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TH-TSX	
Rating:	Speculative Buy
Target:	\$4.00
Price:	\$3.29
Return:	21.6%
Valuation:	NPV (35% disc. rate), 20x EPS, 12.5x EV/EBITDA (F2024 ests)

Market Data	
Basic Shares O/S (M)	77.0
FD Shares O/S (M)	80.3
Market Cap (basic, C\$M)	253.4
Ent Val (basic, C\$M)	291.1
Pro forma cash (C\$M)	34.0
Pro forma LT debt (C\$M)	71.7
52 Week Range	1.93-\$4.38
Avg. Daily Volume (M)	0.4332
Fiscal Year End	Nov 30

Milestone Forecasts	
Tesamorelin, IND filing/NASH	Q121
Ibalizumab, IV push clinical data	H121
TH1902, Phase I data (trip-neg BC)	H221
TH1904, Phase I data (ovarian canc)	H221

Financial Metrics			
In US\$M	2020E	2021E	2022E
Tesamorelin rev, U.S./Cda	33.5	43.2	45.1
Tesamorelin rev, L.Amer	0.0	0.0	0.2
Tesamorelin rev, EU	0.4	0.9	1.4
Ibalizumab, US	29.4	60.8	81.9
Ibalizumab, EU	2.5	12.8	19.4
Milestone rev	0.0	0.0	0.0
Total revenue	65.9	117.7	148.0
EBITDA	(1.5)	21.0	33.6
Net income (fully-taxed)	(12.6)	6.9	15.5
FD EPS (fully-taxed)	(\$0.16)	\$0.09	\$0.19
P/E	NA	38.4x	17.0x
EV/EBITDA	NA	13.9x	8.7x

Company Description
 Theratechnologies is a QC-based endocrinology drug developer, with FDA-approved HIV lipodystrophy drug Egrifita generating stable US sales traction, pending upside from RoW markets. Multidrug-resistant HIV-1 mAb drug Trogarzo is now US/EU-approved, launched in FQ218. Egrifita testing in NASH is pending



Source: Refinitiv

Pandemic Minimally Impede FQ420 Egrifita-Trogarzo Sales, Start Of NASH/Oncology Trials is Pending - Spec BUY

Pre-announced FQ420 Egrifita-Trogarzo sales should positively exceed our revenue forecast for the period. QC-based endocrinology/oncology drug developer Theratechnologies provided both a financial and clinical update on operations this morning. The update specifically indicated that its FQ420 top-line performance – ostensibly from its two flagship HIV-targeted biologics Egrifita/tesamorelin and Trogarzo/ibalizumab – are expected to generate cumulative revenue in the period of US\$18.9M-to-US\$19.2M (US\$65.8M-to-US\$66.1M for F2020). If achieved, which is likely, FQ420 revenue would be measurable above our US\$17.7M forecast for the quarter and US\$64.6M for F2020. FQ420 compares favorably with FQ320 revenue of US\$14.0M and with FQ419 revenue of US\$16.4M.

Thera did not stratify revenue by drug brand and so we do not know with certainty what the respective sales contributions were for each HIV therapy, but with Egrifita exhibiting a history of generating fairly stable quarterly revenue of US\$8.5M-to-US\$9.5M and thus likely to have replicated that performance in FQ420 as well (notwithstanding recent FQ320 Egrifita sales that were below this threshold at US\$6.9M), we believe that Trogarzo sales were in the US\$10M-to-US\$11M range. If so, this would represent a sizable sequential lift from US\$7.2M last quarter and from US\$7.7M last year, and thus represent an encouraging sales trajectory in a competitive environment that now includes ViiV Healthcare's (Private; joint-venture consisting of Shionogi (4507-JP, NR), GlaxoSmithKline (GSK-L, NR) & Pfizer(PFE-NY, NR)) newly-approved small-molecule antiretroviral drug Rukobia/fostemsavir, which will also be targeting multi-drug-resistant HIV1 infection as Trogarzo does. We have correspondingly adjusted our F2020 revenue projections.

