U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

(Check One)

☑ **Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934**

or

☐ **Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended _____

Commission file number: _____

THERATECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

Québec, Canada	**2834**	**98-0618426**
(Province or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number (if applicable))**	**(I.R.S. Employer Identification Number)**

2015 Peel Street, 11th Floor
Montreal, Québec, Canada H3A 1T8
(514) 336-7800
(Address and Telephone Number of Registrant's Principal Executive Offices)

CT Corporation System
28 Liberty Street, New York, New York 10005
(212) 894-8940
(Name, Address (Including Zip Code) and Telephone Number (Including Area Code) of Agent For Service in the United States)

Copies to:

Jocelyn Lafond
Theratechnologies Inc.
2015 Peel Street, 11th Floor
Montreal, Québec, H3A 1T8
CANADA
(438) 315-6607

Martin C. Glass
Jenner & Block LLP
919 Third Avenue
New York, NY 10022-3908
(212) 891-1672

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

Title Of Each Class	**Name Of Exchange On Which Registered**
Common Shares	**The NASDAQ Stock Market LLC**

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

For annual reports, indicate by check mark the information filed with this Form:

☐ **Annual Information Form** ☐ **Audited Annual Financial Statements**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: **Not applicable**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations 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 an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

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.

DESCRIPTION OF COMMON SHARES

A description of the common shares of the Registrant registered pursuant to this Registration Statement, as required by General Instruction B.(2) of Form 40-F, is set forth in the section entitled “Authorized Share Capital” starting on page 66 of the Annual Information Form of the Registrant for the year ended November 30, 2018 filed as Exhibit 99.38, as set forth in the Exhibit Index attached hereto.

AUDIT COMMITTEE

The Registrant has an audit committee comprised of three independent directors, namely: Paul Pommier, its Chair, Gary Littlejohn and Gérald A. Lacoste.

The audit committee reviews the financial statements of the Registrant and performs other duties, as described in the audit committee’s charter adopted by the board of directors and attached as Schedule “A” to the Annual Information Form of the Registrant for the year ended November 30, 2018 filed as Exhibit 99.38, as set forth in the Exhibit Index attached hereto.

All three members of the audit committee are independent and financially literate. The board of directors has determined that Paul Pommier is the financial expert of the audit committee. The SEC has indicated that the designation or identification of Mr. Pommier as an audit committee financial expert does not deem him an “expert” for any purpose, impose any duties, obligations or liability on Mr. Pommier that are greater than those imposed on members of the audit committee and board of directors who do not carry this designation or identification, or affect the duties, obligations or liability of any other member of the audit committee or board of directors.

The details mentioned hereunder describe the education and experience of the audit committee members that is relevant to the performance of their responsibilities, in particular any experience in preparing, auditing, analyzing and evaluating financial statements.

Paul Pommier. Mr. Pommier holds an MBA degree and has more than 25 years of experience in the financial field, notably in public and private company financings, as well as in merger and acquisition activities. While acting as a director of Royal Aviation Inc., he was also a member of its audit committee.

Gary Littlejohn. Mr. Littlejohn holds a B.A. (Honours Economics), a BCL and a MBA from McGill University. From 2008 to 2015, Mr. Littlejohn held the position of CEO and then of advisor to the Chairman and Board Member of the Arab National Investment Company, also known as ANB Invest, in Riyadh, a subsidiary of Arab National Bank. Previously, he was Managing Director of investment banking at Desjardins Securities in Montreal, a position he took after serving six years as Executive Vice-president at Ecopia Biosciences. Mr. Littlejohn also occupied various senior positions in investment banking at TD Securities, Midland Walwyn, BMO Nesbitt Burns and National Bank Financial.

Gérald A. Lacoste. Mr. Lacoste has more than 30 years of experience in the fields of securities regulation, corporate finance and corporate governance. Mr. Lacoste was president of the audit committee of Amisco Ltd. from 2002 to 2009 and was also a member of the audit committee of Andromed Inc. from 2004 to 2007. Mr. Lacoste was a member of the audit committee of Génome Québec from 2006 to 2009.

Each member of the Audit Committee has acquired in-depth financial expertise giving each the ability to read and understand a set of financial statements which presents the breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised in the Registrant’s financial statements.

FORWARD-LOOKING STATEMENTS

This registration statement and the exhibits attached hereto contain forward-looking statements and forward-looking information within the meaning of applicable securities laws that are based on our management's belief and assumptions and on information currently available to our management, collectively, "forward-looking statements". In some cases, you can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "expect", "plan", "anticipate", "believe", "estimate", "project", "predict", "intend", "potential", "continue" and similar expressions intended to identify forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements in this registration statement include, but are not limited to, statements about:

- our expectations regarding the commercialization of *EGRIFTA*® and Trogarzo®;
- our expectations regarding the launch of *EGRIFTA SV*™ in the United States and the timing thereof;
- our ability and capacity to grow the sales of *EGRIFTA*® and *EGRIFTA SV*™ successfully in the United States;
- our ability and capacity to grow the sales of Trogarzo® successfully in the United States and in the European Union;
- our capacity to meet supply and demand for our products;
- the development of tesamorelin for the treatment of NASH in HIV patients;
- the development of our peptides for the treatment of cancer-related diseases;
- the continuation of our collaborations and other significant agreements with our existing commercial partners and third-party suppliers and our ability to establish and maintain additional collaboration agreements;
- our success in seeking and in maintaining reimbursement for *EGRIFTA*® and Trogarzo® by third-party payors in the United States;
- our success in obtaining reimbursement for *EGRIFTA SV*™ in the United States;
- the success and pricing of other competing drugs or therapies that are or may become available;
- our ability to maintain intellectual property rights for tesamorelin;
- our ability and capacity to launch Trogarzo® in countries of the European Union;
- our success in obtaining reimbursement for Trogarzo® in countries of the European Union;
- our capacity to acquire or in-license new products and/or compounds;
- our expectations regarding our financial performance, including revenues, expenses, gross margins, profitability, liquidity, capital expenditures and income taxes; and
- our estimates regarding our capital requirements.

Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. Certain assumptions made in preparing the forward-looking statements include that:

- sales of *EGRIFTA*® and Trogarzo® in the United States will increase over time;
- our commercial practices in the United States, Canada and the countries of the European Union will not be found to be in violation of applicable laws;
- the long-term use of *EGRIFTA*® and Trogarzo® will not change their respective current safety profile;
- no recall or market withdrawal of *EGRIFTA*® and Trogarzo® will occur;
- *EGRIFTA SV*™, when launched, will be accepted by the market place in the United States;
- *EGRIFTA SV*™ will be reimbursed in the United States by private and public third party payors;
- no laws, regulation, order, decree or judgment will be passed or issued by a governmental body negatively affecting the marketing, promotion or sale of *EGRIFTA*®, *EGRIFTA SV*™ and Trogarzo® in the United States;
- continuous supply of *EGRIFTA*®, *EGRIFTA SV*™ and Trogarzo® will be available;
- our relations with third-party suppliers of *EGRIFTA*®, *EGRIFTA SV*™ and Trogarzo® will be conflict-free and such third-party suppliers will have the capacity to manufacture and supply *EGRIFTA*®, *EGRIFTA SV*™ and Trogarzo® to meet market demand on a timely-basis;
- our intellectual property will prevent any generic company from commercializing a generic form of *EGRIFTA*® and *EGRIFTA SV*™ in the United States;
- our commercial infrastructure will be in place to launch Trogarzo® in the European Union;
- Trogarzo® will be added to the list of reimbursed drugs by countries of the European Union;
- the data obtained from our market research on the potential market for Trogarzo® in the United States and in the European Union are accurate; and
- our business plan will not be substantially modified.

Forward-looking statements reflect our views as of the date of the statements with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these risks and uncertainties, the forward-looking events and circumstances discussed in this registration statement may not occur, and you should not place undue reliance on these forward-looking statements. We discuss many of these risks in greater detail under the heading “Risk Factors” in our Annual Information Form for the fiscal year ended November 30, 2018, which is filed as exhibit 99.38 to this Registration Statement, as well as in the other documents attached as exhibits to this Registration Statement. Also, these forward-looking statements represent our estimates and assumptions only as of the date of the statements. We undertake no obligation and do not intend to update or revise these forward-looking statements, unless required by law. We qualify all of the information presented in this registration statement, and particularly our forward-looking statements, with these cautionary statements.

DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Corporation’s financial statements, including those in the exhibits attached to this Registration Statement, are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the audit is subject to Canadian auditing and auditor independence standards. IFRS differ in some significant respects from U.S. GAAP, and thus the Corporation’s financial statements may not be comparable to the financial statements of United States companies. These differences between IFRS and U.S. GAAP might be material to the financial information presented in this registration statement. In addition, differences may arise in subsequent periods related to changes in IFRS or U.S. GAAP or due to new transactions we enter into. We are not required to prepare a reconciliation of our consolidated financial statements and related footnote disclosures between IFRS and U.S. GAAP and have not quantified such differences.

NASDAQ QUORUM REQUIREMENT

Nasdaq Marketplace Rule 5615(a)(3) permits a foreign private issuer to follow its home country practice in lieu of certain of the requirements of the Rule 5600 Series. A foreign private issuer that follows a home country practice in lieu of one or more provisions of the Rule 5600 Series shall disclose in its registration statement related to its initial public offering or first U.S. listing on Nasdaq, or on its website, each requirement of the Rule 5600 Series that it does not follow and describe the home country practice followed by the issuer in lieu of those requirements.

The Corporation does not follow Rule 5620(c), but instead follows its home country practice. The Nasdaq minimum quorum requirement under Rule 5620(c) for a meeting of shareholders is 33.33% of the outstanding common shares. In addition, Rule 5620(c) requires that an issuer listed on Nasdaq state its quorum requirement in its bylaws. On February 8, 2006, as permitted by Part IA of the Companies Act (Québec), the Corporation's directors approved a by-law amendment, which amendment was ratified by the Corporation's shareholders on March 30, 2006, providing that one or more persons present in person or duly represented and holding not less than 10% of our common shares shall constitute a quorum at a meeting of our shareholders. The foregoing is consistent with the laws, customs, and practices in Canada.

DOCUMENTS FILED PURSUANT TO GENERAL INSTRUCTIONS

In accordance with General Instruction B.(1) of Form 40-F, the Corporation hereby incorporates by reference Exhibit 99.1 through 99.71 as set forth in the Exhibit Index attached hereto. In accordance with General Instruction D.(9) of Form 40-F, the Corporation has filed a written consent of an expert named in the foregoing Exhibits as Exhibit 99.72, as set forth in the Exhibit Index attached hereto.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation does not have any off-balance sheet arrangements.

DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table lists as of November 30, 2018 information with respect to the Corporation's known contractual obligations (stated in Canadian dollars).

Contractual Obligations	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 years
Long Term Debt Obligations	—	—	—	—	—
Capital Lease Obligations	—	—	—	—	—
Operating Lease Obligations	$ 3,377	$ 368	$ 970	$ 1,044	$ 995
Purchase Obligations	—	—	—	—	—
Other Long-Term Liabilities	98,550	4,528	8,791	85,231	—
Total	$101,927	$ 4,896	$ 9,761	$ 86,275	$ 995

Other Long-Term Liabilities comprise the convertible unsecured senior notes including interest thereon.

Long-term procurement agreements:

During and after the years ended November 30, 2018 and 2017, the Corporation entered into long-term procurement agreements with third-party suppliers in connection with the commercialization of Trogarzo®.

Credit facility:

The Corporation has a CAN$1,000,000 credit facility for its ongoing operations, bearing interests at the bank's Canadian prime rate, plus 1.0%, and a US $1,500,000 revolving credit facility bearing interest at the Bank's U.S. prime rate plus 1.0%. Under the terms of the credit facility, the bank has a first rank movable hypothec on all of the assets of the Corporation.

As at November 30, 2018 and 2017, the Corporation did not have any borrowings outstanding under this credit facility.

As disclosed in note 6 to the unaudited interim financial statements for the three and six-month periods ended May 31, 2019 and 2018 incorporated by reference herein as Exhibit 99.52, additional known contractual obligations since November 30, 2018 include:

(a) A commercial milestone payment of US$7,000,000 is due and payable to Taimed in two equal instalments after achieving aggregate net sales of Trogarzo of US$20,000,000 over four consecutive quarters. The first payment of US$3,500,000 was paid in July 2019 and the second payment will be paid in June 2020.

(b) Under an asset acquisition agreement concluded in February 2019, as amended in August 2019, the purchase price is subject to two milestone payments of CAN$2,000,000 and CAN$2,300,000, respectively, based on the achievement of research and development milestones. As of May 31, 2019, no milestone payments had been recognized under this agreement. In addition, under a license agreement signed in February 2019, the Corporation is committed to development milestones of up to CAN$750,000, as well as royalty payments based on the future net sales of the licensed technology.

UNDERTAKINGS

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the staff of the SEC, and to furnish promptly, when requested to do so by the staff of the SEC, information relating to the securities registered pursuant to this Registration Statement or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

Concurrently with the filing of this Registration Statement, the Registrant will file with the SEC an Appointment of Agent for Service of Process and Undertaking on Form F-X.

Any change to the name or address of the agent for service of the Registrant shall be communicated promptly to the SEC by amendment to Form F-X referencing the file number of the Registrant.

SIGNATURES

Pursuant to the requirements of the United States Securities Exchange Act of 1934, as amended, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereto duly authorized.

THERATECHNOLOGIES INC.

By: /s/ Luc Tanguay
Name: Luc Tanguay
Title: President and Chief Executive Officer

Date: September 27, 2019

EXHIBIT INDEX

Exhibit	
99.1	Annual Information Form dated February 6, 2018 for the financial year ended November 30, 2017
99.2	Management's Discussion and Analysis for the year ended November 30, 2017
99.3	Audited Annual Consolidated Financial Statements for the years ended November 30, 2017 and 2016
99.4	News Release dated February 7, 2018
99.5	Certification of Refiled Annual Filings by CFO dated September 27, 2019
99.6	Certification of Refiled Annual Filings by CEO dated September 27, 2019
99.7	Cover letter dated September 27, 2019 related to the refiling of the Audited Annual Consolidated Financial Statements for the years ended November 30, 2017 and 2016
99.8	News Release dated March 6, 2018
99.9	Material Change Report dated March 7, 2018
99.10	News Release dated April 5, 2018
99.11	Unaudited Interim Financial Statements for the three-month periods ended February 28, 2018 and 2017
99.12	Management's Discussion and Analysis for the three-month period ended February 28, 2018
99.13	Certification of Interim Filings by CFO dated April 5, 2018
99.14	Certification of Interim Filings by CEO dated April 5, 2018
99.15	Notice of Annual Meeting of Shareholders dated April 11, 2018 for the annual meeting of shareholders on May 16, 2018
99.16	Management Proxy Circular dated April 11, 2018 for the annual meeting of shareholders on May 16, 2018
99.17	Form of Proxy for the annual meeting of shareholders on May 16, 2018
99.18	Report on Voting Results related to the annual meeting of shareholders held on May 16, 2018
99.19	News Release dated May 16, 2018
99.20	News Release dated May 30, 2018
99.21	News Release dated May 30, 2018
99.22	Material Change Report dated June 5, 2018
99.23	News Release dated June 19, 2018
99.24	Material Change Report dated June 22, 2018
99.25	News Release dated July 5, 2018
99.26	Unaudited Interim Financial Statements for the three and six-month periods ended May 31, 2018 and 2017
99.27	Management's Discussion and Analysis for the six-month period ended May 31, 2018
99.28	Certification of Interim Filings by CFO dated July 5, 2018
99.29	Certification of Interim Filings by CEO dated July 5, 2018

99.30	News Release dated October 4, 2018
99.31	Unaudited Interim Financial Statements for the nine-month periods ended August 31, 2018 and 2017
99.32	Management's Discussion and Analysis for the nine-month period ended August 31, 2018
99.33	Certification of Interim Filings by CFO dated October 4, 2018
99.34	Certification of Interim Filings by CEO dated October 4, 2018
99.35	News Release dated February 21, 2019
99.36	Audited Annual Consolidated Financial Statements for the years ended November 30, 2018 and 2017
99.37	Management's Discussion and Analysis for the year ended November 30, 2018
99.38	Annual Information Form dated February 20, 2019 for the financial year ended November 30, 2018
99.39	Certification of Refiled Annual Filings by CFO dated September 27, 2019
99.40	Certification of Refiled Annual Filings by CEO dated September 27, 2019
99.41	Cover letter dated September 27, 2019 related to the refiling of the Audited Annual Consolidated Financial Statements for the years ended November 30, 2018 and 2017
99.42	News Release dated April 4, 2019
99.43	Unaudited Interim Financial Statements for the three-month periods ended February 28, 2019 and 2018 and as at December 1, 2017
99.44	Management's Discussion and Analysis for the three-month period ended February 28, 2019

99.45	Certification of Interim Filings by CFO dated April 4, 2019
99.46	Certification of Interim Filings by CEO dated April 4, 2019
99.47	Amended and Restated Shareholder Rights Plan Agreement dated April 10, 2019
99.48	Notice of Annual Meeting of Shareholders dated April 12, 2019 for the annual meeting of shareholders on May 15, 2019
99.49	Management Proxy Circular dated April 12, 2019 for the annual meeting of shareholders on May 15, 2019
99.50	Form of Proxy for the annual meeting of shareholders on May 15, 2019
99.51	Report on Voting Results related to the annual meeting of shareholders held on May 15, 2019
99.52	Unaudited Interim Financial Statements for the three and six-month periods ended May 31, 2019 and 2018 and as at December 1, 2017
99.53	Management's Discussion and Analysis for the six-month period ended May 31, 2019
99.54	Certification of Interim Filings by CFO dated July 11, 2019
99.55	Certification of Interim Filings by CEO dated July 11, 2019
99.56	News Release dated August 8, 2019
99.57	Amended and Restated Marketing and Distribution Agreement dated March 6, 2017 by and between Theratechnologies Inc. and TaiMed Biologics Inc.
99.58	Amendment No. 1 to Amended and Restated Marketing and Distribution Agreement effective as of November 6, 2018 by and between Theratechnologies Inc. and TaiMed Biologics Inc.
99.59	Amended and Restated Master Services Agreement made as of December 14, 2016 by and between inVentiv Commercial Services, LLC and Theratechnologies Inc.
99.60	First Amendment to the Amended and Restated Master Services Agreement dated February 27, 2019 by and between inVentiv Commercial Services, LLC and Theratechnologies Inc.
99.61	Amended and Restated Master Services Agreement made as of November 1, 2017 by and between RxC Acquisition Company and Theratechnologies Inc.
99.62	Amended and Restated Statement of Work #1 entered into as of November 1, 2017 by and between RxC Acquisition Company and Theratechnologies Inc.
99.63	Amended and Restated Statement of Work #2 entered into as of November 1, 2017 by and between RxC Acquisition Company and Theratechnologies Inc.

99.64	Manufacturing and Supply Agreement by and among Theratechnologies Inc., Bachem Americas Inc. and Bachem, Inc. dated March 11, 2009 (incorporated by reference to Exhibit 99.90 to the Corporation's Registration Statement on Form 40-F filed with the SEC on June 13, 2011) (File No. 001-35203)
99.65	Manufacture and Supply Agreement, by and between Draxis Pharma General Partnership and Theratechnologies Inc., dated as of December 23, 2009 (incorporated by reference to Exhibit 99.91 to the Corporation's Registration Statement on Form 40-F filed with the SEC on June 13, 2011) (File No. 001-35203)
99.66	Share Purchase Agreement dated February 25, 2019 by and among Transfert Plus, L.P., Aligo Innovation, L.P., Borhane Annabi, Richard Béliveau, Cyndia Charfi, Jean-Christophe Currie, Alain Larocque, Michel Demeule, Sophie Kozelko and Theratechnologies Inc.
99.67	Amendment No. 1 to Share Purchase Agreement dated August 12, 2019, by and among Transfert Plus, L.P., Aligo Innovation, L.P., Borhane Annabi, Richard Béliveau, Cyndia Charfi, Jean-Christophe Currie, Alain Larocque, Michel Demeule, Sophie Kozelko and Theratechnologies Inc.
99.68	Amended and Restated Exclusive License Agreement dated February 25, 2019 by and between Transfert Plus, L.P. and Katana Biopharma Inc.
99.69	Trust Indenture dated June 19, 2018 by and between Theratechnologies Inc. and Computershare Trust Company of Canada
99.70	News Release dated September 26, 2019
99.71	Material Change Report dated September 26, 2019
99.72	Consent of KPMG, LLP

ANNUAL INFORMATION FORM
Financial Year Ended November 30, 2017

February 6, 2018

BASIS OF PRESENTATION

In this Annual Information Form, or AIF:

- references to “Theratechnologies”, the “Company”, the “Corporation”, “we”, “our” and “us” or similar terms refer to Theratechnologies Inc. and its subsidiaries on a consolidated basis, unless otherwise indicated or unless the context requires otherwise;
- *EGRIFTA*® (tesamorelin for injection) refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. *EGRIFTA* is our registered trademark in the United States and in Canada and it is used in those countries to commercialize tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.
- Tesamorelin refers to the use of our tesamorelin compound for the potential treatment of other diseases;
- Ibalizumab refers to a humanized monoclonal antibody being developed for the potential treatment of multidrug resistant HIV-1 infection;
- all monetary amounts used herein are expressed in Canadian dollars, except where otherwise indicated. References to “$” and “C$” are to Canadian dollars and references to “US$” are to U.S. dollars;
- all information is provided as of February 6, 2018, except where otherwise stated.

FORWARD-LOOKING STATEMENTS

This AIF contains forward-looking statements and forward-looking information within the meaning of applicable securities laws that are based on our management’s belief and assumptions and on information currently available to our management, collectively, “forward-looking statements”. In some cases, you can identify forward-looking statements by terms such as “may”, “will”, “should”, “could”, “would”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “project”, “predict”, “intend”, “potential”, “continue” and similar expressions intended to identify forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- our expectations regarding the commercialization of *EGRIFTA*® and ibalizumab;
- our ability and capacity to grow the sales of *EGRIFTA*® successfully in the United States and Canada;
- our ability and capacity to conduct the post-approval commitments mandated by the United States Food and Drug Administration;
- whether ibalizumab will be approved for commercialization by the United States Food and Drug Administration and the timing of obtaining such regulatory approval;
- our ability and capacity to continue the manufacture of *EGRIFTA*®;
- our ability and capacity to develop a new formulation for *EGRIFTA*®;

- the continuation of our collaborations and other significant agreements with our existing commercial partners and third-party suppliers and our ability to establish and maintain additional collaboration agreements;
- our success in continuing seeking and in maintaining reimbursement for *EGRIFTA*® by third-party payors in the United States;
- the success and pricing of other competing drugs or therapies that are or may become available;
- our ability to maintain intellectual property rights in *EGRIFTA*® and Tesamorelin;
- our ability and capacity to commercialize ibalizumab shortly after approval, if approved;
- our capacity to acquire or in-license new products and/or compounds;
- our expectations regarding our financial performance, including revenues, expenses, gross margins, profitability, liquidity, capital expenditures and income taxes; and
- our estimates regarding our capital requirements.

Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. Certain assumptions made in preparing the forward-looking statements include that:

- sales of *EGRIFTA*® in the United States and Canada will increase over time;
- our commercial practices in the United States and Canada will not be found to be in violation of applicable laws;
- the long-term use of *EGRIFTA*® will not change its current safety profile;
- no recall or market withdrawal of *EGRIFTA*® will occur;
- no laws, regulation, order, decree or judgment will be passed or issued by a governmental body negatively affecting the marketing, promotion or sale of *EGRIFTA*® in the United States and/or Canada;
- continuous supply of *EGRIFTA*® will be available;
- our relations with third-party suppliers of *EGRIFTA*® will be conflict-free and such third-party suppliers will have the capacity to manufacture and supply *EGRIFTA*® to meet market demand and on a timely-basis;
- our intellectual property will prevent any generic company to commercialize a generic form of *EGRIFTA*® in the United States;
- ibalizumab will be approved for commercialization by the United States Food and Drug Administration by April 2018;
- upon approval, our commercial infrastructure will be in place to launch ibalizumab rapidly;
- soon after approval, ibalizumab will be added to the list of reimbursed drugs by private and public payors in the United States;
- the data obtained from our market research on the potential market for ibalizumab in the United States are accurate;

- upon approval, supply of ibalizumab will be available for commercialization; and
- our business plan will not be substantially modified.

Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these risks and uncertainties, the forward-looking statements and circumstances discussed in this AIF may not occur, and you should not place undue reliance on these forward-looking statements. We discuss many of our risks in greater detail under “Item 3 - Risk Factors” (below) but additional risks and uncertainties, including those that we do not know about or that we currently believe are immaterial, may also adversely affect the forward-looking statements, our business, financial condition and prospects. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this AIF. We undertake no obligation and do not intend to update or revise these forward-looking statements, unless required by law. We qualify all of the information presented in this AIF, and particularly our forward-looking statements, with these cautionary statements.

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SELECTED EVENTS IN FISCAL YEAR 2017 AND OUTLOOK

The following summary highlights selected events that occurred in the fiscal year 2017 and our business objectives described elsewhere in this AIF for the fiscal year 2018. This summary does not contain all of the information about us and you should carefully read the entire AIF, including the section entitled "Risk Factors".

Commercial Events

- We entered into an amended and restated distribution and marketing agreement with TaiMed Biologics Inc. in March 2017 pursuant to which we gained the exclusive right to commercialize and distribute ibalizumab in European Union countries and in certain other countries (in addition to Canada and the United States); and
- In March 2017, we began expanding our medical, commercial, managed market and call center teams in the United States. As at November 30, 2017, there were 59 people in the United States dedicated to *EGRIFTA*® compared to 30 as at November 30, 2016.

Regulatory Events

- Our partner, TaiMed Biologics Inc. filed a biologics license application for ibalizumab with the United States Food and Drug Administration in May 2017; and
- In November 2017, the United States Food and Drug Administration announced that the *Prescription Drug User Fee Act* target action date for ibalizumab was April 3, 2018.

2018 Business Objectives

- We will successfully launch and commercialize ibalizumab in the United States;
- We aim to continue growing our revenues in the United States from sales of *EGRIFTA*® by 10% to 15%;
- We will continue building the regulatory path of ibalizumab in Europe with the aim of filing a marketing authorization application with European authorities as soon as possible;
- We will continue searching for complementary new product acquisition and in-licensing opportunities; and
- We will seek to complete the development of the F4 single vial formulation for *EGRIFTA*®.

ITEM 1 CORPORATE STRUCTURE

1.1 NAME, ADDRESS AND INCORPORATION

We were incorporated under Part IA of the *Companies Act* (Québec), or CAQ, on October 19, 1993 under the name Theratechnologies Inc. We amended our articles on October 20, 1993 by repealing the restrictions applicable to private companies. On December 6, 1993, we again amended our articles to increase the number of directors and to modify our share capital. On March 26, 1997, we further modified our share capital to consist of an unlimited number of common shares and an unlimited number of preferred shares. Finally, on June 21, 2011, we amended our articles to give the power to our directors to appoint a number of additional directors equal to 33.33% of the number of directors elected at the last shareholders meeting preceding any appointment.

On February 14, 2011, the CAQ was abrogated and replaced by the *Business Corporations Act* (Québec), or BCA, and companies governed by Part IA of the CAQ such as us became business corporations governed by the BCA. Accordingly, we did not have to file articles of continuation or amend our existing corporate articles. The BCA was applicable immediately without having to complete any formalities.

Our common shares are listed on the Toronto Stock Exchange, or TSX, under the symbol “TH. See Item 6.1 for a complete description of our authorized share capital.

Our head office and principal place of business are located at 2015 Peel Street, 5th Floor, Montreal, Québec, Canada H3A 1T8. Our phone number is (514) 336-7800. Our website is www.theratech.com. The information contained on our website is not part of this AIF.

1.2 SUBSIDIARIES

As of February 6, 2018, Theratechnologies had the following four wholly-owned subsidiaries:

- **Theratechnologies Intercontinental Inc.**, a company governed by the *Business Corporations Act* (Québec). Theratechnologies Intercontinental Inc., formerly Theratechnologies ME Inc., controls the worldwide rights to commercialize *EGRIFTA*®, except in the United States, Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries, and Canada;

- **Theratechnologies Europe Inc.**, a company governed by the *Business Corporations Act* (Québec). Theratechnologies Europe Inc., formerly 9176-5057 Québec Inc., controls the rights to commercialize *EGRIFTA*® in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries;

- **Theratechnologies International Limited,** a company governed by the *Companies Act 2014* (Ireland). Theratechnologies International Limited is mandated to manage the regulatory process for ibalizumab in Europe and in certain other countries; and

- **Pharma-G Inc.**, a company governed by the *Business Corporations Act* (Québec). Pharma-G Inc. is no longer an active subsidiary.

2.1 OVERVIEW

We are a specialty pharmaceutical company addressing unmet medical needs to promote healthy living and an improved quality of life among HIV patients.

Our first product, *EGRIFTA*® (tesamorelin for injection), was approved by the FDA in November 2010 and was launched in the United States in January 2011. *EGRIFTA*® was also approved by Health Canada in its 1 mg/vial presentation in March 2015 and was launched in Canada in June 2015. COFEPRIS, Mexico's health agency, also approved *EGRIFTA*® in its 1 mg/vial presentation in March 2016. However, the launch of *EGRIFTA*® in this country will not occur until our commercial partner, sanofi, obtains confirmation that *EGRIFTA*® will be reimbursed by Mexican regulatory authorities.

EGRIFTA® is currently the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

Since May 1, 2014, *EGRIFTA*® is marketed exclusively in the United States by us further to regaining all of the commercialization rights to *EGRIFTA*® in the United States from EMD Serono, Inc., or EMD Serono, pursuant to a transfer and termination agreement entered into by and between us and EMD Serono dated December 13, 2013, or the EMD Serono Termination Agreement. Before May 1, 2014, EMD Serono was solely responsible for the commercialization of *EGRIFTA*® in the United States under a collaboration and licensing agreement entered into by and between us and EMD Serono dated October 28, 2008, as amended, or the EMD Serono Agreement.

In Canada, *EGRIFTA*® is marketed exclusively by us.

In March 2016, we entered into a distribution and marketing agreement with TaiMed Biologics Inc., or TaiMed, pursuant to which we acquired the exclusive right to distribute and commercialize ibalizumab in Canada and in the United States of America. In March 2017, we amended and restated our agreement with TaiMed to acquire the exclusive right to distribute and commercialize ibalizumab in Europe and in additional countries, or TaiMed Agreement. Ibalizumab is an investigational humanized monoclonal antibody intended for the treatment of multidrug resistant, or MDR, HIV-1 infection. A biologics licence application, or BLA, was filed with the United States Food and Drug Administration, or FDA, by TaiMed in May 2017 and the *Prescription Drug User Fee Act*, or PDUFA, target action date issued by the FDA is April 3, 2018.

2.2 THREE YEAR HISTORY

2017

- *Ibalizumab Efficacy and Safety Results Presented at IDWeek 2017.* On October 4, 2017, we announced that an oral presentation regarding the 48-week efficacy and safety results for ibalizumab in patients infected with MDR HIV-1 would be presented. The 27 patients who completed the 24-week treatment period using ibalizumab during the Phase III trial in the United States entered the expanded access program study where they continued to receive ibalizumab at 800 mg every 2 weeks for up to 48 weeks. The viral suppression observed at week 24 was sustained through week 48; median viral load reduction from baseline was 2.5 $\log_{10}$ at weeks 24 and 48. In the expanded access program study, 15 patients having an

undetectable viral load at week 24 maintained suppression to week 48. In the expanded access program, ibalizumab plus optimized background regimen was well tolerated. The most common adverse reactions noted with respect to the use of ibalizumab in the expanded access program were diarrhea, dizziness, nausea and rash.

- *FDA Inspection of Ibalizumab Manufacturing Facility.* On August 2, 2017, we announced that we had been notified by our partner, TaiMed, that the FDA completed the pre-license inspection of WuXi AppTec Biopharmaceuticals Co., Ltd.'s facility, or WuXi, where ibalizumab is manufactured. The inspection was carried out from July 17, 2017 until August 2, 2017. We were informed by TaiMed that the FDA completed the inspection with no critical findings, although a series of observations were made requiring corrections by WuXi.

- *Results Presented at 9th IAS Conference on HIV Science.* On July 24, 2017, we announced that results on HIV susceptibility to ibalizumab and new findings for *EGRIFTA*® would be presented during poster sessions at the 9th IAS Conference on HIV Science in Paris, France. The data for ibalizumab showed no significant difference in susceptibility (measured by maximum percent inhibition or $IC_{HALF\ MAX}$ Fold Change) in patients HIV isolated that were either sensitive or resistant to other antiretroviral agents. With respect to *EGRIFTA*®, in a retrospective analysis of datasets from two, multicenter, randomized placebo-controlled trials using *EGRIFTA*® among HIV-infected adults with lipodystrophy, fat in trunk muscles decreased and trunk muscle area increased over 26 weeks in patients with excess visceral adipose tissue who showed a clinical response to *EGRIFTA*®.

- *Priority Review for Ibalizumab.* On June 30, 2017, we announced that we had been notified by our partner, TaiMed, that the FDA had accepted for review the BLA filed by TaiMed for ibalizumab as a treatment for MDR HIV-1 and that the FDA had granted priority review status for this BLA.

- *New Board Member at Theratechnologies.* On May 16, 2017, we announced that Ms. Dale Weil was elected as a new member of the board of directors of Theratechnologies.

- *BLA Filed for Ibalizumab.* On May 3, 2017, we announced that our partner, TaiMed, had completed the filing of the BLA to the FDA for ibalizumab seeking the treatment of MDR HIV-1.

- *European Commercialization Rights Acquired by Us.* On March 6, 2017, we announced that we had reached an agreement with TaiMed for the acquisition of the commercial rights to ibalizumab in the European Union countries as well as for Albania, Iceland, Israel Liechtenstein, Norway, Russia, Switzerland and Turkey. These territories are in addition to the territories of Canada and the United States of America for which we have the exclusive commercialization rights to ibalizumab as well.

- *Holding of Investment Community Meeting.* On March 1, 2017, we announced that we had hosted a webcast meeting for the investment community, the purpose of which was to provide the investment community with our corporate strategy for the years to come and an updated guidance for the fiscal year 2017.

- *Additional Secondary Efficacy and Safety Endpoint Results for Ibalizumab.* On February 14, 2017, we announced that additional secondary efficacy and safety endpoint results from the 24-week ibalizumab Phase III trial were presented at a late-breaker session at the 2017 Conference on Retroviruses and Opportunistic Infections. The new data showed that patients with MDR-HIV-1 infection experienced a mean increase in $CD4^+$ T cell of 48 cells/µL after

24 weeks of treatment with ibalizumab plus an optimized background regimen. These data supplemented previously reported findings, where 83% of patients achieved a ³ 0.5 $\log_{10}$ decrease in viral load from baseline seven days after the single loading dose of 2000 mg of ibalizumab (primary endpoint) and a mean reduction in viral load of 1.6 $\log_{10}$ over the 24 week treatment period with more than 48% of patients experiencing a viral load reduction of more than 2.0 $\log_{10}$. Patients enrolled in this Phase III trial experienced a significant decrease in viral load after receiving a single loading dose of ibalizumab 2,000 mg intravenously in addition to their failing antiretroviral therapy (or no therapy). Viral load decreases were maintained during the 24-week trial. At the end of the treatment period, the proportion of study participants with undetectable viral load (HIV-1 <50 copies/mL) was 43% (mean viral load reduction of 3.1 $\log_{10}$) and 50% of patients had a viral load lower than 200 copies/ml. The safety results in this Phase III trial were consistent with the ones previously observed in the Phase IIb trial. Other than for one case of immune reconstitution inflammatory syndrome, an inflammatory response in HIV-infected patients that may be triggered after changing to more active antiretroviral therapy, no serious adverse events were considered to be related to ibalizumab. Most treatment-emergent adverse events reported were mild to moderate in severity. No notable trends in laboratory abnormalities were observed. Additionally, no anti-ibalizumab antibodies were detected in blood samples from patients.

2016

- *Financing by Way of Prospectus.* On November 14, 2016, we announced the filing of a preliminary short-form prospectus and the execution of an underwriting agreement with a syndicate of underwriters led by Mackie Research Capital Corporation, or Underwriters, in connection with an offering of 5,323,000 common shares at a price of $3.10 per common share for gross proceeds of $16,501,300, or Offering. On December 5, 2016, we announced the closing of the Offering which resulted in gross proceeds to us of $16,501,300.

- *Results from Last Pivotal Phase III Trial Using Ibalizumab.* On May 24, 2016, we announced that the preliminary results for the primary endpoint of the Phase III trial using ibalizumab in patients with MDR HIV-1 indicated that 82.5% of patients enrolled in such Phase III trial had met the primary endpoint of a decrease of ³ 0.5 $\log_{10}$ in viral load following a 7-day treatment period with ibalizumab. On October 28, 2016, we announced additional preliminary results related to the primary endpoint of the Phase III trial using ibalizumab. During that 7-day period, 60% of patients achieved a decrease of ³ 1.0 log10 ($p<0.0001$). Finally, on November 10, 2016, we announced the preliminary results of the safety and efficacy secondary endpoints of the 24-week Phase III trial using ibalizumab in patients with MDR HIV-1. The Phase III trial confirmed the safety and efficacy results of ibalizumab observed in the previously completed Phase IIb trial despite the fact that the patient population in the Phase III trial had higher levels of MDR HIV-1 and more advance disease at time of enrollment.

- *Hosting of Analysts Day.* On November 1, 2016, we announced the hosting of a presentation held with healthcare securities analysts in Toronto to provide the healthcare analyst community with a summary of our corporate developments over the last few years, with an overview of our current activities with *EGRIFTA*® and with a detailed review of ibalizumab.

- *End of Patient Treatment for Phase III Trial Using Ibalizumab.* On October 24, 2016, we announced that the last patient infected with MDR HIV-1 enrolled in the Phase III trial using ibalizumab had completed the treatment phase of the study.

- *Development of New Single Vial Formulation for EGRIFTA®.* On September 28, 2016, we announced that we would pursue the development of an F4 single vial formulation instead of the 2 mg/vial presentation using the current formulation. The development of the F4 single vial formulation requires the conduct of a bioequivalent program against the current formulation and additional stability testing.

- *Commercialization Agreement for Tesamorelin in Spain and Portugal.* On September 1, 2016, we announced the execution of a distribution and licencing agreement between Theratechnologies Europe Inc. and Praxis Pharmaceutical S.A., or Praxis, for the distribution and commercialization of *EGRIFTA®* in Spain, or Praxis Agreement. Under the terms of the Praxis Agreement, we granted Praxis the exclusive right to commercialize and distribute *EGRIFTA®* in Spain. On that same date, we also announced the execution of a distribution and licencing agreement between Theratechnologies Europe Inc. and PRX Pharma Produtos Farmacêuticos Unipessoal, LDA, or PRX, for the distribution and commercialization of *EGRIFTA®* in Portugal, or PRX Agreement. Under the terms of the PRX Agreement, we granted PRX the exclusive right to commercialize and distribute *EGRIFTA®* in Portugal.

- *EGRIFTA® Not Reimbursed in Québec.* On June 9, 2016, we announced that the Government of Québec decided not to include *EGRIFTA®* on the list of reimbursed medications. We sought a review of this decision and, on December 2, 2016, we learned that the initial decision was maintained.

- *Withdrawal of Marketing Authorization Application in Brazil.* On May 6, 2016, we announced after consulting with our commercial partner, sanofi, the withdrawal of the marketing authorization application for the registration of the 2 mg/vial presentation of tesamorelin in Brazil.

- *Completion of Enrollment for Phase III Trial Using Ibalizumab.* On April 27, 2016, we announced that the enrollment of patients infected with MDR HIV-1 for the Phase III trial using ibalizumab had been completed. The enrollment in the United States reached 36 patients which exceeded the minimum of 30 patients proposed by the FDA.

- *Commercialization Agreement for Ibalizumab in Canada and the United States.* On March 18, 2016, we announced the execution of a 12-year distribution and marketing agreement with TaiMed pursuant to which we acquired the exclusive right to distribute and commercialize ibalizumab, if and when approved, in Canada and in the United States of America. Under the terms of the TaiMed Agreement, TaiMed is responsible to conduct all regulatory activities up to obtaining the approval to commercialize ibalizumab in the United States. Thereafter, we will be responsible to conduct all regulatory and commercialization activities. We are also responsible to conduct all regulatory activities in Canada pre and post-approval of ibalizumab, as well as all commercialization activities in Canada.

- *EGRIFTA® Approved in 1 mg/vial Presentation in Mexico*. On March 8, 2016, we announced that COFEPRIS, Mexico health agency, approved the 1 mg/vial presentation of *EGRIFTA®*.

- *Appointment of Chief Financial Officer.* On February 24, 2016, we announced the appointment of Philippe Dubuc as Senior Vice President and Chief Financial Officer of the Corporation.

