costs	4	(685)	(436)
		(657)	(178)
Loss before income taxes		(153)	(904)
Income tax expense		–	(10)
<b>Net loss for the period</b>		(153)	(914)
<b>Other comprehensive (loss) income, net of tax:</b>			
Items that may be reclassified to profit (loss) in the future:			
Net change in fair value of available-for-sale financial assets, net of tax		(28)	(5)
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		–	(60)
Exchange differences on translation		273	691
		245	626
<b>Total comprehensive income (loss) for the period</b>		\$ 92	\$ (288)
Basic and diluted loss per share	9 (b)	–	(0.01)

The accompanying notes are an integral part of these interim consolidated financial statements.

# THE RATECHNOLOGIES INC.

Interim Consolidated Statements of Changes in Equity  
(In thousands of Canadian dollars)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

For the three-month period ended February 29, 2016						
	Share capital		Contributed surplus	Accumulated other comprehensive income		Total
	Number of shares	Amount		Deficit	income	
		\$	\$	\$	\$	\$
<b>Balance as at November 30, 2015</b>	65,615,603	290,994	8,581	(281,077)	1,526	20,024
<b>Total comprehensive income (loss) for the period</b>						
Net loss for the period	-	-	-	(153)	-	(153)
Other comprehensive (loss) income:						
Net change in fair value of available-for-sale financial assets, net of tax	-	-	-	-	(28)	(28)
Exchange differences on translation	-	-	-	-	273	273
<b>Total comprehensive income for the period</b>	-	-	-	(153)	245	92
<b>Transactions with owners, recorded directly in equity</b>						
Share-based compensation for stock option plan	-	-	70	-	-	70
<b>Total contributions by owners</b>	-	-	70	-	-	70
<b>Balance as at February 29, 2016</b>	65,615,603	290,994	8,651	(281,230)	1,771	20,186

The accompanying notes are an integral part of these interim consolidated financial statements.

# THE RATECHNOLOGIES INC.

Interim Consolidated Statements of Changes in Equity (continued)  
(In thousands of Canadian dollars)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

For the three-month period ended February 28, 2015						
	Share capital		Contributed surplus	Deficit	Accumulated other comprehensive income	Total
	Number of shares	Amount				
		\$	\$	\$	\$	\$
<b>Balance as at November 30, 2014</b>	61,010,603	280,872	8,313	(281,382)	65	7,868
<b>Total comprehensive loss for the period</b>						
Net loss for the period	-	-	-	(914)	-	(914)
Other comprehensive loss						
Net change in fair value of available-for-sale financial assets, net of tax	-	-	-	-	(5)	(5)
Net change in fair value of available-for-sale financial assets transferred to net profit, net of tax	-	-	-	-	(60)	(60)
Exchange differences on translation	-	-	-	-	691	691
Total comprehensive (loss) income for the period	-	-	-	(914)	626	(288)
<b>Transactions with owners, recorded directly in equity</b>						
Share-based compensation for stock option plan	-	-	15	-	-	15
Total contributions by owners	-	-	15	-	-	15
<b>Balance as at February 28, 2015</b>	61,010,603	280,872	8,328	(282,296)	691	7,595

The accompanying notes are an integral part of these interim consolidated financial statements.

# THE RATECHNOLOGIES INC.

Interim Consolidated Statements of Cash Flows  
(In thousands of Canadian dollars)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