Proposed clinical trials in fatty liver disease (NASH, with Egrifita) and oncology (various solid tumors, with TH1902) should commence enrollment in F2021. Separately, and as expected, the US FDA granted permission this week for Thera and its clinical collaborators to commence new Phase III clinical trials for Egrifita in targeting non-alcoholic steatohepatitis (NASH) in both HIV1-infected and non-infected patients. Permission was granted as well for a separate Phase I solid tumor trial testing sortilin receptor-targeted peptide-conjugated docetaxel analog drug TH1902 in a variety of solid tumor types, but importantly including triple-negative breast cancer that we still expect to be the lead indication for this drug.

We expect study design details for both programs to evolve over the next quarter or two, but we were nonetheless interested to see a few specifics provided by Thera in its recent press release that we believe merit commentary from us, including the following:

- For the NASH program, predictably Thera will be testing Egrifita/tesamorelin at 2-mg daily dosing. This is the conventional dosage strength for treating HIV lipodystrophy (its approved indication), and the dosage at which the drug exhibited solid impact on liver fat reduction in HIV1-infected patients in at least two previously-published Phase II studies. This includes one in *Lancet HIV* published last year, and another published back in 2014 in *JAMA*, on which we commented in our initiation document last month.

Exhibit 1. Financial Summary for Theratechnologies

<i>Year-end November 30</i> <i>(US\$000, except per share data)</i>	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Tesamorelin revenue, US/Cda	\$35,520	\$33,541	\$43,222	\$45,116	\$47,048	\$49,019	\$51,029	\$53,078	\$55,165
Tesamorelin revenue, RoW	\$0	\$438	\$898	\$1,590	\$1,840	\$2,098	\$2,142	\$2,187	\$2,232
Ibalizumab gross revenue, US	\$27,696	\$29,395	\$60,796	\$81,872	\$103,363	\$125,276	\$147,617	\$170,392	\$193,608
Ibalizumab gross revenue, EU	\$0	\$2,533	\$12,790	\$19,377	\$32,618	\$52,711	\$66,548	\$80,656	\$95,040
Milestone revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total revenue	\$63,216	\$65,907	\$117,706	\$147,954	\$184,869	\$229,104	\$267,336	\$306,313	\$346,044
Less: Estimated royalties to Merck-Serono on US sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Egrifta direct costs	\$6,790	\$5,097	\$6,618	\$7,006	\$7,333	\$7,668	\$7,976	\$8,290	\$8,610
Less: TailMed's share of gross ibalizumab US/EU sales	\$14,402	\$16,456	\$37,527	\$51,532	\$68,829	\$89,513	\$104,829	\$122,622	\$140,761
Gross profit	\$42,024	\$44,354	\$73,561	\$89,417	\$108,707	\$131,923	\$154,531	\$175,401	\$196,674
<i>Gross margin (%)</i>	<i>66%</i>	<i>67%</i>	<i>62%</i>	<i>60%</i>	<i>59%</i>	<i>58%</i>	<i>58%</i>	<i>57%</i>	<i>57%</i>
R&D expenses	\$10,841	\$18,558	\$19,486	\$20,460	\$19,437	\$14,578	\$10,933	\$8,200	\$6,150
Operating expenses	\$26,429	\$27,338	\$33,077	\$35,398	\$37,896	\$41,659	\$45,015	\$48,437	\$51,926
EBITDA	(\$130)	(\$1,542)	\$20,999	\$33,559	\$51,374	\$75,686	\$98,583	\$118,763	\$138,598
<i>EBITDA margin</i>	<i>NA</i>	<i>NA</i>	<i>18%</i>	<i>23%</i>	<i>28%</i>	<i>33%</i>	<i>37%</i>	<i>39%</i>	<i>40%</i>
<i>Revenue growth (%)</i>	<i>(24%)</i>	<i>(6%)</i>	<i>29%</i>	<i>5%</i>	<i>5%</i>	<i>5%</i>	<i>4%</i>	<i>4%</i>	<i>4%</i>
Earnings before tax	(\$12,496)	(\$12,567)	\$9,974	\$22,534	\$40,350	\$64,662	\$87,558	\$107,739	\$127,573
Fully taxed net income	(\$12,496)	(\$12,567)	\$6,882	\$15,549	\$27,841	\$44,617	\$60,415	\$74,340	\$88,025
EPS (fully-taxed, basic)	(\$0.16)	(\$0.16)	\$0.09	\$0.20	\$0.36	\$0.58	\$0.78	\$0.97	\$1.14
EPS (fully-taxed, fd)	(\$0.16)	(\$0.16)	\$0.09	\$0.19	\$0.35	\$0.56	\$0.75	\$0.93	\$1.10
Cash to Merck-Serono	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>EV/EBITDA</i>	<i>NA</i>	<i>NA</i>	<i>13.5x</i>	<i>8.4x</i>	<i>5.5x</i>	<i>3.7x</i>	<i>2.9x</i>	<i>2.4x</i>	<i>2.0x</i>
<i>P/E</i>	<i>NA</i>	<i>NA</i>	<i>36.8x</i>	<i>16.3x</i>	<i>9.1x</i>	<i>5.7x</i>	<i>4.2x</i>	<i>3.4x</i>	<i>2.9x</i>