2015

- *Agreement with BL&H Co., LTD.* On August 31, 2015, we announced the execution of a distribution and licensing agreement with BL&H Co. LTD., or BL&H, for the distribution and commercialization of *EGRIFTA*® in South Korea, or BL&H Agreement. Under the terms of the BL&H Agreement, we granted BL&H the exclusive right to commercialize and distribute *EGRIFTA*® in South Korea. BL&H is responsible to conduct all regulatory activities to obtain marketing approval of *EGRIFTA*® in South Korea.

- *Financing by Way of Prospectus.* On July 24, 2015, we announced the filing of a preliminary short-form prospectus and the execution of an underwriting agreement with a syndicate of underwriters led by Euro Pacific Canada Inc. in connection with an offering of 4,000,000 units at a price of $2.40 per unit for gross proceeds of $9,600,000, or Offering. Each unit consisted of one common share and one-half of a common share purchase warrant exercisable for a period of 24 months from the closing date of the Offering at an exercise price of $3.00. We also granted the underwriters an option to purchase up to 600,000 additional units, representing 15% of the number of units offered under the Offering, at the same price and on the same terms and conditions as the Offering. On August 6, 2015, we announced the closing of the Offering which resulted in gross proceeds to us of $11,040,000.

- *EGRIFTA® Approved for Commercialization in Mexico.* On July 14, 2015, we announced that COFEPRIS approved *EGRIFTA*® in its 2 mg/vial presentation. We also announced that our commercial partner, sanofi, would re-submit a file to COFEPRIS to seek approval of the 1 mg/vial presentation of *EGRIFTA*®.

- *Launch of EGRIFTA® in Canada.* On June 25, 2015, we announced that a first shipment of *EGRIFTA*® was made to our Canadian distributor and that *EGRIFTA*® would be available to Canadian patients in a few days from such shipment. We also announced that the availability of *EGRIFTA*® in Canada would enable AOP to initiate named-patient sales programs in Europe.

- *Election of David Lilley as a Director.* On May 20, 2015, we announced the election of David Lilley as a new member of the Board of Directors. David Lilley replaced Gilles Cloutier who did not seek re-election at the annual meeting of shareholders held on May 20, 2015.

- *Dismissal of Class Action Motion.* On May 15, 2015, we announced that the Superior Court of Québec authorized 121851 Canada Inc. to discontinue all class proceedings filed under the *Securities Act* (Québec) and the *Civil Code of Québec* against us, a director and a former president and chief executive officer. This follows the decision issued by the Supreme Court of Canada on April 17, 2015 wherein it dismissed 121851 Canada Inc.'s motion for leave to commence an action based on the secondary market liability provisions of the *Securities Act* (Quebec) against us a director and a former president and chief executive officer.

- *EGRIFTA® Approved in 1 mg/vial presentation in Canada.* On March 30, 2015, we announced that Health Canada approved a Supplement to a New Drug Submission for the 1 mg/vial presentation of *EGRIFTA*®.

- *Agreement with AOP.* On February 27, 2015, we announced the execution of a distribution and licensing agreement with AOP Orphan Pharmaceuticals AG, or AOP, for the distribution and commercialization of *EGRIFTA*® in several countries, or AOP Agreement. Under the terms of the AOP Agreement, we granted AOP the exclusive right to commercialize and distribute *EGRIFTA*® in Albania, Austria, Belarus, Belgium, Bosnia Hercegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Kazakhstan,

Latvia, Lithuania, Luxembourg, Macedonia, Netherlands, Norway, Poland, Romania, Russian Federation, Serbia, Slovak Republic, Slovenia, Sweden, Switzerland, Ukraine and United Kingdom. AOP is responsible to conduct all regulatory activities to obtain marketing authorizations for *EGRIFTA*® in these countries.

- *Restructuring of Long-Term Obligation*. On February 17, 2015, we restructured the amount and the payment terms of our initial US $4,000,000 payment due May 1, 2015 as part of our long-term obligation to EMD Serono under the EMD Serono Termination Agreement. The amount of the first payment aggregated US $4,167,808 and was payable in three tranches of US $500,000, US $1,550,548 and US $2,117,260 on May 1, 2015, August 31, 2015 and November 30, 2015, respectively. The balance of the amount and the other payment terms of the long-term obligation remained unchanged.

- *Suspension of SEC Reporting Requirements*. On February 3, 2015, we announced that we filed a Form 15 with the Securities and Exchange Commission of the United States to suspend our reporting obligations in the United States.

2.3 OUR STRATEGY AND OBJECTIVES

Our strategy for value creation in 2018 is focused on: the successful launch and commercialization of ibalizumab in the U.S. market; continued growth of *EGRIFTA*® sales revenue in the U.S. which we aim to be 10% to 15% higher than in the fiscal year 2017; and the diligent pursuit of regulatory approval for ibalizumab in Europe culminating in the filing of a marketing authorization application with European authorities as soon as possible.

Other important continuing objectives are the search for complementary new product acquisition and in-licensing opportunities and completing the development of the F4 single vial formulation for *EGRIFTA*®.

2.4 APPROVED PRODUCT AND INVESTIGATIONAL PRODUCT

EGRIFTA® (tesamorelin for injection) - Our Approved Product

EGRIFTA® (tesamorelin for injection) induces the release of growth hormone which causes a reduction in excess abdominal fat (lipohypertrophy) in HIV-infected patients without reducing or interfering with subcutaneous fat, and, as such, has no clinically significant effect on undesired loss of subcutaneous fat (lipoatrophy).

EGRIFTA® is currently available in the United States as a once-daily two unit dose (two vials, each containing 1 mg of tesamorelin) of sterilized lyophilized powder to be reconstituted with sterile water for injection. To administer *EGRIFTA*®, 1 ml is retrieved from each vial into one syringe to prepare a single 2 ml patient self-administered subcutaneous injection. *EGRIFTA*® is injected under the skin into the abdomen once a day.

In connection with its approval, the FDA required the following three post-approval commitments:

- *to develop a single vial presentation of the existing formulation of EGRIFTA*®. The FDA required that this new presentation be available by November 2013 and it was launched in October 2012. As a result of the manufacturing issues we encountered in 2013 with the 2 mg/vial presentation of *EGRIFTA*®, we reverted back to the use of the original 1 mg/vial presentation while working on the further development of the 2 mg/vial presentation. However,

due to certain issues we encountered during such development, we proposed to the FDA that we proceed with the development of an F4 single vial formulation instead of the 2 mg/vial presentation using the current formulation to meet the commitment required by the FDA when *EGRIFTA®* was approved. The FDA authorized us to proceed with such formulation. The bioequivalence of this new formulation and additional stability testing have now been completed and analysis of the results is ongoing.

- *to conduct a long-term observational safety study using EGRIFTA®*. The purpose of the long-term observational study, or Observational Study, required by the FDA is to evaluate the safety of long-term administration of *EGRIFTA®*. The FDA has approved the protocol for the Observational Study and we are still recruiting patients for the Observational Study.

- *to conduct a Phase 4 clinical trial using EGRIFTA®*. The primary purpose of the Phase 4 clinical trial, or Retinopathy Study, is to assess whether *EGRIFTA®* increases the incidence or progression of diabetic retinopathy in diabetic HIV-infected patients with lipodystrophy and excess abdominal fat. The FDA has approved the protocol for the Retinopathy Trial and we are still recruiting patients for the Retinopathy Trial.

Lipodystrophy

Lipodystrophy is characterized by abnormalities in the production and storage of fat. It has two components: lipohypertrophy, abnormal and excessive fat accumulation, and lipoatrophy, the noticeable, localized loss of fat tissue under the skin. In patients with lipohypertrophy, fat accumulation occurs mostly around the waist and may also occur in other regions, including breast tissue and in dorsocervical tissues in the neck, resulting in a “buffalo hump”. Excess fat also appears as lipomas, or benign tumors composed of fat cells. In patients with lipoatrophy, the loss of fat tissue generally occurs in the limbs and facial area.

In HIV-infected patients, lipodystrophy may be caused by the viral infection itself, the use of antiretroviral therapy (not class-specific), or both. Recent data suggest that different pathophysiological mechanisms are involved in the development of lipohypertrophy and lipoatrophy. The most common statistically significant independent risk factors identified for lipohypertrophy are duration of antiretroviral therapy and markers of disease severity, including higher pre-antiretroviral treatment viral load. Other factors include age, genetics, and gender.

Tesamorelin

Tesamorelin is the active peptide comprising *EGRIFTA®*. Tesamorelin is a stabilized 44 amino acid human GRF analogue, which was synthesized in our laboratories in 1995 using our long-acting peptide method. Although natural peptides have significant therapeutic potential, they are subject to enzymatic degradation which severely limits their effectiveness in clinical use. Our long-acting peptide method is a peptide stabilization process which increases the target protein’s resistance to enzymatic degradation, while maintaining its natural specificity. This usually results in a more stable and efficient compound, which can thus prolong its duration of action. Tesamorelin induces growth hormone secretion in a natural and pulsatile way. The clinical results obtained to date using tesamorelin suggest a therapeutic potential in both anabolic and lipolytic indications.

Mechanism of Action

In vitro, tesamorelin binds and stimulates human GRF receptors with similar potency as the endogenous GRF. GRF is a hypothalamic peptide that acts on the pituitary somatotroph cells to

stimulate the synthesis and pulsatile release of endogenous growth hormone, which is both anabolic and lipolytic. Growth hormone exerts its effects by interacting with specific receptors on a variety of target cells, including chondrocytes, osteoblasts, myocytes, hepatocytes, and adipocytes, resulting in a host of pharmacodynamic effects. Some, but not all these effects, are primarily mediated by insulin-like growth factor one, IGF-1, produced in the liver and in peripheral tissues.

The effects of recombinant human growth hormone, or rhGH, and tesamorelin have been the subject of several clinical trials in the area of HIV-associated lipodystrophy. Based on these clinical trials, the safety profiles of rhGH and tesamorelin appear to be very different. The natural synthesis of growth hormone is regulated by a feedback mechanism preventing its overproduction. Tesamorelin induces optimal activity of the somatotrope function and retains the natural rhythm (pulsatility) of the physiological secretion of growth hormone without interfering with the feedback mechanism mentioned above. With the exogenous administration of rhGH, the feedback mechanisms are short-circuited, which gives rise to higher levels of growth hormone. The side effects associated with rhGH include nerve, muscle or joint pain, swelling due to fluid retention (edema), carpal tunnel syndrome, numbness and tingling of skin and increased risk of diabetes. These side effects are particularly frequent among older people. In addition, rhGH can cause hyperglycemia which makes it contraindicated for patients with diabetes or pre-diabetic conditions.

Third-Party Studies Evaluating Tesamorelin

On June 9, 2015, we announced a collaboration with the Massachusetts General Hospital that will evaluate the safety and efficacy of tesamorelin in the treatment of HIV-infected patients suffering from non-alcoholic fatty liver disease, or NAFLD, and non-alcoholic steatohepatitis, or NASH. Funding for the clinical trial has been awarded by the U.S. National Institutes of Health, or NIH. The 12 month-parallel, randomized, placebo-controlled study enrolled a total of 60 HIV-infected patients with NAFLD/NASH. Each patient will receive either tesamorelin (2 mg/day) or a placebo. The specific aims of the study are to determine the effects of tesamorelin on liver fat, inflammation, fibrosis, and hepatocellular damage seen in conjunction with NASH. At the end of the 12-month period, subjects will enter open-label tesamorelin treatment phase for 6 months.

We are not currently developing tesamorelin in patients suffering from excessive liver fat, NAFL, or NASH.

F4 Formulation

As part of our commitments with the FDA related to the approval of *EGRIFTA*®, we agreed to develop a single vial formulation of *EGRIFTA*®. We had developed a 2 mg/vial presentation using the 1 mg/vial formulation of *EGRIFTA*® which was withdrawn from the market due to manufacturing issues. Despite our continuous efforts to develop an improved 2 mg/vial presentation of the original formulation, we encountered certain issues and, in order to meet our commitment with the FDA, we proposed to the FDA to substitute the development of the 2 mg/vial presentation of the original formulation with a single vial formulation containing 4 mg/ml of tesamorelin, or F4 Formulation.

The F4 Formulation has previously been used by us in a Phase II program. The F4 Formulation is four times more concentrated than the former 2 mg/vial formulation, thus significantly reducing the volume of administration. The F4 Formulation has also previously been shown to be stable at room temperature which could be a significant improvement over the current formulation as refrigeration by pharmacies and patients would no longer be required. In order to be able to use the F4 Formulation in the current indication of *EGRIFTA*®, we must demonstrate that the F4 Formulation is bioequivalent with the current formulation and conduct additional stability testing. The necessary F4 Formulation bioequivalence study and additional stability testing have now been completed and analysis of the

results is ongoing. The results will be available in the second quarter of 2018 and, if such results are positive, they will be submitted to the FDA in the third quarter of 2018.

Ibalizumab – Investigational Product

Ibalizumab is an investigational humanized monoclonal antibody for the potential treatment of MDR HIV-1 infection. Ibalizumab is the property of TaiMed.

Ibalizumab has received “Breakthrough Therapy” designation from the FDA. The FDA is currently examining the BLA filed by TaiMed in May 2017 and has set a PDUFA target action date of April 3, 2018.

If approved by the FDA, ibalizumab will be available in the United States as a single dose, 2 ml vial containing 200 mg of ibalizumab. Ibalizumab will be administered intravenously after diluting the appropriate number of vials in 250 ml of 0.9% Sodium Chloride Injection, USP. Patients are expected to receive a single loading dose of 2,000 mg followed by a maintenance dose of 800 mg every 2 weeks.

Mechanism of Action

Unlike other antiretroviral agents, ibalizumab binds primarily to the second extracellular domain of the CD4 receptor, away from major histocompatibility complex II molecule binding sites. It potentially prevents the HIV virus from infecting $CD4^+$ immune cells while preserving normal immunological function. Ibalizumab is active across all major HIV clades and irrespective of tropism. No drug-drug interactions and no cross-resistance with other antiretroviral therapies, or ART, were noted during the clinical trials.

Phase III Trial (TMB-301) – Study Design

The Phase III trial was a single arm, 24-week study of ibalizumab plus optimized background regimen, or OBR, in treatment-experienced patients infected with MDR HIV-1. Patients receiving their current failing ART, or no therapy, were monitored during a seven-day control period. Thereafter, a loading dose of 2,000 mg of intravenous ibalizumab was the only ART added to their regimen. The primary efficacy endpoint was the proportion of patients achieving a $\geq$ 0.5 $\log_{10}$ decrease in HIV-1 ribonucleic acid, or RNA, seven days after initiating ibalizumab in therapy (Day 14 of study). Ibalizumab was continued at doses of 800 mg intravenously every 2 weeks through 24 weeks plus OBR. The OBR was required to include $\geq$1 active drug other than ibalizumab; an investigational agent could be included if needed to construct a viable regimen.

Baseline characteristics: A total of 40 patients were enrolled in the study with a median age of 53; most were males (85%) and white (55%). The median duration of HIV infection was 23 years and 28% were treated with $\geq$10 ARTs. Patients had high pre-existing levels of drug resistance and advanced clinical disease. Patients had a median baseline HIV-1 viral load of 4.6 $\log_{10}$ (or 35,350) copies/ml, with 18% of patients having viral loads $\geq$ 100,000 copies/ml. The median $CD4^+$ count was 73 cells/µl, with 50% of patients with <100 cells/µl and 33% with <10 cells/µl. Close to 90% of patients had MDR HIV-1 with $\geq$1 identified mutation conferring resistance to the Nucleoside Reverse Transcriptase Inhibitors (NRTIs), Non-Nucleoside Reverse Transcriptase Inhibitors (NNRTIs), or Protease Inhibitors (PIs), 68% had resistance to $\geq$1 Integrase Inhibitor (INIs) and 88% of patients did not have a purely CCR5-tropic virus. Furthermore, 50% of patients had HIV-1 with resistance to all available drugs from $\geq$3 classes of ARTs, 30% from 4 ART classes and 13% from all approved ARTs. To construct an OBR, 17 patients (43%) required addition of an investigational ART.

Phase III Trial - Efficacy and Safety Results

Seven days after the loading dose, 83% of patients achieved a ³ 0.5 log_{10} decrease from baseline compared with 3% during the seven-day control period. These results were statistically significant (p<0.0001). During the same period, 60% of patients achieved a decrease of ³ 1.0 log_{10} (p<0.0001). The mean viral load decrease for the total population was 1.1 log_{10}.

After 24 weeks of treatment with ibalizumab plus an OBR, the mean reduction in viral load was 1.6 log_{10} with 55% and 48% of patients having a ³1 log_{10} and ³2 log_{10} reduction, respectively. Viral load of <50 and <200 HIV RNA copies/ml was achieved in 43% and 50% of study participants, respectively. In all the viral load efficacy analyses performed at Week 24, the intent-to-treat – missing equals failure, or ITT-MEF, statistical methods was used. The ITT-MEF analysis methodology considers all patients enrolled in the study and any missing values are treated as failure (or no change) in the analysis of the results and represents the most stringent and most conservative data handling convention.

The mean increase in CD4+ T-cell count from baseline to Week 24 was 62 cells/µL. Changes in CD4+ T-cell counts were similar between patients with >200 or 50–200 CD4+ cells/µL at baseline and numerically but not significantly lower in patients with <50 CD4+cells/µL at baseline (+81, +75, and +17 cells/µL, respectively).

With respect to safety, most treatment-emergent adverse events reported were mild to moderate in severity with no infusion-related adverse events. The most common side effects include diarrhea, dizziness, nausea and rash. Other than for one case of immune reconstitution inflammatory syndrome, an inflammatory response in HIV-infected patients that may be triggered after changing to more active ART, no serious adverse events were considered related to ibalizumab. Nine patients discontinued the trial prior to completion of the 24-week study treatment (four non-drug related deaths, four drug withdrawals, and one lost to follow-up). No notable trends in laboratory abnormalities were observed and no anti-ibalizumab antibodies were detected in any patients.

The safety profile in this Phase III trial was consistent with the one previously observed in the Phase II study.

Expanded Access Program (TMB-311)

Patients completing the 24-week Phase III trial continued treatment in the expanded access program. Patients continued to receive ibalizumab at 800 mg every 2 weeks along with their OBR for an additional 24 weeks.

Baseline characteristics: All patients who completed the 24-week treatment period in the Phase III trial in the United States were enrolled in the expanded access program (n=27). These patients were highly resistant - 59% of patients had exhausted at least three ART classes, 33% exhausted four ART classes and 15% were resistant to all approved ARTs.

Expanded Access Program - Efficacy and Safety Results

The potent viral load suppression observed at Week 24 was sustained through Week 48. Median viral load reduction from baseline was 2.5 log_{10} at Week 24 and 2.8 log_{10} at Week 48. Viral load of <50 and <200 HIV RNA copies/ml was achieved in 16 of 27 (59%) and 17 of 27 (63%) of study participants, respectively. All 15 patients with viral load <50 HIV RNA copies/ml at Week 24 maintained viral suppression to Week 48.

Similar to the Phase III trial, ibalizumab plus OBR was well-tolerated in the expanded access program. Most treatment-emergent adverse events were mild to moderate in severity with no infusion-related adverse events. No new or unexpected safety concerns emerged between Week 24 and 48. Of the 27 patients, 24 (89%) continued to receive treatment until Week 48. The three patients

discontinued early due to non ibalizumab-related reasons (two withdrawals and one adverse event).

TaiMed Agreement

Pursuant to the terms of the TaiMed Agreement, we have the exclusive rights to commercialize ibalizumab in the United States, in Canada, in the European Union countries as well as in Albania, Iceland, Israel, Liechtenstein, Norway, Russia, Switzerland and Turkey, or, collectively, European Territory. TaiMed is responsible for the development of ibalizumab and for seeking its approval from the FDA. In Canada, we are responsible, but under no obligation, to seek the approval of ibalizumab from Health Canada. In the European Territory, we are responsible to seek the approval of ibalizumab and we undertook to use our commercially reasonable efforts to do so.

TaiMed is responsible to manufacture and supply ibalizumab to us. The transfer price for sales of ibalizumab in Canada and the United States has been determined at 52% of its net selling price with an additional amount equal to 10% of its net selling price until such additional amount equals US$5,500,000.

The transfer price for sales occurring in a country forming part of the European Territory is determined at 52% of the net selling price of the product in such country up to, or equal to, annual sales of US $50,000,000 in such country of the European Territory. If annual net sales of the product in the European Territory exceed US $50,000,000, the transfer price of the product for sales occurring in a country forming part of the European Territory will be equal to 52% of the net selling price of the product on sales of up to US $50,000,000 in such country plus an amount equal to 57% of the net selling price of the product in such country calculated on that portion of annual net sales of the product in the European Territory that exceeds US $50,000,000.

The terms of the transaction include a US$2,000,000 payment obligation and the issuance of 906,077 common shares. A cash consideration of US$1,000,000 was paid at the signature of the agreement in March 2016, and the common shares were issued in March 2017. The remaining consideration of US$1,000,000 will be paid through the issuance of 957,169 common shares of Theratechnologies after the first commercial sale of ibalizumab in the U.S. is made and evidence that a manufacturing agreement was entered into between TaiMed and Wuxi.

A further US$3,000,000 will become due after the first commercial sale of ibalizumab in the U.S., subject to certain conditions. This amount will be payable as follows: US$2,000,000 in common shares of Theratechnologies at a price to be determined based on the volume-weighted average trading price of our common shares on the Toronto Stock Exchange, or TSX, for the five business days preceding the date of approval of ibalizumab by the FDA, converted in U.S. dollars, and US$1,000,000 in common shares of Theratechnologies at a price to be determined based on the volume-weighted average trading price of our common shares on the TSX for the five business days preceding the date of the first commercial sale of ibalizumab in the U.S., converted in U.S. dollars.

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

The TaiMed Agreement also provides that we have certain milestone payment obligations in connection with activities occurring on the European Territory. We will reimburse TaiMed 50% of all

direct out-of-pocket development costs mandated by the European Medicines Agency, or EMA, that TaiMed will have incurred in order to obtain marketing approval of ibalizumab in the European Territory. Our payments will be made quarterly after marketing approval has been obtained and will equal 5% of the net sales of ibalizumab in the European Territory during each quarter, up to the outstanding capital amount.

A US$10,000,000 will become due after the first commercial sale of ibalizumab in the European Territory. This amount will be payable in cash as follows: US$5,000,000 twelve (12) months after the first commercial sale of ibalizumab in the European Territory and US$5,000,000 twelve (12) months after achieving aggregate net sales of ibalizumab in the European Territory of US$50,000,000 over four consecutive financial quarters. Finally, we will also pay these additional sales related milestones: US$10,000,000 once annual net sales of ibalizumab in the European Territory reach US$15,000,000 over four consecutive financial quarters; US$20,000,000 once annual net sales of ibalizumab in the European Territory reach US$500,000,000 over four consecutive financial quarters; and US$150,000,000 once annual net sales of ibalizumab in the European Territory reach US$1,000,000,000 over four consecutive financial quarters.

We will also pay development milestones to TaiMed. A US$3,000,000 milestone will be due upon the approval of a once every two weeks intramuscular or subcutaneous formulation. The milestone will be payable in two equal installments of US$1,500,000, with the first one being paid upon the first commercial sale of the product using this new formulation in Canada or in the United States while the second one will be paid 12 months thereafter. 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$50,000,000, depending on the size of the newly targeted population, which will be paid quarterly, based on a percentage of net sales then generated by the product.

The TaiMed Agreement has a term that will expire on a country-by-country basis 12 years after marketing approval for ibalizumab has been obtained in each country, unless earlier terminated. The TaiMed Agreement contains customary representations and warranties, indemnification provisions and other provisions customarily found in agreements of this nature. Under the TaiMed Agreement, we must meet a certain level of undisclosed minimum sales after an undisclosed period of time following the approval of the drug in the United States.

Other Compounds

We currently have a limited number of molecules that we do not intend to develop.

In December 2017, we entered into a termination agreement with Transfert Plus L.P. pursuant to which we agreed to return to Transfert Plus L.P. a 50% interest in the peptides discovered further to the research we conducted with the Université de Montréal when we acquired the rights to conduct research and development using the melanotransferrin technology in November 2010. We have also agreed to return all of our interests in the melanotransferrin technology. The pursuit of the development of those peptides was no longer part of our business plan.

2.5 COMMERCIALIZATION ACTIVITIES

EGRIFTA® - United States

General

Since May 1, 2014, we are responsible for the commercialization of *EGRIFTA*® (tesamorelin for injection) in the United States and the conduct of the Observational Study and Retinopathy Study. We regained our commercialization rights to *EGRIFTA*® pursuant to the EMD Serono Termination Agreement. The EMD Serono Termination Agreement provided for the termination of the EMD Serono Agreement.

Under the terms of the EMD Serono Termination Agreement, we agreed to pay an early termination fee of US $20,000,000, or Early Termination Fee, in equal installments of US $4,000,000 over a five-year period starting on May 1, 2015 and, thereafter, on May 1, 2016, 2017, 2018 and 2019. We also agreed to pay EMD Serono an increasing royalty, or Royalties, based on annual net sales. The Royalties will be paid until a confidential cumulative aggregate amount is reached or until January 1, 2024, the first of these events to occur. We restructured the amount and payment terms of the initial US $4,000,000 payment due May 1, 2015 as part of our long-term obligation. The Early Termination Fee amounted to US $20,167,808 and the first payment amounted to US $4,167,808 and was payable in three tranches of US $500,000 on May 1, 2015, US $1,550,548 on August 31, 2015 and US $2,117,260 on November 30, 2015. The balance of the amount and the other payment terms of the long-term obligation remain unchanged. The first, second and third installments aggregating $12,167,808 have been paid, and a balance of US $8,000,000 remains to be paid.

In order to secure the payment of the Early Termination Fee, the Corporation agreed to grant EMD Serono a security interest on its present and future worldwide corporeal and incorporeal movable property related to tesamorelin until such time as the amount of US $20,167,808 has been reimbursed in full to EMD Serono. Thereafter, the Corporation and EMD Serono agreed to reduce the security interest to all present and future corporeal and incorporeal movable property related to tesamorelin in the United States only to secure the payment of the Royalties.

The EMD Serono Termination Agreement contains a five (5) year non-compete undertaking by EMD Serono in favor of the Corporation, customary representations and warranties and indemnity provisions. In addition, the EMD Serono Termination Agreement provides that in the event there occurs a change of control of the Corporation, EMD Serono has the option to receive the payment of all of the unpaid Early Termination Fee.

Manufacturing

We do not own or operate commercial scale manufacturing facilities for the production of *EGRIFTA*®, nor do we have plans to develop our own manufacturing operations in the foreseeable future. We currently depend on third-party service providers for all of our required raw materials, drug substance and finished product for commercial sale and clinical trials and we have entered into supply agreements with those third-party service providers.

We are responsible for the manufacture and supply of tesamorelin to ensure the commercialization of *EGRIFTA*® in the United States and in Canada.

We currently manufacture *EGRIFTA*® in a 1 mg/vial presentation. This presentation was initially used when we launched *EGRIFTA*® in January 2011 until we switched to a 2 mg/vial presentation pursuant to a post-approval commitment made to the FDA at the time *EGRIFTA*® was approved. As a result of the manufacturing issues we encountered in 2013 with the 2 mg/vial presentation, we reverted back to the use of the original 1 mg/vial presentation. However, we remain committed to the development of a single vial formulation and we are currently working on the F4 Formulation.

Active Pharmaceutical Ingredient

We have an agreement with Bachem, Inc., an American subsidiary of Swiss-based Bachem AG, providing for the manufacturing and supply of the active pharmaceutical ingredient of tesamorelin, or API, for *EGRIFTA*® for commercial sale in the United States and in Canada as well as for clinical programs. Bachem is our only validated supplier of raw materials. The price of tesamorelin manufactured by Bachem has been set under our agreement and is not subject to volatility. The agreement is scheduled to terminate with the expiry of US patent 5,861,379, or May 2020, unless earlier terminated by the parties.

Finished Product

We have an agreement with Jubilant HollisterStier, General Partnership, providing for the manufacture and supply of the finished form of *EGRIFTA*® for commercial sale in the United States and in Canada and for tesamorelin in connection with clinical programs. Under our agreement, Jubilant must fill vials with tesamorelin, lyophilize it, label and package those vials and deliver them to locations in accordance with our instructions. The agreement is scheduled to terminate with the expiry of US patent 5,861,379, or May 2020, unless earlier terminated by the parties. If the agreement is not terminated by the parties prior to its term, it will automatically renew for successive 12-month periods unless a party provides the other with a prior written notice within a confidential time period before the termination of the agreement.

Injection Tool Kit

In connection with the commercialization of *EGRIFTA*® in the United States, we decided to provide patients with the necessary devices to administer *EGRIFTA*®. These devices are comprised of syringes, needles and water for injection. We have entered into supply agreements with Becton Dickson Canada Inc. for the supply of syringes and hypodermic needles and with Hospira Worldwide, Inc. for the supply of sterile water for injection. The packaging of those devices is done through a third-party service provider, Almac Pharma Services, or Almac.

Distribution

In connection with the commercialization of *EGRIFTA*® in the United States, we have entered into various agreements with third-party service providers to distribute our products to patients. The distribution of *EGRIFTA*® is tightly controlled and is only available in certain selected pharmacies. Below is a summary of the supply chain for *EGRIFTA*®.

Logistic Service Provider and Distributor

On November 1, 2017, we entered into an amended and restated master services agreement with RxCrossroads, along with two amended and restated statements of work, or RxCrossroads Agreements, to add ibalizumab as a potential product for sale in the United States. Under the terms of the RxCrossroads Agreements, RxCrossroads acts as our exclusive third-party logistic service provider for all of our products in the United States and as such, provides us with warehousing and logistical support services, including inventory control, account management, customers support, product return management and fulfillment of orders.

Under the RxCrossroads Agreements, RxCrossroads also acts as our exclusive third-party distributor for all of our products in the United States. In such role, RxCrossroads purchases products from us and takes title thereto. RxCrossroads' purchases of our products are triggered by its expectations of market demand for them over a certain period of time. With respect to *EGRIFTA*®, RxCrossroads

fulfills orders received from authorized wholesalers and delivers it directly to that authorized wholesaler's client, namely a specialty pharmacy forming part of our network of specialty pharmacies.

The RxCrossroads Agreements will expire two years after ibalizumab is brought into RxCrossroads' inventory. The RxCrossroads Agreements contain customary representations and warranties from both parties, indemnification provisions as well as termination provisions in the event of the occurrence of certain events stated therein.

Wholesalers

Our supply chain of *EGRIFTA*® in the United States is comprised of a limited number of wholesalers through which specialty pharmacies we have contracted with can order *EGRIFTA*®. These wholesalers accept purchase orders from those specialty pharmacies, purchase *EGRIFTA*® from RxCrossroads and resell it to these specialty pharmacies. Our wholesalers do not handle the shipping and delivery of *EGRIFTA*®. The shipping and delivery of *EGRIFTA*® to those specialty pharmacies is handled by RxCrossroads. To date, we have agreements in place with the following wholesalers: H.D. Smith, LLC., Cardinal Health and McKesson Corporation. For a description of these agreements, see "Material Contracts" below.

Specialty Pharmacies

We have entered into various agreements with specialty pharmacies across the United States providing them with the right to order *EGRIFTA*® from our authorized wholesalers and distribute *EGRIFTA*® to patients in the United States through their networks of local pharmacies. A very limited number of specialty pharmacies can purchase *EGRIFTA*® directly from RxCrossroads.

Marketing and Sales

Our marketing and sales activities are conducted from our head office in Montreal, Québec, Canada. We have also retained the services of Syneos Health Inc. (formerly inVentiv Commercial Services, LLC), or Syneos, to assist us with sales activities in the United States. Syneos is a recognized provider of commercial, clinical and consulting services around the globe. We have renewed our agreement with Syneos and we entered into an amended and restated master services agreement in this respect as of December 4, 2016, or Syneos Agreement, pursuant to which Syneos will continue providing us with various services in connection with the commercialization of *EGRIFTA*® and ibalizumab (if and when approved) in the United States. In addition, we sometimes retain Syneos and other third parties for certain marketing activities.

The services currently provided by Syneos comprise a sales force team fully dedicated to *EGRIFTA*®*,* a medical science liaison team solely assigned to our medical activities, a managed market team solely dedicated to the reimbursement of *EGRIFTA*® with both public and private payors and a call center team solely dedicated to assist healthcare professionals and patients for *EGRIFTA*®. The call center, *EGRIFTA Assist*®, guides physicians and patients through the process of initiating treatment under reimbursement. This process, which can be complex and time-consuming, begins with a referral and concludes with the final reimbursement decision. *EGRIFTA Assist*® also helps patients adhering to their treatment and answering questions about *EGRIFTA*®. Since the execution of the TaiMed Agreement, we have increased the size of these teams and, through Syneos, we can now count on 59 dedicated individuals (as at November 30, 2017) to commercialize *EGRIFTA*®, 41 of whom form part of the key account manager team.

These same teams will conduct the same activities for ibalizumab, if and when approved.

The Syneos Agreement contains customary representations and warranties, indemnification, confidentiality, intellectual property and termination provisions. The Syneos Agreement is scheduled to expire on November 30, 2019, unless earlier terminated.

EGRIFTA® - Canada

General

EGRIFTA® was approved for commercialization in Canada on April, 30 2014 in its 2 mg/vial presentation and, on March 30, 2015, in its 1 mg/vial presentation.

We have been commercializing *EGRIFTA®* in Canada since June 2015 using our internal team.

EGRIFTA® is not reimbursed in any of the provinces of Canada. However, *EGRIFTA®* is available in Canada to cash-paying patients and those with certain types of private insurance plans.

The supply chain and commercialization process of *EGRIFTA®* in Canada is as described below.

Manufacturing

The manufacturing components of *EGRIFTA®* for commercialization in Canada are made by Bachem, Jubilant and Becton Dickinson as for the United States under the same agreements as those of the United States. The sterile water for injection is purchased off-the-shelf from a distributor. Since sterile water for injection is easily available in Canada, no formal agreement has been entered into with a third-party supplier.

On March 30, 2015, we entered into a packaging agreement with Bellwyck Packaging Inc., or Bellwyck. Under this agreement, Bellwyck is responsible to label the vials of *EGRIFTA®* and place them in boxes ready for shipping and to package syringes, needles, sterile water for injection and patients inserts in the boxes ready for shipping. The agreement is scheduled to terminate on March 30, 2018, unless earlier terminated as a result of a breach by one of the parties or as a result of an insolvency event. This agreement renews automatically for one-year terms unless a party gives the other party written notice of its intent not to renew the agreement. Such written notice must be given to the other party at least 90 days prior to the expiration of the agreement. To date, we have not received any such notice from Bellwyck.

Distribution

The distribution of *EGRIFTA®* in Canada is made through McKesson Specialized Distribution Inc., or McKesson Distribution, an affiliate of McKesson Canada Corporation, or McKesson Canada. McKesson Distribution purchases *EGRIFTA®* from us, resells and distributes it to Canadian pharmacies which form part of its network.

Marketing and Sales

The commercialization of *EGRIFTA®* in Canada is conducted internally.

In addition, McKesson Canada provides the services of a call center, *EGRIFTA Support®*, which guides physicians and patients through the process of initiating treatment with *EGRIFTA®*, helps patients with the reimbursement process with their private insurance providers, follow patients for treatment adherence and answers questions physicians and patients may have regarding *EGRIFTA®*.

EGRIFTA® - OTHER TERRITORIES

We have entered into the AOP Agreement, the BL&H Agreement, the Praxis Agreement and the PRX Agreement for the commercialization of *EGRIFTA*® in territories covered under these agreements. We have also entered into a distribution and licensing agreement with Sanofi Winthrop Industrie, or Sanofi, on December 6, 2010, as amended on November 30, 2011, covering the territories of Latin America, Africa and the Middle East, or Sanofi Agreement

All of these agreements provide that each of sanofi, AOP and BL&H are responsible to conduct regulatory activities to seek and obtain a marketing authorization for *EGRIFTA*® in each of the territories covered by their respective agreements. Under the terms of the PRX Agreement and Praxis Agreement, each of PRX and Praxis is responsible to assist us in conducting regulatory activities to seek and obtain a marketing authorization for *EGRIFTA*® in Portugal and Spain, respectively. These agreements also grant to each of sanofi, AOP, BL&H, PRX and Praxis the exclusive right to commercialize and distribute *EGRIFTA*® in the territories covered by their respective agreements once a marketing authorization has been obtained in those countries.

Under these agreements, we are responsible to manufacture and supply *EGRIFTA*® to each of sanofi, AOP, BL&H, PRX and Praxis at pre-determined prices.

To date, *EGRIFTA*® has been approved in Mexico, but it is not commercialized there since it is not yet reimbursed by Mexican regulatory authorities. There is no marketing application pending in any of the territories covered by each of these agreements. Each of sanofi, AOP, BL&H, PRX and Praxis have advised us that the regulatory and reimbursement dossier of *EGRIFTA*® represented a challenge in the territories covered by their respective agreements.

We no longer view those territories as material to grow our revenues.

We have retained full commercial rights for *EGRIFTA*® in unpartnered territories and we could seek partners for the commercialization of *EGRIFTA*® in some of those unpartnered territories.

2.6 PRE-COMMERCIALIZATION ACTIVITIES

Ibalizumab – United States

Infrastructure Set-Up

Since the execution of the TaiMed Agreement, we have been building the infrastructure needed to launch and commercialize ibalizumab in the United States, if and when approved. To that end, we have increased the size of our medical, commercial, managed market and call center teams. We believe that the number of individuals comprising each team and currently devoting their time and efforts to *EGRIFTA*® will be adequate to launch and commercialize ibalizumab in the United States.

We have also begun activities with some physicians and payors related to the medical issues related to MDR-HIV-1. Our medical personnel have developed presentations and other medical support tools to be used for the launch and during the commercialization of ibalizumab. Our commercial team has been active preparing all of the marketing tools and promotional materials necessary to launch and commercialize ibalizumab. Our managed market team has been active preparing presentations for various private and public payors. These presentations will be used to visit these payors, if and when, ibalizumab is approved.

We have built the supply chain structure to distribute ibalizumab to patients and physicians. Our exclusive third party distributor will be RxCrossroads under the RxCrossroads Agreements. We have also entered into agreements with specialty pharmacies and infusion therapy providers that have a large U.S. network capable of handling drug products whose administration is made intravenously. These specialty pharmacies have the capacity to deliver ibalizumab to patients, physicians or infusion centers. Each of these specialty pharmacies will purchase ibalizumab from RxCrossroads and will deliver it to infusion centers, physicians or patients. Patients will be administered ibalizumab at infusion centers, at physicians' offices or at home with the assistance of nurses.

Market Estimate

We also commissioned a series of market studies internally and through independent external consultants for the U.S. market. We now estimate that approximately 20,000 to 25,000 patients in the United States are currently infected with MDR HIV-1 and that 50-56% of those patients will experience a virological failure over a period of 48 weeks of treatment. We believe that this will likely require physicians to modify their treatment plans and consider adding ibalizumab to their regimens. The research also indicated that an efficacious and safe treatment is badly needed and would be well received by HIV-physicians and third-party payors.

2.7 COMPETITION

EGRIFTA®

We are not aware of other GRF products indicated for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy being commercialized. However, we are aware that we face indirect competition for *EGRIFTA®* from other drugs, such as human growth-hormone, testosterone, insulin sensitizing agents, GLP-1 receptor agonists and sermorelin that may be prescribed by physicians. To our knowledge, the use of these other drugs for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy has not been approved by the FDA or Health Canada. Other approaches to reduce excess abdominal fat include coping mechanisms such as lifestyle modification (diet and exercise), switching antiretroviral therapy, or liposuction.

Ibalizumab

We monitor other ARTs, both already on the market and still under clinical development that may potentially be used to treat MDR HIV-1. Dolutegravir and darunavir, for instance, are the most commonly used in regimens for the treatment of MDR HIV-1. Other agents currently under clinical development programs include attachment inhibitors, long acting-ARTs and broadly neutralizing antibodies. None of these products have the same mechanism of action as ibalizumab.

2.8 GOVERNMENT REGULATION

Overview

The research, development, manufacture and marketing of pharmaceutical products are governed by various governmental authorities throughout the world to ensure the efficacy and safety of such products.

Governmental authorities in the United States, Canada, and other countries, extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval,

labeling, packaging, storage, record-keeping, promotion, advertising, distribution, marketing, export and import of products, such as *EGRIFTA®* and any other compound that we may develop. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process, approval process or commercialization process, may subject an applicant to administrative or judicial sanctions. Sanctions could include, but are not limited to, refusal to approve pending applications, withdrawal of an approval, a clinical hold, warning letters or other enforcement letters, product recalls, import/export delays, product seizures, total or partial suspension of production or distribution injunctions, fines, refusals of government contracts, and government reimbursement, restitution, disgorgement or civil or criminal penalties.

The text below explains some of the most important features of government regulations that we must follow in connection with the commercialization of *EGRIFTA®* and ibalizumab in the United States.

Government regulations in Canada are similar, albeit not identical to those in the United States.