Note	February 29, 2016	February 28, 2015
<b>Cash provided from (used in):</b>		
<b>Operating:</b>		
Net loss	\$ (153)	\$ (914)
Adjustments for:		
Depreciation of property and equipment	3	4
Amortization of intangible assets	525	455
Gain on sale of property and equipment	–	(21)
Change in deferred revenue	(1)	(1)
Share-based compensation for stock option plan	70	15
Income tax expense	–	10
Lease inducements and amortization	–	(2)
Change in fair value of derivative financial assets	26	(105)
Change in fair value of liability related to deferred stock unit plan	(26)	80
Interest income	(28)	(10)
Interest (paid) received	(25)	86
Effect of change of foreign exchange	72	(60)
Accretion expense	594	574
Gain on long-term obligation renegotiation	–	(188)
	1,057	(77)
Changes in operating assets and liabilities		
Trade and other receivables	(1,256)	39
Inventories	813	(167)
Prepaid expenses	(30)	(454)
Accounts payable and accrued liabilities	(353)	763
Provisions	158	616
	(668)	797
Cash flows from operating activities	389	720
<b>Financing:</b>		
Share issue costs	10	–
<b>Investing:</b>		
Acquisition of bonds	(4,463)	–
Proceeds from sale of bonds	–	2,333
Acquisition of property and equipment	(6)	–
Proceeds from sale of property and equipment	–	68
Proceeds from disposal of derivative financial assets	4	–
Cash flows (used in) from investing activities	(4,465)	2,401
Net change in cash	(4,101)	3,121
Cash and cash equivalents, beginning of period	15,350	694
Effect of foreign exchange on cash	67	150
Cash and cash equivalents, end of period	\$ 11,316	\$ 3,965

Supplemental cash flow information, see Note 10.

The accompanying notes are an integral part of these interim consolidated financial statements.

# Theratechnologies Inc.

Notes to Interim Consolidated Financial Statements  
(In thousands of Canadian dollars, except per share amounts)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

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Theratechnologies Inc. is a specialty pharmaceutical company addressing unmet medical needs in metabolic disorders to promote healthy ageing and an improved quality of life, among HIV patients.

The interim consolidated financial statements include the accounts of Theratechnologies Inc. and its wholly-owned subsidiaries (together referred to as the "Company" and individually as the "subsidiaries of the Company").

Theratechnologies Inc. is governed by the *Business Corporations Act* (Québec) and is domiciled in Québec, Canada. The Company is located at 2015 Peel Street, 5th floor, Montréal, Québec H3A 1T8.

## 1. Basis of preparation

### (a) Accounting framework

These unaudited interim consolidated financial statements ("interim financial statements"), including comparative information, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

Certain information, in particular the accompanying notes normally included in the annual consolidated financial statements prepared in accordance with IFRS, has been omitted or condensed. These interim financial statements do not include all disclosures required under IFRS and, accordingly, should be read in conjunction with the annual consolidated financial statements for the year ended November 30, 2015 and the notes thereto. These interim financial statements have not been reviewed by the Company's auditors.

These interim financial statements have been authorized for issue by the Company's Audit Committee on March 30, 2016.

### (b) Summary of accounting policies

Except as described below, the preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the annual consolidated financial statements as at November 30, 2015.

### (c) Cash and cash equivalents

The Company considers all liquid investments with maturities of three months or less from the date of purchase to be cash equivalents.



# THE RATECHNOLOGIES INC.

Notes to Interim Consolidated Financial Statements (continued)  
(In thousands of Canadian dollars, except per share amounts)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

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## 1. Basis of preparation (continued)

### (d) Basis of measurement

The Company's interim financial statements have been prepared on a going concern and historical cost basis, except for available-for-sale financial assets, derivative financial assets, liabilities related to the deferred stock unit plan and derivative financial liabilities, which are measured at fair value.

### (e) Use of estimates and judgments

The preparation of the Company's interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements, and the reported amounts of revenues and expenses during the reporting periods.

Information about critical judgments in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the interim financial statements are disclosed in Note 2 of the annual consolidated financial statements as at November 30, 2015.

### (f) Functional and presentation currency

Effective December 1, 2014, the Company changed its functional currency to the United States dollar ("USD") from the Canadian dollar ("CAD"). This is a result of the Company's increased exposure to the USD through increased operational activity and sales in the United States. As a result, the Company has determined that the functional currency effective December 1, 2014 is the USD.

In accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, the Company is required to translate all amounts for the December 1, 2014 consolidated statement of financial position into the new functional currency using the exchange rate in effect at the date of the change.

These interim financial statements are presented in CAD since management believes that this currency is more useful for the users of the interim financial statements. The exchange difference resulting from the translation is included in accumulated other comprehensive income presented in equity.

All financial information presented in CAD has been rounded to the nearest thousand.

# THE RATECHNOLOGIES INC.

Notes to Interim Consolidated Financial Statements (continued)  
(In thousands of Canadian dollars, except per share amounts)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

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## 2. Recent changes in accounting standards

### New or revised standards and interpretations issued but not yet adopted

On January 13, 2016, the IASB issued IFRS 16, *Leases*.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers* at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IFRS 17, *Leases*.

The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on December 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

## 3. Selling and market development expenses

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	February 29, 2016	February 28, 2015
	\$	\$
Selling and market development expenses	3,378	2,036
Amortization of intangible assets	525	455
	3,903	2,516

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# THE RATECHNOLOGIES INC.

Notes to Interim Consolidated Financial Statements (continued)  
(In thousands of Canadian dollars, except per share amounts)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

## 4. Finance income and finance costs

	February 29, 2016	February 28, 2015
	\$	\$
Interest income	28	10
Net gain on disposal of available-for-sale financial assets	–	60
Gain on long-term obligation renegotiation	–	188
Finance income	28	258
Accretion expense	(594)	(574)
Bank charges	(16)	–
Net foreign currency (expense) gain	(75)	105
Gain on financial instruments carried at fair value	–	33
Finance costs	(685)	(436)
Net finance loss	(657)	(178)

## 5. Cash and cash equivalents

	February 29, 2016	November 30, 2015
	\$	\$
Bank balances	264	15,350
Money market funds	11,052	–
	11,316	15,350

# THE RATECHNOLOGIES INC.

Notes to Interim Consolidated Financial Statements (continued)  
(In thousands of Canadian dollars, except per share amounts)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

## 6. Provisions

	<b>Chargebacks and rebates</b>	<b>Returns</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at November 30, 2015</b>	284	20	304
Provisions made during the period	685	20	705
Provisions used during the period	(547)	–	(547)
<b>Balance as at February 29, 2016</b>	<b>422</b>	<b>40</b>	<b>462</b>

## 7. Long-term obligation

	<b>2016</b>
	<b>\$</b>
Early termination fee	17,699
Current portion	(5,027)
<b>Non-current portion as at February 29, 2016</b>	<b>12,672</b>

Under the terms of the agreement terminating the collaboration and licensing agreement with EMD Serono, Inc. (the “EMD Serono Termination Agreement”), the Company agreed to pay an early termination fee of US\$20,000 (the “Early Termination Fee”). In 2015, the Company restructured the amount and payment terms of the initial long-term obligation payment. Under the new terms, payments totalling US\$4,168 were paid in 2015 (previously US\$4,000). The remaining annual payments of US\$4,000 are unchanged and are due on May 1 of each year beginning on May 1, 2016 up to May 1, 2019, bringing the total Early Termination Fee to US\$20,168.

The obligation is initially recognized at fair value, and is considered Level 3 in the fair value hierarchy for financial instruments. The valuation model considered the present value of expected payments, discounted using a risk-adjusted discount rate. The significant unobservable input used is the risk-adjusted discount rate of 13.5%. Effective interest rate of 13.5% is calculated annually and accounted for in accretion of the obligation value.