Source: Historical data – Company Information (Theratechnologies), Forecasts/Estimates – Leede Jones Gable

- We assume that the firm will still be using its newly-developed higher-concentration tesamorelin F8 formulation for this program, since this is the tesamorelin formulation to which more recently-issued patents apply (we believe that US#8,871,713, filed in Mar/13, is the relevant IP here).
- We have long been positive about Egrifta/tesamorelin's medical prospects in treating fatty liver disease, not just because of the positive Phase II efficacy signals exhibited in prior studies but because this indication was a supplemental way to enhance Egrifta's profile as a clinically-relevant and not a cosmetically-relevant therapy. HIV lipodystrophy/visceral adipose tissue deposition is commonly perceived as a cosmetic condition for which Rx intervention is unwarranted, an assertion with which we strongly disagree based mostly on our views that visceral adipose tissue is a key symptom of broader metabolic pathology. Accordingly, we endorse Thera's decision to formally fund Phase III studies to expand Egrifta's suite of indications into fatty liver disease.
- That said, we are more cautious on the firm's decision to expand Thera's target market beyond HIV-infected individuals. This is not because we believe it cannot exert liver fat-reducing activity in non-HIV-infected individuals but because we expect NASH to become an increasingly crowded medical market over time. That said, we have seen a few high-profile Phase II/III failures in recent years (including but not limited to Gilead's (GILD-Q, NR) Phase II failure in FQ419 for acetyl-coA carboxylase inhibitor firsocostat and farnesoid X receptor agonist drug cilofexor).
- The scale of Phase III enrollment – 2,000 patients in total, of which about 75-to-100 could be HIV-infected individuals – is somewhat larger than we previously envisioned. But a trial of this scale (1,000 receiving 2-mg tesamorelin F8 once-daily, the others receiving placebo) and over a five-year follow-up period, should accurately ascertain if tesamorelin is both safe and effective for the indication. The FDA may still be cautious on the cell proliferation activity that a metabolically active growth hormone-releasing analog like tesamorelin could engender over time, hence the extended follow-up period (recall that Thera was funding until recently funding a ten-year observational study for the drug, at FDA request).

- It appears though that FDA could allow for an 18-month interim analysis of the first 900 patients enrolled, and accelerated filing/approval is conceivable if liver fat-reducing activity is compelling at that time-point (it certainly was in the aforementioned *Lancet HIV/JAMA* Phase II studies).
- A trial of this scale and duration is likely to absorb more capital than Thera currently has on its balance sheet. We thus expect the firm to identify new sources of R&D capital to fund the forthcoming Phase III NASH program, with enrollment expected to commence by early FQ421. Manufacturing costs for generating tesamorelin F8 to clinical scale could modestly impact R&D expense before then.
- We were interested to see that the FDA's proposed primary endpoint is mostly focused on liver fat reduction and specifically the proportion of patients achieving NASH resolution, though Thera did not define what the threshold measures of resolution would be. We presume this will be assessed through MR imaging, and less on liver fibrosis though the drug will need to have sufficient impact on fibrosis so as not to allow for any worsening of fibrosis as compared to placebo.
- We are highly positive about Egrifta's ability to impact liver fat reduction, but its ability to impact liver fibrosis is less clear and this is in our view the key risk factor in pending Phase III NASH activities. For now, our model does not overtly ascribe NASH-specific revenue projections for Egrifta, but it seems likely to us that even under best-case scenario (which would be overwhelmingly positive biopsy data at 18-month follow-up on half of enrolled subjects), we would not expect sBLA filing for the indication before F2024.