Sales and Marketing Regulation

We are subject to various United States requirements relating to the sales and marketing of *EGRIFTA®* and ibalizumab in the United States. The FDA regulates all advertising and promotional activities for prescription drug products under its jurisdiction both prior to and after approval. *EGRIFTA®* and ibalizumab may be promoted only for their approved indications and in accordance with the provisions of their approved label. Any promotional claims regarding an approved drug must not be misleading and contain a fair balance of risk and benefit information. The FDA, as well as other government authorities, actively enforces the laws and regulations prohibiting the promotion of inaccurate, misleading or inadequately balanced product claims and the promotion of product for unapproved (i.e. off-label) uses. If we are found to have improperly promoted a prescription drug, we may be subject to significant sanctions. Failure to comply with applicable FDA requirements may subject us to adverse publicity, enforcement action by the FDA, corrective advertising, and the full range of civil and criminal penalties available to the FDA.

The FDA does not regulate the practice of medicine by physicians in their choice of treatment.

The marketing of *EGRIFTA®* and ibalizumab within the United States is also subject to various federal and state laws pertaining to health care “fraud and abuse,” including anti-kickback laws and false claims laws. Anti-kickback laws make it illegal for a prescription drug manufacturer to solicit, offer, receive, or pay any remuneration in exchange for, or to induce or reward, the referral of business, including the purchase or prescription of a particular drug that is subject to government reimbursement. Due to the breadth of the statutory provisions, it is possible that we might be challenged under anti-kickback or similar laws. Sanctions under these laws include civil monetary penalties, exclusion from U.S. federal and state healthcare programs (i.e., those programs will not provide reimbursement or payment coverage for *EGRIFTA®* and/or ibalizumab), and criminal penalties including imprisonment. False claims laws prohibit anyone from knowingly and willingly presenting, or causing to be presented for payment to certain third-party payors (including Medicare and Medicaid) claims for reimbursement for drugs or services that are false or fraudulent. Generally, claims for drugs prescribed for off-label uses may be considered to be “false claims”. Sanctions under false claims laws include significant civil monetary penalties. In addition, there is ability for private individuals to bring similar actions.

In addition, several states require that companies implement compliance programs or comply with industry ethics codes, adopt spending limits, and report to state governments any gifts, compensation, and other remuneration provided to certain healthcare professionals. Regulations implementing

certain provisions of health care legislation require record-keeping and disclosure to the federal government of certain transfers of value to U.S.-licensed physicians and certain teaching hospitals, otherwise known as the “Sunshine Act”. Any activities relating to the sale and marketing of *EGRIFTA®* and ibalizumab may be subject to scrutiny under these laws. Failure to make these required reports or comply with these state’s laws can result in civil monetary penalties and/or other sanctions. If the government were to allege or convict us of violating these laws, our business could be harmed.

Good Manufacturing Practices

Drug products must be manufactured and packaged in accordance with, among other things, current good manufacturing practices, or GMP, and both Bachem and Jubilant, the contract manufacturers of *EGRIFTA®*, as well as WuXi, the manufacturer of ibalizumab, must adhere to GMP in connection with the manufacture and packaging of these products. If a company wants to make certain changes in its manufacturing equipment, location or process, regulatory review and approval may be required. The FDA often conducts audits of manufacturing sites to ensure that manufacturers comply with quality-related requirements and GMP. If, as a result of these inspections, it is determined that a manufacturer’s equipment, facilities or processes do not comply with the regulations and conditions of product approval, the FDA may seek civil, criminal or administrative sanctions and/or remedies against the manufacturer, including the issuance of an enforcement letter, seeking corrective action, or requiring suspension of manufacturing operations, which would delay the product and sale of our products.

Good Clinical Practices

The FDA promulgates regulations and standards, commonly referred to as good clinical practices, or GCP, for designing, conducting, monitoring, auditing and reporting the results of clinical trials to ensure that the data and results are accurate and that the trial participants are adequately protected. Both our Observational Study and Retinopathy Study are subject to GCP. The conduct of the clinical trials using ibalizumab was also subject to GCP. The FDA enforces GCP through periodic inspections of trial sponsors, principal investigators and trial sites. We rely on Syneos to conduct our Observational Study and our Retinopathy Study. If our study sites fail to comply with applicable GCP or other applicable requirements, such as informed consent or Institutional Review Board oversight, the clinical data generated in our clinical trials may be deemed unreliable and the FDA may require us to redo our studies or stop a study. Where patient safety is at risk, the FDA could impose a clinical hold.

2.9 PHARMACEUTICAL PRICING AND REIMBURSEMENT

In the United States and in other countries, sales of *EGRIFTA®* and ibalizumab will depend in part on the availability of reimbursement from third-party payors. These payors include both government (such as Federal Medicare and State Medicaid, AIDS Drug Assistance Programs and special needs plans in the United States) and private managed care organizations as well as pharmacy benefit managers.

These third-party payors are increasingly challenging the price and examining the cost-effectiveness of medical products and services. In addition, significant uncertainty exists as to the reimbursement status of newly approved healthcare product candidates. We, or our commercial partners, may need to conduct expensive pharmacoeconomic studies in order to demonstrate the cost-effectiveness of *EGRIFTA®* and ibalizumab. *EGRIFTA®* and/or ibalizumab may not be considered cost-effective. It is time consuming and expensive for us, and our commercial partners, to seek reimbursement from third-party payors. Reimbursement may not be available or sufficient to allow us, or our commercial partners, to sell *EGRIFTA®* and/or ibalizumab on a competitive and profitable basis.

United States

The U.S. Congress, state legislatures, and federal and state agencies from time to time propose and adopt initiatives aimed at cost containment, which could impact our ability to sell our drug products profitably. For example, in March 2010, the *Patient Protection and Affordable Care Act*, and the associated reconciliation bill, which we refer to collectively as the *Health Care Reform Law* was enacted, and was a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements (inclusive of price increases) for healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. Effective October 1, 2010, the *Health Care Reform Law* revised the definition of "average manufacturer price" for reporting purposes, which could increase the amount of all Medicaid drug rebates. On January 21, 2016, the Centers for Medicare and Medicaid Services finalized a rule detailing reforms to the rebate and reimbursement systems for Medicaid prescription drugs. This final rule is intended to save taxpayers billions and ultimately improve beneficiary access to prescription drugs. The final rule potentially allows manufacturers to recalculate the baseline "average manufacturer price" and includes US territories in the calculation of "average manufacturer price" and "best price" effective April 1, 2017. Further, the new law imposes a significant annual fee on companies that manufacture or import certain branded prescription drug products and biologic agents. Substantial new provisions affecting compliance also have been enacted, which may require us to modify our business practices with healthcare practitioners, and also may increase our regulatory burdens and operating costs.

The U.S. Medicare program provides payment for many pharmaceuticals under the Medicare Part D program. Under Part D, Medicare beneficiaries may enroll in prescription drug plans offered by private entities which will provide coverage of outpatient prescription drugs. Part D plans include both standalone prescription drug benefit plans and prescription drug coverage as a supplement to Medicare Advantage plans. Part D coverage is not standardized. Part D prescription drug plan sponsors are not required to pay for all covered Part D drugs, and each drug plan can develop its own drug formulary that identifies which drugs it will cover and at what tier or level. However, Part D prescription drug formularies must include drugs within each therapeutic category and class of covered Part D drugs, though not necessarily all the drugs in each category or class. Any formulary used by a Part D prescription drug plan must be developed and reviewed by a pharmacy and therapeutic committee.

Under Part D, government payment for some of the costs of prescription drugs may increase demand for products for which we receive marketing approval. However, any negotiated prices for our products covered by a Part D prescription drug plan will likely be lower than the prices we might otherwise obtain. Moreover, while Part D applies only to drug benefits for Medicare beneficiaries, state Medicaid programs and private payors may follow Medicare coverage policy limitations in setting their own payment rates. Any reduction in payment that results under Part D may influence decision-making and negotiations for payments from non-governmental payors. Payors are, however, forbidden to negotiate both commercial and Part D agreements together. Negotiations must be kept separate.

The cost of pharmaceuticals continues to generate substantial governmental and third-party private payor interest. We expect that the pharmaceutical industry will experience pricing pressures due to the trend toward managed healthcare, particularly towards specialty pharmacy, the increasing influence of managed care organizations, and additional legislative proposals. Indeed, we expect that there will continue to be a number of U.S. federal and state proposals to implement governmental pricing controls and limit the growth of healthcare costs, including the cost of prescription drugs.

The Health Care Reform Law may be repealed and may or may not be replaced with a different law or health care payment system.

Countries other than the United States and Canada

Outside of the United States, sales of *EGRIFTA®* and ibalizumab will depend in part on the availability and level of reimbursement from third-party payors. Third-party payors can be public or private or a combination of both. In order to obtain public reimbursement, prescription drugs are often evaluated by specialized bodies in a country. This process is in many cases independent of marketing approval and the time to carry out the evaluation differs in each country, often extending beyond the initial regulatory approval date of the drug.

The requirements and aspects considered during the assessment of a new prescription drug are not necessarily the same in each country and are given different weight depending on the countries' attitudes towards providing public healthcare and the government's willingness to pay for these new drugs. We or our commercial partners could be required to conduct specific health economic and other studies or analyses in order to satisfy such requirements. The decision to comply with such requirements will depend on the prospects of obtaining a positive opinion and the costs involved in the process and the profitability of the market.

In many jurisdictions, pricing plays an important role in the evaluation of prescription drugs for reimbursement and in most cases, there are price controls that can include, but are not limited to, reference pricing to drugs sold within the country and in other countries, the evaluation of what a fair price would be based on the condition that is being treated and innovative quality of the new drug.

With respect to *EGRIFTA®*, each of sanofi, AOP, BL&H, PRX and Praxis are responsible for identifying and obtaining possible reimbursements under government programs in the territories covered under their respective agreements.

2.10 INTELLECTUAL PROPERTY

As further described below, *EGRIFTA®* is protected by patents in both Canada and the United States whereas ibalizumab is expected to benefit from 12 years of market exclusivity in the United States from the approval date.

Our Patent Portfolio

Our current patent portfolio is comprised of the following material patents for *EGRIFTA®* (tesamorelin):

- In the United States, we own U.S. patent 5,861,379 covering the composition of matter of tesamorelin, which is scheduled to expire in May 2020 after having obtained a patent term extension certificate from the USPTO for such patent. In addition, we own three issued United States patents relating to the use of tesamorelin in the treatment of HIV-associated lipodystrophy, which are scheduled to expire in 2023, as well as a patent relating to the use of tesamorelin in the treatment of mild cognitive impairment that is scheduled to expire in 2025. Furthermore, we have a patent set to expire in 2027 that relates to the use of tesamorelin in the improvement of muscle function in subjects suffering from severe wasting. Finally, we have a patent on a new formulation of tesamorelin scheduled to expire in 2033. This new formulation is different from the F4 Formulation which is not protected by patent.

- In Canada, we own a patent relating to the use of tesamorelin in the treatment of metabolic conditions associated with fat accumulation and/or hypercholesterolemia, including HIV-associated lipodystrophy, which is scheduled to expire in October 2024, as well as a patent relating to the use of tesamorelin in the treatment of mild cognitive impairment that is set to expire in May 2023.

- In Mexico, we own one patent related to the use of tesamorelin in the treatment of HIV-associated lipodystrophy which is scheduled to expire in October 2025.

Regulatory Exclusivity

The regulatory regimes of certain countries such as the United States and Canada provide market exclusivity for a pharmaceutical product once approved. Data protection provides a person or entity with protection against third parties who may wish to commercialize a product similar to an approved product.

In the United States, the *Drug Price Competition and Patent Term Restoration Act of 1984*, also known as the *Hatch-Waxman Act*, awards, in certain circumstances, non-patent marketing exclusivities to pioneer drug manufacturers. The *Hatch-Waxman Act* provides five years of non-patent marketing exclusivity within the United States to an applicant who gains approval of a NDA for a “new chemical entity,” a drug for which the FDA has not previously approved any other new drug with the same active moiety, which is the molecule or ion responsible for the action of the drug. This marketing exclusivity generally prevents the FDA from approving, in certain circumstances, any abbreviated new drug application, or ANDA, for a generic drug or any 505(b)(2) NDA that references the pioneer drug product.

EGRIFTA® no longer benefits from market exclusivity in the United States under such laws.

In the United States, distinct from exclusivity for drug products, biological products, such as toxins and serums, may be eligible for non-patent exclusivity. Specifically, the *Biologics Price Competition and Innovation Act of 2009*, or the BPCI Act, amended the Public Health Service Act to provide an abbreviated licensure pathway for biological products, or 351(k) application, shown to be biosimilar to, or interchangeable with, an FDA-licensed biological reference product. In turn, the BPCI provides a 4-year exclusivity period from the date of first licensure of the reference product, during which a 351(k) application referencing that product may not be submitted. In addition, FDA may grant a 12-year exclusivity period from the date of first licensure of the reference product, during which approval of a 351(k) application referencing that product may not be made effective. For the first biological product determined to be interchangeable with the reference product for any condition of use, the agency may provide a period of market exclusivity, during which a second or subsequent biological product may not be determined interchangeable with that reference product. However, unlike the process for drug products, FDA will not grant exclusivity for supplements or changes to the reference biological product. Like drug products, biologic products can receive 7 years of market exclusivity for an orphan indication. Finally, FDA may issue an exclusivity period for certain biological products for which pediatric studies are conducted in accordance with a written request.

ibalizumab is expected to benefit from 12 years of market exclusivity in the United States from the approval date.

In Canada, the Food and Drug Regulations provide an eight year market exclusivity period to a Notice of Compliance holder who markets an innovative drug in Canada (including a biological drug).

In Europe, when a marketing authorisation for a product is issued by the EMA, the approved product (including a biological product) benefits from 10 years of market exclusivity.

Our Trademark Portfolio

EGRIFTA® is our registered trademark in the United States and in Canada and it is used in those countries to commercialize tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

EGRIFTA Assist® is our registered trademark in the United States and it is used to designate our call center that assists healthcare professionals and patients in processing referrals, following-up on treatment adherence and answering questions from both healthcare professionals and patients regarding *EGRIFTA*®. *EGRIFTA Support*® is our registered trademark in Canada and it is used for the same purpose as *EGRIFTA Assist*® is in the United States.

We have obtained registration for the name *EGRIFTA*® in many of the countries covered by our agreements with each of Sanofi, AOP, BL&H, Praxis, PRX and in many other countries worldwide. The use of the *EGRIFTA* trademark for tesamorelin intended for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the jurisdictions where we or our commercial partners intend to commercialize *EGRIFTA*® generally requires the approval of the regulatory authorities reviewing the marketing authorization application in such jurisdictions and the approval of the local intellectual property agency.

Ibalizumab is intended to be commercialized under the name *Trogarzo*™ in Canada, the United States and in the European Territory. The trademark *Trogarzo* belongs to TaiMed but we have a license to use such trademark under the TaiMed Agreement.

Other Intellectual Property Portfolio

Our portfolio of intellectual property contains additional trademarks, pending trademark registrations and domain names associated with our trademarks and pending trademark applications.

Our Policy on Intellectual Property

Our intellectual property practice is to keep all information relating to proprietary compounds, inventions, improvements, trade secrets, know-how and continuing technological innovation confidential and, where practicable, file patent and trademark applications. In particular, as part of our intellectual property protection practice, we:

- perform surveillance of third party patents and patent applications in order to identify any third party patent or third party patent application which, if granted, could be infringed by our activities;
- where practicable, file patent applications for any new and patentable invention, development or improvement in the United States and in other countries;
- prosecute all pending patent applications in conformity with applicable patent laws and in a manner that efficiently covers our activities;
- file trademark applications in countries of interest for our trademarks;
- register domain names whose addresses include our trademark names; and

- maintain our intellectual property rights by paying government fees as may be necessary to ensure such rights remain in force.

2.11 EMPLOYEES

As at November 30, 2017, we had 28 employees. All of our employees are employed in Canada and engaged in administration, finance, medical affairs, regulatory and marketing and sales functions. None of our employees are unionized. We believe the relations with our employees are good.

Through Syneos, as at November 30, 2017, we had an additional 59 persons dedicated to the commercialization of *EGRIFTA®* in the United States.

2.12 FACILITIES

We currently carry out our activities at 2015 Peel Street, 5th Floor, in the City of Montreal, Québec, Canada where we lease a 7,496 square-foot office space.

2.13 ENVIRONMENT

To our knowledge, environmental issues do not have a material financial or operational impact on our capital expenditures, income or competitive position within the normal course of our operating activities.

ITEM 3 RISK FACTORS

Before you invest in our common shares, you should understand the high degree of risk involved and consider carefully the risks and uncertainties described below. The following risks may adversely impact our business, financial condition, operating results and prospects. Additional risks and uncertainties, including those that we do not know about or that we currently believe are immaterial, may also develop as our operations evolve and, therefore, may adversely affect our business, financial condition, operating results or prospects. As a result, the trading price of our common shares could decline and you could lose all or part of your investment.

3.1 RISKS RELATED TO THE COMMERCIALIZATION OF *EGRIFTA*®

Our commercial success and revenue growth depend mainly on the commercialization of EGRIFTA® in the United States; unsatisfactory future sales levels of EGRIFTA® in the United States will have a material adverse effect on us.

Our ability to generate revenue and sustain growth is currently based on the commercialization of *EGRIFTA*® in the United States.

Our sustained success in commercializing *EGRIFTA*® in the United States will depend on our capacity:

- to pursue the deployment of a commercialization strategy that will be accepted by patients, healthcare professionals and third-party payors;
- to maintain reimbursement coverage for *EGRIFTA*® by third-party payors;
- to maintain the registration of *EGRIFTA*® on U.S. governmental forms as a drug available for purchase in the United States;
- to ensure that adequate supplies of *EGRIFTA*® are available;
- to maintain conflict-free relationships with our principal third-party suppliers of services, namely our agent in the United States, Syneos, our manufacturers, our distributor, our wholesalers and our specialty pharmacies;
- to comply with all laws and regulations in the United States that pertain to the commercialization of a pharmaceutical product; and
- to defend our intellectual property rights against third parties.

Our success in commercializing *EGRIFTA*® in the United States will also depend on:

- the capacity of Syneos, in collaboration with us, to retain qualified, motivated and talented sales representatives and other key individuals instrumental in the commercialization of *EGRIFTA*® in the United States; and
- the capacity of our third-party suppliers to comply with all laws and regulations applicable to the conduct of their respective businesses.

There can be no assurance that sales of *EGRIFTA*® to customers in the United States will increase in the future. If sales of *EGRIFTA*® to customers decrease, our revenue would be adversely affected which, in turn, could materially adversely affect our business, financial condition and operating results.

Because we expect to be dependent on revenues from *EGRIFTA®* for the foreseeable future, any negative developments relating to this product, such as safety or efficacy issues, manufacturing issues, the introduction or greater acceptance of competing products, or adverse regulatory or legislative developments, or our inability to successfully manage any of the abovementioned factors, will have a material adverse effect on our business and our future business prospects.

We rely on third parties for the manufacture, distribution and commercialization of EGRIFTA® and such reliance may adversely affect our revenues, business and future business prospects if the third parties are unable or unwilling to fulfill their obligations.

We have a single third-party service provider for each of our core business activities pertaining to the commercialization of *EGRIFTA®*, namely its manufacturing, its distribution and its commercialization. Any material issues such third-party service providers may encounter that relate to the provision of services to us would have a material adverse effect on our revenues, business and future business prospects since these third-party service providers may not be easily or rapidly replaced.

We do not own or operate manufacturing facilities for the production of *EGRIFTA®* and tesamorelin, nor do we have plans to develop our own manufacturing operations in the foreseeable future. We currently rely on Bachem and Jubilant to manufacture and supply all of our required raw materials, drug substance and drug product for sales of *EGRIFTA®* and for the conduct of the Observational Study and the Retinopathy Study mandated by the FDA using *EGRIFTA®*. Although potential alternative suppliers and manufacturers have been identified, we have not entered into any agreements with them nor have we qualified these vendors to date and no assurance can be given that such suppliers will be qualified in the future or receive necessary regulatory approvals. The replacement of a third-party manufacturer is time-consuming and costly due to the required validation of their capabilities. The validation process includes an assessment of the capacity of such third-party manufacturer to produce the quantities that we may request from time to time, the manufacturing process and its compliance with current good manufacturing practice, or GMP, regulations. In addition, the third-party manufacturer would have to familiarize itself with our technology. Validation of an additional third-party manufacturer takes at least twenty-four (24) months and could take as long as thirty-six (36) months or more.

We do not have state licensure in the United States to distribute *EGRIFTA®* or any other product we may acquire or in-license and we do not currently intend to pursue applications to obtain the licenses required in order to distribute a drug product in the United States. Our supply chain model is based upon that fact and the distribution of *EGRIFTA®* in the United States is done through RxCrossroads which currently holds all state licensure required to distribute a drug product in the United States. Although potential alternative third-party service providers have been identified to replace RxCrossroads in the event that it becomes unable to distribute *EGRIFTA®*, we have not entered into any agreements with them and no assurance can be given that such providers would enter into any agreement with us on terms satisfactory to us.

We do not employ sales persons, medical science liaison personnel, managed market and call center personnel in the United States in connection with the commercialization of *EGRIFTA®* in this territory. We rely on Syneos to provide us with all of its personnel for the commercialization of *EGRIFTA ®*. In addition, we rely on Syneos for the conduct of the Observational Study and the Retinopathy Study. Although we are aware that there exists other third-party services providers that could provide the same services as Syneos, we have not entered into any agreements with them nor conducted any audit on them. If we need to find another third-party service provider for some or all of the services provided by Syneos, it will be time-consuming and will be disruptive to our business. In addition, there can be no assurance that we will be able to find such third-party service provider if we are unable to agree on the terms and conditions of an agreement with them.

Our reliance on one third-party service provider for each of our core business activities exposes us to a number of risks. For instance, we may be subject to delays in, or suspension of, the manufacturing of *EGRIFTA®* and tesamorelin if a third-party manufacturer:

- becomes unavailable to us for any reason, including as a result of the failure to comply with GMP regulations;
- experiences manufacturing problems or other operational failures, such as labour disputes, equipment failures or unplanned facility shutdowns required to comply with GMP, or damage from any event, including fire, flood, earthquake, business restructuring, labour disputes or insolvency; or
- fails to perform its contractual obligations under our agreement, such as failing to deliver the quantities requested on a timely basis or not meeting product specifications.

We may also be subject to distribution disruption and interrupted sales of *EGRIFTA®* and any other product we commercialize in the United States if RxCrossroads:

- becomes unavailable to us for any reason, including as a result of its failure to meet applicable laws;
- experiences warehousing problems or other operational failure, such as unplanned facility shutdown or damage from any event, including fire, flood, earthquake, business restructuring or insolvency; or
- fails to perform its contractual obligations under our agreement.

We may be subject to a decrease in sales of *EGRIFTA®* in the United States or may face reimbursement challenges if Syneos:

- becomes unavailable to us for any reason, including as a result of its incapacity to motivate and retain the employees working on the commercialization of *EGRIFTA®*;
- experiences compliance issues with the FDA; or
- fails to perform its contractual obligations under our agreement.

Significant safety problems may arise with respect to EGRIFTA® which could result in restrictions in EGRIFTA®'s label, product recall or withdrawal of EGRIFTA® from the market, any of which would materially adversely impact our business and our future business prospects.

New safety issues may arise as *EGRIFTA®* is used over longer periods of time by a wider group of patients, some of whom may be taking numerous other medicines, or may suffer from additional underlying health problems. Such safety issues could include an increase in the severity or frequency of known problems or the discovery of previously unknown problems, and may result in a variety of adverse regulatory actions. Under U.S. laws, the FDA has broad authority over drug manufacturers to compel any number of actions if safety problems arise, including, but not limited to: (i) requiring manufacturers to conduct post-approval clinical studies to assess known risks or signals of serious risks, or to identify unexpected serious risks; (ii) mandating labeling changes to a product based on new safety information; or (iii) requiring manufacturers to implement a risk evaluation mitigation strategy where necessary to assure safe use of the drug. Similar laws and regulations exist in countries outside of the United States. Previously unknown safety problems could also result in product recalls, restrictions on the product's permissible uses, or withdrawal of the product from the United States or Canadian markets. If new safety issues are discovered, sales of *EGRIFTA®* may decrease resulting in a material adverse effect on our business, financial condition and operating results.

Our levels of revenues are highly dependent on obtaining and maintaining patient reimbursement for EGRIFTA® and any other approved product we may commercialize.

Market acceptance and sales of *EGRIFTA*® and of any other approved product that we may commercialize substantially depend on the availability of reimbursement from third-party payors such as governmental authorities, including U.S. Medicare and Medicaid, managed care providers, and private insurance plans and may be affected by healthcare reform measures in the United States and elsewhere. Third-party payors decide which medications they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and these third-party payors are attempting to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors have been challenging the prices charged for products. Third-party payors may decrease the level of reimbursement of a product or cease such reimbursement and the occurrence of any of these events could materially adversely affect the sales of *EGRIFTA*® or of any other approved product we may commercialize and materially adversely affect our revenues and financial results.

Sales of *EGRIFTA*® to patients benefitting from U.S. funded reimbursement programs represent an important part of all sales of *EGRIFTA*®. Denial of coverage for *EGRIFTA*® under any of the current programs, or delays in obtaining coverage for *EGRIFTA*® under any of these programs, would materially adversely affect our revenues.

Under the Sanofi Agreement, the AOP Agreement, the BL&H Agreement, the PRX Agreement and the Praxis Agreement, each of sanofi, AOP, BL&H, PRX and Praxis are responsible for seeking reimbursement of *EGRIFTA*® in each country where marketing authorization could be obtained and, as a result, we have no control over whether, or what level of, reimbursement could be achieved. If reimbursement is not available or is available only in a limited manner, the commercialization of *EGRIFTA*® may not be successful and this could have a material adverse effect on our revenues and future prospects.

Even though EGRIFTA® is approved for sale in the United States and Canada, revenue that we generate from its sales may be limited.

Sales of *EGRIFTA*® or any approved product that we may commercialize will depend upon the acceptance of such product by physicians, patients and third-party payors. The degree of market acceptance of any product will depend on a number of factors, including:

- demonstrated product safety, including the prevalence and severity of side effects, and effectiveness as a treatment that addresses a significant unmet medical need;
- storage requirements, dosing regimen and ease of administration;
- the availability of competitive alternatives;
- our ability to obtain and maintain sufficient third-party coverage for reimbursement from government health care programs, including U.S. Medicare and Medicaid, private health insurers and other third-party payors;
- the willingness and ability of patients to pay out-of-pocket for medications;
- the product price; and
- the effectiveness of sales and marketing efforts.

If *EGRIFTA*®, or any other approved product we may commercialize, does not achieve adequate sales, we may not generate sufficient revenue to be profitable. Moreover, if we do not generate

sufficient revenue from the sale of our products, we may default on our payment obligations under the EMD Serono Termination Agreement and EMD Serono could exercise its rights under its security interest over all of our tesamorelin-related assets.

We are dependent on collaboration and licensing agreements for the commercialization of EGRIFTA® in Latin America, Africa and the Middle East, certain European countries and South Korea. These agreements place the commercialization of EGRIFTA® in these markets outside of our control.

Although each of our collaboration and licensing agreements with sanofi, AOP, BL&H, PRX and Praxis contain provisions governing their responsibilities as partners for the commercialization of *EGRIFTA®* in their respective territories, our dependence on these commercial partners is subject to a number of risks, including:

- our limited control of the amount and timing of resources that they will be devoting to the commercialization, marketing and distribution of *EGRIFTA®*, including obtaining third-party patient reimbursement coverage, which could adversely affect our ability to obtain or maximize revenues;
- disputes or litigation that may arise between us and them, which could adversely affect the commercialization of *EGRIFTA®*, all of which would divert our management's attention and our resources;
- sanofi, AOP, BL&H, PRX or Praxis not properly defending our intellectual property rights or using them in such a way as to expose us to potential litigation, which could, in both cases, adversely affect the value of our intellectual property rights;
- corporate reorganizations or changes in business strategies of sanofi, AOP, BL&H, PRX or Praxis which could adversely affect their willingness or ability to fulfill their obligations under our agreement; and
- sanofi, AOP, BL&H, PRX or Praxis being found in breach of local laws.

Our collaboration and licensing agreements may be terminated by sanofi, AOP, BL&H, PRX and Praxis in the event of a breach by us of our obligations under such agreement, including our obligation to supply *EGRIFTA®*, for which we rely on third parties. If any of sanofi, AOP, BL&H, PRX and Praxis terminates its agreement with us or fails to effectively commercialize *EGRIFTA®*, for any of the foregoing or other reasons, we may not be able to replace any of them in those markets and the occurrence of any of the abovementioned events would affect our operating results.

We face competition and the development of new products by other companies could materially adversely affect our business and operating results.

The biopharmaceutical and pharmaceutical industries are highly competitive and we must compete with pharmaceutical companies, biotechnology companies, academic and research institutions as well as governmental agencies for the development and commercialization of products, most of which have substantially greater financial, technical and personnel resources than us. We believe that there is no drug product competing directly with *EGRIFTA®*. However, we face competition from companies selling human growth hormone, testosterone, insulin sensitizing agents, GLP-1 receptor agonists and sermorelin as those products may be prescribed by physicians. In addition, other approaches to reduce visceral adipose tissue in the abdominal area include coping mechanisms such as lifestyle modification (diet and exercise), switching ARTs or liposuction. Finally, a company could file an ANDA with the FDA with the aim of selling and marketing a generic version of *EGRIFTA®*.

3.2 RISKS RELATED TO IBALIZUMAB

Ibalizumab is an investigational drug that may never be approved by the FDA. If ibalizumab is not approved for commercialization by the FDA, our growth and profitability will be materially adversely affected. Even if approved, significant restrictions limiting its use could have a material adverse effect on our business, financial condition and operating results.

Ibalizumab is an investigational drug for which a BLA was filed with the FDA in May 2017.

Although ibalizumab was designated a “Breakthrough Therapy” by the FDA, and although TaiMed has followed the regulatory requirements in connection with the conduct of clinical trials, there can be no guarantee that the FDA will approve ibalizumab for commercialization. Even if the results obtained to date appear positive, these results could prove to be unsatisfactory to the FDA from a safety, efficacy and/or quality standpoint and the FDA could refuse to approve ibalizumab. Even if the FDA approves ibalizumab, the indication for which ibalizumab can be used could be restricted, limiting the patient population and market to be addressed by ibalizumab. The non-approval of ibalizumab or the imposition of a significant limitation of use on ibalizumab would have a material adverse effect on our potential growth and profitability.

In addition, the non-approval of ibalizumab by the FDA or the imposition of significant restrictions on its use would have a material adverse effect on our business, financial condition and operating results given the pre-commercialization expenses related to ibalizumab incurred in our 2017 financial year.

We are relying on TaiMed for the filing and negotiation of the BLA with the FDA pursuant to the terms and conditions of the TaiMed Agreement. Any error by TaiMed in assembling the BLA documents or in analyzing the data resulting from the clinical trials using ibalizumab could delay issuance of a decision by the FDA, or could result in ibalizumab not being approved by the FDA. Any one or all of these occurrences would have a material adverse effect on our business, financial condition and operating results.

Pursuant to the terms of the TaiMed Agreement, TaiMed is responsible for all regulatory activities with the FDA related to obtaining the marketing approval of ibalizumab in the United States. Our sole right on ibalizumab prior to obtaining marketing approval from the FDA is to conduct pre-commercialization activities in anticipation of the approval of ibalizumab. Although we are consulted and have discussions with TaiMed from time to time on the submission of documents as part of the BLA with the FDA, we have no right to intervene in the preparation of these documents and in communicating with the FDA prior to the potential approval of ibalizumab. Therefore, we are relying solely on TaiMed for the filing and negotiation of the BLA. If TaiMed fails to adequately file the appropriate documents or to negotiate effectively with the FDA, delays in a decision of the FDA may occur, or the FDA could issue a complete response letter and deny the approval of ibalizumab. Any one or all of these occurrences will have a material adverse effect on our business, financial condition and operating results.

We are relying on TaiMed for the supply of ibalizumab under the TaiMed Agreement and such reliance may adversely affect our revenues and financial prospects if TaiMed is unable to supply ibalizumab to meet demand.

TaiMed will be our sole supplier of ibalizumab. TaiMed does not own or operate any manufacturing facilities for the production of ibalizumab and has sub-contracted the manufacture of ibalizumab to WuXi, a Chinese-based company. WuXi is, in turn, the sole supplier of ibalizumab to TaiMed.

We are not ina contractual relationship with WuXi and, therefore, we may not be able to interact with WuXi in the event WuXi encounters issues with the manufacture of ibalizumab which could adversely affect its supply. Under such circumstances, we will be relying on TaiMed to address any of these manufacturing issues with WuXi. We have no control over the time and effort that TaiMed will devote

in finding solutions to supply issues if such were to occur, or any say on the solution itself. Any delay in addressing manufacturing issues or any solution addressing a manufacturing problem that is not to our liking could have a material adverse effect on the supply and sales of ibalizumab and, accordingly, materially adversely affect our revenues and financial prospects.

WuXi was audited by the FDA in connection with the filing of the BLA. The FDA inspection resulted in a series of observations which WuXi is currently addressing. If these observations are not addressed to the satisfaction of the FDA, the FDA could decide to refuse to approve ibalizumab for commercialization and this occurrence will have a material adverse effect on our business, financial condition and operating results.

Prior to approving a new drug, the FDA inspects its proposed manufacturer to ensure compliance with FDA regulation and GMP. WuXi was inspected by the FDA in July and August 2017. During the course of the inspection, the FDA attended to the manufacture of one batch of ibalizumab.

The outcome of the inspection resulted in the FDA providing WuXi with a FDA Form 483 citing a list of observations which require corrective actions. We are informed by TaiMed that WuXi is currently addressing these observations and implementing corrective measures. However, there can be no assurance that the FDA will accept those corrective measures in response to its observations. If such is the case, the FDA could delay the issuance of a decision on ibalizumab or issue a complete response letter to TaiMed resulting in the non-approval of ibalizumab. Even if the FDA accepts the corrective measures submitted to it, the FDA could seek a second inspection to ensure that these measures are applied in compliance with FDA regulation and GMP. If a second inspection is sought by the FDA, the decision of the FDA on the BLA filed by TaiMed could be delayed. And, if the corrective measures were not implemented to the satisfaction of the FDA, the FDA could refuse to approve ibalizumab. Delays in the decision to approve or not to approve ibalizumab in the United States and a decision not to approve ibalizumab will have a material adverse effect on our business, financial condition and operating results.

Our commercial success in generating sales from the commercialization of ibalizumab, if and when approved, will depend on a variety of factors, any of which could have a material adverse effect on our capacity to generate significant revenues if they do not materialize as anticipated.

Our success in commercializing ibalizumab will depend, amongst other, on our capacity:

- to deploy medical and commercialization campaigns that will be accepted by healthcare professionals, patients and third-party payors;
- to obtain and maintain reimbursement coverage from third-party payors;
- to register and keep the registration of ibalizumab on U.S. governmental forms as a drug available for purchase in the United States;
- to ensure that adequate supplies are available; and
- to maintain conflict-free relations with TaiMed, our agent in the United States, Syneos, our distributor and our specialty pharmacies.

Our success in commercializing ibalizumab in the United States will also depend on:

- the capacity of Syneos, in collaboration with us, to retain qualified, motivated and talented personnel; and
- the capacity of our third-party service providers to comply with all laws and regulation applicable to the conduct of their respective businesses, including those governing the manufacture of a drug product sold in the United States.

We are aware that ibalizumab may face competition from other products and competition may reduce our revenue potential if ibalizumab is commercialized. Lower revenues may entail that we may not be profitable if sales of other products we may commercialize are not sufficient to cover our expenses.

The pharmaceutical industry is characterized by intense competition and rapid innovation. Our potential competitors include large pharmaceutical and biotechnology companies, specialty pharmaceutical and generic drug companies, academic institutions, government agencies and research institutions, many of whom have greater financial, technical and human resources than us.

We monitor other ARTs, both already on the market and still under clinical development that may potentially be used to treat MDR HIV-1. Dolutegravir and darunavir, for instance, are the most commonly used in regimens for the treatment of MDR HIV-1. Other agents currently under clinical development programs include attachment inhibitors, long acting-ARTs and broadly neutralizing antibodies. None of these products have the same mechanism of action as ibalizumab.

3.3 RISKS RELATED TO RESEARCH AND DEVELOPMENT ACTIVITIES

In connection with its approval of EGRIFTA®, the FDA has required the Observational Study and the Retinopathy Study.

The Observational Study is to evaluate the safety of long-term administration of *EGRIFTA®* and the Retinopathy Study is to assess whether *EGRIFTA®* increases the incidence or progression of diabetic retinopathy in diabetic HIV-infected patients with lipodystrophy and excess abdominal fat. Both studies are currently recruiting patients and since May 1, 2014, we have assumed responsibility for completing these studies. There can be no assurance that the two studies will be successfully completed or that the results of the studies will be positive. In the event that the studies are not completed or that the results are unfavorable, the FDA could prohibit the future sale, or put restrictions on future sale of *EGRIFTA®* in the United States, either of which would have a material adverse effect on our business, financial condition and operating results.

The conduct of clinical trials requires the enrolment of patients and difficulties in enrolling patients could delay the conduct of our clinical trials or result in their non-completion.

The conduct of clinical trials requires the enrolment of patients. We may have difficulties enrolling patients for the conduct of the Observational Study and the Retinopathy Study mandated by the FDA or our future clinical trials as a result of design protocol, the size of the patient population, the eligibility criteria to participate in the clinical trials, the availability of competing therapies, the patient referral practices of physicians and the availability of clinical trial sites. Difficulty in enrolling patients for our clinical trials could result in the cancellation of clinical trials or delays in completing them. Once patients are enrolled in a clinical trial, the occurrence of any adverse drug effects or side effects observed during the trial could result in the clinical trial being cancelled. If we are unable to complete the Observational Study and the Retinopathy Study within the time mandated by the FDA because we have difficulties enrolling patients for these studies, the FDA could withdraw *EGRIFTA®* from the market. Under these circumstances, our revenues and operating results would be materially adversely affected and we could be in default under our payment obligations to EMD Serono.

Our failure to develop a single vial formulation of EGRIFTA® would constitute an omission to meet one of the requirements mandated by the FDA at the time of approval of EGRIFTA® and this could lead to the withdrawal of EGRIFTA® from the U.S. market.

As part of our commitments with the FDA related to the approval of *EGRIFTA*®, we agreed to develop a single vial formulation of *EGRIFTA*®. We began working on the development of the F4 Formulation to meet this requirement. In order to be able to use the F4 Formulation in the current indication of *EGRIFTA*®, we must demonstrate that the F4 Formulation is bioequivalent with the current formulation and conduct additional stability testing. Factors such as study design, the number of people in the study, the responsiveness of people enrolled in the study to the administration of a drug, the safety and tolerability of people to the administered drug and its bioavailability to those people may adversely affect the results obtained during the tests and analysis we are conducting to demonstrate that the F4 Formulation is bioequivalent to the current formulation used to administer *EGRIFTA*®*.* If we fail to demonstrate that the F4 Formulation is bioequivalent to the current formulation, we will incur additional costs to develop a new single vial formulation for *EGRIFTA*® which we may not be able to do. If such was the case, we would not be meeting our commitment with the FDA and the FDA could withdraw *EGRIFTA*® from the market. Under such circumstances, this would have a material adverse effect on our business, financial condition and operating results.

3.4 RISKS RELATED TO OUR INTELLECTUAL PROPERTY

Our failure to protect our intellectual property may have a material adverse effect on our ability to develop and commercialize our products.

We will be able to protect our intellectual property rights from unauthorized use by third parties only to the extent that our intellectual property rights are covered and protected by valid and enforceable patents, trademarks and copyrights or are effectively maintained as trade secrets. We try to protect our intellectual property position by, among other things, filing patent applications and trademark applications related to our proprietary technologies, inventions, improvements and tradenames that are important to the development of our business.

Because the patent and trademark position of pharmaceutical companies involves complex legal and factual questions, the issuance, scope, validity, and enforceability of patents and trademarks cannot be predicted with certainty. Patents and trademarks, if issued, may be challenged, invalidated or circumvented. For example, if our patents are invalidated or found to be unenforceable, we would lose the ability to exclude others from making, using or selling the inventions claimed. Moreover, an issued patent does not guarantee us the right to use the patented technology or commercialize a product using that technology. Third parties may have blocking patents that could be used to prevent us from developing our compounds, selling our products or commercializing our patented technology. Thus, patents that we own may not allow us to exploit the rights conferred by our intellectual property protection.

Our pending patent applications may not be issued or granted as patents. Even if issued, they may not be issued with claims of sufficient breadth to protect our product candidates and technologies or may not provide us with a competitive advantage against competitors with similar products or technologies. Furthermore, others may independently develop products or technologies similar to those that we have developed or may reverse engineer or discover our trade secrets through proper means. In addition, the laws of many countries do not protect intellectual property rights to the same extent as the laws of Canada, the United States and the European Patent Convention, and those countries may also lack adequate rules and procedures for defending intellectual property rights effectively.