# THE RATECHNOLOGIES INC.

Notes to Interim Consolidated Financial Statements (continued)  
(In thousands of Canadian dollars, except per share amounts)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

## 7. Long-term obligation (continued)

Long-term obligation is payable as follows:

	<b>Capital</b>	<b>Accrued interest</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Less than one year	4,449	963	5,412
Between one and five years	12,672	3,566	16,238
	<b>17,121</b>	<b>4,529</b>	<b>21,650</b>

## 8. Warrant liability

On August 6, 2015, the Company closed a public offering of 4,600,000 units, each unit consisting of one common share and one-half of a common share purchase warrant of the Company, with each warrant exercisable for a period of 24 months from the date of closing of the offering at an exercise price of \$3.00 per share. Under IFRS, the prescribed accounting treatment for warrants issued with an exercise price denominated in a foreign currency is to classify these warrants as a liability measured at fair value. At each subsequent reporting date, the warrants are re-measured at their fair value and the change in fair value is recognized through profit or loss. Details related to the warrant liability are summarized below:

	<b>Number of warrants</b>	<b>Liability amount</b>
		<b>\$</b>
Balance as at November 30, 2015 and February 29, 2016	2,300,000	702

# THE RATECHNOLOGIES INC.

Notes to Interim Consolidated Financial Statements (continued)  
(In thousands of Canadian dollars, except per share amounts)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

## 9. Share capital

### (a) Stock option plan

The Company has established a stock option plan under which it may grant its directors, officers, employees, researchers and consultants non-transferable options for the purchase of common shares. The exercise date of an option may not be later than ten years after the grant date. A maximum number of 5,000,000 options can be granted under the plan. Generally, the options vest at the date of the grant or over a period of up to five years. As at February 29, 2016, 1,277,306 options were available to be granted by the Company (February 28, 2015 - 1,497,472).

All options are to be settled by the physical delivery of the shares.

Changes in the number of options outstanding were as follows:

	Number of options	Weighted average exercise price per option
		\$
Options as at November 30, 2014	1,862,669	2.12
Forfeited	(20,000)	0.38
Options as at February 28, 2015	1,842,669	2.14
Options as at November 30, 2015	2,092,835	1.98
Expired	(35,000)	3.59
Options as at February 29, 2016	2,057,835	1.96

During the three-month period ended February 29, 2016, \$70 (February 28, 2015 - \$15) was recorded as share-based compensation expense for the stock option plan.

No options were granted during the three-month periods ended February 29, 2016 and February 28, 2015.

# THE RATECHNOLOGIES INC.

Notes to Interim Consolidated Financial Statements (continued)  
(In thousands of Canadian dollars, except per share amounts)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

## 9. Share capital (continued)

### (b) Loss per share

For the three-month period ended February 29, 2016, the calculation of basic loss per share was based on the net loss attributable to common shareholders of the Company of \$153 (February 28, 2015 - \$914), and a weighted average number of common shares outstanding of 65,615,603 (February 28, 2015 - 61,010,603), calculated as follows:

	February 29, 2016	February 28, 2015
Issued common shares as at December 1	65,615,603	61,010,603
Weighted average number of common shares	65,615,603	61,010,603

For the three-month period ended February 29, 2016, a number of 2,057,835 share options, 2,300,000 warrants and 184,000 broker warrants, that may potentially dilute earnings per share in the future, were excluded from the weighted average number of diluted common shares calculation as their effect would have been anti-dilutive.

## 10. Other information

The Company entered into the following transactions which had no impact on the cash flows:

	February 29, 2016	November 30, 2015
	\$	\$
Additions to property and equipment included in accounts payable and accrued liabilities	9	5
Share issue costs included in accounts payable and accrued liabilities	—	25
Reimbursement of prepayment of derivative financial assets included in trade and other receivable	—	4

# THE RATECHNOLOGIES INC.

Notes to Interim Consolidated Financial Statements (continued)  
(In thousands of Canadian dollars, except per share amounts)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

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## 11. Financial instruments

The nature and extent of the Company's exposure to risks arising from financial instruments are unchanged compared to the ones disclosed in the annual consolidated financial statements as at November 30, 2015.