Exhibit 2. Valuation Summary for Theratechnologies

NPV, discount rate		15%	25%	35%	45%	55%	65%
Implied value per share		\$10.65	\$5.45	\$3.05	\$2.05	\$1.45	\$1.11
Discounted Share Price end-of-F2021							
Price/earnings multiple, F2024	P/E	15%	25%	35%	45%	55%	65%
Implied share price ¹	10	\$3.13	\$2.24	\$1.65	\$1.24	\$0.95	\$0.74
	20	\$6.26	\$4.48	\$3.35	\$2.48	\$1.90	\$1.48
	30	\$9.39	\$6.72	\$4.95	\$3.72	\$2.85	\$2.22
EV/EBITDA multiple, F2024		5.0x	10.0x	12.5x	15.0x	17.5x	20.0x
Implied share price ^{1,2,3}		\$1.31	\$2.73	\$3.44	\$4.15	\$4.86	\$5.57
One-year Theratechnologies target price (US\$)				\$3.28			
One-year Theratechnologies target price (C\$)				\$4.15			

¹ Based on F2024 fd, fully-taxed EPS forecast of US\$0.56; EBITDA of US\$75.7M; shares outstanding (fd) 80.3M; 35% discount rate in all methods

^{2,3} EV incorporates FQ320 cash of US\$26.8M, LT debt of US\$56.6M

Source: Historical data – Company Information (Theratechnologies), Forecasts/Estimates – Leede Jones Gable

Oncology program does not yet impact our TH valuation, but we are positive about how sortilin receptor-binding peptides could enhance targeted anti-cancer activity of known oncology drugs like docetaxel. Thera's oncology pipeline actually consists of two distinct assets. The first is TH1902, which conjugates sortilin receptor-binding peptides to the microtubule-stabilizing small molecule drug docetaxel (which Sanofi (SAN-EU, NR) markets as Taxotere). The second is a similarly-designed conjugated drug that uses the DNA-active anthracycline drug doxorubicin instead (TH1904) and is expected to target advanced ovarian cancer once it separately advances into clinical testing. Both assets were acquired when Thera acquired QC-based private oncology drug developer Katana in Q119, as we described in our initiation report. Today's oncology update was limited to '1902.

So on '1902, Thera indicated that the US FDA has separately granted permission to advance the drug into a 40-patient Phase I solid tumor trial. The trial will include patients with triple-negative metastatic breast cancer (our presumed lead indication for the drug), and those with endometrial, ovarian, colorectal or pancreatic cancer, which are all indications that over-express the sortilin receptor in most patients. We endorse early efforts to broadly explore the tumor response activity of TH1902 in a variety of sortilin-receptor over-expressing tumor types. We expect to revisit our assumption on preferred target indication for TH1902 once we have Phase I tumor response data to review, probably near end-of-F2022 if the trial commences enrollment in early FQ321 as Thera predicts.