We also rely on trade secrets, know-how and technology, which are not protected by patents, to maintain our competitive position. We try to protect this information by entering into confidentiality agreements with parties who have access to such confidential information, such as our current and prospective suppliers, distributors, manufacturers, commercial partners, employees and consultants.

Any of these parties may breach the agreements and disclose confidential information to our competitors. It is possible that a competitor will make use of such information, and that our competitive position could be disadvantaged.

Enforcing a claim that a third party infringes on, has illegally obtained or is using an intellectual property right, including a trade secret or know-how, is expensive and time-consuming and the outcome is unpredictable. In addition, enforcing such a claim could divert management's attention from our business. If any intellectual property right were to be infringed, disclosed to or independently developed by a competitor, our competitive position could be harmed. Any adverse outcome of such litigation or settlement of such a dispute could subject us to significant liabilities, could put one or more of our pending patent applications at risk of being invalidated or interpreted narrowly, could put one or more of our patents at risk of not issuing, or could facilitate the entry of generic products.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. For example, confidential information may be disclosed, inadvertently or as ordered by the court, in the form of documents or testimony in connection with discovery requests, depositions or trial testimony. This disclosure would provide our competitors with access to our proprietary information and may harm our competitive position.

Our commercial success depends, in part, on our ability not to infringe on third party patents and other intellectual property rights.

Our capacity to commercialize *EGRIFTA*®, or other approved products, will depend, in part, upon our ability to avoid infringing third party patents and other third-party intellectual property rights. The biopharmaceutical and pharmaceutical industries have produced a multitude of patents and it is not always easy for participants, including us, to determine which patents cover various types of products, processes of manufacture or methods of use. The scope and breadth of patents is subject to interpretation by the courts and such interpretation may vary depending on the jurisdiction where the claim is filed and the court where such claim is litigated. The fact that we own patents for tesamorelin and for the treatment of HIV-related lipodystrophy in certain jurisdictions does not guarantee that we are not infringing one or more third-party patents in such jurisdictions and there can be no guarantee that we will not infringe or violate third-party patents and other third-party intellectual property rights in the United States or other jurisdictions.

For example, EMD Serono has listed a patent held by one of its affiliates in the Orange Book under the *Hatch-Waxman Act* with respect to *EGRIFTA*® in HIV-associated lipodystrophy. With the termination of the EMD Serono Agreement, EMD Serono could assert that such patent would be infringed by our continued sale of *EGRIFTA*® in the United States. To counter that risk, we have obtained a non-exclusive license from EMD Serono's affiliate under the EMD Serono Termination Agreement in order to continue selling *EGRIFTA*® in the United States. If we are in default under the EMD Serono Termination Agreement and such default is not cured within the agreed upon time, EMD Serono's affiliate could terminate our non-exclusive license. The termination of that license could prevent us from selling *EGRIFTA*® in the United States if we were found to infringe the patent listed by one of EMD Serono's affiliates in the Orange Book and this could have a material adverse effect on our business, financial condition and operating results.

Patent analysis for non-infringement is based in part on a review of publicly available databases. Although we review from time to time certain databases to conduct patent searches, we do not have access to all databases. It is also possible that we will not have reviewed some of the information contained in the databases or we found it to be irrelevant at the time we conducted the searches. In addition, because patents take years to issue, there may be currently pending applications that have

not yet been published or that we are unaware of, which may issue later as patents. As a result, there can be no guarantee that we will not violate third-party patents.

Because of the difficulty in analyzing and interpreting patents, there can be no guarantee that a third party will not assert that we infringe such third-party's patents or any of its other intellectual property rights. Under such circumstances, there is no guarantee that we would not become involved in litigation. Litigation with any third party, even if the allegations are without merit, is expensive, time-consuming and would divert management's attention from the daily execution of our business plan. Litigation implies that a portion of our financial assets would be used to sustain the costs of litigation instead of being allocated to further the development of our business.

If we are involved in patent infringement litigation, we would need to prevail in demonstrating that our products do not infringe the asserted patent claims of the relevant patent, that the patent claims are invalid or that the patent is unenforceable. If we are found to infringe a third-party patent or other intellectual property right, we could be required to enter into royalty or licensing agreements on terms and conditions that may not be favorable to us, and/or pay damages, including up to treble damages in the United States (for example, if found liable of wilful infringement) and/or cease the development and commercialization of our product candidates. Even if we were able to obtain a license, the rights may be non-exclusive, which could result in our competitors gaining access to the same intellectual property and to compete with us.

We have not been served with any notice alleging that we infringe a third-party patent, but there may be issued patents that we are unaware of that our products may infringe, or patents that we believe we do not infringe but ultimately could be found to infringe. If we were to challenge the validity of a competitor's issued United States patent in a United States court, we would need to overcome a statutory presumption of validity that attaches to every United States patent. This means that, in order to prevail, we would have to present clear and convincing evidence as to the invalidity of the patent's claims. We cannot guarantee that a court would find in our favour on questions of infringement and validity. Any finding that we infringe or violate a third-party patent or other intellectual property right could materially adversely affect our business, financial condition and operating results.

3.5 REGULATORY RISKS

We may be subject to enforcement action if we engage in the off-label promotion of EGRIFTA® or any other products approved for commercialization. We may also be subject to enforcement action if we engage in the promotion of ibalizumab prior to obtaining regulatory approval.

Our promotional materials and training methods must comply with the *Federal Food, Drug and Cosmetic Act*, as amended, of the United States, or FFDCA, and other applicable laws and regulations, including restraints and prohibitions on the promotion of off-label, or unapproved, use. Physicians may prescribe *EGRIFTA*® and other approved products for off-label use without regard to these prohibitions, as the FFDCA does not restrict or regulate a physician's choice of treatment within the practice of medicine. However, if the FDA determines that our promotional materials or training of company employees or agents constitutes promotion of an off-label use, it could request that we modify our training or promotional materials, issue corrective action, or subject us to regulatory or enforcement actions, including but not limited to the issuance of an untitled letter or warning letter, and a judicial action seeking injunction, product seizure and civil or criminal penalties. It is also possible that other federal, state or non-U.S. enforcement authorities might take action if they consider our promotional or training materials to constitute promotion of an unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. Our reputation would also be damaged. Although our policy is to refrain from written or oral statements that could be considered off-label promotion of any approved

product, the FDA or another regulatory agency, such as Health Canada, could disagree and conclude that we have engaged in off-label promotion. In addition, the off-label use of any approved product for commercialization may increase the risk of product liability claims. Product liability claims are expensive to defend and could divert our management's attention, result in substantial damage awards against us and harm our reputation.

We are not allowed to conduct promotional activities related to ibalizumab in the United States, Canada and Europe prior to obtaining regulatory approval since it is an investigational drug. Promotional activities may begin in one of those territories once a drug is approved by the FDA, in the United States, Health Canada, in Canada, and the European Medicine Agency, in certain European countries. We are only allowed to conduct certain medical activities surrounding the disease aimed to be treated with ibalizumab. If we are found to violate these rules, we could be subject to fines or other penalties.

The pharmaceutical industry is highly regulated and pharmaceutical companies are subject to various federal and state fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute and the federal False Claims Act.

Healthcare fraud and abuse regulations are complex, and even minor irregularities can potentially give rise to claims that a statute or prohibition has been violated. The laws that may affect our ability to operate include:

- the federal healthcare program's anti-kickback law, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs;
- federal false claims laws which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payers that are false or fraudulent;
- the federal Health Insurance Portability and Accountability Act of 1996, which created federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- the FFDCA and similar laws regulating advertisement and labeling; and
- Non-U.S. and U.S. state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payer, including commercial insurers.

In the United States, the federal anti-kickback law has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers or formulary managers on the other. Although there are several statutory exemptions and regulatory safe harbors protecting certain common activities from prosecution, the exemptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce or reward prescribing, purchasing or recommending may be subject to scrutiny if they do not qualify for an exemption or safe harbor. Most American states also have statutes or regulations similar to the federal anti-kickback law and federal false claims laws, which apply to items and services covered by Medicaid and other state programs, or, in several states, apply regardless of the payor. Administrative, civil and criminal sanctions may be imposed under these federal and state laws. Further, the Health Care Reform Law,

among other things, amends the intent requirement of the U.S. federal anti-kickback and criminal healthcare fraud statutes. A person or entity can now be found guilty under the federal anti-kickback law without actual knowledge of the statute or specific intent to violate it. In addition, the Health Care Reform Law provides that the U.S. 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. Possible sanctions for violation of these anti-kickback laws include monetary fines, civil and criminal penalties, exclusion from Medicare and Medicaid programs and forfeiture of amounts collected in violation of such prohibitions. Any violations of these laws, or any action against us for violation of these laws, even if we successfully defend against it, could result in a material adverse effect on our reputation, business, financial condition and operating results.

To enforce compliance with the federal laws, the U.S. Department of Justice, or DOJ, scrutinizes interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Dealing with investigations can be time and resource consuming and can divert management's attention from the business. Additionally, if a healthcare provider settles an investigation with the DOJ or other law enforcement agencies, we may be forced to agree to additional onerous compliance and reporting requirements as part of a consent decree or corporate integrity agreement. Any such investigation or settlement could increase our costs or otherwise have an adverse effect on our business. Over the past few years, a number of pharmaceutical and other healthcare companies have been prosecuted under these laws for a variety of promotional and marketing activities, such as: providing free trips or items and gifts of value to prescribers, "sham" consulting fees and grants and other monetary benefits to prescribers; reporting inflated average wholesale prices that were then used by federal programs to set reimbursement rates; engaging in off-label promotion; and submitting inflated best price information to the Medicaid Rebate Program to reduce liability for Medicaid rebates.

In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians for marketing. Some states, such as California, Massachusetts and Vermont, mandate implementation of commercial compliance programs, along with the tracking and reporting of gifts, compensation and other remuneration to certain healthcare professionals. The shifting commercial compliance environment and the need to build and maintain robust and expandable systems to comply with different compliance and/or reporting requirements in multiple jurisdictions increase the possibility that a healthcare company may run afoul of one or more of the requirements.

If our activities are found to be in violation of these laws or any other federal and state fraud and abuse laws, we may be subject to penalties, including civil and criminal penalties, damages, fines and the curtailment or restructuring of our activities with regard to the commercialization of *EGRIFTA*®, or any other approved product that we commercialize, in the United States, which could harm the commercial success of *EGRIFTA*® and materially affect our business, financial condition and results of operations. We cannot guarantee that we will be able to mitigate all operational risks. In addition, we cannot guarantee that we, our employees, our consultants or our contractors are or will be in compliance with all potentially applicable U.S. federal and state regulations and/or laws. Because of the far-reaching nature of these laws, we may be required to alter or discontinue one or more of our business practices to be in compliance with these laws. If we fail to adequately mitigate our operational risks or if we or our agent fail to comply with any of those regulations, laws and/or requirements, a range of actions could result, including, but not limited to, the termination of clinical trials, the failure to approve a product candidate, restrictions on *EGRIFTA*® or another approved product, the withdrawal of *EGRIFTA*® or any other approved product from the market, significant fines, exclusion from government healthcare programs or other sanctions or litigation. Such occurrences could have a material adverse effect on our product sales, business and results of operations.

The scope and enforcement of these laws is uncertain and subject to rapid change in the current environment of healthcare reform. U.S. federal or state regulatory authorities might challenge our

current of future activities under these laws. Any such challenge could have a material adverse effect on our reputation, business, results of operations and financial condition. Any state or federal regulatory review of us or the third parties with whom we contract, regardless of the outcome, would be costly and time-consuming.

3.6 LITIGATION RISKS

If we fail to comply with our contractual obligations, undertakings and covenants under our agreements with our commercial partners and third-party service providers, we may be exposed to claims for damages and/or termination of these agreements, all of which could materially adversely affect the commercialization of EGRIFTA® and ibalizumab, if approved, our capacity to generate revenues and management's attention to the development of our business.

We rely on sanofi, AOP, BL&H, PRX and Praxis to commercialize and to obtain and maintain regulatory approvals of *EGRIFTA*® in the territories covered under our distribution and licensing agreements with each of them. We also rely on third-party service providers for sales, marketing and distribution activities in the United States and to manufacture *EGRIFTA*® for commercialization and tesamorelin for our clinical trials. Finally, we will rely on TaiMed for the manufacture and supply of ibalizumab in connection with its commercialization. Under those agreements, we have assumed certain obligations, undertakings and covenants which, if breached by us and not remedied within the agreed upon periods, could expose us to claims for damages and/or termination of these agreements. If we are unable to meet our obligations under any of our agreements with sanofi, AOP, BL&H, PRX, Praxis and TaiMed as well as with third-party service providers which results in termination of such agreements, this will materially adversely affect our business, financial condition and operating results since we rely on one commercial partner per territory and single third-party service providers, each of whom performing key services for the success of our business plan. In addition, under the terms of the EMD Serono Termination Agreement, we have granted EMD Serono a security interest over all of our tesamorelin-related assets. If we are in breach of the EMD Serono Termination Agreement by failing to meet our payment obligations to EMD Serono, EMD Serono has the right to seize all of those tesamorelin-related assets. Unless we are able to generate sufficient revenues from *EGRIFTA*® or other assets, a breach of the payment provisions under the EMD Serono Termination Agreement by us will have a material adverse effect on our business and could lead to recourses under insolvency laws.

If product liability lawsuits are brought against us, they could result in costly and time-consuming litigation and significant liabilities.

Despite all reasonable efforts to ensure the safety of *EGRIFTA*® and any other product we may be commercializing, it is possible that we or our commercial partners will sell products which are defective, to which patients react in an unexpected manner, or which are alleged to have damaging side effects. The development, manufacture and sale of such products may expose us to potential liability, and the pharmaceutical industry has been subject to significant product liability litigation. Any claims, with or without merit, could result in costly litigation, reduced sales, significant liabilities and diversion of our management's time and attention and could have a material adverse effect on our financial condition, business and operating results. A product liability claim could also tarnish our reputation, whether or not such claims are with or without merit.

If a product liability claim is brought against us, we may be required to pay legal and other expenses to defend the claim and, if the claim is successful, damage awards may be substantial and/or may not be covered, in whole or in part, by our insurance. We may not have sufficient capital resources to pay a judgment, in which case our creditors could levy against our assets. We may also be obligated to

indemnify our commercial partners and third-party service providers as well as make payments to other parties with respect to product liability damages and claims. Defending any product liability claims, or indemnifying others against those claims, could require us to expend significant financial and managerial resources and would have a material adverse effect on our reputation and our financial condition.

3.7 GEO-POLITICAL RISKS

A variety of risks associated with our international business relationships could materially adversely affect our business.

International business relationships in the United States, Latin America, Africa, the Middle East, Europe, South Korea, Taiwan, China and elsewhere subject us to additional risks, including:

- disruptions of important government services;
- differing regulatory requirements for drug approvals in foreign countries;
- potentially reduced protection for intellectual property rights, including unexpected changes in the rules governing patents and their enforcement;
- potential third-party patent rights in foreign countries;
- the potential for so-called parallel importing, which is what happens when a local seller, faced with high or higher local prices, opts to import goods from a foreign market, with low or lower prices, rather than buying them locally;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation, or political instability, particularly in foreign economies and markets;
- compliance with tax, employment, immigration and labour laws for employees traveling abroad;
- foreign taxes;
- foreign exchange contracts and foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labour unrest is more common than in the United States and Canada;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

These and other risks of international business relationships may materially adversely affect our business, financial condition and operating results.

3.8 RISKS RELATED TO INFORMATION TECHNOLOGY SYSTEMS

We rely extensively on the information technology systems of third-party service providers to store data, such as personal identifiable information, regarding our commercial

activities for EGRIFTA® and ibalizumab, if and when approved. Security breaches and other disruptions to those information technology systems could cause a violation of privacy laws, exposing us to liability which could cause our business and reputation to suffer.

In the ordinary course of business, we rely upon information technology and networks, most of which are managed by third-parties, to process, transmit and store electronic information to manage and support our business decisions and strategy. We have no control over and access to the information technology systems of third-party service providers where most of this information is stored and we are unable to assess whether appropriate measures have been implemented to prevent or limit a security breach of their information technology systems.

We also use our information technology systems to collect and store proprietary data, such as those related to our intellectual property, customers, employees and suppliers.

The secure and uninterrupted operation of third party information technology systems and of our systems is material to our business operations and strategy. Unauthorized access to data files held in our information technology systems or those of third parties could result in inappropriate use, change or disclosure of sensitive and/or personal data of our customers, employees, suppliers and patients. Any such access, disclosure or other loss of information could subject us to litigation, regulatory fines, penalties or reputational damages, any of which could have a material adverse effect on our competitive position, reputation, business, financial condition and operating results.

3.9 OTHER RISKS RELATED TO OUR BUSINESS

We have contracted a debt under the EMD Serono Termination Agreement and collateralized all of our assets related to tesamorelin (including EGRIFTA®) in connection therewith. We may not be able to sell the collateralized assets if we need capital and our breach of the payment obligations under the EMD Serono Termination Agreement could allow EMD Serono to seize those assets, all of which would have a material adverse effect on our business.

Under the terms of the EMD Serono Termination Agreement, as amended, we agreed to pay an early termination fee of US $20,167,808, or Early Termination Fee, over a five-year period. There remain two payments of US $4,000,000 payable on each of May 1, 2018 and 2019. We also agreed to pay EMD Serono a confidential increasing royalty, or Royalties, based on annual net sales beginning in 2016. The Royalties will be paid until a confidential cumulative aggregate amount is reached or until January 1, 2024, the first of these events to occur.

In order to secure the payment of the Early Termination Fee, we granted EMD Serono a security interest on our present and future worldwide corporeal and incorporeal movable property related to tesamorelin until such time as the amount of US $20,167,808 has been reimbursed in full to EMD Serono. Thereafter, the Corporation and EMD Serono agreed to reduce the security interest to all present and future corporeal and incorporeal movable property related to tesamorelin in the United States only to secure the payment of the Royalties.

The granting of a security interest over our present and future worldwide corporeal and incorporeal movable property related to tesamorelin could prevent us from being able to dispose of these assets in the event we need additional capital to meet our obligations or expand our business. In addition, if we fail to meet our payment obligations to EMD Serono, EMD Serono may seize the assets subject to the security interest and, to the extent we have no other revenue-generating products, we could have to discontinue our operations and could resort to insolvency laws.

We did not generate a profit from our operation in the last fiscal year and there can be no guarantee that we will achieve consistent profitability.

We did not generate a profit in the fiscal year ended November 30, 2017 despite generating one in our previous fiscal year. Our profitability will mainly depend on our capacity to maintain the commercialization of *EGRIFTA®* successfully in the United States through a low-cost and effective distribution network, the recruitment and retention of talented personnel by Syneos, the deployment of an effective marketing campaign and through continued reimbursement coverage for *EGRIFTA®* under U.S. Medicare and Medicaid programs and under private-health insurers programs. Our profitability will also depend on sales of ibalizumab in the United States and on our capacity to control the costs associated with its launch and our sustained efforts to support its commercialization.

There is no guarantee that we or our commercial partners will succeed in commercializing *EGRIFTA®* and that *EGRIFTA®* will ever receive approval for commercialization in any jurisdictions and outside of the United States, Canada and Mexico. Also, there is no guarantee that ibalizumab will be approved, and, if approved, will be accepted by the marketplace and generate strong revenues. If revenues grow more slowly than we anticipate or if our operating expenses exceed our expectations, our business, financial condition and operating results could be materially adversely affected and we may never sustain profitability.

We may require additional funding and may not be able to raise the capital necessary to fund all or part of our capital requirements.

We may need financing in order to fund all or part of our capital requirements to sustain our growth, to develop our marketing and commercial capabilities, to meet our compliance obligations with various rules and regulations to which we are subject and to in-license or acquire new molecules or approved products. However, the market conditions or our business performance may prevent us from having access to the public market in the future at the times or in the amounts necessary. Therefore, there can be no guarantee that we will be able to continue to raise additional equity capital by way of public or private equity offerings in the future. In such a case, we would have to use other means of financing, such as issuing debt instruments or entering into private financing or credit agreements, the terms and conditions of which may not be favorable to us. In addition, the issuance and sale of substantial amounts of equity, or other securities, or the perception that such issuances and sales may occur could adversely affect the market price of our common shares.

We depend on our current personnel to pursue our business plan and the loss of our key employees and the inability to attract and hire highly qualified individuals to replace the loss of our current key employees could have a material adverse effect on our business and growth potential.

Because of the specialized nature of our business, our success depends to a significant extent on the continued service of our key employees and on our ability to be able to attract, retain and motivate qualified manufacturing, managerial and scientific personnel. We have entered into employment agreements with our executive officers and provided them with long-term incentives as retention measures, but such agreements and incentives do not guarantee that our executive officers will remain employed by us for any significant period of time, or at all. In addition, we have a limited workforce to pursue our business plan and the loss of any of our key employees could materially adversely affect our business. Our third-party service provider, Syneos, has hired sales representatives and other qualified individuals to assist us with the commercialization of *EGRIFTA®* in the United States and ibalizumab, if approved. Although these individuals are not our employees, the loss of any of those individuals and the inability of Syneos to attract and retain these individuals could have a material adverse effect on the commercialization of *EGRIFTA®* and ibalizumab, if approved,

and, accordingly, our business, financial condition and operating results. In addition, it could adversely affect the market price of our common shares.

There is intense competition for qualified personnel in the areas of our activities, and we and our third-party service providers may not be able to continue to attract and retain the qualified personnel necessary for the development of our business. Our failure and the failure of our third-party service providers to attract and retain such personnel could impose significant limits on our business operations and hinder our ability to successfully and efficiently realize our business plan.

We may not achieve our publicly announced milestones or our commercial objectives on time.

From time to time, we publicly announce the timing of certain events to occur or the attainment of certain commercial objectives. These statements are forward-looking and are based on the best estimate of management at the time, relating to the occurrence of such events. However, the actual timing of events such as beginning of commercialization of a product, levels of sales, revenues and other financial metrics may vary from what is publicly disclosed. These variations may occur as a result of a series of events, including problems with a supplier or a commercial partner, change in the procurement policy of a commercial partner or any other event having the effect of delaying the publicly announced timeline or reducing the publicly announced commercial objective. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of certain events having the effect of postponing such events or any variation in the occurrence of certain events having the effect of altering publicly announced commercial objectives could have a material adverse effect on our business, financial condition and operating results. In addition, it could adversely affect the market price of our common shares.

In connection with the reporting of our financial results, we are required to make estimates and assumptions, which involve uncertainties and any significant differences between our estimates and actual results could have an adverse impact on our reported financial position, operating results and cash flows.

The preparation of our consolidated financial statements requires that we 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 financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, our management evaluates our critical and other significant estimates and assumptions, including among others, those associated with revenue, provisions for sale deductions (cash discounts, allowances, returns, rebates, chargebacks and distribution fees), and contingent liabilities such as clinical trial expenses, recoverability of inventories, recoverability of intangible assets, measurements of derivative financial assets and share-based arrangements and capitalization of development expenditures. Any significant differences between our actual results and our estimates and assumptions could negatively impact our reported financial position, operating results and cash flows.

If we identify a material weakness in our internal controls over financial reporting, our ability to meet our reporting obligations and the trading price of our common shares could be negatively affected.

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 financial statements will not be prevented or detected on a timely basis. Accordingly, a material weakness increases the risk that the financial information we report contains material errors.

We regularly review and update our internal controls, disclosure controls and procedures, and corporate governance policies. In addition, we are required under Canadian securities laws to report annually on our internal control over financial reporting. Any system of internal controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. If we determine that our internal controls over our financial reporting are not effective, or we discover areas that need improvement in the future, these shortcomings could have an adverse effect on our business and financial results, and the price of our common shares could be negatively affected.

In addition, if we cannot conclude that we have effective internal controls over our financial reporting, investors could lose confidence in the reliability of our financial statements, which could lead to a decline in our stock price. Failure to comply with reporting requirements could also subject us to sanctions and/or investigations by the Canadian regulatory authorities.

3.10 RISKS RELATED TO OUR COMMON SHARES

Our share price has been volatile, and an investment in our common shares could suffer a decline in value.

Since our initial public offering in Canada, our valuation and share price have fluctuated immensely and 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 common shares. In the past, the market price of our common shares has fluctuated and will continue to fluctuate due to various factors including the risk factors described herein and other circumstances beyond our control. An investment in our common shares could decline in value or fluctuate significantly.

Our revenues and expenses may fluctuate significantly and any failure to meet financial expectations and/or our own financial guidance, if any, may disappoint securities analysts or investors and result in a decline in the price of our common shares.

Our revenues and expenses have fluctuated in the past and are likely to do so in the future. These fluctuations could cause our share price to decline. Some of the factors that could cause revenues and expenses to fluctuate include the following:

- the level of sales of *EGRIFTA*® in the United States and Canada;
- the approval, or non-approval, of ibalizumab in the United States and, if approved, the level of sales generated by ibalizumab;
- supply issues with *EGRIFTA*® or any other approved product we may commercialize;
- the inability to complete product development in a timely manner that results in a failure or delay in receiving the required regulatory approvals or allowances to commercialize product candidates;
- the timing and willingness of any current or future collaborators to invest the resources necessary to commercialize our product candidates;
- the outcome of any litigation;
- payment of fines or penalties for violations of laws;
- foreign currency fluctuations;
- the timing of achievement and the receipt of milestone or royalty payments from future third parties; and

- failure to enter into new or the expiration or termination of current agreements with third parties.

If our quarterly or annual operating results fall below the expectations of investors or securities analysts, or if we need to reduce our financial guidance, if any, the price of our common shares could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially.

We do not intend to pay dividends on our common shares and, consequently, the ability of investors to achieve a return on their investment will depend on appreciation in the price of our common shares.

We have never declared or paid any cash dividend on our common shares and we do not currently intend to do so in the foreseeable future. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business. Therefore, the success of an investment in our common shares will depend upon any future appreciation in their value. There is no guarantee that our common shares will appreciate in value or even maintain the price at which our shareholders have purchased their shares.

Our shareholder rights plan, the EMD Serono Termination Agreement and certain Canadian laws could delay or deter a change of control.

Our shareholder rights plan entitles a rights holder, other than a person or group holding 20% or more of our common shares, to subscribe for our common shares at a discount of 50% to the market price at that time, subject to certain exceptions.

The EMD Serono Termination Agreement provides that in the event there occurs a change of control of the Corporation, EMD Serono has the option to accelerate the payment of all of the unpaid Early Termination Fee.

The Investment Canada Act (Canada) subjects an acquisition of control of a company by a non-Canadian to government review if the value of the assets as calculated pursuant to the legislation exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant minister is satisfied that the investment is likely to be a net benefit to Canada.

Any of the foregoing could prevent or delay a change of control and may deprive or limit strategic opportunities for our shareholders to sell their shares.

ITEM 4 DIRECTORS AND EXECUTIVE OFFICERS

4.1 DIRECTORS

The table below sets forth the following information about our directors as of February 6, 2018: his/her name, age, province/state of residence, principal occupation, the year each director first became a director of the Corporation, his/her status as an independent director, his/her biography, his/her areas of expertise, his/her memberships on the committees of the Board of Directors, whether he/she acts as director for other public companies or entities involved in the pharmaceutical industry, and the number of common shares, DSUs and options beneficially held or controlled.

Each elected director remains in office until the next annual meeting of shareholders, unless he/she resigns or his/her position becomes vacant following his/her death, destitution or for any other reason before the next annual meeting of shareholders.

Gérald A. Lacoste
Age: 74
Rivière-Rouge,
Québec, Canada

Independent Director since:
February 8, 2006

Areas of Expertise:
- Securities and Market Regulations
- Corporate Governance
- Mergers & Acquisitions

Other Directorship:
None

Principal Occupation	Corporate Director

Gérald A. Lacoste is a retired lawyer with extensive experience in the fields of securities regulation, financing and corporate governance. He was previously Chairman of the Québec Securities Commission (now known as the *Autorité des marchés financiers*) and was also President and Chief Executive Officer of the Montreal Exchange. During his career, Mr. Lacoste acted as legal counsel to the Canadian Standing Senate Committee on Banking, Trade and Commerce, he chaired the Québec Advisory Committee on Financial Institutions, and was a member of the task force on the capitalization of life insurance companies in Québec. Mr. Lacoste is currently a corporate director and is a member of the North American Free Trade Agreement arbitration panel.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
85,000	21,936	55,000

Committees of the Board of Directors

Chair of Nominating and Corporate Governance Committee
Member of Audit Committee

Dale MacCandlish-Weil
Age: 62
Baie d'Urfé,
Québec, Canada

Independent
Director since:
May 16, 2017

Areas of Expertise:
- Healthcare Industry
- Commercialization of products
- Management
- Strategic Planning

Other Directorship:
None

Principal Occupation	Senior Advisor to the President, McKesson Canada Corporation[1]

Ms. Dale MacCandlish-Weil has more than 35 years of experience in the commercialization, marketing, sale of consumer products and B2B services. She spent the last 17 years of her career in management positions related to health care services such as distribution, pharmaceutical and retail pharmacy services. She has been working with McKesson Canada Corporation ("**McKesson**") since August 1999 where she occupied the position of Vice President and Senior Vice President for various divisions of McKesson. She has been acting in an advisor role to the President since May 2015. Prior to May 2015, she acted as Senior Vice President Retail Banner Management Services with McKesson from July 2014 to May 2015 and, from November 2011 to June 2014, she acted as Senior Vice President, Integrated Health Care Solutions, Strategy and Business Development with McKesson. Ms. Weil holds a Master in Business Administration from McGill University and has obtained her certification as a certified director after successfully completing the ICD Directors Education Program.

Securities Held or Controlled

Common Shares (#)	DSU (#)	Options (#)
Nil	1,894	15,000

Committees of the Board of Directors

Member of Nominating and Corporate Governance Committee

[1] Ms. MacCandlish-Weil will resign her position by the end of February 2018.

Paul Pommier
Age: 75
Laval, Québec, Canada
Independent
Director since:
January 6, 1997

Areas of Expertise:
- Corporate Finance
- Securities
- Mergers & Acquisitions

Other Directorship:
None

Principal Occupation	Corporate Director

Mr. Paul Pommier worked for more than 25 years at National Bank Financial Inc., his last position being Senior Executive Vice President, Corporate and Government Finance. Throughout his career, he oversaw public and private financings, mergers and acquisitions, as well as the marketing of investment offerings. Under his leadership, National Bank Financial Inc. developed notable expertise in tax-shelter financings.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
375,100	122,208	55,000

Committees of the Board of Directors

Chair of the Audit Committee
Member of Compensation Committee

Dawn Svoronos
Age: 64
Hudson,
Québec, Canada

Independent Director since:
April 8, 2013

Areas of Expertise:
- Pharmaceutical Industry-Commercialization of Drug Products

Other Directorship:
Xenon Pharmaceuticals Inc.;
PTC Therapeutics, Inc.

Principal Occupation	Corporate Director – Chair of the Board of the Corporation

Ms. Dawn Svoronos worked in the commercial side of the business for the multinational pharmaceutical company Merck & Co. Inc., for 23 years, retiring in 2011. From 2009 to 2011, Ms. Svoronos was President of the Europe/Canada region for Merck and from 2006 to 2009 was President of Merck in Canada. Previously held positions with Merck include Vice-President of Asia Pacific and Vice-President of Global Marketing for the Arthritis, Analgesics and Osteoporosis franchise. Ms. Svoronos sits on the Board of Directors of two other public companies: PTC Therapeutics, Inc. in New Jersey, U.S.A., and Xenon Pharmaceuticals Inc. in British Columbia, Canada.

Securities Held or Controlled

Common Shares (#)	DSU (#)	Options (#)
200,000	Nil	80,000

Committee of the Board of Directors

Member of Nominating and Corporate Governance Committee
Member of Compensation Committee

Jean-Denis Talon (1)
Age: 76
Montreal,
Québec, Canada

Independent Director since:
May 10, 2001

Areas of Expertise:
- Human Resources
- Governmental Relations
- Mergers & Acquisitions

Other Directorship:
None

Principal Occupation	Corporate Director

Mr. Jean-Denis Talon had a successful career with AXA Insurance over a period of more than 20 years, ultimately becoming President and Chief Executive Officer. He was Chairman of the Board of AXA Canada until September 2011. Mr. Talon is also a former President of the Financial Affairs Committee at the Insurance Bureau of Canada.

Securities Held or Controlled

Common Shares (#)	DSU (#)	Options (#)
120,000	10,894	55,000

Committees of the Board of Directors

Chair of Compensation Committee
Member of Audit Committee

Luc Tanguay (2)
Age: 59
Town of Mount Royal, Québec, Canada

Non-independent Director since:
December 6, 1993

Areas of Expertise:
- Corporate Finance
- Securities
- Mergers & Acquisitions

Other Directorship:
None

Principal Occupation	President and Chief Executive Officer of the Corporation

Mr. Luc Tanguay has been active in the biotechnology industry for over 20 years. As a member of our senior management since 1996, he has contributed to our growth by facilitating access to public and private capital funding. A member of the board of directors since 1993, he has held various management positions since joining the Company. Prior to joining us, Mr. Tanguay had a career in investment banking at National Bank Financial Inc. Mr. Tanguay obtained his M. Sc. Finance from the University of Sherbrooke.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
234,000	27,572	820,000

(1) Mr. Talon was a member of the board of directors of Toptent Inc., or Toptent, from August 1, 2007 to November 26, 2009. On December 3, 2009, Toptent filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (Canada), or Bankruptcy Act. Subsequently, on May 7, 2010, Toptent filed a proposal under the Bankruptcy Act. The proposal was accepted by Toptent's creditors on May 20, 2010.

(2) Mr. Tanguay was a member of the board of directors of Ambrilia Biopharma Inc., or Ambrilia, from August 22, 2006 to March 30, 2010. On July 31, 2009, Ambrilia obtained court protection from its creditors under the *Companies' Creditors Arrangement Act* (Canada), or CCAA. The purpose of the order issued by the court granting Ambrilia protection from its creditors was to provide Ambrilia and its subsidiaries the opportunity to restructure its affairs. On July 31, 2009, the TSX halted the trading of Ambrilia's shares pending its review of Ambrilia's meeting the requirements for continuous listing. On January 31, 2011, the TSX decided to delist the common shares of Ambrilia at the close of market on March 4, 2011 for failure to meet the continued listing requirements of the TSX. The common shares remain suspended from trading. On April 8, 2011, Ambrilia announced that it would seek permission to terminate the protection granted by the Superior Court pursuant to the CCAA and, upon permission of the Court, it would file for bankruptcy pursuant to the Bankruptcy Act. On April 12, 2011, Ambrilia went bankrupt.

4.2 AUDIT COMMITTEE

Our board of directors has established an Audit Committee to review our annual financial statements prior to their approval by the board of directors and also to perform other duties, as is described in the Audit Committee's charter adopted by the board of directors and attached hereto as Appendix A.

As of November 30, 2017, the Audit Committee was composed of three members: Paul Pommier, its Chair, Jean-Denis Talon and Gérald A. Lacoste. All three are independent and financially literate. The details mentioned hereunder describe the education and experience of the Audit Committee members that is relevant to the performance of their responsibilities, in particular any experience in preparing, auditing, analyzing and evaluating financial statements.

Paul Pommier. Mr. Pommier holds an MBA degree and has more than 25 years of experience in the financial field, notably in public and private company financings, as well as in merger and acquisition activities. While acting as a director of Royal Aviation Inc., he was also a member of its audit committee.

Jean-Denis Talon. Mr. Talon has more than 20 years of experience in the insurance field as a senior officer. Mr. Talon acted as a member of the audit committee of AXA Canada from March 1995 to April 2008. He has been a member of the audit committee of InnovAssur since March 1999 and acted as Chair of its audit committee from November 1999 until September 2011.

Gérald A. Lacoste. Mr. Lacoste has more than 30 years of experience in the fields of securities regulation, corporate finance and corporate governance. Mr. Lacoste was president of the audit committee of Amisco Ltd. from 2002 to 2009 and was also a member of the audit committee of Andromed Inc. from 2004 to 2007. Mr. Lacoste was a member of the audit committee of Génome Québec from 2006 to 2009.

Each member of the Audit Committee has acquired in-depth financial expertise giving each the ability to read and understand a set of financial statements which presents the breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised in our financial statements.

4.3 EXECUTIVE OFFICERS

The table below sets forth the following information about our executive officers as of February 6, 2018: his/her name, age, province/state of residence, his/her principal occupation, the year each Executive Officer joined the Corporation, his/her biography and the number of common shares, DSUs and options beneficially held or controlled. The information about Mr. Luc Tanguay, the President and Chief Executive Officer of the Corporation, is found in the table above regarding information about our directors.

Denis Boucher
Age: 52
Westmount, Québec,
Canada

Principal Occupation	Vice President, Communications and Corporate Affairs

Mr. Boucher joined the Corporation on January 8, 2018 and brings more than 30 years of experience in communications, government affairs and crisis management. Prior to joining Theratechnologies, Mr. Boucher practiced litigation and labour and employment law at Therrien Couture. He was previously a partner for 15 years at the largest public relations firm in Canada where he was in charge of the healthcare practice and business development. Mr. Boucher started his career as a television news reporter at Société Radio-Canada in Toronto and was then appointed press secretary to the President of Treasury Board in Ottawa.

Mr. Boucher holds a Bachelor of Arts Degree from *Université Laval* in Québec City as well as a Law Degree from *Université de Montréal*. He was called to the Quebec Bar in 2016. Upon completing a training at the Harvard Negotiation Institute in Cambridge, Massachusetts, in 2016, he was accredited by the Quebec Bar as a mediator in civil, commercial and labour law.

Mr. Boucher sits on the fundraising organizing committees for the *Fondation des étoiles* and the Heart and Stroke Foundation.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
Nil	Nil	Nil

Marie-Noël Colussi
Age: 49
Laval, Québec,
Canada

Principal Occupation	Vice President, Finance

Ms. Marie-Noël Colussi is a graduate of the *Université du Québec à Montréal* in business administration. Prior to joining us, Ms. Colussi worked for eight years with KPMG, a major accounting firm. Ms. Colussi has experience in accounting, auditing, control and taxation, particularly in research and development. She joined us in 1997, and prior to her appointment as Vice President, Finance, in February 2002, she held the positions of Director, Accounting and Internal Control and Controller.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
10,075	3,182	81,000

Philippe Dubuc
Age: 51
Montreal, Québec, Canada

Principal Occupation	Senior Vice President and Chief Financial Officer

Mr. Dubuc brings more than 25 years of experience in investment banking in the healthcare sector and in management. He started his career as a management consultant at Groupe Secor, a well-known Quebec-based consulting firm which is now part of KPMG. He then served as Managing Director, Investment Banking at National Bank Financial. In this role, he headed the healthcare group and was involved in numerous financing and M&A transactions. He later founded a manufacturing company which he sold after seven years of successful operations. Mr. Dubuc holds a M.B.A. from McGill University and a B.Comm. from Concordia University.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
21,000	Nil	215,000

Lyne Fortin
Age: 58
Laval, Québec, Canada

Principal Occupation	Senior Vice President and Chief Commercial Officer

Ms. Fortin has over 30 years of experience in the commercialization of pharmaceutical products for human health. She has been in executive level positions at Merck Canada for 13 years until 2011. In these roles she was responsible for Marketing and Sales of product portfolios in diverse therapeutic areas. She also managed all the commercial support functions which included marketing and sales research, sales training, sales operations, manufacturing planning, Office of Compliance, Sigma and change management. From 2005 to 2009, she was appointed to the Merck Marketing Committee for Europe, Middle-East, Africa and Canada to advance commercial practices and became a member of the Board of Directors of Merck Canada in 2007 until 2011. From 2011 to 2013, she acted as consultant to the biopharmaceutical industry advising clients on commercial matters. She was appointed Chief Commercial Officer of our Corporation in December 2013.

Ms. Fortin graduated from the *Université de Montréal* with a Certificate in Chemistry in 1978 and a Bachelor degree in Pharmacy in 1982 (Member of the Order of Pharmacists of Québec since 1983). She obtained a MBA from Concordia University in 1984.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
27,590	Nil	215,000

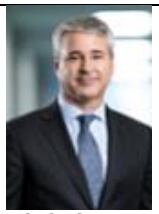
Jocelyn Lafond
Age: 50
Verdun, Québec, Canada

Principal Occupation	Vice President, Legal Affairs, and Corporate Secretary

Mr. Lafond has over 20 years of experience in the fields of corporate and securities law. Mr. Lafond holds a law degree from the *Université Laval* and a Masters Degree in Law from the University of Toronto. He has been a member of the *Barreau du Québec* since 1992. Prior to joining us in 2007, Mr. Lafond was a partner with the international law firm of Fasken Martineau DuMoulin LLP.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
1,000	5,000	265,000



Christian Marsolais
Age: 55
Town of Mount Royal, Québec, Canada

Principal Occupation	Senior Vice President and Chief Medical Officer

Dr. Christian Marsolais has over 15 years of experience in clinical research for large pharmaceutical companies, such as Sandoz Canada Inc. and BioChem Therapeutics Inc. Before joining us in 2007, Dr. Marsolais held various positions at Pfizer Global Pharmaceuticals, where he was appointed Director of Medical Affairs, Therapeutic Areas, in 2004. In this position, Dr. Marsolais was responsible for the clinical program and scientific initiatives development, as well as the integration of the Scientific Affairs and Clinical Research for the oncology and HIV Franchise. Dr. Marsolais holds a Ph.D. in Biochemistry from the *Université de Montréal*.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
34,697	6,312	316,000

4.4 CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Except as described above in notes 1 and 2 to the table found under “Item 4 – Directors and Executive Officers – Directors”, to our knowledge, no director and executive officer (a) is, as at February 6, 2018, or has been within the ten (10) years before February 6, 2018, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten (10) years before February 6, 2018, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

4.5 SECURITIES HELD BY THE DIRECTORS AND EXECUTIVE OFFICERS

As at February 6, 2018, the total number of common shares (the only securities carrying a voting right) held by our directors and executive officers amounted to 1,108,462, which represented 1,48 % of our outstanding common shares.