## 12. Determination of fair values

Certain of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### Financial assets and financial liabilities measured at fair value

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

- Level 1: Defined as observable inputs such as quoted prices in active markets.
- Level 2: Defined as inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: Defined as inputs that are based on little or no observable market data, therefore requiring entities to develop their own assumptions.

### Other financial assets and financial liabilities

The Company has determined that the carrying values of its short-term financial assets and financial liabilities, including cash and cash equivalents, trade and other receivables and accounts payable and accrued liabilities, approximate their fair value because of the relatively short period to maturity of the instruments.

Bonds and derivative financial assets and liabilities are stated at estimated fair value, determined by inputs that are primarily based on broker quotes at the reporting date (Level 2).



# THE RATECHNOLOGIES INC.

Notes to Interim Consolidated Financial Statements (continued)  
(In thousands of Canadian dollars, except per share amounts)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

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## 12. Determination of fair values (continued)

### Share-based payment transactions

The fair value of the employee stock options is measured based on the Black-Scholes valuation model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historical volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions, if any, are not taken into account in determining fair value.

### Warrant liability

The warrant liability is recognized at fair value and considered Level 2 in the fair value hierarchy for financial instruments. The fair value is determined using the quoted price or adjusted quoted price in order to consider the bid and ask price in low-market trade activities.

## 13. Subsequent event

On March 18, 2016, we entered into a 12-year collaboration agreement with Taimed Biologics, Inc., or Taimed, to market and distribute ibalizumab in the United States and in Canada. Ibalizumab is a novel CD4-directed HIV entry-inhibitor and is the first humanized monoclonal antibody in clinical trials for the treatment of HIV. It is currently in a late-stage Phase III clinical trial, the last step before submitting the product for regulatory approval to the Food and Drug Administration in the United States.

The terms of the transaction include a US\$2,000 payment obligation, of which US\$1,000 was paid in cash at the signature of the agreement and US\$1,000 will be paid at the commercial launch through the issuance of 957,169 common shares of the Company.

A further US\$3,000 will become due at commercial launch, subject to certain conditions. This amount will be payable as follows: US\$2,000 in common shares of the Company at a price to be determined upon FDA approval and US\$1,000 in common shares of the Company at a price to be determined upon commercial launch, based on the volume-weighted average trading price of the Company's common shares on the TSX prior to each of these dates.

Once sales have reached an aggregate amount of US\$20,000 over four consecutive quarters, the Company will make a US\$7,000 milestone payment (payable in two annual installments). The Company will also pay these additional sales related milestones: US\$10,000 once annual sales of ibalizumab reach US\$200,000, US\$40,000 once annual sales reach US\$500,000 and US\$100,000 once annual sales reach US\$1,000,000.

# THE RATECHNOLOGIES INC.

Notes to Interim Consolidated Financial Statements (continued)  
(In thousands of Canadian dollars, except per share amounts)

Three-month periods ended February 29, 2016 and February 28, 2015  
(Unaudited)

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## 13. Subsequent event (continued)

The Company will also pay development milestones to Taimed. A US\$3,000 milestone is due upon the approval of the once every two weeks intramuscular route of administration, again payable in two annual installments. TaiMed will also be planning a larger Phase III trial with the once every four weeks intramuscular or subcutaneous route of administration, to address a much broader patient population. This development milestone will consist of an upfront milestone payment of up to US\$50,000, depending on the size of the newly targeted population, which will be paid quarterly, based on a percentage of net sales generated by the product.

Pursuant to the terms of the agreement, the Company has exclusive rights to commercialize ibalizumab in the United States and in Canada. TaiMed will continue to be responsible for development of ibalizumab and seek approval from the FDA whereas the Company will be responsible to obtain the approval from Health Canada. TaiMed will manufacture and supply ibalizumab to the Company. The transfer price is determined at 52% of net selling price of the product and 10% is added for the first manufactured products until an additional amount of US\$5,500 has been paid.