Exhibit 3. Revenue Projections for Theratechnologies – Egrifta/Tesamorelin

<i>Fiscal year-end November 30 (US\$000, unless otherwise stated)</i>	<i>2019A</i>	<i>2020E</i>	<i>2021E</i>	<i>2022E</i>	<i>2023E</i>	<i>2024E</i>	<i>2025E</i>	<i>2026E</i>	<i>2027E</i>
Revenue projections, U.S./Canada									
AIDS prevalence (U.S./Canada)	1,360,000	1,384,000	1,408,000	1,432,000	1,456,000	1,480,000	1,504,000	1,528,000	1,552,000
Proportion of patients with HIV lipodystrophy	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%
Price per treatment per month (in US\$)	\$4,147	\$4,147	\$4,147	\$4,147	\$4,147	\$4,147	\$4,147	\$4,147	\$4,147
Price per treatment per year (in US\$)	\$49,765	\$49,765	\$49,765	\$49,765	\$49,765	\$49,765	\$49,765	\$49,765	\$49,765
Less: assumed mark-up from transfer price to CS	(\$9,953)	(\$9,953)	(\$9,953)	(\$9,953)	(\$9,953)	(\$9,953)	(\$9,953)	(\$9,953)	(\$9,953)
Net price to Thera per year (US\$)	39,812	39,812	39,812	39,812	39,812	39,812	39,812	39,812	39,812
Share of Egrifta economics (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%
Market penetration (%)	0.36%	0.30%	0.38%	0.39%	0.40%	0.41%	0.42%	0.43%	0.44%
Tesamorelin annual revenue, U.S./Canada (US\$0)	\$35,520	\$33,541	\$43,222	\$45,116	\$47,048	\$49,019	\$51,029	\$53,078	\$55,165
Implied number of patients treated per year	714	674	869	907	945	985	1,025	1,067	1,109
Revenue projections, Latin America (principally Brazil, Mexico)									
AIDS prevalence (Brazil, Mexico)	1,218,000	1,242,000	1,266,000	1,290,000	1,314,000	1,338,000	1,362,000	1,386,000	1,410,000
Proportion of patients with HIV lipodystrophy	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%
Price per treatment per month (US\$)	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833
Price per treatment per year (US\$)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Less: assumed mark-up from transfer price (US\$)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)
Net price to Thera per year (US\$)	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Market penetration (%)	0.00%	0.00%	0.00%	0.01%	0.02%	0.03%	0.03%	0.03%	0.03%
Tesamorelin annual revenue, Latin America (US\$)	\$0	\$0	\$0	\$209	\$426	\$651	\$663	\$674	\$686
Implied number of patients treated per year	0	0	0	26	53	81	83	84	86
Revenue projections, Europe									
AIDS prevalence (Europe)	932,000	956,000	980,000	1,004,000	1,028,000	1,052,000	1,076,000	1,100,000	1,124,000
Proportion of patients with HIV lipodystrophy	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%
Price per treatment per month (in US\$)	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667
Price per treatment per year (in US\$)	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Less: assumed mark-up from transfer price (US\$)	(\$4,000)	(\$4,000)	(\$4,000)	(\$4,000)	(\$4,000)	(\$4,000)	(\$4,000)	(\$4,000)	(\$4,000)
Net price to Thera per year (US\$)	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000
Market penetration (%)	0.01%	0.01%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
Tesamorelin annual revenue, Europe (US\$000)	\$0	\$438	\$898	\$1,381	\$1,414	\$1,447	\$1,480	\$1,513	\$1,546
Implied number of patients treated per year	0	27	56	86	88	90	92	95	97
Total US gross revenue (non-royalty) (US\$000)	\$35,520	\$33,541	\$43,222	\$45,116	\$47,048	\$49,019	\$51,029	\$53,078	\$55,165
Total RoW tesamorelin royalty revenue (US\$000)	\$0	\$438	\$898	\$1,590	\$1,840	\$2,098	\$2,142	\$2,187	\$2,232
Total Egrifta product revenue (US\$000)	\$35,520	\$33,979	\$44,120	\$46,705	\$48,888	\$51,117	\$53,171	\$55,265	\$57,397

Source: Historical data – Company Information (Theratechnologies), Forecasts/Estimates – Leede Jones Gable

Summary and valuation. We are maintaining our Speculative BUY rating and \$4.00 PT on TH, with our target corresponding to a one-year return of 21.6% and with our valuation still based on NPV (35% discount rate) and multiples of our F2024 EBITDA/EPS forecasts (US\$75.7M & US\$0.56/shr, respectively). As before, our financial forecasts and specifically our revenue projections, are driven in the medium term by Egrifta sales into the US HIV lipodystrophy market and Trogarzo sales into the US/EU multidrug-resistant HIV1 infection market, a market that for now includes only Trogarzo and ViiV's Rukobia. Our market analysis indicates to us that both therapies can capture strong market share in what is a 10,000-to-20,000 patient market just in the US alone. Based on our assumption for Trogarzo pricing (about US\$96,000 per annual course of therapy), we believe that Trogarzo is at most been sold to 2.8%-to-3.0% of this market so far.