ITEM 5 INTERESTS OF EXPERTS

KPMG LLP, our auditors, is the only person or company who is named as having prepared or certified a statement, report or evaluation, included or mentioned in a filing under securities regulations during our most recently completed financial year.

KPMG LLP and its partners are independent with respect to the Corporation within the meaning of the applicable rules and related interpretations prescribed by the relevant professional bodies in Canada and applicable legislation.

External Auditors Service Fees

KPMG LLP have been acting as our auditors since 1993. In addition to performing the audit of our consolidated financial statements, KPMG LLP provided other services to us and they billed us the following fees in respect of each of our fiscal years ended November 30, 2017 and 2016:

Fees	Fiscal year ended November 30, 2017 ($)	Fiscal year ended November 30, 2016 ($)
Audit Fees(1)	119,500	217,000
Audit-Related Fees(2)	43,750	43,750
Tax Fees(3)	23,544	16,975
Total:	**186,794**	**277,725**

(1) Refers to the aggregate fees billed by our external auditors for audit services.
(2) Refers to the aggregate fees billed for professional services rendered by our external auditors for translation.
(3) Refers to the aggregate fees billed for professional services rendered by our external auditors for tax compliance, tax advice and tax planning.

ITEM 6 SECURITIES OF THE COMPANY

6.1 AUTHORIZED SHARE CAPITAL

We are authorized to issue an unlimited number of common shares and an unlimited number of preferred shares issuable in series.

Subject to the priority rights of holders of preferred shares, holders of common shares are entitled to any dividend declared by the board of directors, to one vote per share at meetings of our shareholders and, in the event of our liquidation or dissolution, to participate in the distribution of the assets.

Preferred shares carry no voting rights. Preferred shares may be issued at any time in one or more series. Our articles of incorporation give our board of directors the power to fix the number of preferred shares and the consideration per share, as well as to determine the provisions attached to the preferred shares of each series (including dividends, redemption and conversion rights, if any). The shares of every series of preferred shares will have priority over all our other shares, including common shares, with respect to the payment of dividends and return of capital in the event of our liquidation or dissolution.

The common shares issued represent the total voting rights pertaining to our securities.

6.2 DIVIDEND POLICY

We have never declared or paid cash dividends on our common shares and do not anticipate paying any cash dividends on our common shares in the foreseeable future. We presently intend to retain future earnings, if any, to finance the expansion and growth of our business. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors the board of directors deems relevant. In addition, the terms of any future debt or credit facility may preclude us from paying dividends.

6.3 TRANSFER AGENT AND REGISTRAR

Our transfer agent and registrar is Computershare Trust Company of Canada which holds, at its Montreal offices, the registers related to our common shares, shareholders and transfers.

ITEM 7 MARKET FOR SECURITIES

7.1 TRADING PRICE AND VOLUME

The following table sets forth the price range and trading volume of our common shares on the TSX for the periods indicated below. However, you should not view this presentation as an indication that the market price of our common shares will continue at such levels.

Period	Price		Volume
	$ High	$ Low	
February 1 to February 6, 2018	$8.03	$7.00	424,549
January 2018	$8.39	$7.25	2,048,132
December 2017	$7.29	$6.51	1,197,614
November 2017	$7.75	$4.96	2,696,350
October 2017	$8.07	$7.39	1,667,622
September 2017	$7.79	$7.11	1,757,300
August 2017	$8.01	$6.96	1,887,200
July 2017	$8.68	$6.92	3,313,000
June 2017	$8.72	$7.00	3,827,300
May 2017	$7.30	$6.32	2,906,400
April 2017	$6.85	$5.67	3,509,000
March 2017	$6.24	$4.24	7,085,400
February 2017	$4.55	$3.23	4,695,300
January 2017	$3.32	$2.75	2,156,800
December 2016	$3.05	$2.61	2,048,900

The following table sets forth the price range and trading volume of our common share purchase warrants on the TSX for the periods indicated below. Our common share purchase warrants expired on August 8, 2017.

Period	Price		Volume
	$ High	$ Low	
August 1 to August 6, 2017	$4.80	$4.80	900
July 2017	$5.26	$4.50	10,550
June 2017	$5.50	$4.35	166,415
May 2017	$4.16	$3.50	102,075
April 2017	$3.80	$2.92	267,600
March 2017	$3.14	$1.44	69,500
February 2017	$1.59	$0.57	108,075
January 2017	$0.89	$0.61	11,750

December 2016	$0.70	$0.70	500

7.2 PRIOR SALES

The following table summarizes the distribution of securities other than those listed on a stock exchange that we issued during the most recently completed financial year, identifying the type of security, the exercise price per security, the number of securities issued, and the date on which the securities were issued.

Date	Type of Security	Price per Security	Number of Securities
April 7, 2017	Stock Options	5.96	275,000
May 16, 2017	Stock Options	6.73	75,000
October 16, 2017	Deferred Stock Units	7.92	7,576

ITEM 8 LEGAL PROCEEDINGS

In the last financial year, we were not subject to any legal proceedings and, as at February 6, 2018, we are not subject to any such proceedings.

TaiMed Agreement

On March 18, 2016 and, thereafter, on March 6, 2017, we entered into the TaiMed Agreement pursuant to which we were granted the exclusive right to commercialize and distribute ibalizumab in the United States, in Canada, the countries forming part of the European Union as well as Albania, Iceland, Israel, Liechtenstein, Norway, Russia, Sweden, Switzerland and Turkey. For a description of this agreement, see “Item 2 – Our Business – Section 2.4 – Approved Product and Investigational Product – Ibalizumab – Investigational Product – TaiMed Agreement”.

EMD Serono Termination Agreement

On December 13, 2013, we entered into an agreement terminating our collaboration and licensing agreement with EMD Serono pursuant to which we regained all rights to commercialize *EGRIFTA*® in the United States. On February 17, 2015, we entered into an amendment to the EMD Serono Termination Agreement with EMD Serono to restructure the amount and the payment terms of our first installment of the Early Termination Fee under the EMD Serono Termination Agreement. For a description of this agreement, see “Item 2 – Our Business – Section 2.5 – Commercialization Activities – *EGRIFTA*® - United States – General”.

Almac Agreement

On February 27, 2015, we entered into an agreement with Almac pursuant to which Almac is responsible for packaging syringes, needles, sterile water for injection and patient inserts in connection with the sale of *EGRIFTA*® in the United States. This agreement is scheduled to terminate on February 26, 2018, unless extended by mutual consent.

RxCrossroads Agreements

On November 1, 2017, we entered into an amended and restated master services agreement and amended and restated statements of work agreements with RxCrossroads appointing it as our exclusive third-party logistic service provider and exclusive third-party distributor of *EGRIFTA*® and ibalizumab in the United States. For a description of the RxCrossroads Agreements, see “Item 2 – Our Business – Section 2.5 - Commercialization Activities – *EGRIFTA*® - United States – Logistic Service Provider and Distributor”.

H.D. Smith Agreement

On September 1, 2014, we entered into a wholesaler services agreement with H.D. Smith LLC., or H.D. Smith Agreement, appointing H.D. Smith as a non-exclusive authorized wholesaler for *EGRIFTA*® in the United States, or H.D. Smith Agreement.

The H.D. Smith Agreement has a one-year term and automatically renews for subsequent one-year period unless a party provides the other with a prior written notice within a confidential time period prior to the termination or renewal period of the agreement. The H.D. Smith Agreement contains customary representations and warranties from both parties, payment terms, indemnification provisions as well as termination provisions in the event of the occurrence of certain events stated therein.

Cardinal Health Agreements

On August 15, 2014 and on October 23, 2014, we entered into a wholesale drop shipment agreement and a drop ship only services agreement with Cardinal Health appointing Cardinal as a non-exclusive authorized wholesaler for *EGRIFTA*® in the United States, or Cardinal Agreements.

The Cardinal Agreements have a one-year term and automatically renew for subsequent one-year period unless a party provides the other with a prior written notice within a confidential time period prior to the termination or renewal period of the agreements. The Cardinal Agreements contain customary representations and warranties from both parties, payment terms, indemnification provisions as well as termination provisions in the event of the occurrence of certain events stated therein.

McKesson Corporation Agreement

On May 15, 2014, we entered into a core distribution agreement with McKesson Corporation appointing it as a non-exclusive authorized wholesaler for *EGRIFTA*® in the United States, or McKesson Agreement

The McKesson Agreement has an indefinite term but may be terminated at any time by either party upon written notice to the other. However, in the event that we were in the process of being acquired, the McKesson Agreement may not be terminated by us without cause for twelve (12) months following the acquisition. The McKesson Agreement contains customary representations and warranties from both parties, payment terms, indemnification provisions as well as termination provisions in the event of the occurrence of certain events stated therein.

Syneos Agreement

On December 4, 2016, we entered into an amended and restated master services agreement with Syneos providing for the main terms and conditions under which Syneos would provide us with services to commercialize *EGRIFTA*® and ibalizumab in the United States. Each of those services has been described in specific project agreements. We have entered into project agreements relating to the provision of sales personnel, medical science liaison personnel, managed market and call center personnel. For a description of these agreements, see “Item 2 – Our Business – Section 2.5 – Commercialization Activities – *EGRIFTA*® - United States - Marketing and Sales”.

Bellwyck Agreement

On March 25, 2015, we entered into a packaging agreement with Bellwyck in connection with the labeling and packaging of *EGRIFTA*® vials and the packaging of the injection tool kit in connection with the sale of *EGRIFTA*® in Canada. For a description of this agreement, see “Item 2 – Our Business – Section 2.5 – Commercialization Activities – *EGRIFTA*® - Canada - Manufacturing”.

McKesson Canada Agreement

On June 3, 2015, we entered into a master services agreement with McKesson Canada pursuant to which McKesson Canada is providing us (through project agreements) with various services in connection with the commercialization of *EGRIFTA*® in Canada, or McKesson Canada Agreement. On June 15 and June 19, 2015, we entered into two project agreements with McKesson Canada defining the services to be provided to us under the McKesson Canada Agreement. The project agreement entered into on June 15, 2015 detailed the services to be provided through our *EGRIFTA Support*® call center whereas the project agreement entered into on June 19, 2015 appointed McKesson Canada as our distributor of *EGRIFTA*® in Canada. Effective November 17, 2017, we agreed to an assignment by McKesson Canada to McKesson Distribution of the project agreement dated June 19, 2015 appointing McKesson Canada as our distributor of *EGRIFTA*® in Canada, resulting in McKesson Distribution now being our distributor in Canada. The McKesson Canada Agreement, as well as the above-mentioned project agreements, are scheduled to terminate on June 3, 2018, unless earlier terminated by the parties in the event of a breach by one party that is not cured within the period prescribed in this agreement, in the event there occurs an insolvency event or in the event *EGRIFTA*® is no longer commercialized in Canada.

ITEM 10 ADDITIONAL INFORMATION

Additional information with respect to our Company, including directors' and officers' compensation, principal holders of our securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in our Management Proxy Circular. Our financial information is provided in our comparative financial statements and Management Discussion & Analysis for our financial year ended November 30, 2017.

Additional information regarding our Company is available on SEDAR at www.sedar.com, or upon written request addressed to Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary, at 2015 Peel Street, 5th Floor, Montreal, Québec, Canada H3A 1T8. Except when our securities are in the process of distribution pursuant to a prospectus, we may charge reasonable fees if the request is from a person who does not hold any of our securities.

APPENDIX A – AUDIT COMMITTEE CHARTER

I. Mandate

The Audit Committee (the "Committee") is responsible for assisting the Company's Board of Directors (the "Board") in overseeing the following:

A. the integrity of the Company's financial statements and related information;

B. the internal control systems of the Company;

C. the appointment and performance of the external auditor; and

D. the supervision of the Company's Risk Management.

II. Obligations and Duties

The Committee carries out the duties usually entrusted to an audit committee and any other duty assigned from time to time by the Board. Management has the responsibility to ensure the integrity of the financial information and the effectiveness of the Company's internal controls. The external auditor has the responsibility to verify the fair presentation of the Company's financial statements; at the same time evaluating the internal control process to determine the nature, extent and timing of the auditing procedures used for the financial statement audit. The Committee has the responsibility to supervise the participants involved in the preparation process of the financial information and to report on this to the Board.

Specifically, the Committee is charged with the following obligations and duties:

A. Integrity of the Company's Financial Statements and Related Information

1. Review annual and quarterly consolidated financial statements and all financial information legally required to be disclosed by the Company, i.e. financial information contained in the "Management Discussion and Analysis" report, the Annual Information Form and the press releases, as the case may be, discuss such with management and the external auditor, as applicable, and suggest recommendations to the Board, as the case may be.

2. Approve the interim Financial Statements, the interim "Management Discussion and Analysis" reports and all supplements to these "Management Discussion and Analysis" reports which have to be filed with regulatory authorities.

3. On a periodic basis, review and discuss with management and the external auditor, as applicable, the following:

   a. major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;

   b. the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and

c. the type and presentation of information to be included in press releases dealing with financial results (paying particular attention to any use of pro-forma information or information adjusted by means of non-generally accepted accounting principles).

4. Review and discuss reports from the external auditor on:

b. all critical accounting policies and practices used by the Company;

c. all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternate treatments and disclosures and the treatment preferred by the external auditor;

d. the external auditors' report to the Committee on the planning of external auditing; and

e. the external auditors' report to the Committee on the auditing results.

B. Supervision of the Company's Internal Control Systems

1. Review and discuss with management and, when appropriate, provide recommendations to the Board on the following:

a. actual financial data compared with budgeted data;

b. the Company's internal control system;

c. the relationship of the Committee with the management and audit committees of the Company's consolidated subsidiaries. With respect to the subsidiaries, the Committee must:

- obtain precisions as to the mandate of the audit committees;
- enquire about internal controls and study related risks;
- obtain copy of the minutes of the audit committees' meetings; and
- ensure that the critical accounting policies and practices are identical to the Company's.

2. Study the feasibility of implementing an internal auditing system and when implemented, establish its responsibilities and supervise its work.

3. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

C. Appointment and Performance Supervision of the External Auditor

1. Provide recommendations to the Board on the selection of the external auditor to be appointed by the shareholders.

2. Approve in advance and recommend to the Board the external auditor's remuneration and more specifically fees and terms of all audit, review or certification services to be provided by the external auditor to the Company and any consolidated subsidiary.

3. Supervise the performance of the external auditor in charge of preparing or issuing an audit report or performing other audit services or certification services for the Company or any consolidated subsidiary of the Company, where required, and review all related questions as to the terms of its mission and the revision of its mission.

4. Pre-approve all engagements for permitted non-audit services provided by the external auditor to the Company and any consolidated subsidiary, and to this effect and at its convenience, establish policies and procedures for the engagement of the external auditor to provide to the Company and any consolidated subsidiary permitted non-audit services, which shall include approval in advance by the Committee of all audit/review services and permitted non-audit services to be provided to the Company and any consolidated subsidiary by the external auditor.

5. At least annually, consider, assess and report to the Board on:

    a. the independence of the external auditor, including whether the external auditor's performance of permitted non-audit services is compatible with the external auditor's independence;

    b. the obtaining from the external auditor of a written or verbal statement i) describing all relationships between the external auditor and the Company that may reasonably be thought to bear on their independence; ii) assuring that lead audit partner rotation is carried out, as required by law; and iii) describing any other relationship that may reasonably be thought to affect the independence of the external auditor; and

    c. the evaluation of the lead audit partner, taking into account the opinions of management and the internal auditor.

6. At least annually, obtain and review a report by the external auditor describing:

    a. the external auditor's internal quality-control procedures; and

    b. any material issues raised by the most recent internal quality-control review (or peer review) of the external auditor's firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the external auditor's firm, and any steps taken to deal with any such issues.

7. Resolve any disagreement between management and the external auditor regarding financial reporting.

8. Review the audit process with the external auditor.

9. Review and discuss with the Chief Executive Officer and Chief Financial Officer of the Company the process for the certifications to be provided in the Company's public disclosure documents.

10. Meet periodically with the external auditor in the absence of management.

11. Establish procedures with respect to hiring the external auditor's employees and former employees.

D. Supervision of the Company's Risk Management

Review, report and, where appropriate, provide recommendations to the Board on the following:

1. the Company's processes for identifying, assessing and managing risk;

2. the Company's major financial risk exposures and the steps the Company has taken to monitor and control such exposures;

3. the Company's insurance portfolio and the adequacy of the coverage; and

4. the Company's investment policy.

III. External Advisors

In discharging its duties and responsibilities, the Committee is empowered to retain external legal counsel or other external advisors, as appropriate. The Company shall provide the necessary funds to secure the services of such advisors.

IV. Composition of the Committee

The Committee is composed of any number of Directors, but no less than three, as may be determined by the Board from time to time by resolution. Each member of the Committee shall be independent from the Company and is financially literate, as determined by the Board and in conformity with applicable laws, rules and regulations.

V. Term of the Mandate

Committee members are appointed by Board resolution to carry out their mandate extending from the date of the appointment to the next annual general meeting of the shareholders or until their successors are so appointed.

VI. Vacancy

The Board may fill vacancies at any time by resolution. Subject to the constitution of the quorum, the Committee's members can continue to act even if there is one or many vacancies on the Committee.

VII. Chairman

The Board appoints the Committee Chairman who will call and chair the meetings**.** The Chairman reports to the Board the deliberations of the Committee and its recommendations.

VIII. Secretary

Unless otherwise determined by resolution of the Board, the Secretary of the Company shall act as Committee Secretary. The Secretary must attend Committee meetings and prepare the minutes. He/she must provide notification of meetings as directed by the Committee Chairman. The Secretary is the guardian of the Committee's records, books and archives.

IX. Meeting Proceedings

The Committee establishes its own procedures as to how meetings are called and conducted. Unless it is otherwise decided, the Committee shall meet privately and independently from Management at each regularly scheduled meeting. In the absence of the regularly appointed Chairman, the meeting shall be chaired by another Committee member selected among attending participants and appointed accordingly. In the absence of the regularly appointed Secretary, Committee members shall designate someone to carry out this duty.

The Committee shall meet at least four times a year with management and the external auditor, and at least once a year, separately in executive session in the absence of management and the external auditor. At least once a year, the Committee invites the Chief Financial Officer of each subsidiary to present the financial information and internal control systems related to such subsidiary.

X. Quorum and Voting

Unless the Board otherwise specifies by resolution, two Committee members shall constitute an appropriate quorum for deliberation of items on the agenda. During meetings, decisions are reached by a majority of votes from Committee members, unless the quorum is of two members, in which case decisions are made by consensus of opinion.

XI. Records

The Committee keeps records that are deemed necessary of its deliberations and reports regularly to the Board on its activities and recommendations.

XII. Effective Date

This charter was adopted by the Directors at its May 3, 2004 Board meeting. It was amended by the Directors during the April 13, 2005, February 8, 2006 and February 25, 2015 Board meetings.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis, or MD&A, provides Management's point of view on the financial position of Theratechnologies Inc., on a consolidated basis, as at November 30, 2017. It also provides a review of our performance by comparing the Company's results of operations, on a consolidated basis, for the twelve-month period ended November 30, 2017, or Fiscal 2017, with the twelve-month period ended November 30 2016, or Fiscal 2016. Unless otherwise indicated or unless the context requires otherwise, all references in this MD&A to "Theratechnologies", the "Company", the "Corporation", "we", "our", "us" or similar terms refer to Theratechnologies Inc. and its subsidiaries on a consolidated basis. This MD&A is dated February 6, 2018 and should be read in conjunction with the audited consolidated financial statements and the notes thereto.

Except as otherwise indicated, the financial information contained in this MD&A and in our audited consolidated financial statements has been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. IFRIC refers to International Financial Reporting Interpretation Committee. The audited consolidated financial statements and MD&A have been reviewed by our Audit Committee and approved by our Board of Directors.

The Company's functional currency is the United States dollar, or USD, because the vast majority of our operational activities and sales occur in the United States. However, since we believe that Canadian dollar currency, or CAD, is more useful to users of these documents, except where otherwise indicated, all monetary amounts set forth in this MD&A and the audited consolidated financial statements and the notes thereto are expressed in CAD for reporting purposes. The exchange rates used to convert the currencies are disclosed in note 22(c) of the audited consolidated financial statements. In accordance with IFRS, the exchange difference resulting from the translation of the consolidated financial statements to CAD for reporting purposes is included in accumulated other comprehensive income. References to $ and C$ are to CAD and references to US$ are to USD.

In this MD&A, the use of *EGRIFTA*® refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy regardless of the trade name used for such product in any particular territory. *EGRIFTA*® and *EGRIFTA Assist*® are registered trademarks in the United States and *EGRIFTA*® and *EGRIFTA Support*® are registered trademarks in Canada. These trademarks are used in those countries to commercialize tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

Forward-Looking Information

This MD&A contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management's beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or the negatives of these terms, or variations of them. The forward-looking statements contained in this MD&A include, but are not limited to, statements regarding our anticipated revenue for *EGRIFTA*® for the 2018 fiscal year, the successful development of the F4 formulation, the submission of a sNDA with the FDA (as hereinafter defined) regarding the F4 formulation by the end of 2018, and the approval of ibalizumab by the FDA in 2018 and the launch and commercialization of ibalizumab in the United States in 2018.

Forward-looking statements are based upon a number of assumptions and include, but are not limited to, the following: sales of *EGRIFTA*® will continue to grow and we will meet our guidance on anticipated revenue of *EGRIFTA*® for the 2018 fiscal year, we will succeed in developing the F4 formulation and in filing a sNDA with the FDA regarding such F4 formulation by the end of 2018, the FDA will approve the use of the F4 formulation in the currently approved indication for *EGRIFTA*®, ibalizumab will be approved by the FDA in 2018 and we will launch and commercialize ibalizumab in the United States sometime in 2018.

Theratechnologies Inc.
2015 Peel street, 5th Floor
Montréal, Québec, Canada, H3A 1T8
Phone: 514 336-7800 • Fax: 514 331-9691 • www.theratech.com

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statements contained in this MD&A. We refer potential investors to the "Risks and Uncertainties" section of this MD&A. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this MD&A and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this MD&A, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

Business Overview

We are a specialty pharmaceutical company addressing unmet medical needs to promote healthy living and an improved quality of life among HIV patients.

Our business strategy is to build a portfolio of complementary products, compatible with our expertise and our commercial platform, that will fuel sustainable revenue and cash flow growth and build value for our shareholders.

Our first product**,** *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration, or FDA, in November 2010, by Health Canada in March 2015, and by COFEPRIS, Mexico's health agency, in March 2016. It is, to date, the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. We have established an integrated commercial platform to market *EGRIFTA*® in the United States and Canada. We also have agreements in place for the distribution and commercialization of *EGRIFTA*® in markets outside of the United States and Canada. In all cases, our commercial partners are responsible for the distribution and marketing of *EGRIFTA*®, if and when approved.

In March 2016, we entered into an agreement with TaiMed Biologics, Inc., or TaiMed, to acquire the commercial rights to ibalizumab for the United States and Canada, or TaiMed Agreement. Ibalizumab is an investigational humanized monoclonal antibody for the potential treatment of multi-drug resistant HIV-1 infection, or MDR HIV-1. The FDA is currently reviewing TaiMed's Biologics License Application, or BLA, for ibalizumab as a treatment for MDR HIV-1, in the United States with a Prescription Drug User Fee Act, or PDUFA, target action date of April 3, 2018. In Fiscal 2017, we undertook preparatory work on branded and non-branded ibalizumab campaigns and the development of a pricing strategy for ibalizumab in the United States.

In March 2017, we amended the TaiMed Agreement to include the commercial rights to ibalizumab in the European Union countries and in other countries such as Israel, Norway, Russia and Switzerland. In the second half of Fiscal 2017, we started building the foundation for ibalizumab in Europe. By year end, we had devised and begun to implement our regulatory strategy aimed at achieving marketing approval in Europe in a timely and efficient manner.

2017 Highlights

In Fiscal 2017, our business plan rested upon three main pillars: the continued growth of *EGRIFTA*® sales revenue, infrastructure optimization by using the same commercial platform as *EGRIFTA*® for ibalizumab and the expansion of our business further afield through additional product acquisitions and in-licensing activities. As detailed below, we made good progress on all three of our business plan objectives in 2017.

To build the balance sheet strength needed to carry out the 2017 business plan, we entered into an agreement with a syndicate of underwriters late in Fiscal 2016 for an offering of common shares by way of a short form prospectus for net proceeds of approximately $15,000,000. The transaction closed early in the first quarter of Fiscal 2017.

Continued Growth of *EGRIFTA*® Sales Revenue

EGRIFTA® provides us with stability and cash flow to move forward with future plans. In March 2017, we announced a major expansion of our U.S. sales organization and added staffing to our managed markets and call-center groups. The sales team was increased from 12 employees to 41 employees in order to prepare for the potential launch of ibalizumab and cover additional territories for both *EGRIFTA*® and ibalizumab in the United States. The larger sales team has had a positive effect on our *EGRIFTA*® business with sales growing strongly in the second half of the year. *EGRIFTA*® net sales revenue grew in line with our guidance by 21% in the fourth quarter of Fiscal 2017 and by 16% in the year as a whole. CAD/USD currency fluctuations have an effect when sales figures are converted to CAD for reporting purposes. In USD terms, the increases in net *EGRIFTA*® sales were 28% in the fourth quarter of Fiscal 2017 and 18% for the year as a whole.

The additional expenses related to this organizational expansion negatively affected cash flow and earnings in Fiscal 2017. However, we view this initiative as a longer-term investment for the Company that will benefit sales of both *EGRIFTA*® and ibalizumab in the years ahead.

Optimization of our Commercial Platform

In order to optimize returns from our sales and marketing infrastructure, we plan to launch and market ibalizumab using the same commercial platform as *EGRIFTA*®. In May 2017, TaiMed submitted a BLA to the FDA seeking marketing approval of ibalizumab for the treatment of MDR HIV-1 in the United States. The FDA accepted the BLA for priority review and has set a revised PDUFA target action date of April 3, 2018 for the ibalizumab application. If and when ibalizumab is approved by the FDA, we will be ready to proceed with product launch using our expanded sales organization and the completed preparatory work on branded and non-branded ibalizumab campaigns.

Product Acquisition and In-licensing Activities

The acquisition of the European commercial rights to ibalizumab in March 2017 is an opportunity to grow our business and apply the experience we are presently gaining with ibalizumab in the United States. In the third quarter, we started building the foundation for ibalizumab in Europe with the engagement of a team of regulatory consultants to help us devise and implement the best regulatory approach to achieving marketing approval in Europe. By year end, we had developed a plan of action and begun to develop the structure we will need to enter the European market.

Other Objectives — F4 Single-Vial Formulation of *EGRIFTA*®

In September 2016, we announced that we were moving forward with the development of a single-vial formulation of *EGRIFTA*®, or F4 Formulation. The daily dose currently comes in two vials. Presented in a single daily vial, the F4 formulation has the advantage of being four times more concentrated, thus significantly reducing the volume of administration. The F4 formulation has also previously been shown to be stable at room temperature, which would be a significant improvement as refrigeration by pharmacies and patients would no longer be required. The necessary F4 formulation bioequivalence studies and additional stability testing have now been completed and analysis of the results is ongoing. The results will be available in the second quarter of Fiscal 2018 and, assuming the results are positive, they will be submitted to the FDA in the third quarter.

Cash Flow Generation

We use adjusted EBITDA, or Adjusted EBITDA, to measure cash flow generation. See “Non-IFRS Financial Measures” below. Adjusted EBITDA in Fiscal 2017 was $(6,947,000), compared to guidance of $(5,500,000) and $6,573,000 in Fiscal 2016. As noted above, the decrease in cash generated was planned and was principally due to the major expansion of our sales organization and ibalizumab expenses in the U.S. and Europe. The deviation from guidance in Fiscal 2017 was due to higher-than-planned expenses for ibalizumab in Europe, where progress proceeded ahead of schedule.

Outlook

Our strategy for value creation in 2018 is focused on: the successful launch and commercialization of ibalizumab in the U.S. market; continued growth of *EGRIFTA*® sales revenue in the U.S., which is aimed to grow by 10 – 15% in fiscal 2018; and the diligent pursuit of regulatory approval for ibalizumab in Europe culminating in the filing of a marketing authorization application with European authorities as soon as possible.

Other important continuing objectives are the search for complementary new-product-acquisition and in-licensing opportunities and completing the development of the new F4 single-vial formulation for *EGRIFTA*®.

Selected Annual Information

Years ended November 30 (in thousands of Canadian dollars, except per share amounts)	2017	2016	2015
Revenue	**$ 42,864**	**$37,072**	**$30,055**
Selling and market development expenses	**$ 26,017**	**$14,658**	**$12,926**
Royalty expense	**$ 3,986**	**$ 2,430**	**—**
Adjusted EBITDA[1]	**$ (6,947)**	**$ 6,573**	**$ 6,439**
Net (loss) profit	**$(18,450)**	**$ 410**	**$ 1,571**
Earnings (loss) per share:			
Basic	**$ (0.25)**	**$ 0.01**	**$ 0.03**
Diluted	**$ (0.25)**	**$ 0.01**	**$ 0.02**
Total assets	**$ 76,295**	**$52,974**	**$50,083**
Long-term obligation (including current portion)	**$ 9,219**	**$13,567**	**$16,896**

1. See “Non-IFRS Financial Measures” below.

The increases in revenue in 2017 and 2016 were principally due to higher unit volumes and higher prices partially offset by exchange rate fluctuations and a lower average net selling price, which is affected by changes in the mix of private payors versus government drug reimbursement plans.

The 2017 increases in selling and market development expenses are reflective of the cost associated with a major expansion of our U.S. sales and marketing organization in order to prepare for the potential launch of ibalizumab and to cover additional territories for both *EGRIFTA*® and ibalizumab in the United States

Royalties became payable on *EGRIFTA*® sales starting January 1, 2016 under the terms of an agreement with EMD Serono, Inc. The royalty percentage varies according to sales levels. The increase in royalties for the year is due to the higher level of sales in 2017 and a higher blended royalty rate compared to 2016.

The net loss in 2017 was principally due to a number of important growth initiatives undertaken in the year and to a loss incurred on the fair value of the liability for outstanding warrants. The growth initiatives included a major expansion of our U.S. sales and marketing organization, added staffing in our medical science liaison and and field medical education teams, as well as other expenses tied to the potential launch of ibalizumab in the United States and in Europe.

The significant increase in total assets in 2017 includes $15,076,000 raised through the public offering in December 2016 and $8,008,000 received from the exercise of common share purchase warrants, broker options, broker warrants and stock options.

The long-term obligation is in relation to the early termination fee included in the EMD Serono Termination Agreement (see "Contractual Obligations – EMD Serono Termination Agreement" below).

Operating Results – twelve months ended November 30, 2017 compared to twelve months ended November 30, 2016

Revenue

Consolidated revenue for the twelve months ended November 30, 2017 was $42,864,000, compared to $37,072,000 in Fiscal 2016.

(in thousands of Canadian dollars)	**2017**	2016
Net sales	**$42,861**	$37,067
Royalties and license fees	**$ 3**	$ 5
Revenue	**$42,864**	$37,072

Revenue generated from net sales increased by 16% in 2017, due to higher unit volumes and prices partially offset by exchange rate fluctuations and a lower average net selling price, which is affected by changes in the mix of private payors versus government drug reimbursement plans.

Cost of Sales

For the twelve months ended November 30, 2017, the cost of sales was $10,273,000 compared to $6,658,000 in Fiscal 2016. Included in these amounts was cost of goods sold of $4,991,000 in Fiscal 2017 compared to $4,314,000 in Fiscal 2016. The increase in cost of goods sold was due to the higher sales in the 2017.

Cost of sales in Fiscal 2017 includes $3,986,000 of royalties compared to $2,430,000 in Fiscal 2016. Royalties became payable on *EGRIFTA*® sales starting January 1, 2016 under the terms of our agreement with EMD Serono, Inc. The royalty percentage varies according to sales levels (see "Contractual Obligations – EMD Serono Termination Agreement" below). The increase in royalties for the year is due to the higher level of sales in 2017 and a higher blended royalty rate compared to 2016.

In Fiscal 2017, the cost of sales also included other production-related costs of $1,296,000, which was principally due to the write-down of inventories as a result of losses incurred during conversion of raw materials to finished goods and losses associated with expired goods. In Fiscal 2016, there was a recovery of unallocated production costs in the amount of $86,000.

R&D Expenses

R&D expenses, net of tax credits, amounted to $11,856,000 in the twelve months ended November 30, 2017 compared to $6,955,000 in Fiscal 2016. The higher expenses in 2017 include additional staff members in our medical science liaison and field medical education teams, whose role is to increase awareness about excess abdominal fat in HIV-infected patients with lipodystrophy and about MDR HIV-1. Other initiatives that led to higher costs in 2017 included: increased participation in symposiums, regulatory consulting for ibalizumab in Europe and development of the new F4 formulation of *EGRIFTA*®. R&D expenses also include costs associated with our two Phase 4 clinical trials, which amounted to $2,427,000 in Fiscal 2017 compared to $2,341,000 in Fiscal 2016. Other components of R&D expenses are regulatory affairs and quality assurance activities.

Selling and Market Development Expenses

Selling and market development expenses amounted to $26,017,000 for the twelve months ended November 30, 2017, compared to $14,658,000 in Fiscal 2016.

The year-over-year increase generally reflects the growth in our business and intensified marketing efforts. In particular, Fiscal 2017 includes the cost associated with the expansion of our U.S. sales team in order to prepare for the potential launch of ibalizumab and to cover additional territories for both *EGRIFTA*® and ibalizumab in the United States. We also added staff to our managed markets and call-center groups in 2017. Other projects that contributed to the year-over-year increase included the preparatory work on branded and unbranded ibalizumab campaigns and the development of a pricing strategy for ibalizumab in the United States.

Selling and market development expenses include the amortization of the intangible asset value established for the *EGRIFTA*® commercialization rights. This amortization expense amounted to $1,968,000 in Fiscal 2017 compared to $2,007,000 in Fiscal 2016.

General and Administrative Expenses

General and administrative expenses amounted to $5,816,000 in the twelve months ended November 30, 2017, compared to $4,863,000 in Fiscal 2016. The increase in general and administrative expenses in 2017 is essentially attributable to the growth and development of our business.

Finance Income

Finance income, consisting of interest income, for the twelve months ended November 30, 2017 was $338,000 compared to $104,000 in Fiscal 2016, reflecting higher cash balances in 2017.

Finance Costs

Finance costs for the twelve months ended November 30, 2017 were $7,690,000 compared to $2,993,000 in Fiscal 2016. Finance costs in Fiscal 2017 reflect a loss of $6,654,000 related to the fair value of warrant liability compared to a loss of $1,046,000 in Fiscal 2016. Accretion expense on the long-term obligation was $1,371,000 in 2017 compared to $1,930,000 in Fiscal 2016, reflecting the lower average balance outstanding during the year.

Adjusted EBITDA

Adjusted EBITDA was $(6,947,000) in the twelve months ended November 30, 2017 compared to $6,573,000 in Fiscal 2016. As noted above, a decrease in cash generated was planned and was principally due to the major expansion of our U.S. sales and marketing organization, added staffing in our medical science liaison and field medical education teams, as well as other expenses related to ibalizumab in the United States and Europe. See “Non-IFRS Financial Measures” below.

Net Loss

Taking into account the revenue and expense variations described above, most notably the $6,654,000 non-cash loss on the fair value of outstanding warrants and the planned investments in R&D and Selling and market development, we recorded a net loss of $18,450,000 or $0.25 per share in the twelve months ended November 30, 2017 compared to a net profit of $410,000 or $0.01 per share ($0.01 per share on a diluted basis) in Fiscal 2016.

Fourth Quarter Comparison

Consolidated revenue for the three months ended November 30, 2017 amounted to $12,596,000 compared to $10,377,000 for the comparable period of 2016.

(in thousands of Canadian dollars)	2017	2016
Net sales	**$12,595**	$10,376
Royalties and license fees	**$ 1**	$ 1
Revenue	**$12,596**	**$10,377**

Revenue generated from net sales for the three months ended November 30, 2017 was $12,595,000 compared to $10,376,000 in the comparable period of Fiscal 2016, an increase of 21%, due to higher unit volumes and prices. In USD, the increase in revenue was 28%.

The cost of sales for the three months ended November 30, 2017 was $3,523,000 compared to $1,978,000 in the comparable period of Fiscal 2016. Cost of sales in the fourth quarter of Fiscal 2017 reflected the higher sales volume and included $1,106,000 of royalty expense compared to royalties of $757,000 in the comparable period of 2016. The cost of sales in 2017 also included other production-related costs of $1,024,000, which was principally due to the write-down of inventories as a result of losses incurred during conversion of raw materials to finished goods and losses associated with expired goods.

R&D expenses, net of tax credits, amounted to $3,094,000 in the three months ended November 30, 2017 compared to $1,158,000 in the comparable period of Fiscal 2016. As described above, the higher expenses in 2017 included: additional staff members in our medical science liaison and field medical education teams, increased participation in symposiums, regulatory consulting for ibalizumab in Europe, and development of the new F4 formulation of *EGRIFTA*®. The costs associated with our two Phase 4 clinical trials amounted to $843,000 in the three months ended November 30, 2017, compared to $310,000 in the comparable period of Fiscal 2016.

Selling and market development expenses amounted to $7,985,000 for the three months ended November 30, 2017, compared to $3,762,000 for the comparable period of Fiscal 2016. The higher expenses in 2017 were largely due to the planned increase in selling and market development activities as described above. Principally among these were: the expansion of our U.S. sales team in order to prepare for the potential launch of ibalizumab and to cover additional territories, added staff in our medical science liaison, managed markets and call-center groups, preparatory work on branded and unbranded ibalizumab campaigns, the development of a U.S. pricing strategy for ibalizumab and marketing plans for ibalizumab in Europe.

Selling and market development expenses also include the amortization of the intangible asset value established for the *EGRIFTA*® commercialization rights. This amortization expense amounted to $474,000 in the three months ended November 30, 2017 compared to $501,000 in the comparable period of Fiscal 2016.

General and administrative expenses amounted to $1,591,000 in the three months ended November 30, 2017 compared to $1,385,000 in the comparable period of Fiscal 2016.

The net loss from operating activities for the three months ended November 30, 2017 was $3,597,000 compared to a net profit from operating activities of $2,094,000 in the comparable period of Fiscal 2016.

Finance income, consisting of interest income, for the three months ended November 30, 2017 was $94,000 compared to $24,000 in the comparable period of Fiscal 2016, reflecting higher cash balances in 2017.

Finance costs for the three months ended November 30, 2017 were $713,000 compared to $1,306,000 in the comparable period of Fiscal 2016. Finance costs in Fiscal 2016 reflect a loss of $805,000 on the change in fair value of the warrant liability.

Adjusted EBITDA was $(1,887,000) in the three months ended November 30, 2017 compared to $2,812,000 in the comparable period of Fiscal 2016. The fourth quarter decrease in Adjusted EBITDA in Fiscal 2017 was principally due to the previously described expansion of our U.S. sales and marketing organization, added staffing in our medical science liaison and field medical education teams, as well as other expenses related to ibalizumab in the United States and Europe. See "Non-IFRS Financial Measures" below.

Taking into account the revenue and expense variations described above, we recorded a net loss of $4,216,000 or $0.06 per share in the three months ended November 30, 2017 compared to a net profit of $173,000, or $0.00 per share, in the comparable period of Fiscal 2016.

In the three months ended November 30, 2017, operating activities generated $1,958,000 of cash, compared to $2,688,000 in the comparable period of Fiscal 2016. Non-cash expenses were higher in Fiscal 2016, principally due to the increase in finance costs described above. However, changes in operating assets and liabilities contributed $4,630,000 to cash flow in Fiscal 2017 compared to $446,000 in the prior year period. The most significant variation was an increase of $5,080,000 in Accounts payable and accrued liabilities, which was reflective of the higher expenses incurred in the ordinary course of our business in Fiscal 2017.

Quarterly Financial Information

The following table is a summary of our unaudited consolidated operating results for the last eight quarters.

(In thousands of dollars, except per share amounts)

	2017				2016			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Net sales	**$12,595**	**$11,217**	**$10,015**	**$ 9,034**	$10,376	$8,924	$9,026	$8,741
Royalties and license fees	**$ 1**	**$ —**	**$ 1**	**$ 1**	$ 1	$ 1	$ 1	$ 2
Revenue	**$12,596**	**$11,217**	**$10,016**	**$ 9,035**	$10,377	$8,925	$9,027	$8,743
Net (loss) profit	**$ (4,216)**	**$ (2,882)**	**$ (9,109)**	**$(2,243)**	$ 173	$ 888	$ (498)	$ (153)
Basic and diluted earnings (loss) per share	**$ (0.06)**	**$ (0.04)**	**$ (0.13)**	**$ (0.03)**	$ —	$ 0.01	$ (0.01)	$ —

Factors Affecting the Variability of Quarterly results

The underlying sales trend prior to the second quarter of fiscal 2017, as measured by units sold, was growth at a steady pace in accordance with our plan. In the second quarter of fiscal 2017, the Company undertook a major expansion of its U.S. sales organization in order to prepare for the potential launch of ibalizumab and to cover additional territories for both *EGRIFTA*® and ibalizumab in the United States. As a result, *EGRIFTA*® unit sales and net sales revenue grew strongly in the third and fourth quarters. The Company views this initiative as a sound long-term investment in its future growth. However, as illustrated above, the related additional expenses have negatively affected earnings in the short term.

There are more modest quarter-over-quarter variations in net sales revenue due to changes in distributor inventory levels and some additional impact from time to time related to average net selling price, which is affected by changes in the mix of private payors versus government drug reimbursement plans. CAD/USD currency fluctuations also have an effect when sales figures are converted to CAD for reporting purposes.

The issuance of common share purchase warrants in 2015 has had a significant effect on quarterly earnings. Variations in the fair value of the warrant liability, a non-cash item, resulted in the following gains and losses: 2017 – (Q1) a loss of $1,909,000, (Q2) a loss of $4,020,000, (Q3) a loss of $725,000, (Q4) no impact; 2016 – (Q2) a loss of $1,023,000, (Q3) a gain of $782,000, (Q4) a loss of $805,000. There was no impact in the first quarter of fiscal 2016.

Liquidity and Capital Resources

Our objective in managing capital is to ensure a sufficient liquidity position to finance our business activities. We depend primarily on revenue generated by sales of *EGRIFTA*® in the United States and, from time to time, on public offerings of common shares in Canada. Currently, our general policy on dividends is to retain cash to keep funds available to finance our growth.

For the twelve months ended November 30, 2017, cash flow from operating activities was $2,455,000 compared to $2,691,000 in Fiscal 2016. The 2017 cash flow reflected the net loss of $18,450,000, which was more than offset by adjustments for non-cash expenses of $9,916,000 and changes in operating assets and liabilities of $10,989,000.

The Company made payments totaling $5,390,000 to EMD Serono during Fiscal 2017 (Fiscal 2016 - $5,196,000), in partial settlement of its long-term obligation (see “Contractual Obligations – EMD Serono Termination Agreement” below).

On December 5, 2016, the Company completed a public offering for the sale and issuance of 5,323,000 common shares for a gross cash consideration of $16,501,000. The Company granted the underwriters an over-allotment option for the sale and issue of 798,450 additional common shares at an issue price of $3.10 per share, exercisable for a period of 30 days from the date of closing. The overallotment option was not exercised. The Company also issued broker options for the sale and issue of 212,920 common shares at an issue price of $3.10 per share, exercisable for a period of 18 months from the date of closing. The fair value of the broker options amounted to $183,000 and has been recorded in the share issue costs, which totaled $1,608,000.

In the twelve months ended November 30, 2017, the Company received cash proceeds of $8,008,000 from the exercise of common share purchase warrants, broker options, broker warrants and stock options.

As at November 30, 2017, cash, bonds and money market funds amounted to $32,929,000 compared to $11,603,000 at the end of Fiscal 2016. When we invest our available cash, we do so in highly liquid fixed income instruments from governmental, municipal and paragovernmental bodies, high-grade corporate bonds and money market funds ($31,169,000 November 30, 2017, $10,544,000 November 30, 2016).

The Company believes that it will be able to adequately fund its operations and meet its cash flow requirements for the next twelve months.

Contractual Obligations

Commitments

The following table lists as at November 30, 2017 information with respect to the Company's known contractual obligations.

(In thousands of Canadian dollars)

Contractual Obligations	Total	Less than 1 Year	Between 1 and 5 Years	More than 5 Years
Long Term Debt Obligations	$10,314	$ 5,157	$ 5,157	$ —
Operating Lease Obligations	$ 608	$ 232	$ 376	$ —
Total	**$10,922**	**$ 5,389**	**$ 5,533**	**$ —**

Long-Term Procurement Agreements

The Company has long-term procurement agreements with third party suppliers in connection with the commercialization of *EGRIFTA*®. As at November 30, 2017, the Company had outstanding purchase orders and minimum payments required under these agreements amounting to $4,945,000 (2016 - $1,974,000) for the manufacture of *EGRIFTA*® and for various services.

TaiMed Agreement

Under the terms of the TaiMed Agreement, the Company is subject to commercial milestone payments based primarily on the attainment of sales of the product. See note 13 to the audited consolidated financial statements for additional details.

EMD Serono Termination Agreement

Under the terms of the agreement terminating the collaboration and licensing agreement with EMD Serono, Inc., or EMD Serono Termination Agreement, entered into on December 13, 2013, the Company agreed to pay an early termination fee of US$20,000,000, or Early Termination Fee. ln 2015, the Company restructured the amount and payment terms of the Early Termination Fee. Under the new terms, payments totaling US$4,168,000 were paid in 2015 (previously US$4,000,000). The remaining annual payments of US$4,000,000 were unchanged and are due on May 1 of each year beginning on May 1, 2016 (paid) up to May 1, 2019, bringing the total Early Termination Fee to US$20,168,000 as at November 30, 2017, of which US$8,000,000 remains payable. The Company also agreed to pay EMD Serono a confidential increasing royalty based on annual net sales. The royalties started in January 1, 2016 and will be paid until a cumulative aggregate amount is reached or until December 31, 2023, the first of these events to occur.

In order to secure the payment of the Early Termination Fee, the Company agreed to grant EMD Serono a security interest on its present and future corporeal and incorporeal movable property related to *EGRIFTA*® until such time as the long-term obligation created by the Early Termination Fee has been reimbursed in full to EMD Serono. Thereafter, the Company and EMD Serono agreed to reduce the security interest to all present and future corporeal and incorporeal movable property related to *EGRIFTA*® in the United States only to secure the payment of the royalties.

The EMD Serono Termination Agreement provides that as of May 1, 2014, the Company is responsible for the conduct of all regulatory and commercialization activities in the United States, including the conduct of the post-approval studies mandated by the FDA upon approval of *EGRIFTA*®.

In addition, the EMD Serono Termination Agreement provides that in the event there occurs a change of control of the Company, EMD Serono has the option to accelerate the payment of all unpaid Early Termination Fee.

In connection with regaining the commercialization rights for *EGRIFTA*® in the United States, the Company retained the services of Syneos Health Inc. (formerly inVentiv Commercial Services, LLC), or Syneos, to establish and manage its U.S. operations. The services provided by Syneos include sales force, marketing support, patient communications, regulatory compliance, pharmacovigilance activities, reimbursement and market access. All decisions regarding the commercialization of *EGRIFTA*® are made by the Company.

Post-Approval Commitments

In connection with its approval of *EGRIFTA*®, the FDA has required the following three post-approval commitments:

- to develop a single vial formulation of *EGRIFTA*®;
- to conduct a long-term observational safety study using *EGRIFTA*®, or Observational Study ; and
- to conduct a Phase 4 clinical trial to assess whether *EGRIFTA*® increases the incidence or progression of diabetic retinopathy in diabetic HIV-infected patients with lipodystrophy, or Retinopathy Study.

The Company had developed a single vial, 2 mg/vial, presentation using the 1 mg/vial formulation of *EGRIFTA*® in 2012, which was withdrawn from the market in 2014 due to manufacturing issues. In 2016, we proposed to the FDA to replace the development of the 2 mg/vial presentation of the original formulation with the F4 formulation, a single vial formulation containing 4 mg/ml of *EGRIFTA*®. The FDA has agreed with the Company's proposal. In order to submit for FDA approval, we must demonstrate that the F4 formulation is bioequivalent with the current formulation and conduct additional stability testing. The necessary F4 formulation bioequivalence studies and additional stability testing have now been completed and analysis of the results is ongoing. The results will be available in the second quarter of Fiscal 2018 and, assuming the results are positive, they will be submitted to the FDA in the third quarter.

We estimate that completing the Observational Study will cost approximately US$9,000,000 over the next 13 years and that completing the Retinopathy Study will cost approximately US$4,000,000 over the next seven years.

Financial Risk Management

This section provides disclosure relating to the nature and extent of our exposure to risks arising from financial instruments, including credit risk, liquidity risk, currency risk and interest rate risk, and how we manage those risks.

Credit Risk

Credit risk is the risk of a 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 accounts receivable with only one major customer (see Note 26 to the audited consolidated financial statements) and derivative financial assets which it manages by dealing only with highly rated Canadian financial institutions. Included in the consolidated statements of financial position are trade receivables of $9,617,000 (2016 - $6,674,000), all of which were aged under 60 days. There was nil recorded as bad debt expense for the years ended November 30, 2017 and 2016. Financial instruments other than cash and trade and other receivables that potentially subject the Company to significant credit risk consist principally of bonds and money market funds. The Company invests its available cash in highly liquid fixed income instruments from governmental, paragovernmental, municipal and high grade corporate bodies (2017—$31,169,000; 2016—$10,544,000). As at November 30, 2017, the Company believes it was not exposed to any significant credit risk. The Company's maximum credit exposure corresponded to the carrying amount of these financial assets.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they become due. We manage this risk through the management of our capital structure, as outlined under “Liquidity and Capital Resources”. We also manage liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors and/or the Audit Committee reviews and approves our operating and capital budgets, as well as any material transactions out of the ordinary course of business.

We have adopted an investment policy in respect of the safety and preservation of capital designed to ensure that our liquidity needs are met. The instruments are selected with regard to the expected timing of expenditures and prevailing interest rates.

The required payments on the contractual maturities of financial liabilities, as well as the payments required under the terms of the operating lease and the long-term obligation, as at November 30, 2017, are presented in Notes 16, 22 and 25 of the audited consolidated financial statements**.**

Currency Risk

We are exposed to financial risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company’s business transactions denominated in currencies other than US dollars, primarily cash, sale of goods and expenses incurred in Canadian dollars.

Exchange rate fluctuations for foreign currency transactions can cause cash flows as well as amounts recorded in the consolidated statement of comprehensive income to vary from period to period and not necessarily correspond to those forecasted in operating budgets and projections. Additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the U.S. dollar at the rates of exchange at each consolidated statement of financial position date, the impact of which is reported as foreign exchange gain or loss in the consolidated statement of comprehensive income. We do not believe a sudden change in foreign exchange rates would impair or enhance our ability to pay our Canadian dollar denominated obligations.

The following table presents the significant items in the original currencies exposed to currency risk as at November 30, 2017 and 2016:

(In thousands)		2017
Cash	CAD	297
Bonds and money market funds		14,239
Trade and other receivables		253
Accounts payable and accrued liabilities		(5,229)
Total exposure	CAD	9,560

(In thousands)		2016
Cash	CAD	177
Bonds and money market funds		4,135
Trade and other receivables		189
Accounts payable and accrued liabilities		(1,885)
Warrant liability		(1,748)
Total exposure	CAD	868

The following exchange rates are those applicable as at November 30, 2017 and 2016 to:

	2017		2016	
	Average rate	**Reporting date rate**	**Average rate**	**Reporting date rate**
CAD – USD	0.7684	0.7757	0.7528	0.7447

Based on the Company's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the Canadian dollar would have a positive or (negative) impact on the net loss as follows, assuming that all other variables remained constant:

(In thousands)

		2017		2016
Positive impact	CAD	478	CAD	43

An assumed 5% weakening of the Canadian dollar would have had an equal but opposite effect on the above currencies to the amounts shown above, assuming that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Our short-term bonds are invested at fixed interest rates and/or mature in the short-term. Long-term bonds are also instruments that bear interest at fixed rates. The risk that we will realize a loss as a result of a decline in the fair value of our bonds is limited because these investments, although they are classified as available for sale, are generally held until close to maturity. The unrealized gains or losses on bonds are recorded in accumulated other comprehensive income.

Based on the value of the Company's short- and long-term bonds as at November 30, 2017, an assumed 0.5% decrease in market interest rates would have increased the fair value of these bonds and the accumulated other comprehensive income by approximately $124,000 (2016 - $27,000); an assumed increase in the interest rate of 0.5% would have an equal but opposite effect, assuming that all other variables remained constant.

Cash and money market funds bear interest at a variable rate. Trade and other receivables, accounts payable and accrued liabilities and provisions bear no interest.

Based on the average value of variable interest-bearing cash and money market funds during the year ended November 30, 2017 of $16,518,000 (2016 - $6,925,000), an assumed 0.5% increase in interest rates during such period would have increased future cash flows and net profit by approximately $83,000 (2016 - $35,000); an assumed decrease of 0.5% would have had an equal but opposite effect.

Fair Values of Financial Instruments

We have determined that the carrying values of our short-term financial assets and financial liabilities, including cash, 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 money market funds 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.

Long-term obligation

The obligation is initially recognized at fair value. 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%. We have determined that the carrying value of the obligation approximates its fair value.

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 historic 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.

The deferred stock unit plan liability is recognized at fair value and determined using the quoted price of the common shares of the Company.

Warrant liability

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

Critical Accounting Estimates

Use of Estimates and Judgment

The preparation of our consolidated 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 financial statements and the reported amounts of revenues and expenses during the reporting period.

Judgments in Applying Accounting Policies

Information about critical judgments in applying accounting policies and assumption and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements is noted below.

Revenue

Revenue recognition is subject to critical judgments, particularly in collaboration agreements that include multiple deliverables, as judgment is required in allocating revenue to each component, including up-front payments, milestone payments, research services, royalties and licence fees and sale of goods.

Milestone payments related to ibalizumab

The determination of probability to pay the milestones related to the commercialization rights to ibalizumab is subject to critical judgements (see note 13 to the audited consolidated financial statements).

Key Sources of Estimation Uncertainty

Key sources or estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Sales promotional programs

Management uses judgment in estimating provisions for sale deductions such as cash discounts, allowances, returns, rebates, chargebacks and distribution fees (see Notes 2(i) and 4 to the audited consolidated financial statements for additional information).

Royalties payable

Management uses judgment in estimating the amount of royalties payable under the EMD Serono Termination Agreement. The amount estimated is calculated as a percentage of net sales of its products realized by the Company's licensees. Net sales are provided by licensees or estimated by management using estimates of revenues from product sales less the licensees estimates for cash discounts, allowances, rebates and chargebacks.

Other

Other areas of judgment and uncertainty relate to the estimation of accruals for clinical trial expenses, the recoverability of inventories, the measurement and recoverability of intangible assets, the measurement of derivative financial assets and the measurement of the long-term obligation and share-based arrangements.

Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures management intends to take. Actual results could differ from those estimates.

The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Recent changes in accounting standards

Amendments adopted

Amendments to IAS 1

In December 2014, the IASB issued amendments to IAS 1, Presentation of Financial Statements, as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). The adoption of these amendments, which did not require any change to current accounting practices, had no impact on the Company's financial statements.

New or revised standards and interpretations issued but not yet adopted

Amendments to IAS 7

On January 7, 2016, the IASB issued *Disclosure Initiative* (amendments to IAS 7). The amendments require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities from financing activities.

The amendments apply prospectively for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

The Company intends to adopt the amendments to IAS 7 in its financial consolidated statements for the annual period beginning on December 1, 2017. The Company does not expect the amendments to have a material impact on the financial statements.

Amendments to IFRS 2

On June 20, 2016, the IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions.

The amendments apply for annual periods beginning on or after January 1, 2018. As a practical expedient, the amendments can be applied prospectively. Retrospective application is permitted if information is available without the use of hindsight.

The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholdings tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Company will adopt the amendments to IFRS 2 in its financial statements for the annual period beginning on December 1, 2018. The Company does not expect the amendments to have a material impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers

On May 28, 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The new standard is effective for annual periods beginning on or after January 1, 2018. IFRS 15 will replace IAS 11. *Construction Contracts*, IAS 18 *Revenue*, IFRS 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue - Barter Transactions Involving Advertising Services*.

On April 12, 2016, the IASB issued *Clarification to IFRS 15, Revenue from Contracts with Customers*, which is effective at the same time as IFRS 15.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and the application of the standard to licenses of intellectual property.

The Company will adopt IFRS 15 and the clarification in its financial statements for the annual period beginning on December 1, 2018. Based on a preliminary assessment, the Company does not expect the standard to have a material impact on the financial statements.

IFRS 9 Financial Instruments

On July 24, 2014, the IASB issued the complete IFRS 9 standard.

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new “expected credit loss” model for calculating impairment.

The Company will adopt IFRS 9 in its financial statements for the annual period beginning on December 1, 2018. The Company does not expect the standard to have a material impact on the financial statements.

IFRS 16 Leases

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

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 IAS 17 *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 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, but the Company expects the majority of its operating leases will need to be recognized in the consolidated statement of financial position on initial adoption.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

On December 8, 2016, the IASB issued IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*.

The Interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt.

The Interpretation is applicable for annual periods beginning on or after January 1, 2018.

The Interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The Interpretation may be applied either:

- Retrospectively; or
- Prospectively to all assets, expenses and income in the scope of the interpretation initially recognized on or after:
    - The beginning of the reporting period in which the entity first applies the Interpretation; or
    - The beginning of a prior reporting period presented as comparative information in the financial statements.

The Company will adopt the Interpretation in its financial statements for the annual period beginning on December 1, 2018. The Company does not expect the Interpretation to have material impact on the financial statements.

Outstanding Share Data

On February 6, 2018, the number of common shares issued and outstanding was 74,977,050 while outstanding options granted under our stock option plan were 2,320,895. There were also 39,390 broker options issued and outstanding.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the annual filings, interim filings or other reports filed under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to management, including our President and Chief Executive Officer, and our Senior Vice President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer, have evaluated, or caused the evaluation of, under their direct supervision, the design and operating effectiveness of the Company's disclosure controls and procedures, as defined under National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings as at November 30, 2017. Based upon that evaluation, our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer, have concluded that, as of November 30, 2017, our disclosure controls and procedures were designed and operating effectively.

Internal Control over Financial Reporting

Our management, including our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined under National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings. Our internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, as issued by the IASB. Internal controls over financial reporting include those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, as issued by the IASB, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements on a timely basis. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to consolidated financial statements preparation and presentation. 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, including our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer, assessed the design and operating effectiveness of our internal controls over financial reporting as of the end of Fiscal 2017 based on the criteria established in the "*Internal Control - Integrated Framework*" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Management's assessment included an evaluation of the design of our internal controls over financial reporting and testing of the operational effectiveness of our internal control over financial reporting. Based on that assessment, our management, including our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer, concluded that as of November 30, 2017, our internal controls over financial reporting were appropriately designed and operating effectively.

Changes in Internal Control over Financial Reporting

There was no change in our internal controls over financial reporting that occurred during the period from September 1, 2017 to November 30, 2017 that materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Non-IFRS Financial Measures

Reconciliation of net profit or loss to adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA is presented in the table below. We use adjusted financial measures to assess our operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Adjusted EBITDA to measure operating performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our business, and because we believe it provides meaningful information on our financial condition and operating results.

We obtain our Adjusted EBITDA measurement by adding to net profit or loss, finance income and costs, depreciation and amortization, and income taxes. We also exclude the effects of certain non-monetary transactions recorded, such as share-based compensation for stock option plan and write down of inventories, for our Adjusted EBITDA calculation. We believe it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee remuneration and can vary significantly with changes in the market price of the company's shares. In addition, other items that do not impact core operating performance of the company may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of our operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other companies.

Adjusted EBITDA
(In thousands of Canadian dollars)

	Three-month periods ended November 30,		Year ended November 30,		
	2017	2016	**2017**	2016	2015
Net (loss) profit	**$ (4,216)**	$ 173	**$ (18,450)**	$ 410	$ 1,571
Add (deduct):					
Depreciation and amortization	**480**	587	**1,992**	2,108	1,917
Finance costs	**713**	1,306	**7,690**	2,993	2,294
Finance income	**(94)**	(24)	**(338)**	(104)	(289)
Share-based compensation for stock option plan	**194**	131	**1,015**	563	148
Income tax expense	**0**	639	**0**	639	569
Write-down of inventories	**1,036**	0	**1,144**	(36)	229
Adjusted EBITDA	**(1,887)**	2,812	**(6,947)**	6,573	6,439

Risks and Uncertainties

Before you invest in our common shares, you should understand the high degree of risk involved and consider carefully the risks and uncertainties described below. The following risks may adversely impact our business, financial condition, operating results and prospects. Additional risks and uncertainties, including those that we do not know about or that we currently believe are immaterial, may also develop as our operations evolve and, therefore, may adversely affect our business, financial condition, operating results or prospects. As a result, the trading price of our common shares could decline and you could lose all or part of your investment.

Risks related to the Commercialization of EGRIFTA®

Our commercial success and revenue growth depend mainly on the commercialization of EGRIFTA® in the United States; unsatisfactory future sales levels of EGRIFTA® in the United States will have a material adverse effect on us.

Our ability to generate revenue and sustain growth is currently based on the commercialization of *EGRIFTA®* in the United States.

Our sustained success in commercializing *EGRIFTA®* in the United States will depend on our capacity:

- to pursue the deployment of a commercialization strategy that will be accepted by patients, healthcare professionals and third-party payors;
- to maintain reimbursement coverage for *EGRIFTA®* by third-party payors;
- to maintain the registration of *EGRIFTA®* on U.S. governmental forms as a drug available for purchase in the United States;
- to ensure that adequate supplies of *EGRIFTA®* are available;
- to maintain conflict-free relationships with our principal third-party suppliers of services, namely our agent in the United States, Syneos, our manufacturers, our distributor, our wholesalers and our specialty pharmacies;
- to comply with all laws and regulations in the United States that pertain to the commercialization of a pharmaceutical product; and
- to defend our intellectual property rights against third parties.

Our success in commercializing *EGRIFTA®* in the United States will also depend on:

- the capacity of Syneos, in collaboration with us, to retain qualified, motivated and talented sales representatives and other key individuals instrumental in the commercialization of *EGRIFTA®* in the United States; and
- the capacity of our third-party suppliers to comply with all laws and regulations applicable to the conduct of their respective businesses.

There can be no assurance that sales of *EGRIFTA®* to customers in the United States will increase in the future. If sales of *EGRIFTA®* to customers decrease, our revenue would be adversely affected which, in turn, could materially adversely affect our business, financial condition and operating results.

Because we expect to be dependent on revenues from *EGRIFTA®* for the foreseeable future, any negative developments relating to this product, such as safety or efficacy issues, manufacturing issues, the introduction or greater acceptance of competing products, or adverse regulatory or legislative developments, or our inability to successfully manage any of the abovementioned factors, will have a material adverse effect on our business and our future business prospects.

We rely on third parties for the manufacture, distribution and commercialization of EGRIFTA® and such reliance may adversely affect our revenues, business and future business prospects if the third parties are unable or unwilling to fulfill their obligations.

We have a single third-party service provider for each of our core business activities pertaining to the commercialization of *EGRIFTA®*, namely its manufacturing, its distribution and its commercialization. Any material issues such third-party service providers may encounter that relate to the provision of services to us would have a material adverse effect on our revenues, business and future business prospects since these third-party service providers may not be easily or rapidly replaced.

We do not own or operate manufacturing facilities for the production of *EGRIFTA®* and tesamorelin, nor do we have plans to develop our own manufacturing operations in the foreseeable future. We currently rely on Bachem, Inc. and Jubilant HolliesterStier, General Partnership, to manufacture and supply all of our required raw materials, drug substance and drug product for sales of *EGRIFTA®* and for the conduct of the Observational Study and the Retinopathy Study mandated by the FDA using *EGRIFTA®*. Although potential alternative suppliers and manufacturers have been identified, we have not entered into any agreements with them nor have we qualified these vendors to date and no assurance can be given that

such suppliers will be qualified in the future or receive necessary regulatory approvals. The replacement of a third-party manufacturer is time-consuming and costly due to the required validation of their capabilities. The validation process includes an assessment of the capacity of such third-party manufacturer to produce the quantities that we may request from time to time, the manufacturing process and its compliance with current good manufacturing practice, or GMP, regulations. In addition, the third-party manufacturer would have to familiarize itself with our technology. Validation of an additional third-party manufacturer takes at least twenty-four (24) months and could take as long as thirty-six (36) months or more.

We do not have state licensure in the United States to distribute *EGRIFTA®* or any other product we may acquire or in-license and we do not currently intend to pursue applications to obtain the licenses required in order to distribute a drug product in the United States. Our supply chain model is based upon that fact and the distribution of *EGRIFTA®* in the United States is done through RxC Acquisition Company, or RxCrossroads, which currently holds all state licensure required to distribute a drug product in the United States. Although potential alternative third-party service providers have been identified to replace RxCrossroads in the event that it becomes unable to distribute *EGRIFTA®*, we have not entered into any agreements with them and no assurance can be given that such providers would enter into any agreement with us on terms satisfactory to us.

We do not employ sales persons, medical science liaison personnel, managed market and call center personnel in the United States in connection with the commercialization of *EGRIFTA®* in this territory. We rely on Syneos to provide us with all of its personnel for the commercialization of *EGRIFTA ®*. In addition, we rely on Syneos for the conduct of the Observational Study and the Retinopathy Study. Although we are aware that there exists other third-party services providers that could provide the same services as Syneos, we have not entered into any agreements with them nor conducted any audit on them. If we need to find another third-party service provider for some or all of the services provided by Syneos, it will be time-consuming and will be disruptive to our business. In addition, there can be no assurance that we will be able to find such third-party service provider if we are unable to agree on the terms and conditions of an agreement with them.

Our reliance on one third-party service provider for each of our core business activities exposes us to a number of risks. For instance, we may be subject to delays in, or suspension of, the manufacturing of *EGRIFTA®* and tesamorelin if a third-party manufacturer:

- becomes unavailable to us for any reason, including as a result of the failure to comply with GMP regulations;
- experiences manufacturing problems or other operational failures, such as labour disputes, equipment failures or unplanned facility shutdowns required to comply with GMP, or damage from any event, including fire, flood, earthquake, business restructuring, labour disputes or insolvency; or
- fails to perform its contractual obligations under our agreement, such as failing to deliver the quantities requested on a timely basis or not meeting product specifications.

We may also be subject to distribution disruption and interrupted sales of *EGRIFTA®* and any other product we commercialize in the United States if RxCrossroads:

- becomes unavailable to us for any reason, including as a result of its failure to meet applicable laws;
- experiences warehousing problems or other operational failure, such as unplanned facility shutdown or damage from any event, including fire, flood, earthquake, business restructuring or insolvency; or
- fails to perform its contractual obligations under our agreement.

We may be subject to a decrease in sales of *EGRIFTA®* in the United States or may face reimbursement challenges if Syneos:

- becomes unavailable to us for any reason, including as a result of its incapacity to motivate and retain the employees working on the commercialization of *EGRIFTA®*;
- experiences compliance issues with the FDA; or
- fails to perform its contractual obligations under our agreement.

Significant safety problems may arise with respect to EGRIFTA® which could result in restrictions in EGRIFTA®'s label, product recall or withdrawal of EGRIFTA® from the market, any of which would materially adversely impact our business and our future business prospects.

New safety issues may arise as *EGRIFTA®* is used over longer periods of time by a wider group of patients, some of whom may be taking numerous other medicines, or may suffer from additional underlying health problems. Such safety issues could include an increase in the severity or frequency of known problems or the discovery of previously unknown problems, and may result in a variety of adverse regulatory actions. Under U.S. laws, the FDA has broad authority over drug manufacturers to compel any number of actions if safety problems arise, including, but not limited to: (i) requiring manufacturers to conduct post-approval clinical studies to assess known risks or signals of serious risks, or to identify unexpected serious risks; (ii) mandating labeling changes to a product based on new safety information; or (iii) requiring manufacturers to implement a risk evaluation mitigation strategy where necessary to assure safe use of the drug. Similar laws and regulations exist in countries outside of the United States. Previously unknown safety problems could also result in product recalls, restrictions on the product's permissible uses, or withdrawal of the product from the United States or Canadian markets. If new safety issues are discovered, sales of *EGRIFTA®* may decrease resulting in a material adverse effect on our business, financial condition and operating results.

Our levels of revenues are highly dependent on obtaining and maintaining patient reimbursement for EGRIFTA® and any other approved product we may commercialize.

Market acceptance and sales of *EGRIFTA®* and of any other approved product that we may commercialize substantially depend on the availability of reimbursement from third-party payors such as governmental authorities, including U.S. Medicare and Medicaid, managed care providers, and private insurance plans and may be affected by healthcare reform measures in the United States and elsewhere. Third-party payors decide which medications they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and these third-party payors are attempting to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors have been challenging the prices charged for products. Third-party payors may decrease the level of reimbursement of a product or cease such reimbursement and the occurrence of any of these events could materially adversely affect the sales of *EGRIFTA®* or of any other approved product we may commercialize and materially adversely affect our revenues and financial results.

Sales of *EGRIFTA®* to patients benefitting from U.S. funded reimbursement programs represent an important part of all sales of *EGRIFTA®*. Denial of coverage for *EGRIFTA®* under any of the current programs, or delays in obtaining coverage for *EGRIFTA®* under any of these programs, would materially adversely affect our revenues.

Under our distribution and licensing agreements entered into with each of Sanofi Winthrop Industrie, or sanofi, AOP Orphan Pharmaceuticals AG, or AOP, BL&H Co., Ltd., or BL&H, PRX Pharma Produtos Farmaceuticos Unipessoal, LDA, or PRX, and Praxis Pharmaceutical SA, or Praxis, each of sanofi, AOP, BL&H, PRX and Praxis are responsible for seeking reimbursement of *EGRIFTA®* in each country where marketing authorization could be obtained and, as a result, we have no control over whether, or what level of, reimbursement could be achieved. If reimbursement is not available or is available only in a limited manner, the commercialization of *EGRIFTA®* may not be successful and this could have a material adverse effect on our revenues and future prospects.

Even though EGRIFTA® is approved for sale in the United States and Canada, revenue that we generate from its sales may be limited.

Sales of *EGRIFTA®* or any approved product that we may commercialize will depend upon the acceptance of such product by physicians, patients and third-party payors. The degree of market acceptance of any product will depend on a number of factors, including:

- demonstrated product safety, including the prevalence and severity of side effects, and effectiveness as a treatment that addresses a significant unmet medical need;
- storage requirements, dosing regimen and ease of administration;
- the availability of competitive alternatives;
- our ability to obtain and maintain sufficient third-party coverage for reimbursement from government health care programs, including U.S. Medicare and Medicaid, private health insurers and other third-party payors;
- the willingness and ability of patients to pay out-of-pocket for medications;
- the product price; and
- the effectiveness of sales and marketing efforts.

If *EGRIFTA®*, or any other approved product we may commercialize, does not achieve adequate sales, we may not generate sufficient revenue to be profitable. Moreover, if we do not generate sufficient revenue from the sale of our products, we may default on our payment obligations under the EMD Serono Termination Agreement and EMD Serono could exercise its rights under its security interest over all of our tesamorelin-related assets.

We are dependent on collaboration and licensing agreements for the commercialization of EGRIFTA® in Latin America, Africa and the Middle East, certain European countries and South Korea. These agreements place the commercialization of EGRIFTA® in these markets outside of our control.

Although each of our collaboration and licensing agreements with sanofi, AOP, BL&H, PRX and Praxis contain provisions governing their responsibilities as partners for the commercialization of *EGRIFTA®* in their respective territories, our dependence on these commercial partners is subject to a number of risks, including:

- our limited control of the amount and timing of resources that they will be devoting to the commercialization, marketing and distribution of *EGRIFTA®*, including obtaining third-party patient reimbursement coverage, which could adversely affect our ability to obtain or maximize revenues;
- disputes or litigation that may arise between us and them, which could adversely affect the commercialization of *EGRIFTA®*, all of which would divert our management's attention and our resources;
- sanofi, AOP, BL&H, PRX or Praxis not properly defending our intellectual property rights or using them in such a way as to expose us to potential litigation, which could, in both cases, adversely affect the value of our intellectual property rights;
- corporate reorganizations or changes in business strategies of sanofi, AOP, BL&H, PRX or Praxis which could adversely affect their willingness or ability to fulfill their obligations under our agreement; and
- sanofi, AOP, BL&H, PRX or Praxis being found in breach of local laws.

Our collaboration and licensing agreements may be terminated by sanofi, AOP, BL&H, PRX and Praxis in the event of a breach by us of our obligations under such agreement, including our obligation to supply *EGRIFTA®*, for which we rely on third parties. If any of sanofi, AOP, BL&H, PRX and Praxis terminates its agreement with us or fails to effectively commercialize *EGRIFTA®*, for any of the foregoing or other reasons, we may not be able to replace any of them in those markets and the occurrence of any of the abovementioned events would affect our operating results.

We face competition and the development of new products by other companies could materially adversely affect our business and operating results.

The biopharmaceutical and pharmaceutical industries are highly competitive and we must compete with pharmaceutical companies, biotechnology companies, academic and research institutions as well as governmental agencies for the development and commercialization of products, most of which have substantially greater financial, technical and personnel resources than us. We believe that there is no drug product competing directly with *EGRIFTA*®. However, we face competition from companies selling human growth hormone, testosterone, insulin sensitizing agents, GLP-1 receptor agonists and sermorelin as those products may be prescribed by physicians. In addition, other approaches to reduce visceral adipose tissue in the abdominal area include coping mechanisms such as lifestyle modification (diet and exercise), switching antiretroviral therapies, or ARTs, or liposuction. Finally, a company could file an ANDA with the FDA with the aim of selling and marketing a generic version of *EGRIFTA*®.

Risks Related to Ibalizumab

Ibalizumab is an investigational drug that may never be approved by the FDA. If ibalizumab is not approved for commercialization by the FDA, our growth and profitability will be materially adversely affected. Even if approved, significant restrictions limiting its use could have a material adverse effect on our business, financial condition and operating results.

Ibalizumab is an investigational drug for which a BLA was filed with the FDA in May 2017.

Although ibalizumab was designated a “Breakthrough Therapy” by the FDA, and although TaiMed has followed the regulatory requirements in connection with the conduct of clinical trials, there can be no guarantee that the FDA will approve ibalizumab for commercialization. Even if the results obtained to date appear positive, these results could prove to be unsatisfactory to the FDA from a safety, efficacy and/or quality standpoint and the FDA could refuse to approve ibalizumab. Even if the FDA approves ibalizumab, the indication for which ibalizumab can be used could be restricted, limiting the patient population and market to be addressed by ibalizumab. The non-approval of ibalizumab or the imposition of a significant limitation of use on ibalizumab would have a material adverse effect on our potential growth and profitability.

In addition, the non-approval of ibalizumab by the FDA or the imposition of significant restrictions on its use would have a material adverse effect on our business, financial condition and operating results given the pre-commercialization expenses related to ibalizumab incurred in our 2017 financial year.

We are relying on TaiMed for the filing and negotiation of the BLA with the FDA pursuant to the terms and conditions of the TaiMed Agreement. Any error by TaiMed in assembling the BLA documents or in analyzing the data resulting from the clinical trials using ibalizumab could delay issuance of a decision by the FDA, or could result in ibalizumab not being approved by the FDA. Any one or all of these occurrences would have a material adverse effect on our business, financial condition and operating results.

Pursuant to the terms of the TaiMed Agreement, TaiMed is responsible for all regulatory activities with the FDA related to obtaining the marketing approval of ibalizumab in the United States. Our sole right on ibalizumab prior to obtaining marketing approval from the FDA is to conduct pre-commercialization activities in anticipation of the approval of ibalizumab. Although we are consulted and have discussions with TaiMed from time to time on the submission of documents as part of the BLA with the FDA, we have no right to intervene in the preparation of these documents and in communicating with the FDA prior to the potential approval of ibalizumab. Therefore, we are relying solely on TaiMed for the filing and negotiation of the BLA. If TaiMed fails to adequately file the appropriate documents or to negotiate effectively with the FDA, delays in a decision of the FDA may occur, or the FDA could issue a complete response letter and deny the approval of ibalizumab. Any one or all of these occurrences will have a material adverse effect on our business, financial condition and operating results.

We are relying on TaiMed for the supply of ibalizumab under the TaiMed Agreement and such reliance may adversely affect our revenues and financial prospects if TaiMed is unable to supply ibalizumab to meet demand.

TaiMed will be our sole supplier of ibalizumab. TaiMed does not own or operate any manufacturing facilities for the production of ibalizumab and has sub-contracted the manufacture of ibalizumab to WuXi AppTec Biopharmaceuticals Co., Ltd., or WuXi, a Chinese-based company. WuXi is, in turn, the sole supplier of ibalizumab to TaiMed.

We are not in a contractual relationship with WuXi and, therefore, we may not be able to interact with WuXi in the event WuXi encounters issues with the manufacture of ibalizumab which could adversely affect its supply. Under such circumstances, we will be relying on TaiMed to address any of these manufacturing issues with WuXi. We have no control over the time and effort that TaiMed will devote in finding solutions to supply issues if such were to occur, or any say on the solution itself. Any delay in addressing manufacturing issues or any solution addressing a manufacturing problem that is not to our liking could have a material adverse effect on the supply and sales of ibalizumab and, accordingly, materially adversely affect our revenues and financial prospects.

WuXi was audited by the FDA in connection with the filing of the BLA. The FDA inspection resulted in a series of observations which WuXi is currently addressing. If these observations are not addressed to the satisfaction of the FDA, the FDA could decide to refuse to approve ibalizumab for commercialization and this occurrence will have a material adverse effect on our business, financial condition and operating results.

Prior to approving a new drug, the FDA inspects its proposed manufacturer to ensure compliance with FDA regulation and GMP. WuXi was inspected by the FDA in July and August 2017. During the course of the inspection, the FDA attended to the manufacture of one batch of ibalizumab.

The outcome of the inspection resulted in the FDA providing WuXi with a FDA Form 483 citing a list of observations which require corrective actions. We are informed by TaiMed that WuXi is currently addressing these observations and implementing corrective measures. However, there can be no assurance that the FDA will accept those corrective measures in response to its observations. If such is the case, the FDA could delay the issuance of a decision on ibalizumab or issue a complete response letter to TaiMed resulting in the non-approval of ibalizumab. Even if the FDA accepts the corrective measures submitted to it, the FDA could seek a second inspection to ensure that these measures are applied in compliance with FDA regulation and GMP. If a second inspection is sought by the FDA, the decision of the FDA on the BLA filed by TaiMed could be delayed. And, if the corrective measures were not implemented to the satisfaction of the FDA, the FDA could refuse to approve ibalizumab. Delays in the decision to approve or not to approve ibalizumab in the United States and a decision not to approve ibalizumab will have a material adverse effect on our business, financial condition and operating results.

Our commercial success in generating sales from the commercialization of ibalizumab, if and when approved, will depend on a variety of factors, any of which could have a material adverse effect on our capacity to generate significant revenues if they do not materialize as anticipated.

Our success in commercializing ibalizumab will depend, amongst other, on our capacity:

- to deploy medical and commercialization campaigns that will be accepted by healthcare professionals, patients and third-party payors;
- to obtain and maintain reimbursement coverage from third-party payors;
- to register and keep the registration of ibalizumab on U.S. governmental forms as a drug available for purchase in the United States;
- to ensure that adequate supplies are available; and
- to maintain conflict-free relations with TaiMed, our agent in the United States, Syneos, our distributor and our specialty pharmacies.

Our success in commercializing ibalizumab in the United States will also depend on:

- the capacity of Syneos, in collaboration with us, to retain qualified, motivated and talented personnel; and
- the capacity of our third-party service providers to comply with all laws and regulation applicable to the conduct of their respective businesses, including those governing the manufacture of a drug product sold in the United States.

We are aware that ibalizumab may face competition from other products and competition may reduce our revenue potential if ibalizumab is commercialized. Lower revenues may entail that we may not be profitable if sales of other products we may commercialize are not sufficient to cover our expenses.

The pharmaceutical industry is characterized by intense competition and rapid innovation. Our potential competitors include large pharmaceutical and biotechnology companies, specialty pharmaceutical and generic drug companies, academic institutions, government agencies and research institutions, many of whom have greater financial, technical and human resources than us.

We monitor other ARTs, both already on the market and still under clinical development that may potentially be used to treat MDR HIV-1. Dolutegravir and darunavir, for instance, are the most commonly used in regimens for the treatment of MDR HIV-1. Other agents currently under clinical development programs include attachment inhibitors, long acting-ARTs and broadly neutralizing antibodies. None of these products have the same mechanism of action as ibalizumab.

Risks Related to Research and Development Activities

In connection with its approval of EGRIFTA®, the FDA has required the Observational Study and the Retinopathy Study.