We infer from pre-announced FQ420 revenue data that Trogarzo sales continue to ramp upward, if not quite at our original expectations. The drugs work through distinct mechanisms (Rukobia is a conventional anti-retroviral drug that impedes viral RNA replication, while Trogarzo impedes HIV binding to CD4-positive T-helper cells by direct binding to CD4 itself and not to any HIV-related antigens). We believe that because Trogarzo binds to a human and not viral antigen, the propensity for new resistance pathways to the antibody should be lower than for conventional virus-targeted drugs.

Exhibit 4. Revenue Projections for Theratechnologies – Trogarzo/Ibalizumab

<i>Fiscal year-end November 30 (US\$000, unless otherwise stated)</i>	<i>2019A</i>	<i>2020E</i>	<i>2021E</i>	<i>2022E</i>	<i>2023E</i>	<i>2024E</i>	<i>2025E</i>	<i>2026E</i>	<i>2027E</i>
<i>Ibalizumab, US</i>									
Total multidrug-resistant HIV population, US	25,867	26,126	26,387	26,651	26,917	27,187	27,458	27,733	28,010
Proportion amenable to ibalizumab therapy	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Total prevalence, addressable MDR HIV	10,347	10,450	10,555	10,660	10,767	10,875	10,983	11,093	11,204
Price per treatment per month (US\$)	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Price per treatment per year (US\$)	\$96,000	\$96,000	\$96,000	\$96,000	\$96,000	\$96,000	\$96,000	\$96,000	\$96,000
Market penetration (%)	2.6%	2.93%	6.0%	8.0%	10.0%	12.0%	14.0%	16.0%	18.0%
Ibalizumab gross sales, US (US\$000)	\$27,696	\$29,395	\$60,796	\$81,872	\$103,363	\$125,276	\$147,617	\$170,392	\$193,608
Implied number of patients treated per year	269	306	633	853	1,077	1,305	1,538	1,775	2,017
Less: Ibalizumab transfer price paid to TaiMed (48% of gross sales; US\$000)	(\$14,402)	(\$15,285)	(\$31,614)	(\$42,573)	(\$53,749)	(\$65,143)	(\$76,761)	(\$88,604)	(\$100,676)
Ibalizumab net sales, US (US\$000)	\$13,294	\$14,109	\$29,182	\$39,298	\$49,614	\$60,132	\$70,856	\$81,788	\$92,932
<i>Ibalizumab, EU</i>									
Total multidrug-resistant HIV population, EU	38,852	39,240	39,633	40,029	40,429	40,833	41,242	41,654	42,071
Proportion amenable to ibalizumab therapy	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Total prevalence, addressable MDR HIV	15,541	15,696	15,853	16,012	16,172	16,333	16,497	16,662	16,828
Price per treatment per month (€)	€ 5,453	€ 5,453	€ 5,453	€ 5,453	€ 5,453	€ 5,453	€ 5,453	€ 5,453	€ 5,453
Price per treatment per year (€)	€ 65,440	€ 65,440	€ 65,440	€ 65,440	€ 65,440	€ 65,440	€ 65,440	€ 65,440	€ 65,440
Market penetration (%)	0.0%	0.2%	1.0%	1.5%	2.5%	4.0%	5.0%	6.0%	7.0%
Ibalizumab gross sales, EU (€000)	€ 0	€ 2,054	€ 10,374	€ 15,717	€ 26,457	€ 42,754	€ 53,977	€ 65,420	€ 77,087
Ibalizumab gross sales, EU (US\$000)	\$0	\$2,533	\$12,790	\$19,377	\$32,618	\$52,711	\$66,548	\$80,656	\$95,040
Implied number of patients treated per year	0	31	159	240	404	653	825	1,000	1,178
Less: Ibalizumab transfer price paid to TaiMed	€ 0	-€ 1,171	-€ 5,913	-€ 8,959	-€ 15,080	-€ 24,370	-€ 28,068	-€ 34,018	-€ 40,085
Ibalizumab net sales, EU (€000)	€ 0	€ 883	€ 4,461	€ 6,758	€ 11,376	€ 18,384	€ 25,909	€ 31,402	€ 37,002
Ibalizumab net sales, EU (US\$000)	\$0	\$1,089	\$5,500	\$8,332	\$14,026	\$22,666	\$31,943	\$38,715	\$45,619
Ibalizumab gross sales, US/EU (US\$000)	\$27,696	\$31,449	\$71,170	\$97,588	\$129,820	\$168,030	\$201,594	\$235,812	\$270,695
Ibalizumab net sales to Thera, US/EU (US\$000)	\$13,294	\$15,199	\$34,682	\$47,631	\$63,640	\$82,798	\$102,799	\$120,503	\$138,551
Total product gross sales, US/EU	\$63,216	\$65,428	\$115,290	\$144,294	\$178,707	\$219,147	\$254,765	\$291,077	\$328,091
Total product net sales, US/EU (US\$000)	\$48,814	\$49,178	\$78,802	\$94,336	\$112,528	\$133,915	\$155,970	\$175,768	\$195,947
EBITDA (US\$000)	(\$130)	(\$1,542)	\$20,999	\$33,559	\$51,374	\$75,686	\$98,583	\$118,763	\$138,598
Net income (loss, fully-taxed, C\$000)	(\$12,496)	(\$12,567)	\$6,882	\$15,549	\$27,841	\$44,617	\$60,415	\$74,340	\$88,025
EPS (basic, fully-taxed, C\$)	(\$0.16)	(\$0.16)	\$0.09	\$0.19	\$0.35	\$0.56	\$0.75	\$0.93	\$1.10
Basic shares outstanding (000)	76,953	77,013	77,013	77,013	77,013	77,013	77,013	77,013	77,013
Fully-diluted shares outstanding (000)	79,369	80,257	80,257	80,257	80,257	80,257	80,257	80,257	80,257
Average annual EUR:USD exchange rate	1.2329x	1.2329x	1.2329x	1.2329x	1.2329x	1.2329x	1.2329x	1.2329x	1.2329x