The Observational Study is to evaluate the safety of long-term administration of *EGRIFTA®* and the Retinopathy Study is to assess whether *EGRIFTA®* increases the incidence or progression of diabetic retinopathy in diabetic HIV-infected patients with lipodystrophy and excess abdominal fat. Both studies are currently recruiting patients and since May 1, 2014, we have assumed responsibility for completing these studies. There can be no assurance that the two studies will be successfully completed or that the results of the studies will be positive. In the event that the studies are not completed or that the results are unfavorable, the FDA could prohibit the future sale, or put restrictions on future sale of *EGRIFTA®* in the United States, either of which would have a material adverse effect on our business, financial condition and operating results.

The conduct of clinical trials requires the enrolment of patients and difficulties in enrolling patients could delay the conduct of our clinical trials or result in their non-completion.

The conduct of clinical trials requires the enrolment of patients. We may have difficulties enrolling patients for the conduct of the Observational Study and the Retinopathy Study mandated by the FDA or our future clinical trials as a result of design protocol, the size of the patient population, the eligibility criteria to participate in the clinical trials, the availability of competing therapies, the patient referral practices of physicians and the availability of clinical trial sites. Difficulty in enrolling patients for our clinical trials could result in the cancellation of clinical trials or delays in completing them. Once patients are enrolled in a clinical trial, the occurrence of any adverse drug effects or side effects observed during the trial could result in the clinical trial being cancelled. If we are unable to complete the Observational Study and the Retinopathy Study within the time mandated by the FDA because we have difficulties enrolling patients for these studies, the FDA could withdraw *EGRIFTA®* from the market. Under these circumstances, our revenues and operating results would be materially adversely affected and we could be in default under our payment obligations to EMD Serono.

Our failure to develop a single vial formulation of EGRIFTA® would constitute an omission to meet one of the requirements mandated by the FDA at the time of approval of EGRIFTA® and this could lead to the withdrawal of EGRIFTA® from the U.S. market.

As part of our commitments with the FDA related to the approval of *EGRIFTA®*, we agreed to develop a single vial formulation of *EGRIFTA®*. We began working on the development of the F4 Formulation to meet this requirement. In order to be able to use the F4 Formulation in the current indication of *EGRIFTA®*, we must demonstrate that the F4 Formulation is bioequivalent with the current formulation and conduct additional stability testing. Factors such as study design, the number of people in the study, the responsiveness of people enrolled in the study to the administration of a drug, the safety and tolerability of people to the administered drug and its bioavailability to those people may adversely affect the results obtained during the tests and analysis we are conducting to demonstrate that the F4 Formulation is bioequivalent to the current formulation used to administer *EGRIFTA®*. If we fail to demonstrate that the F4 Formulation is bioequivalent to the current formulation, we will incur additional costs to develop a new single vial formulation for *EGRIFTA®* which we may not be able to do. If such was the case, we would not be meeting our commitment with the FDA and the FDA could withdraw *EGRIFTA®* from the market. Under such circumstances, this would have a material adverse effect on our business, financial condition and operating results.

Risks Related to Our Intellectual Property

Our failure to protect our intellectual property may have a material adverse effect on our ability to develop and commercialize our products.

We will be able to protect our intellectual property rights from unauthorized use by third parties only to the extent that our intellectual property rights are covered and protected by valid and enforceable patents, trademarks and copyrights or are effectively maintained as trade secrets. We try to protect our intellectual property position by, among other things, filing patent applications and trademark applications related to our proprietary technologies, inventions, improvements and tradenames that are important to the development of our business.

Because the patent and trademark position of pharmaceutical companies involves complex legal and factual questions, the issuance, scope, validity, and enforceability of patents and trademarks cannot be predicted with certainty. Patents and trademarks, if issued, may be challenged, invalidated or circumvented. For example, if our patents are invalidated or found to be unenforceable, we would lose the ability to exclude others from making, using or selling the inventions claimed. Moreover, an issued patent does not guarantee us the right to use the patented technology or commercialize a product using that technology. Third parties may have blocking patents that could be used to prevent us from developing our compounds, selling our products or commercializing our patented technology. Thus, patents that we own may not allow us to exploit the rights conferred by our intellectual property protection.

Our pending patent applications may not be issued or granted as patents. Even if issued, they may not be issued with claims of sufficient breadth to protect our product candidates and technologies or may not provide us with a competitive advantage against competitors with similar products or technologies. Furthermore, others may independently develop products or technologies similar to those that we have developed or may reverse engineer or discover our trade secrets through proper means. In addition, the laws of many countries do not protect intellectual property rights to the same extent as the laws of Canada, the United States and the European Patent Convention, and those countries may also lack adequate rules and procedures for defending intellectual property rights effectively.

We also rely on trade secrets, know-how and technology, which are not protected by patents, to maintain our competitive position. We try to protect this information by entering into confidentiality agreements with parties who have access to such confidential information, such as our current and prospective suppliers, distributors, manufacturers, commercial partners, employees and consultants. Any of these parties may breach the agreements and disclose confidential information to our competitors. It is possible that a competitor will make use of such information, and that our competitive position could be disadvantaged.

Enforcing a claim that a third party infringes on, has illegally obtained or is using an intellectual property right, including a trade secret or know-how, is expensive and time-consuming and the outcome is unpredictable. In addition, enforcing such a claim could divert management's attention from our business. If any intellectual property right were to be infringed, disclosed to or independently developed by a competitor, our competitive position could be harmed. Any adverse outcome of such litigation or settlement of such a dispute could subject us to significant liabilities, could put one or more of our pending patent applications at risk of being invalidated or interpreted narrowly, could put one or more of our patents at risk of not issuing, or could facilitate the entry of generic products.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. For example, confidential information may be disclosed, inadvertently or as ordered by the court, in the form of documents or testimony in connection with discovery requests, depositions or trial testimony. This disclosure would provide our competitors with access to our proprietary information and may harm our competitive position.

Our commercial success depends, in part, on our ability not to infringe on third party patents and other intellectual property rights.

Our capacity to commercialize *EGRIFTA®*, or other approved products, will depend, in part, upon our ability to avoid infringing third party patents and other third-party intellectual property rights. The biopharmaceutical and pharmaceutical industries have produced a multitude of patents and it is not always easy for participants, including us, to determine which patents cover various types of products, processes of manufacture or methods of use. The scope and breadth of patents is subject to interpretation by the courts and such interpretation may vary depending on the jurisdiction where the claim is filed and the court where such claim is litigated. The fact that we own patents for tesamorelin and for the treatment of HIV-related lipodystrophy in certain jurisdictions does not guarantee that we are not infringing one or more third-party patents in such jurisdictions and there can be no guarantee that we will not infringe or violate third-party patents and other third-party intellectual property rights in the United States or other jurisdictions.

For example, EMD Serono has listed a patent held by one of its affiliates in the Orange Book under the *Hatch-Waxman Act* with respect to *EGRIFTA®* in HIV-associated lipodystrophy. With the termination of the EMD Serono Agreement, EMD Serono could assert that such patent would be infringed by our continued sale of *EGRIFTA®* in the United States. To counter that risk, we have obtained a non-exclusive license from EMD Serono's affiliate under the EMD Serono Termination Agreement in order to continue selling *EGRIFTA®* in the United States. If we are in default under the EMD Serono Termination Agreement and such default is not cured within the agreed upon time, EMD Serono's affiliate could terminate our non-exclusive license. The termination of that license could prevent us from selling *EGRIFTA®* in the United States if we were found to infringe the patent listed by one of EMD Serono's affiliates in the Orange Book and this could have a material adverse effect on our business, financial condition and operating results.

Patent analysis for non-infringement is based in part on a review of publicly available databases. Although we review from time to time certain databases to conduct patent searches, we do not have access to all databases. It is also possible that we will not have reviewed some of the information contained in the databases or we found it to be irrelevant at the time we conducted the searches. In addition, because patents take years to issue, there may be currently pending applications that have not yet been published or that we are unaware of, which may issue later as patents. As a result, there can be no guarantee that we will not violate third-party patents.

Because of the difficulty in analyzing and interpreting patents, there can be no guarantee that a third party will not assert that we infringe such third-party's patents or any of its other intellectual property rights. Under such circumstances, there is no guarantee that we would not become involved in litigation. Litigation with any third party, even if the allegations are without merit, is expensive, time-consuming and would divert management's attention from the daily execution of our business plan. Litigation implies that a portion of our financial assets would be used to sustain the costs of litigation instead of being allocated to further the development of our business.

If we are involved in patent infringement litigation, we would need to prevail in demonstrating that our products do not infringe the asserted patent claims of the relevant patent, that the patent claims are invalid or that the patent is unenforceable. If we are found to infringe a third-party patent or other intellectual property right, we could be required to enter into royalty or licensing agreements on terms and conditions that may not be favorable to us, and/or pay damages, including up to treble damages in the United States (for example, if found liable of wilful infringement) and/or cease the development and commercialization of our product candidates. Even if we were able to obtain a license, the rights may be non-exclusive, which could result in our competitors gaining access to the same intellectual property and to compete with us.

We have not been served with any notice alleging that we infringe a third-party patent, but there may be issued patents that we are unaware of that our products may infringe, or patents that we believe we do not infringe but ultimately could be found to infringe. If we were to challenge the validity of a competitor's issued United States patent in a United States court, we would need to overcome a statutory presumption of validity that attaches to every United States patent. This means that, in order to prevail, we would have to present clear and convincing evidence as to the invalidity of the patent's claims. We cannot guarantee that a court would find in our favour on questions of infringement and validity. Any finding that we infringe or violate a third-party patent or other intellectual property right could materially adversely affect our business, financial condition and operating results.

Regulatory Risks

We may be subject to enforcement action if we engage in the off-label promotion of EGRIFTA® or any other products approved for commercialization. We may also be subject to enforcement action if we engage in the promotion of ibalizumab prior to obtaining regulatory approval.

Our promotional materials and training methods must comply with the *Federal Food, Drug and Cosmetic Act*, as amended, of the United States, or FFDCA, and other applicable laws and regulations, including restraints and prohibitions on the promotion of off-label, or unapproved, use. Physicians may prescribe *EGRIFTA®* and other approved products for off-label use without regard to these prohibitions, as the FFDCA does not restrict or regulate a physician's choice of treatment within the practice of medicine. However, if the FDA determines that our promotional materials or training of company employees or agents constitutes promotion of an off-label use, it could request that we modify our training or promotional materials, issue corrective action, or subject us to regulatory or enforcement actions, including but not limited to the issuance of an untitled letter or warning letter, and a judicial action seeking injunction, product seizure and civil or criminal penalties. It is also possible that other federal, state or non-U.S. enforcement authorities might take action if they consider our promotional or training materials to constitute promotion of an unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. Our reputation would also be damaged. Although our policy is to refrain from written or oral statements that could be considered off-label promotion of any approved product, the FDA or another regulatory agency, such as Health Canada, could disagree and conclude that we have engaged in off-label promotion. In addition, the off-label use of any approved product for commercialization may increase the risk of product liability claims. Product liability claims are expensive to defend and could divert our management's attention, result in substantial damage awards against us and harm our reputation.

We are not allowed to conduct promotional activities related to ibalizumab in the United States, Canada and Europe prior to obtaining regulatory approval since it is an investigational drug. Promotional activities may begin in one of those territories once a drug is approved by the FDA, in the United States, Health Canada, in Canada, and the European Medicine Agency, in certain European countries. We are only allowed to conduct certain medical activities surrounding the disease aimed to be treated with ibalizumab. If we are found to violate these rules, we could be subject to fines or other penalties.

The pharmaceutical industry is highly regulated and pharmaceutical companies are subject to various federal and state fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute and the federal False Claims Act.

Healthcare fraud and abuse regulations are complex, and even minor irregularities can potentially give rise to claims that a statute or prohibition has been violated. The laws that may affect our ability to operate include:

- the federal healthcare program's anti-kickback law, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs;
- federal false claims laws which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payers that are false or fraudulent;
- the federal Health Insurance Portability and Accountability Act of 1996, which created federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- the *Federal Food Drug and Cosmetic Act* and similar laws regulating advertisement and labeling; and
- Non-U.S. and U.S. state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payer, including commercial insurers.

In the United States, the federal anti-kickback law has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers or formulary managers on the other. Although there are several statutory exemptions and regulatory safe harbors protecting certain common activities from prosecution, the exemptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce or reward prescribing, purchasing or recommending may be subject to scrutiny if they do not qualify for an exemption or safe harbor. Most American states also have statutes or regulations similar to the federal anti-kickback law and federal false claims laws, which apply to items and services covered by Medicaid and other state programs, or, in several states, apply regardless of the payor. Administrative, civil and criminal sanctions may be imposed under these federal and state laws. Further, the Health Care Reform Law, among other things, amends the intent requirement of the U.S. federal anti-kickback and criminal healthcare fraud statutes. A person or entity can now be found guilty under the federal anti-kickback law without actual knowledge of the statute or specific intent to violate it. In addition, the Health Care Reform Law provides that the U.S. 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. Possible sanctions for violation of these anti-kickback laws include monetary fines, civil and criminal penalties, exclusion from Medicare and Medicaid programs and forfeiture of amounts collected in violation of such prohibitions. Any violations of these laws, or any action against us for violation of these laws, even if we successfully defend against it, could result in a material adverse effect on our reputation, business, financial condition and operating results.

To enforce compliance with the federal laws, the U.S. Department of Justice, or DOJ, scrutinizes interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Dealing with investigations can be time and resource consuming and can divert management's attention from the business. Additionally, if a healthcare provider settles an investigation with the DOJ or other law enforcement agencies, we may be forced to agree to additional onerous compliance and reporting requirements as part of a consent decree or corporate integrity agreement. Any such investigation or settlement could increase our costs or otherwise have an adverse effect on our business. Over the past few years, a number of pharmaceutical and other healthcare companies have been prosecuted under these laws for a variety of promotional and marketing activities, such as: providing free trips or items and gifts of value to prescribers, "sham" consulting fees and grants and other monetary benefits to prescribers; reporting inflated average wholesale prices that were then used by federal programs to set reimbursement rates; engaging in off-label promotion; and submitting inflated best price information to the Medicaid Rebate Program to reduce liability for Medicaid rebates.

In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians for marketing. Some states, such as California, Massachusetts and Vermont, mandate implementation of commercial compliance programs, along with the tracking and reporting of gifts, compensation and other remuneration to certain healthcare professionals. The shifting commercial compliance environment and the need to build and maintain robust and expandable systems to comply with different compliance and/or reporting requirements in multiple jurisdictions increase the possibility that a healthcare company may run afoul of one or more of the requirements.

If our activities are found to be in violation of these laws or any other federal and state fraud and abuse laws, we may be subject to penalties, including civil and criminal penalties, damages, fines and the curtailment or restructuring of our activities with regard to the commercialization of *EGRIFTA®*, or any other approved product that we commercialize, in the United States, which could harm the commercial success of *EGRIFTA®* and materially affect our business, financial condition and results of operations. We cannot guarantee that we will be able to mitigate all operational risks. In addition, we cannot guarantee that we, our employees, our consultants or our contractors are or will be in compliance with all potentially applicable U.S. federal and state regulations and/or laws. Because of the far-reaching nature of these laws, we may be required to alter or discontinue one or more of our business practices to be in compliance with these laws. If we fail to adequately mitigate our operational risks or if we or our agent fail to comply with any of those regulations, laws and/or requirements, a range of actions could result, including, but not limited to, the termination of clinical trials, the failure to approve a product candidate, restrictions on *EGRIFTA®* or another approved product, the withdrawal of *EGRIFTA®* or any other approved product from the market, significant fines, exclusion from government healthcare programs or other sanctions or litigation. Such occurrences could have a material adverse effect on our product sales, business and results of operations.

The scope and enforcement of these laws is uncertain and subject to rapid change in the current environment of healthcare reform. U.S. federal or state regulatory authorities might challenge our current of future activities under these laws. Any such challenge could have a material adverse effect on our reputation, business, results of operations and financial condition. Any state or federal regulatory review of us or the third parties with whom we contract, regardless of the outcome, would be costly and time-consuming.

Litigation Risks

If we fail to comply with our contractual obligations, undertakings and covenants under our agreements with our commercial partners and third-party service providers, we may be exposed to claims for damages and/or termination of these agreements, all of which could materially adversely affect the commercialization of EGRIFTA® and ibalizumab, if approved, our capacity to generate revenues and management's attention to the development of our business.

We rely on sanofi, AOP, BL&H, PRX and Praxis to commercialize and to obtain and maintain regulatory approvals of *EGRIFTA®* in the territories covered under our distribution and licensing agreements with each of them. We also rely on third-party service providers for sales, marketing and distribution activities in the United States and to manufacture *EGRIFTA®* for commercialization and tesamorelin for our clinical

trials. Finally, we will rely on TaiMed for the manufacture and supply of ibalizumab in connection with its commercialization. Under those agreements, we have assumed certain obligations, undertakings and covenants which, if breached by us and not remedied within the agreed upon periods, could expose us to claims for damages and/or termination of these agreements. If we are unable to meet our obligations under any of our agreements with sanofi, AOP, BL&H, PRX, Praxis and TaiMed as well as with third-party service providers which results in termination of such agreements, this will materially adversely affect our business, financial condition and operating results since we rely on one commercial partner per territory and single third-party service providers, each of whom performing key services for the success of our business plan. In addition, under the terms of the EMD Serono Termination Agreement, we have granted EMD Serono a security interest over all of our tesamorelin-related assets. If we are in breach of the EMD Serono Termination Agreement by failing to meet our payment obligations to EMD Serono, EMD Serono has the right to seize all of those tesamorelin-related assets. Unless we are able to generate sufficient revenues from *EGRIFTA®* or other assets, a breach of the payment provisions under the EMD Serono Termination Agreement by us will have a material adverse effect on our business and could lead to recourses under insolvency laws.

If product liability lawsuits are brought against us, they could result in costly and time-consuming litigation and significant liabilities.

Despite all reasonable efforts to ensure the safety of *EGRIFTA®* and any other product we may be commercializing, it is possible that we or our commercial partners will sell products which are defective, to which patients react in an unexpected manner, or which are alleged to have damaging side effects. The development, manufacture and sale of such products may expose us to potential liability, and the pharmaceutical industry has been subject to significant product liability litigation. Any claims, with or without merit, could result in costly litigation, reduced sales, significant liabilities and diversion of our management's time and attention and could have a material adverse effect on our financial condition, business and operating results. A product liability claim could also tarnish our reputation, whether or not such claims are with or without merit.

If a product liability claim is brought against us, we may be required to pay legal and other expenses to defend the claim and, if the claim is successful, damage awards may be substantial and/or may not be covered, in whole or in part, by our insurance. We may not have sufficient capital resources to pay a judgment, in which case our creditors could levy against our assets. We may also be obligated to indemnify our commercial partners and third-party service providers as well as make payments to other parties with respect to product liability damages and claims. Defending any product liability claims, or indemnifying others against those claims, could require us to expend significant financial and managerial resources and would have a material adverse effect on our reputation and our financial condition.

Geo-Political Risks

A variety of risks associated with our international business relationships could materially adversely affect our business.

International business relationships in the United States, Latin America, Africa, the Middle East, Europe, South Korea, Taiwan, China and elsewhere subject us to additional risks, including:

- disruptions of important government services;
- differing regulatory requirements for drug approvals in foreign countries;
- potentially reduced protection for intellectual property rights, including unexpected changes in the rules governing patents and their enforcement;
- potential third-party patent rights in foreign countries;
- the potential for so-called parallel importing, which is what happens when a local seller, faced with high or higher local prices, opts to import goods from a foreign market, with low or lower prices, rather than buying them locally;

- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation, or political instability, particularly in foreign economies and markets;
- compliance with tax, employment, immigration and labour laws for employees traveling abroad;
- foreign taxes;
- foreign exchange contracts and foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labour unrest is more common than in the United States and Canada;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

These and other risks of international business relationships may materially adversely affect our business, financial condition and operating results.

Risks Related to Information Technology Systems

We rely extensively on the information technology systems of third-party service providers to store data, such as personal identifiable information, regarding our commercial activities for EGRIFTA® and ibalizumab, if and when approved. Security breaches and other disruptions to those information technology systems could cause a violation of privacy laws, exposing us to liability which could cause our business and reputation to suffer.

In the ordinary course of business, we rely upon information technology and networks, most of which are managed by third-parties, to process, transmit and store electronic information to manage and support our business decisions and strategy. We have no control over and access to the information technology systems of third-party service providers where most of this information is stored and we are unable to assess whether appropriate measures have been implemented to prevent or limit a security breach of their information technology systems.

We also use our information technology systems to collect and store proprietary data, such as those related to our intellectual property, customers, employees and suppliers.

The secure and uninterrupted operation of third party information technology systems and of our systems is material to our business operations and strategy. Unauthorized access to data files held in our information technology systems or those of third parties could result in inappropriate use, change or disclosure of sensitive and/or personal data of our customers, employees, suppliers and patients. Any such access, disclosure or other loss of information could subject us to litigation, regulatory fines, penalties or reputational damages, any of which could have a material adverse effect on our competitive position, reputation, business, financial condition and operating results.

Other Risks Related to Our Business

We have contracted a debt under the EMD Serono Termination Agreement and collateralized all of our assets related to tesamorelin (including EGRIFTA®) in connection therewith. We may not be able to sell the collateralized assets if we need capital and our breach of the payment obligations under the EMD Serono Termination Agreement could allow EMD Serono to seize those assets, all of which would have a material adverse effect on our business.

Under the terms of the EMD Serono Termination Agreement, as amended, we agreed to pay an early termination fee of US $20,167,808, or Early Termination Fee, over a five-year period. There remain two payments of US $4,000,000 payable on each of May 1, 2018 and 2019. We also agreed to pay EMD Serono a confidential increasing royalty, or Royalties, based on annual net sales beginning in 2016. The Royalties will be paid until a confidential cumulative aggregate amount is reached or until January 1, 2024, the first of these events to occur.

In order to secure the payment of the Early Termination Fee, we granted EMD Serono a security interest on our present and future worldwide corporeal and incorporeal movable property related to tesamorelin until such time as the amount of US $20,167,808 has been reimbursed in full to EMD Serono. Thereafter, the Corporation and EMD Serono agreed to reduce the security interest to all present and future corporeal and incorporeal movable property related to tesamorelin in the United States only to secure the payment of the Royalties.

The granting of a security interest over our present and future worldwide corporeal and incorporeal movable property related to tesamorelin could prevent us from being able to dispose of these assets in the event we need additional capital to meet our obligations or expand our business. In addition, if we fail to meet our payment obligations to EMD Serono, EMD Serono may seize the assets subject to the security interest and, to the extent we have no other revenue-generating products, we could have to discontinue our operations and could resort to insolvency laws.

We did not generate a profit from our operation in the last fiscal year and there can be no guarantee that we will achieve consistent profitability.

We did not generate a profit in the fiscal year ended November 30, 2017 despite generating one in our previous fiscal year. Our profitability will mainly depend on our capacity to maintain the commercialization of *EGRIFTA®* successfully in the United States through a low-cost and effective distribution network, the recruitment and retention of talented personnel by Syneos, the deployment of an effective marketing campaign and through continued reimbursement coverage for *EGRIFTA®* under U.S. Medicare and Medicaid programs and under private-health insurers programs. Our profitability will also depend on sales of ibalizumab in the United States and on our capacity to control the costs associated with its launch and our sustained efforts to support its commercialization.

There is no guarantee that we or our commercial partners will succeed in commercializing *EGRIFTA®* and that *EGRIFTA®* will ever receive approval for commercialization in any jurisdictions and outside of the United States, Canada and Mexico. Also, there is no guarantee that ibalizumab will be approved, and, if approved, will be accepted by the marketplace and generate strong revenues. If revenues grow more slowly than we anticipate or if our operating expenses exceed our expectations, our business, financial condition and operating results could be materially adversely affected and we may never sustain profitability.

We may require additional funding and may not be able to raise the capital necessary to fund all or part of our capital requirements.

We may need financing in order to fund all or part of our capital requirements to sustain our growth, to develop our marketing and commercial capabilities, to meet our compliance obligations with various rules and regulations to which we are subject and to in-license or acquire new molecules or approved products. However, the market conditions or our business performance may prevent us from having access to the public market in the future at the times or in the amounts necessary. Therefore, there can be no guarantee that we will be able to continue to raise additional equity capital by way of public or private equity offerings

in the future. In such a case, we would have to use other means of financing, such as issuing debt instruments or entering into private financing or credit agreements, the terms and conditions of which may not be favorable to us. In addition, the issuance and sale of substantial amounts of equity, or other securities, or the perception that such issuances and sales may occur could adversely affect the market price of our common shares.

We depend on our current personnel to pursue our business plan and the loss of our key employees and the inability to attract and hire highly qualified individuals to replace the loss of our current key employees could have a material adverse effect on our business and growth potential.

Because of the specialized nature of our business, our success depends to a significant extent on the continued service of our key employees and on our ability to be able to attract, retain and motivate qualified manufacturing, managerial and scientific personnel. We have entered into employment agreements with our executive officers and provided them with long-term incentives as retention measures, but such agreements and incentives do not guarantee that our executive officers will remain employed by us for any significant period of time, or at all. In addition, we have a limited workforce to pursue our business plan and the loss of any of our key employees could materially adversely affect our business. Our third-party service provider, Syneos, has hired sales representatives and other qualified individuals to assist us with the commercialization of *EGRIFTA®* in the United States and ibalizumab, if approved. Although these individuals are not our employees, the loss of any of those individuals and the inability of Syneos to attract and retain these individuals could have a material adverse effect on the commercialization of *EGRIFTA®* and ibalizumab, if approved, and, accordingly, our business, financial condition and operating results. In addition, it could adversely affect the market price of our common shares.

There is intense competition for qualified personnel in the areas of our activities, and we and our third-party service providers may not be able to continue to attract and retain the qualified personnel necessary for the development of our business. Our failure and the failure of our third-party service providers to attract and retain such personnel could impose significant limits on our business operations and hinder our ability to successfully and efficiently realize our business plan.

We may not achieve our publicly announced milestones or our commercial objectives on time.

From time to time, we publicly announce the timing of certain events to occur or the attainment of certain commercial objectives. These statements are forward-looking and are based on the best estimate of management at the time, relating to the occurrence of such events. However, the actual timing of events such as beginning of commercialization of a product, levels of sales, revenues and other financial metrics may vary from what is publicly disclosed. These variations may occur as a result of a series of events, including problems with a supplier or a commercial partner, change in the procurement policy of a commercial partner or any other event having the effect of delaying the publicly announced timeline or reducing the publicly announced commercial objective. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of certain events having the effect of postponing such events or any variation in the occurrence of certain events having the effect of altering publicly announced commercial objectives could have a material adverse effect on our business, financial condition and operating results. In addition, it could adversely affect the market price of our common shares.

In connection with the reporting of our financial results, we are required to make estimates and assumptions, which involve uncertainties and any significant differences between our estimates and actual results could have an adverse impact on our reported financial position, operating results and cash flows.

The preparation of our consolidated financial statements requires that we 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 financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, our management evaluates our critical and other significant estimates and assumptions, including among others, those associated with revenue, provisions for sale deductions (cash discounts, allowances, returns, rebates, chargebacks and distribution fees), and contingent liabilities such as clinical trial expenses, recoverability of inventories, recoverability of intangible assets, measurements of derivative financial assets and share-based arrangements and capitalization of development expenditures. Any significant differences between our actual results and our estimates and assumptions could negatively impact our reported financial position, operating results and cash flows.

If we identify a material weakness in our internal controls over financial reporting, our ability to meet our reporting obligations and the trading price of our common shares could be negatively affected.

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 financial statements will not be prevented or detected on a timely basis. Accordingly, a material weakness increases the risk that the financial information we report contains material errors.

We regularly review and update our internal controls, disclosure controls and procedures, and corporate governance policies. In addition, we are required under Canadian securities laws to report annually on our internal control over financial reporting. Any system of internal controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. If we determine that our internal controls over our financial reporting are not effective, or we discover areas that need improvement in the future, these shortcomings could have an adverse effect on our business and financial results, and the price of our common shares could be negatively affected.

In addition, if we cannot conclude that we have effective internal controls over our financial reporting, investors could lose confidence in the reliability of our financial statements, which could lead to a decline in our stock price. Failure to comply with reporting requirements could also subject us to sanctions and/or investigations by the Canadian regulatory authorities.

Risks Related to Our Common Shares

Our share price has been volatile, and an investment in our common shares could suffer a decline in value.

Since our initial public offering in Canada, our valuation and share price have fluctuated immensely and 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 common shares. In the past, the market price of our common shares has fluctuated and will continue to fluctuate due to various factors including the risk factors described herein and other circumstances beyond our control. An investment in our common shares could decline in value or fluctuate significantly.

Our revenues and expenses may fluctuate significantly and any failure to meet financial expectations and/or our own financial guidance, if any, may disappoint securities analysts or investors and result in a decline in the price of our common shares.

Our revenues and expenses have fluctuated in the past and are likely to do so in the future. These fluctuations could cause our share price to decline. Some of the factors that could cause revenues and expenses to fluctuate include the following:

- the level of sales of *EGRIFTA*® in the United States and Canada;
- the approval, or non-approval, of ibalizumab in the United States and, if approved, the level of sales generated by ibalizumab;
- supply issues with *EGRIFTA*® or any other approved product we may commercialize;

- the inability to complete product development in a timely manner that results in a failure or delay in receiving the required regulatory approvals or allowances to commercialize product candidates;
- the timing and willingness of any current or future collaborators to invest the resources necessary to commercialize our product candidates;
- the outcome of any litigation;
- payment of fines or penalties for violations of laws;
- foreign currency fluctuations;
- the timing of achievement and the receipt of milestone or royalty payments from future third parties; and
- failure to enter into new or the expiration or termination of current agreements with third parties.

If our quarterly or annual operating results fall below the expectations of investors or securities analysts, or if we need to reduce our financial guidance, if any, the price of our common shares could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially.

We do not intend to pay dividends on our common shares and, consequently, the ability of investors to achieve a return on their investment will depend on appreciation in the price of our common shares.

We have never declared or paid any cash dividend on our common shares and we do not currently intend to do so in the foreseeable future. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business. Therefore, the success of an investment in our common shares will depend upon any future appreciation in their value. There is no guarantee that our common shares will appreciate in value or even maintain the price at which our shareholders have purchased their shares.

Our shareholder rights plan, the EMD Serono Termination Agreement and certain Canadian laws could delay or deter a change of control.

Our shareholder rights plan entitles a rights holder, other than a person or group holding 20% or more of our common shares, to subscribe for our common shares at a discount of 50% to the market price at that time, subject to certain exceptions.

The EMD Serono Termination Agreement provides that in the event there occurs a change of control of the Corporation, EMD Serono has the option to accelerate the payment of all of the unpaid Early Termination Fee.

The *Investment Canada Act* (Canada) subjects an acquisition of control of a company by a non-Canadian to government review if the value of the assets as calculated pursuant to the legislation exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant minister is satisfied that the investment is likely to be a net benefit to Canada.

Any of the foregoing could prevent or delay a change of control and may deprive or limit strategic opportunities for our shareholders to sell their shares.

Consolidated Financial Statements
(In thousands of Canadian dollars)

THERATECHNOLOGIES INC.

November 30, 2017 and 2016

THERATECHNOLOGIES INC.

Table of Contents
(In thousands of Canadian dollars)

KPMG LLP
600 de Maisonneuve Blvd. West
Suite 1500, Tour KPMG
Montréal (Québec) H3A 0A3
Canada

Telephone (514) 840-2100
Fax (514) 840-2187
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Theratechnologies Inc.

We have audited the accompanying consolidated financial statements of Theratechnologies Inc., which comprise the consolidated statements of financial position as at November 30, 2017 and November 30, 2016, the consolidated statements of comprehensive (loss) income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Theratechnologies Inc. as at November 30, 2017 and November 30, 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

February 6, 2018

Montréal, Canada

* CPA auditor, CA, public accountancy permit No. A110592

THERATECHNOLOGIES INC.

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

November 30, 2017 and November 30, 2016

	Note	2017	2016
Assets			
Current assets:			
Cash		$ 1,760	$ 1,059
Bonds and money market funds	8	21,303	6,644
Trade and other receivables	9	9,737	6,710
Inventories	11	9,339	12,265
Prepaid expenses		1,012	1,129
Derivative financial assets	18(b)	1,444	615
Total current assets		44,595	28,422
Non-current assets:			
Bonds and money market funds	8	9,866	3,900
Property and equipment	12	62	47
Intangible assets	13	21,772	20,605
Total non-current assets		31,700	24,552
Total assets		$ 76,295	$ 52,974
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	14	$ 23,201	$ 10,216
Provisions	15	753	453
Current portion of long-term obligation	16	4,676	4,665
Deferred revenue		–	99
Total current liabilities		28,630	15,433
Non-current liabilities:			
Long-term obligation	16	4,543	8,902
Warrant liability	17	–	1,748
Total non-current liabilities		4,543	10,650
Total liabilities		33,173	26,083
Equity			
Share capital	18	328,660	291,529
Contributed surplus		15,115	14,190
Deficit		(300,725)	(280,667)
Accumulated other comprehensive income		72	1,839
Total equity		43,122	26,891
Commitments	25		
Total liabilities and equity		$ 76,295	$ 52,974

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

Approved by the Board of Directors

(signed) Paul Pommier Director

(signed) Jean-Denis Talon Director

THERATECHNOLOGIES INC.

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

Years ended November 30, 2017 and 2016

	Note	2017	2016
Revenue			
Net sales		$ 42,861	$ 37,067
Royalties and licence fees		3	5
Total revenue		42,864	37,072
Operating expenses			
Cost of sales			
Cost of goods sold		4,991	4,314
Other production related costs (income)		1,296	(86)
Royalties		3,986	2,430
Research and development expenses, net of tax credits of nil (2016 - $639)	10	11,856	6,955
Selling and market development expenses	6	26,017	14,658
General and administrative expenses		5,816	4,863
Total operating expenses		53,962	33,134
(Loss) profit from operating activities		(11,098)	3,938
Finance income	7	338	104
Finance costs	7	(7,690)	(2,993)
		(7,352)	(2,889)
(Loss) profit before income taxes		(18,450)	1,049
Income tax expense	19	–	(639)
Net (loss) profit		(18,450)	410
Other comprehensive (loss) income, net of tax			
Items that may be reclassified to net profit in the future:			
Net change in fair value of available-for-sale financial assets, net of tax		(99)	(4)
Exchange difference on translation		(1,668)	317
		(1,767)	313
Total comprehensive (loss) income		$ (20,217)	$ 723
(Loss) earnings per share:			
Basic	18(e)	$ (0.25)	$ 0.01
Diluted		(0.25)	0.01

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

THERATECHNOLOGIES INC.

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

Years ended November 30, 2017 and 2016

	Note	Share capital Number of shares	Share capital Amount	Contributed surplus	Deficit	Accumulated other comprehensive income	Total
			$	$	$	$	$
Balance as at November 30, 2015		65,615,603	290,994	8,581	(281,077)	1,526	20,024
Total comprehensive income							
Net profit		–	–	–	410	–	410
Other comprehensive income:							
Net change in fair value of available-for-sale financial assets, net of tax		–	–	–	–	(4)	(4)
Exchange differences on translation		–	–	–	–	317	317
Total comprehensive income		–	–	–	410	313	723
Transactions with owners, recorded directly in equity							
Exercise of broker warrants	18(a)	60,000	174	(30)	–	–	144
Share-based compensation plan:							
Share-based compensation for stock option plan	18(b)	–	–	563	–	–	563
Exercise of stock option:							
Monetary consideration	18(d)	320,466	222	–	–	–	222
Attributed value		–	139	(139)	–	–	–
Share-based payment	13	–	–	5,215	–	–	5,215
Total contributions by owners		380,466	535	5,609	–	–	6,144
Balance as at November 30, 2016		65,996,069	291,529	14,190	(280,667)	1,839	26,891
Total comprehensive loss							
Net loss for the year		–	–	–	(18,450)	–	(18,450)
Other comprehensive loss:							
Net change in fair value of available-for-sale financial assets, net of tax		–	–	–	–	(99)	(99)
Exchange differences on translation		–	–	–	–	(1,668)	(1,668)
Total comprehensive loss		–	–	–	(18,450)	(1,767)	(20,217)
Transactions with owners, recorded directly in equity							
Public issue of common shares	18(a)	5,323,000	16,501	–	–	–	16,501
Issuance of broker options	18(a)	–	–	183	–	–	183
Share issue costs	18(a)	–	–	–	(1,608)	–	(1,608)
Exercise of broker warrants	18(a)	124,000	360	(62)	–	–	298
Exercise of common share purchase warrants		2,380,900	15,531	(40)	–	–	15,491
Exercise of broker options	18(a)	173,530	687	(149)	–	–	538
Issuance of common shares - TaiMed	13	906,077	4,001	–	–	–	4,001
Share-based compensation plan:							
Share-based compensation for stock option plan	18(d)	–	–	1,015	–	–	1,015
Exercise of stock options:							
Monetary consideration		58,474	29	–	–	–	29
Attributed value		–	22	(22)	–	–	–
Total contributions by owners		8,965,981	37,131	925	(1,608)	–	36,448
Balance as at November 30, 2017		74,962,050	328,660	15,115	(300,725)	72	43,122

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

THERATECHNOLOGIES INC.

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

Years ended November 30, 2017 and 2016

	Note	2017	2016
Cash flows from (used in):			
Operating:			
Net (loss) profit		$ (18,450)	$ 410
Adjustments for:			
Depreciation of property and equipment	12	24	101
Amortization of intangible assets	13	1,968	2,007
Change in deferred revenue		(96)	75
Share-based compensation for stock option plan		1,015	563
Income tax expense		–	639
Tax credits		–	(639)
Write-down of inventories	11	1,144	(36)
Change in fair value of derivative financial assets	18(b)	(770)	(283)
Change in fair value of liability related to deferred stock unit plan	18(b)	761	280
Change in fair value of warrant liability and related exchange loss		6,654	1,046
Interest income		(338)	(104)
Interest received		(105)	59
Accretion expense	7	1,371	1,930
Foreign exchange		(1,658)	(147)
Gain on expired common share purchase warrants		(54)	–
		(8,534)	5,901
Changes in operating assets and liabilities:			
Trade and other receivables		(3,324)	(2,101)
Inventories		1,261	599
Prepaid expenses		79	299
Accounts payable and accrued liabilities		12,657	(2,158)
Provisions		316	151
		10,989	(3,210)
		2,455	2,691
Financing:			
Repayment of long-term obligation		(5,390)	(5,196)
Proceeds from issue of common shares		16,501	–
Share issue costs		(1,425)	(25)
Proceeds from exercise of stock options		29	222
Proceeds from exercise of broker warrants	18(a)	298	144
Proceeds from exercise of broker options	18(a)	538	–
Proceeds from exercise of common share purchase warrants		7,143	–
		17,694	(4,855)
Investing:			
Acquisition of intangible assets	13	(53)	(1,568)
Acquisition of property and equipment	12	(42)	(31)
Proceeds from sale of bonds and money market funds		32,422	39,713
Acquisition of bonds and money market funds		(53,029)	(50,692)
Proceeds from prepayment of derivative financial assets		–	4
Acquisition of prepayment of derivative financial assets		(59)	–
		(20,761)	(12,574)
Net change in cash		(612)	(14,738)
Cash, beginning of year		1,059	15,350
Effect of foreign exchange on cash		1,313	447
Cash, end of year		$ 1,760	$ 1,059

See Note 21 for other information.

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

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

The 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:

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on February 6, 2018.

Basis of measurement

The Company's consolidated financial statements have been prepared on a going concern and historical cost bases, except for available-for-sale financial assets, derivative financial assets, liabilities related to the stock options plans, and the warrant liability, which are measured at fair value.

The methods used to measure fair value are discussed further in Note 24.

Functional and presentation currency

Effective December 1, 2014, the Company's functional currency is the United States dollar ("USD").

These consolidated financial statements are presented in Canadian dollars ("CAD") since management believes that this currency is more useful for the users of the consolidated financial statements. The exchange difference resulting from the translation of the consolidated financial statements from USD to CAD is included in "Accumulated other comprehensive income" presented in equity.

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

1. Basis of preparation (continued):

Use of estimates and judgments

The preparation of the Company's consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting year.

Judgments in applying accounting policies

Information about critical judgments in applying accounting policies and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements is noted below.

Revenue

Revenue recognition is subject to critical judgments, particularly in collaboration agreements that include multiple deliverables, as judgment is required in allocating revenue to each component, including up-front payments, milestone payments, research services, royalties and licence fees and sale of goods.

Milestone payments related to ibalizumab

The determination of probability to pay the milestones related to the commercialization rights to ibalizumab is subject to critical judgements (Note 13).

Key sources of estimation uncertainty

Key sources or estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Sales promotional programs

Management uses judgment in estimating provisions for sale deductions such as cash discounts, allowances, returns, rebates, chargebacks and distribution fees (see Notes 2(i) and 4 for additional information).