Source: Historical data – Company Information (Theratechnologies), Forecasts/Estimates – Leede Jones Gable

There is no denying that pending NASH/solid tumor testing for Egrifta and TH1902 will absorb new R&D capital in a few quarters, and we are thus correspondingly focused on Thera's balance sheet fundamentals that at end-of-FQ320 revealed cash balance of US\$26.8M and LT debt of US\$56.6M. Encouragingly, Egrifta/Trogarzo-related operations are essentially self-financing (T9M EBITDA was essentially at break-even if we exclude R&D expense) and has clear potential to generate positive free cash flow on any top-line growth specifically for Trogarzo, assuming of course that marketing expense remains flat as it should. On the milestone watch, Thera's press release today has nicely summarized our clinical expectations for both Egrifta and TH1902, both of which should commence seminal clinical programs before end-of-F2021, and we are of course closely monitoring competitive landscape for Trogarzo and its commercial status in a niche HIV market that now includes Rukovia. As stated, our PT corresponds to a one-year return of 21.6%.

Exhibit 5. Selected Clinical Programs Targeting NASH/Liver Fibrosis as a Primary Indication

Company	Asset	Formulation	Status	Commentary
Madrigal	Resmetirom/ MGL-3196	THR- β selective agonist	✓ Phase III (MAESTRO- NAFLD1 trial)	700-patient Phase III trial ongoing; data expected by YE2021
Intercept	Obeticholic acid	Obeticholic acid	✓ Phase III (REGISTRATE trial)	Interim update in Nov/20; CRL issued in Jun/20; rejection for accelerated approval on uncertain benefit; 2,480-patient REGISTRATE trial, 18-mo fibrosis/NASH resolution data by Q422
Viking Therapeutics	VK2809	THR- β selective agonist	✓ Phase II (VOYAGE trial)	337-patient Phase II trial ongoing; complete enrolment by H121, 12-week liver fat reduction data by end-of-2021
CymaBay Therapeutics	Seladelpar	PPAR-delta agonist	✗ Phase II	Recent clinical hold lifted in Jul/20 after Phase II NASH trial showed some patients experienced interface hepatitis - firm to shift focus to different indication instead
Genfit	Elafibranor	PPAR α and PPAR δ dual agonist	✗ Terminated	Clinical development terminated after failing a Phase III trial in May/20

THR- β : Thyroid hormone receptor-beta

Source: US National Institutes of Health clinical database & company filings; modified for presentation by Leede Jones Gable

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Historical Target Price