Royalties payable

Management uses judgment in estimating the amount of royalties payable under the terms of agreement terminating the collaboration and licensing agreement with EMD Serono, Inc. (the "EMD Serono Termination Agreement") (Note 25(a)). The amount estimated is calculated as a percentage of net sales of its products realized by the Company's licensees. Net sales are provided by licensees or estimated by management using estimates of revenues from product sales less the licensees estimates for cash discounts, allowances, rebates and chargebacks.

1. Basis of preparation (continued):

Use of estimates and judgments (continued)

Key sources of estimation uncertainty (continued)

Other

Other areas of judgment and uncertainty relate to the estimation of accruals for clinical trial expenses, the recoverability of inventories, the measurement and recoverability of intangible assets, the measurement of derivative financial assets, and the measurement of the long-term obligation and share-based arrangements.

Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures management intends to take. Actual results could differ from those estimates.

The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2. Significant accounting policies:

The accounting policies have been applied consistently by the subsidiaries of the Company.

Basis of consolidation

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries are entities controlled by the Company. Control is present where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into consideration. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Company.

Intercompany balances and transactions, revenues and expenses resulting from transactions between subsidiaries and with the Company are eliminated in preparing the consolidated financial statements.

2. Significant accounting policies (continued):

Foreign currencies

Transactions in foreign currencies are translated to the functional currency at exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate in effect at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the reporting year, adjusted for effective interest and payments during the reporting year, and the amortized cost in foreign currency translated at the exchange rate in effect at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate in effect at the date on which the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate in effect at the date of the transaction. Foreign currency differences arising on translation are recognized in net profit, except for differences arising on the translation of available-for-sale equity instruments, which are recognized in other comprehensive income. The foreign exchange gain or loss arising from the conversion of the consolidated financial statements from USD, its functional currency to CAD and its reporting currency, is recorded in accumulated other comprehensive income.

Revenue recognition

Collaboration agreements that include multiple deliverables are considered to be multi-element arrangements. Under this type of arrangement, the identification of separate units of accounting is required and revenue is allocated among the separate units based on their relative fair values.

Payments received under a collaboration agreement may include up-front payments, milestone payments, research services, royalties and licence fees, and payments for sale of goods. Revenues for each unit of accounting are recorded as described below.

2. Significant accounting policies (continued):

Revenue recognition (continued)

(i) Net sales

Revenues from the sale of goods are recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue from the sale of goods is recognized net of estimated cash discounts, allowances, returns, rebates, chargebacks and distribution fees paid to its wholesalers at the time the related revenue is recorded or when the incentives are offered. The Company offers cash discounts for prompt payment to wholesalers. Cash discounts and allowances are estimated based on contractual sales terms with customers and historical payment experience. The Company allows customers to return product within a specified period of time before and after its expiration date. Provisions for returns are estimated based on historical return levels, taking into account additional available information on contract changes. The Company is subject to rebates on sales made under governmental and commercial rebate programs, and chargebacks on sales made to government agencies and retail pharmacies. Rebates and chargebacks are estimated based on historical experience, relevant statutes with respect to governmental pricing programs, and contractual sales terms. Distribution fees are estimated based on contractual terms with distributors.

(ii) Royalties and licence fees

Royalties and licence fees are recognized when conditions and events under the licence agreement have occurred, the Company can make a reasonable estimate of the amount earned and collectibility is reasonably assured.

(iii) Research services

Revenues from research contracts are recognized when services to be provided are rendered and all conditions under the terms of the underlying agreement are met.

(a) Up-front payments and initial technology access fees

Up-front payments and initial technology access fees are deferred and recognized as revenue on a systematic basis over the period during which the related products or services are delivered and all obligations are performed.

(b) Milestone payments

Revenues subject to the achievement of milestones are recognized only when the specified events have occurred and collectibility is reasonably assured.

2. Significant accounting policies (continued):

Cost of sales

Cost of goods sold

Cost of goods sold includes the cost of raw materials, supplies, direct labour and overhead charges allocated to goods sold.

Unallocated production costs

Unallocated production costs include unallocated indirect costs related to production as well as write-downs of inventories.

Royalties

Royalties include royalties payable under the EMD Serono Termination Agreement (Note 25(a)).

Employee benefits

Salaries and short-term employee benefits

Salaries and short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term profit-sharing or cash bonus plans if the Company has a legal or constructive obligation to pay an amount as a result of past services rendered by an employee and the obligation can be estimated reliably.

Post-employment benefits

Post-employment benefits include a defined contribution plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense when due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. The Company's defined contribution plan comprises the registered retirement savings plan, the Québec Pension Plan and employment insurance.

Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

2. Significant accounting policies (continued):

Finance income and finance costs

Finance income comprises interest income on available-for-sale financial assets and gains (losses) on the disposal of available-for-sale financial assets. Interest income is recognized as it accrues in net profit using the effective interest method.

Finance costs comprise bank charges, accretion expense on the long-term obligation, impairment losses on financial assets recognized in net profit, changes in fair value of liabilities and derivatives, unrealized foreign currency gain or loss on long-term obligation and other foreign currency gains and losses which are reported on a net basis.

Inventories

Inventories are presented at the lower of cost, determined using the first-in, first-out method, and net realizable value. Inventory costs include the purchase price and other costs directly related to the acquisition of materials and other costs incurred in bringing the inventories to their present location and condition. The Company is responsible for coordinating the production and stability testing and for auditing suppliers at different times during the manufacturing process. Inventory costs also include the costs directly related to the conversion of materials into finished goods. Net realizable value is the estimated selling price in the Company's ordinary course of business less the estimated costs of completion and selling expenses.

Work in progress inventory appears from the moment third party suppliers use the material provided by the Company until the time the Company receives the finished product. The value of work in progress inventory is equal to the value of material provided by the Company plus all conversion work performed by third party suppliers.

Derivative financial instruments

Derivative financial instruments are recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. The changes in the fair value of derivatives are recognized through profit or loss in the year in which they occur.

Property and equipment

Recognition and measurement

Items of property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and the costs of dismantling and removing the item and restoring the site on which it is located, if any.

2. Significant accounting policies (continued):

Property and equipment (continued)

Recognition and measurement (continued)

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in net profit or loss.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of items of property and equipment are recognized in net profit or loss as incurred.

Depreciation

The estimated useful lives, methods of depreciation and depreciation rates and period are as follows:

Asset	Method	Rate/period
Computer equipment	Declining balance	50%
Laboratory equipment	Declining balance	20%
	and straight-line	5 years
Office furniture and equipment	Declining balance	20%

The method of depreciation is selected based on the most closely expected pattern of consumption of the future economic benefits embodied in the asset.

Estimates for depreciation methods, useful lives and residual values are reviewed at each year-end and adjusted if appropriate.

Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

2. Significant accounting policies (continued):

Intangible assets (continued)

Research and development (continued)

Development activities involve a plan or design for the production of new or substantially improved products and processes. A development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria are usually met when a regulatory filing has been made in a major market and approval is considered highly probable. The expenditure capitalized includes the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are expensed as incurred. Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses.

During the years ended November 30, 2017 and 2016, no development expenditures were capitalized.

Commercialization rights

Commercialization rights acquired by the Company have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent changes in the fair value of the contingent considerations on acquisition of intangible assets are recorded in the cost of the asset. Commercialization rights - *EGRIFTA*® are amortized at fixed rates based on their estimated useful life of 111 months on a straight-line basis. Commercialization rights - ibalizumab will be amortized after marketing approval of ibalizumab is obtained.

The amortization method and useful life of intangible assets are reviewed every year and adjusted as required.

Financial instruments

The Company's financial instruments are classified into one of three categories: loans and receivables, available-for-sale financial assets and other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost.

The Company has classified its bonds as available-for-sale financial assets. The Company has presented its bonds with a maturity of less than 12 months as current assets. The Company has classified cash and trade and other receivables as loans and receivables and accounts payable and accrued liabilities, as well as long-term obligation, have been classified as other financial liabilities.

2. Significant accounting policies (continued):

Financial instruments (continued)

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented within equity. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to net profit.

Financial assets and liabilities are initially recognized on the date on which they originate at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

Leases

Operating lease payments are recognized in net profit on a straight-line basis over the term of the lease.

Lease inducements arising from leasehold improvement allowances and rent-free periods form an integral part of the total lease cost and are deferred and recognized in net profit over the term of the lease on a straight-line basis.

Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each financial statement reporting date to determine whether there is objective evidence that it is impaired. The Company considers that a financial asset is impaired if objective evidence indicates that one or more loss events had a negative effect on the estimated future cash flows of that asset and if the effect can be estimated reliably.

An impairment test is performed on an individual basis for each material financial asset. Other individually non-material financial assets are tested as groups of financial assets with similar risk characteristics. Impairment losses are recognized in net profit.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net profit and reflected in an allowance account against the respective financial asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net profit.

2. Significant accounting policies (continued):

Impairment (continued)

Financial assets (continued)

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in unrealized gains (losses) on available-for-sale financial assets in equity, to net profit. The cumulative loss that is removed from other comprehensive income and recognized in net profit is the difference between the acquisition cost, net of any principal repayment and amortization and the current fair value, less any impairment loss previously recognized in net profit. Changes in impairment provisions attributable to time value are reflected as a separate component of interest income.

If, in a subsequent year, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in net profit, then the impairment loss is reversed, with the amount of the reversal recognized in net profit. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows from other assets or groups of assets ("cash-generating unit"). The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, 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 or the cash-generating unit. Impairment losses recognized in prior years are determined by the Company at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An asset's carrying amount, increased through the reversal of an impairment loss, must not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2. Significant accounting policies (continued):

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are assessed by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in finance costs.

Chargebacks and rebates

Chargebacks and rebates are estimated based on historical experience, relevant statutes with respect to governmental pricing programs, and contractual sales terms.

Returns

Provisions for returns are estimated based on historical return levels, taking into account additional available information on contract changes. The Company reviews its methodology and adequacy of the provision for returns on a quarterly basis, adjusting for changes in assumptions, historical results and business practices, as necessary.

Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events (and therefore exists) but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or because the amount of the obligation cannot be estimated reliably.

Income taxes

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in net profit except to the extent that they relate to items recognized directly in other comprehensive income or in equity.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. Significant accounting policies (continued):

Income taxes (continued)

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and deferred tax losses that can be used against taxable profit in future years. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse and to fiscal losses when they will be used, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax liability is generally recognized for all taxable temporary differences.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-based compensation

Stock option plan

The Company records share-based compensation related to employee stock options granted using the fair-value-based method estimated using the Black-Scholes model. Under this method, compensation cost is measured at fair value at the date of grant and expensed, as employee benefits, over the period in which employees unconditionally become entitled to the options. The amount recognized as an expense is adjusted to reflect the number of options for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of options that do meet the related service conditions at the vesting date.

Share-based payment arrangements in which the Company receives services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

Share-based payment arrangements in which the Company purchases assets or receives services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

2. Significant accounting policies (continued):

Share-based compensation (continued)

Deferred stock unit plan

The deferred stock units ("DSUs") are totally vested on the date of grant and are settled in cash. In the case of the DSUs granted to officers for annual bonuses, a DSU liability is recorded on the date of grant in place of the liability for the bonus payments. In the case of the directors, the expense related to DSUs and their liabilities are recognized on the date of grant. The liability is adjusted to reflect any change in the market value of common shares.

Research and development

The Company elected to account for non-refundable research and development tax credits under IAS 20, *Accounting for Governmental Grants and Disclosures of Governmental Assistance.* Non-refundable research and development tax credits are included in earnings against gross research and development expenses or deducted from the related assets, provided there is reasonable assurance that the Company has complied and will comply with the conditions related to the tax credits and that the credits will be received.

Share capital

(i) Common shares

Common shares are classified as equity.

(ii) Warrants

Warrants issued in the functional currency of the Company are classified as equity.

Warrants issued in a currency that is not the functional currency of the Company are classified as a warrant liability.

(iii) Transaction costs

Costs directly attributable to the issue of common shares and warrants are recognized on a pro rata basis in equity, net of any tax effects, except for those costs attributable to warrants classified as a warrant liability where such costs are expensed in profit or loss.

2. Significant accounting policies (continued):

Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the net profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held, if applicable. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders by taking the weighted average number of common shares outstanding, adjusted for own shares held if applicable, and taking into consideration all dilutive potential common shares, which consist of the outstanding stock options and warrants.

3. Recent changes in accounting standards:

Amendments adopted

Amendments to IAS 1

In December 2014, the IASB issues amendments to IAS 1, Presentation of Financial Statements, as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). The adoption of these amendments, which did not require any change to current accounting practices, had no impact on the Company's financial statements.

New or revised standards and interpretations issued but not yet adopted

Amendments to IAS 7

On January 7, 2016, the IASB issued *Disclosure Initiative* (amendments to IAS 7). The amendments require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities from financing activities.

The amendments apply prospectively for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

The Company intends to adopt the amendments to IAS 7 in its financial consolidated statements for the annual period beginning on December 1, 2017. The Company does not expect the amendments to have a material impact on the financial statements.

3. Recent changes in accounting standards (continued):

New or revised standards and interpretations issued but not yet adopted (continued)

Amendments to IFRS 2

On June 20, 2016, the IASB issued amendments to IFRS 2, Share-based Payment, clarifying how to account for certain types of share-based payment transactions.

The amendments apply for annual periods beginning on or after January 1, 2018. As a practical expedient, the amendments can be applied prospectively. Retrospective application is permitted if information is available without the use of hindsight.

The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholdings tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Company will adopt the amendments to IFRS 2 in its financial statements for the annual period beginning on December 1, 2018. The Company does not expect the amendments to have a material impact on the financial statements.

IFRS 15, *Revenue from Contracts with Customers*

On May 28, 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. The new standard is effective for annual periods beginning on or after January 1, 2018. IFRS 15 will replace IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRS 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers*, and SIC 31, *Revenue - Barter Transactions Involving Advertising Services*.

On April 12, 2016, the IASB issued *Clarification to IFRS 15*, *Revenue from Contracts with Customers*, which is effective at the same time as IFRS 15.

3. Recent changes in accounting standards (continued):

New or revised standards and interpretations issued but not yet adopted (continued)

IFRS 15, *Revenue from Contracts with Customers* (continued)

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and the application of the standard to licenses of intellectual property.

The Company will adopt IFRS 15 and the clarification in its financial statements for the annual period beginning on December 1, 2018. Based on a preliminary assessment, the Company does not expect the standard to have a material impact on the financial statements.

IFRS 9, *Financial Instruments*

On July 24, 2014, the IASB issued the complete IFRS 9 standard.

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new “expected credit loss” model for calculating impairment.

The Company will adopt IFRS 9 in its financial statements for the annual period beginning on December 1, 2018. The Company does not expect the standard to have a material impact on the financial statements.

3. Recent changes in accounting standards (continued):

New or revised standards and interpretations issued but not yet adopted (continued)

IFRS 16, *Leases*

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

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 IAS 17, *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 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, but the Company expects the majority of its operating leases will need to be recognized in the consolidated statement of financial position on initial adoption.

IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

On December 8, 2016, the IASB issued IFRIC Interpretation 22, *Foreign Currency Transactions and Advance Consideration.*

The Interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt.

The Interpretation is applicable for annual periods beginning on or after January 1, 2018.

The Interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

3. Recent changes in accounting standards (continued):

New or revised standards and interpretations issued but not yet adopted (continued)

IFRIC 22, *Foreign Currency Transactions and Advance Consideration* (continued)

The Interpretation may be applied either:

- Retrospectively; or
- Prospectively to all assets, expenses and income in the scope of the interpretation initially recognized on or after:
  - The beginning of the reporting period in which the entity first applies the Interpretation; or
  - The beginning of a prior reporting period presented as comparative information in the financial statements.

The Company will adopt the Interpretation in its financial statements for the annual period beginning on December 1, 2018. The Company does not expect the Interpretation to have material impact on the financial statements.

4. Revenue and deferred revenue:

On May 12, 2014, the Company entered into a master services agreement with RxC Acquisition Company ("RxCrossroads"), along with two statements of work ("RxCrossroads Agreements"). Under the terms of the RxCrossroads Agreements, RxCrossroads acts as the Company's exclusive third-party logistic service provider for all of the Company's products in the United States and, as such, provides warehousing and logistical support services to the Company, including inventory control, account management, customer support, product return management and fulfillment of orders.

Under the RxCrossroads Agreements, RxCrossroads also acts as the Company's exclusive third-party distributor of *EGRIFTA*® in the United States. In such role, RxCrossroads purchases *EGRIFTA*® from the Company and takes title thereto, when the goods arrive in their warehouse. RxCrossroads' purchases of *EGRIFTA*® are triggered by its expectations of market demand over a certain period of time. With respect to *EGRIFTA*®, RxCrossroads fulfills orders received from authorized wholesalers and delivers *EGRIFTA*® directly to that authorized wholesaler's client, namely, a specialty pharmacy forming part of our network of specialty pharmacies. See Note 26.

On November 1, 2017, we entered into amended and restated RxCrossroads Agreements to add ibalizumab as a potential product to be sold in the United States. These amended and restated RxCrossroads Agreements replaced the RxCrossroads Agreements entered into in May 2014. No revenue is received from sales of ibalizumab since it is not approved.

(In thousands of Canadian dollars)

4. Revenue and deferred revenue (continued):

The Company commercializes *EGRIFTA*® directly in Canada using a distributor and also has agreements in place for the distribution and commercialization of *EGRIFTA*® in markets outside of the United States and Canada. In each case, the commercial partner is responsible for the distribution and marketing of *EGRIFTA*®.

5. Personnel expenses:

	Note	2017	2016
Salaries and short-term employee benefits		$ 4,771	$ 4,052
Post-employment benefits		256	242
Share-based compensation	18(d)	1,015	563
		$ 6,042	$ 4,857

6. Selling and market development expenses:

	Note	2017	2016
Selling and market development expenses		$ 24,049	$ 12,651
Amortization of intangible assets	13	1,968	2,007
		$ 26,017	$ 14,658

7. Finance income and finance costs:

	Note	2017	2016
Interest income		$ 338	$ 104
Finance income		338	104
Accretion expense	16	(1,371)	(1,930)
Bank charges		(42)	(51)
Net foreign currency gain		466	10
Loss on financial instruments carried at fair value	7,18(b)	(6,797)	(1,022)
Gain on expired common share purchase warrants	17	54	–
Finance costs		(7,690)	(2,993)
Net finance cost recognized in net profit or loss		$ (7,352)	$ (2,889)

(In thousands of Canadian dollars)

7. Finance income and finance costs (continued):

Recognized in other comprehensive income:

	2017	2016
Net change in fair value of available-for-sale financial assets, net of tax	$ (99)	$ (4)
Finance costs recognized in other comprehensive income, net of tax	$ (99)	$ (4)

8. Bonds and money market funds:

	2017	2016
Bonds	$ 16,602	$ 4,132
Money market funds	14,567	6,412
	31,169	10,544
Current portion	(21,303)	(6,644)
Non-current portion	$ 9,866	$ 3,900

As at November 30, 2017, bonds were interest-bearing available-for-sale financial assets with stated interest rates from 1.3% to 4.8% and had an average maturity of 1.5 year.

As at November 30, 2016, bonds were interest-bearing available-for-sale financial assets with stated interest rates from 1.6% to 2.6% and had an average maturity of 1.33 year.

9. Trade and other receivables:

	2017	2016
Trade receivables	$ 9,617	$ 6,674
Sales tax receivable	92	30
Other receivables	28	6
	$ 9,737	$ 6,710

(In thousands of Canadian dollars)

10. Tax credits and grants receivable:

	2017	2016
Balance, beginning of year	$ –	$ –
Investment tax credits and grants received	–	(639)
Investment tax credits and grants recognized in net profit	–	639
Balance, end of year	$ –	$ –

Tax credits and grants receivable comprise research and development investment tax credits receivable from the Québec government which relate to qualifiable research and development expenditures under the applicable tax laws. The amounts recorded as receivables are subject to a government tax audit and the final amounts received may differ from those recorded. There are no unfulfilled conditions or contingencies associated with the government assistance received.

The Company has unused and unrecorded non-refundable federal tax credits which may be used to reduce future income tax and expire as follows:

2024	$ 619
2025	1,774
2026	2,178
2027	3,001
2028	3,329
2029	2,243
2030	1,111
2031	777
2032	407
2033	269
	$ 15,708

11. Inventories:

	2017	2016
Raw materials	$ 6,765	$ 8,030
Work in progress	–	450
Finished goods	2,574	3,785
	$ 9,339	$ 12,265

(In thousands of Canadian dollars)

11. Inventories (continued):

In 2017, the Company recorded an inventory provision of $22 on raw materials (2016 - $3), $1,132 on work in progress (2016 - nil) and $38 on finished goods (2016 - $1), and a reversal of $48 (2016 - nil) on raw material and nil on work in progress (2016 - $40). The net inventory provision was recorded in cost of sales as other production-related (income) costs in the amount of $1,170 (2016 - nil) and a reversal of $26 (2016 - nil) was recorded in cost of goods sold.

The write-downs in 2017 related to losses incurred during the conversion of raw materials to finished goods and losses associated with expired goods.

12. Property and equipment:

	Computer equipment	Laboratory equipment	Office furniture and equipment	Total
	$	$	$	$
Cost				
Balance as at November 30, 2015	130	167	91	388
Additions	32	–	4	36
Disposals	(50)	(125)	–	(175)
Effect of changes in exchange rates	(7)	(21)	–	(28)
Balance as at November 30, 2016	105	21	95	221
Additions	–	42	–	42
Effect of changes in exchange rates	(4)	(2)	(4)	(10)
Balance as at November 30, 2017	101	61	91	253
Accumulated depreciation				
Balance as at November 30, 2015	120	81	76	277
Depreciation	16	82	3	101
Effect of change in exchange rates	(8)	(21)	–	(29)
Disposals	(50)	(125)	–	(175)
Balance as at November 30, 2016	78	17	79	174
Depreciation	13	8	3	24
Effect of change in exchange rates	(3)	(1)	(3)	(7)
Balance as at November 30, 2017	88	24	79	191
Net carrying amounts				
November 30, 2016	27	4	16	47
November 30, 2017	13	37	12	62

12. Property and equipment (continued):

Depreciation expense for the year has been recorded in the following accounts in the consolidated statements of comprehensive income:

	2017	2016
Research and development expenses	$ 7	$ 8
Selling and market development expenses	4	83
General and administrative expenses	6	10
Cost of good sold	7	–
	$ 24	$ 101

(In thousands of Canadian dollars)

13. Intangible assets:

	Commercialization rights - ibalizumab North American Territory	Commercialization rights - ibalizumab European Territory	Commercialization rights - EGRIFTA®	Total
Cost				
Balance as at November 30, 2015	$ –	$ –	$ 18,749	$ 18,749
Additions	6,788	–	–	6,788
Effect of changes in exchange rates	203	–	107	310
Balance as at November 30, 2016	6,991	–	18,856	25,847
Additions	–	4,075	–	4,075
Effect of changes in exchange rates	(280)	(136)	(754)	(1,170)
Balance as at November 30, 2017	$ 6,711	$ 3,939	$ 18,102	$ 28,752
Accumulated amortization				
Balance as at November 30, 2015	$ –	$ –	$ 3,195	$ 3,195
Additions	–	–	2,007	2,007
Effect of changes in exchange rates	–	–	40	40
Balance as at November 30, 2016	–	–	5,242	5,242
Amortization	–	–	1,968	1,968
Effect of changes in exchange rates	–	–	(230)	(230)
Balance as at November 30, 2017	$ –	$ –	$ 6,980	$ 6,980
Carrying amounts				
November 30, 2017	$ 6,711	$ 3,939	$ 11,122	$ 21,772
November 30, 2016	6,991	–	13,614	20,605

The amortization expense is included in selling and market development expenses.

13. Intangible assets (continued):

Commercialization rights - ibalizumab

On March 18, 2016, the Company entered into a distribution and marketing agreement with Biologics, Inc. ("TaiMed"). On March 6, 2017, the Company entered into an amended and restated distribution and marketing agreement with TaiMed ("TaiMed Agreement") granting the Company the exclusive right to market and distribute ibalizumab in Canada and in the United States (collectively, the "North American Territory") as well as in European Union countries and other countries such as Israel, Norway, Russia and Switzerland (collectively, the "European Territory"). The TaiMed Agreement has a 12-year term that will expire on a country-by-country basis calculated from the date of approval of ibalizumab in each of the countries covered under the TaiMed Agreement. TaiMed is responsible to manufacture and supply ibalizumab under the TaiMed Agreement.

Commercialization rights - ibalizumab in the North American Territory

Under the terms of the TaiMed Agreement, TaiMed is responsible to develop ibalizumab and to seek its approval from the FDA, whereas the Company is responsible, but has no obligation, to seek approval of ibalizumab from Health Canada. The transfer price of ibalizumab has been determined at 52% of its net selling price with an additional amount equal to 10% of its net selling price in the relevant country payable to TaiMed until such additional amount equals US$5,500.

Initial payments

Under the TaiMed Agreement, the Company will make an initial payment of US$5,000 and will make further several milestone payments in exchange for the right to commercialize ibalizumab and the right to use TaiMed's trademark in the North American Territory.

The initial payment of US$5,000 is to be made in accordance with the following:

(i) US$1,000 was paid in cash at the signature of the TaiMed Agreement entered into in March 2016;

(ii) US$1,000 through the issuance of 957,169 Company's common shares, the common shares will be issued after the date on which both the first commercial sale of ibalizumab will be recorded and evidence that a manufacturing agreement has been entered into between TaiMed and its manufacturing subcontractor;

(iii) US$2,000 through the issuance of the Company's common shares based on the volume weighted average trading price of the common shares for the five business days immediately preceding the date of the marketing approval of ibalizumab in the United States; and

(In thousands of Canadian dollars)

13. Intangible assets (continued):

Initial payments (continued)

(iv) US$1,000 through the issuance of the Company's common shares based on the volume weighted average trading price of the common shares for the five business days immediately preceding the date of the first commercial sale of ibalizumab in the United States by the Company.

The Company recorded as additions to intangible assets during 2016 related to the TaiMed Agreement an amount of $6,788, which is represented by the cash payment of $1,304 (US$1,000) at the signature of the agreement, the share-based payment of $5,215 (US$4,000) and $269 of acquisition costs. The intangible asset will be amortized after the marketing approval of ibalizumab.

As the share-based payment of $5,215 (US$4,000) is equity settled, the Company recognized a corresponding increase in equity. Since the common shares have not been issued yet, the increase in equity is recorded in contributed surplus. Upon the issuance of the common shares, this amount will be reclassified in the share capital.

Commercial milestone payments

As further consideration under the TaiMed Agreement, the Company shall make the following one-time payment upon the first occurrence of the following commercial events:

Commercial milestone	Commercial milestone payment
(i) Achieving aggregate net sales of US$20,000 over four consecutive quarters of the Company's financial year	US$7,000 payable in two equal annual installments of US$3,500
(ii) Upon first achieving annual net sales of US$200,000	US$10,000
(iii) Upon first achieving annual net sales of US$500,000	US$40,000
(iv) Upon first achieving annual net sales of US$1,000,000	US$100,000

13. Intangible assets (continued):

Commercial milestone payments (continued)

The Company will also pay TaiMed development milestones for ibalizumab. A US$3,000 milestone (payable in two equal annual installments of US$1,500) is due upon the date of the first commercial sale of a once every two weeks intramuscular or subcutaneous route of administration. TaiMed is also planning a larger Phase III trial using ibalizumab with a 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 ibalizumab.

Commercialization rights - ibalizumab in the European Territory

Pursuant to the terms of the TaiMed Agreement, the Company will assume regulatory responsibilities and all costs related thereto to seek the approval of ibalizumab in the European Territory. TaiMed will assume the conduct and all costs related to additional clinical trials which could be mandated by the European Medicines Agency (or required under applicable law) in connection with seeking the marketing approval of ibalizumab in the European Territory. However, the Company and TaiMed will share equally the costs of any clinical trials imposed by a regulatory authority in the European Territory after the approval of ibalizumab.

The transfer price of ibalizumab has been determined at 52% of the net selling price of ibalizumab in a country forming part of the European Territory on annual net sales of ibalizumab in such country up to, or equal to US$50,000. If annual net sales of ibalizumab in the European Territory exceed US$50,000, the transfer price for sales occurring in a country forming part of the European Territory will be equal to 52% of the net selling price on sales of up to US $50,000 of ibalizumab in such country, plus an amount equal to 57% of the net selling price of ibalizumab in such country calculated on that portion of annual net sales in the European Territory that exceeds US$50,000.

Initial and milestone payments

The TaiMed Agreement also provides for the following development, launch and sales milestones paid or to be paid by the Company to TaiMed:

- An upfront payment of US$3,000, which was paid through the issuance of 906,077 common shares of the Company on March 17, 2017;
- An approval milestone payment representing 50% of the costs of the clinical trials and all associated development activities incurred by TaiMed, if any, to obtain marketing approval of ibalizumab in the European Union countries, payable quarterly and equal to 5% of net sales recorded in each quarter;

(In thousands of Canadian dollars)

13. Intangible assets (continued):

Initial and milestone payments (continued)

- A launch milestone payment of US$10,000 payable to TaiMed as follows:
  - US$5,000 one year after the first commercial sale of ibalizumab; and
  - US$5,000 one year after reaching net sales in the European Territory aggregating US$50,000 over four consecutive quarters;
- A milestone of US$10,000 upon net sales in the European Territory aggregating US$150,000 over four consecutive quarters;
- A milestone of US$20,000 upon net sales in the European Territory aggregating US$500,000 over four consecutive quarters; and
- A milestone of US$50,000 upon net sales in the European Territory aggregating US$1,000,000 over four consecutive quarters.

As a result of the TaiMed Agreement, the Company recorded as additions to intangible assets during 2017 an amount of $4,075, which is represented by the payment of $4,001 (US$3,000) paid through the issuance of 906,077 common shares of the Company and $74 of acquisition costs. The intangible assets will be amortized after the product launch of ibalizumab in the first country within the European Territory.

The commercial milestone payments will be accrued and recorded in the cost of the intangible asset when it is probable that they will be paid. The commercial milestone payments represent licence fee consideration and, therefore, will be added to the cost of the intangible asset as the Company's accounting policy considers changes in fair value against the asset's cost. In order to demonstrate that the commercial milestone payment is probable, the product will need to have been launched and there should be a sufficient history of sales to have a reasonable expectation that the commercial milestone payments will be reached. As at November 30, 2017, no commercial milestone payments were recognized.

14. Accounts payable and accrued liabilities:

	Note	2017	2016
Trade payables		$ 6,968	$ 3,114
Accrued liabilities and other payables		13,642	5,796
Salaries and benefits due to related parties	27	660	363
Employee salaries and benefits payable		509	342
Liability related to deferred stock unit plan	18(b)	1,422	601
		$ 23,201	$ 10,216

(In thousands of Canadian dollars)

15. Provisions:

	Chargebacks and rebates	Returns	Total
Balance as at November 30, 2015	$ 284	$ 20	$ 304
Provisions made	3,026	2	3,028
Provisions used	(2,878)	(2)	(2,880)
Effect of changes in exchange rate	1	–	1
Balance as at November 30, 2016	433	20	453
Provisions made	5,403	103	5,506
Provisions used	(5,182)	(7)	(5,189)
Effect of changes in exchange rate	(15)	(2)	(17)
Balance as at November 30, 2017	$ 639	$ 114	$ 753

16. Long-term obligation:

	2017	2016
Early Termination Fee	$ 9,219	$ 13,567
Current portion	(4,676)	(4,665)
	$ 4,543	$ 8,902

Under the terms of the EMD Serono Termination Agreement entered into on December 13, 2013, 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 Early Termination Fee. 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 were 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 as at November 30, 2017, of which US$8,000 remains payable.

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%.

(In thousands of Canadian dollars)

16. Long-term obligation (continued):

The movement in the long-term obligation for the current periods is as follows:

Balance as at November 30, 2016	$13,567
Payment	(5,390)
Accretion expense	1,371
Effect of changes in exchange rate	(329)
Balance as at November 30, 2017	$ 9,219

The long-term obligation of $10,314 (US$8,000) payable consists of the following as at November 30, 2017:

	Capital	Imputed interest	Total
	$	$	$
Less than one year	4,003	1,154	5,157
Between one and five years	4,543	614	5,157
	8,546	1,768	10,314

(In thousands of Canadian dollars)

17. 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 remeasured 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:

	Number of warrants	Liability amount
		$
Balance as at November 30, 2015	2,300,000	702
Change in fair value of warrant liability	–	1,025
Foreign currency loss	–	21
Balance as at November 30, 2016	2,300,000	1,748
Exercise of common share purchase warrants	(2,288,900)	(8,348)
Change in fair value of warrant liability	–	6,806
Foreign currency loss	–	(152)
Gain on expired common share purchase warrants	(11,100)	(54)
Balance as at November 30, 2017	–	–

The common share purchase warrants expired in August 2017.

18. Share capital:

Authorized in unlimited number and without par value:

Common shares;

Preferred shares issuable in one or more series.

All issued shares were fully paid on November 30, 2017 and 2016.

Common shareholders are entitled to receive dividends as declared by the Company at its discretion and are entitled to one vote per share at the Company's annual general meeting.

No preferred shares are outstanding.

(In thousands of Canadian dollars)

18. Share capital (continued):

(a) Public offering

On December 5, 2016, the Company completed a public offering for the sale and issuance of 5,323,000 common shares for a gross cash consideration of $16,501. The Company granted the underwriters an over-allotment option for the sale and issue 798,450 additional common shares at an issue price of $3.10 per share, exercisable for a period of 30 days from the date of the closing. The over-allotment option was not exercised. The Company also issued broker options for the sale and issue of 212,920 common shares at an issue price of $3.10 per share, exercisable for a period of 18 months from the date of the closing. As at November 30, 2017, 173,530 broker options were exercised for a cash consideration of $538. The fair value of the broker options amounted to $183 and has been recorded in the share issue costs, which totaled $1,608. The fair value of the broker options was determined using the Black-Scholes model and the following assumptions:

Risk-free interest rate	0.73%
Expected volatility	64.1%
Estimated life in years	1.5 year
Grant-date share price	$2.95
Broker option exercice price	$3.10

In January 2017, the remaining 124,000 broker warrants, issued in 2015, were exercised and 124,000 common shares and 62,000 common share purchase warrants were issued for a cash consideration of $298.

As at November 30, 2017, all of the 92,000 common share purchase warrants issued to brokers following the exercise of broker warrants were exercised for a cash consideration of $276.

18. Share capital (continued):

(b) Deferred stock unit plan

On December 10, 2010, the Board of Directors adopted a deferred stock unit plan (the “DSU Plan”) for the benefit of its directors and officers (the “Beneficiaries”) and, in April 2013, the Board of Directors suspended the issuance of new deferred stock units (“DSUs”). In May 2017, the Board of Directors decided to resume the granting of new deferred DSUs. The goal of the DSU Plan is to increase the Company’s ability to attract and retain high-quality individuals to act as directors or officers and to better align their interests with those of the shareholders of the Company in the creation of long-term value. Under the terms of the DSU Plan, Beneficiaries who are directors are entitled to elect to receive all or part of their annual retainer to act as directors and Chair of the Board in DSUs. Beneficiaries who act as officers are entitled to elect to receive all or part of their annual bonus, if any, in DSUs. The value of a DSU is used to determine the number of DSUs a Beneficiary may be granted or the value to be paid to a Beneficiary upon redemption. This value is equal to the average closing price of the common shares on the Toronto Stock Exchange on the date on which the Company is entitled to grant DSUs, or on the date on which a Beneficiary redeems them, and during the four previous trading days.

DSUs may only be redeemed when a Beneficiary ceases to act as a director or an officer of the Company. Upon redemption, the Company must provide a Beneficiary with an amount in cash equal to the DSU value on the redemption date. Beneficiaries may not sell, transfer or otherwise assign their DSU or any rights associated therewith other than by will or in accordance with legislation regarding the vesting and partition of successions.

DSUs are totally vested at the grant date. In the case of DSUs granted to officers for annual bonuses, a DSU liability is recorded at the grant date in place of the liability for the bonus payments. In the case of directors, the expense related to DSUs and their liabilities are recognized at the grant date. During the year ended November 30, 2017, $60 (2016 - nil) was recorded as an expense and is included in general and administrative expenses. The liability related to DSUs is adjusted periodically to reflect any change in the market value of the common shares. As at November 30, 2017, a loss of $761 (2016 - loss of $280) was recognized due to the change in the fair value of DSUs. This loss is included in gain (loss) on financial instruments carried at fair value within finance costs (Note 7). As at November 30, 2017, the Company had a total of 204,591 DSUs outstanding (2016 - 197,015 DSUs) and a liability related to the DSUs of $1,422 (2016 - liability of $601).

18. Share capital (continued):

(b) Deferred stock unit plan (continued)

Cash-settled forward stock contracts

To protect against fluctuations in the value of DSUs, the Company entered into cash-settled forward stock contracts. They were not designated as hedging instruments for accounting purposes. As at November 30, 2017, the cash-settled forward stock contracts outstanding correspond to a total of 204,591 common shares (2016 - 197,015 common shares) at a price of $7,82 per share (2016 - $0.32 per share) expiring on December 17, 2018 (2016 - November 30, 2017). As at November 30, 2017, the fair value of cash-settled forward stock contracts was $1,444 (2016 -$615) and is recorded in derivative financial assets. During the year ended November 30, 2017, a gain of $770 (2016 - gain of $283) related to the change in fair value of derivative financial assets was recognized within finance costs (Note 7).

(c) Shareholder rights plan

On April 15, 2016, the Company's Board of Directors approved the amendment and renewal of the shareholder rights plan and, on the same date, the Company and Computershare Trust Services of Canada entered into an amended and restated shareholder rights plan agreement (the "Plan"). The Plan was approved by the shareholders on May 17, 2016. The Plan is designed to provide adequate time for the Board and the shareholders to assess an unsolicited takeover bid for the Company. In addition, the Plan provides the Board with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares. The Plan will expire at the closure of the Company's annual meeting of shareholders in 2019 unless the Plan is reconfirmed and approved by shareholders at such meeting.

The rights issued under the Plan will initially attach to and trade with the common shares, and no separate certificates will be issued unless a triggering event occurs. The rights will become exercisable only when an acquiring person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding shares without complying with the "Permitted Bid" provisions of the Plan or without approval of the Board of Directors. Subject to the terms and conditions set out in the Plan, each right would, upon exercise and payment of $5.00 per right, entitle a rights holder, other than the acquiring person and related parties, to purchase a number of common shares at twice the exercise price of $5.00 per right based on the average weighted market price of the common shares for the last 20 trading days preceding the common share acquisition date (as defined in the Plan's rights).

(In thousands of Canadian dollars)

18. Share capital (continued):

(c) Shareholder rights plan (continued)

Under the Plan, a Permitted Bid is a bid made to all holders of common shares and which is open for acceptance for no less than 105 days. If, at the end of 105 days, at least 50% of the outstanding common shares, other than those owned by the offeror and certain related parties, has been tendered, the offeror may take up and pay for the common shares, but must extend the bid for a further 10 days to allow other shareholders to tender.

(d) Stock option plan

The Company has established a stock option plan under which it can 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 10 years after the grant date. A maximum number of 6,580,000 options can be granted under the Plan. Generally, the options vest at the grant date or over a period of up to five years. As at November 30, 2017, 2,200,306 options could still be granted by the Company (2016 - 2,352,306).

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

Changes in the number of options outstanding during the past two years were as follows:

	Number of options	Weighted average exercise price per option
Options as at November 30, 2015	2,092,835	$ 1.98
Granted	625,000	2.08
Expired	(155,000)	2.31
Exercised (share price: $2.32)	(320,466)	0.69
Options as at November 30, 2016	2,242,369	$ 2.17
Granted	350,000	6.13
Expired	(198,000)	9.25
Exercised (share price: $5.85)	(58,474)	0.50
Options outstanding as at November 30, 2017	2,335,895	$ 2.21
Options exercisable as at November 30, 2017	1,507,831	$ 1.69

(In thousands of Canadian dollars)

18. Share capital (continued):

(d) Stock option plan (continued)

The following table provides stock option information as at November 30, 2017:

Price range	Number of options outstanding	Weighted average remaining life	Weighted average exercise price
$		(years)	$
0.25 - 1.19	962,560	5.94	0.62
1.20 - 1.80	201,335	1.05	1.80
1.81 - 2.00	30,000	1.32	1.84
2.01 - 2.75	620,000	8.39	2.07
2.76 - 3.75	5,000	8.98	3.10
3.76 - 4.60	130,000	2.02	3.84
4.61 - 6.00	305,000	8.68	5.84
6.01 - 9.00	82,000	8.67	6.88
	2,335,895	6.35	2.21

During the year ended November 30, 2017, $1,015 (2016 - $563) was recorded as share-based compensation expense for the stock option plan. The fair value of options granted in 2017 and 2016 was estimated at the grant date using the Black-Scholes model and the following weighted average assumptions:

	2017	2016
Risk-free interest rate	1.52%	1.09%
Expected volatility	55%	79.2%
Average option life in years	8 years	8 years
Grant-date share price	$6.13	$2.08
Option exercise price	$6.13	$2.08

(In thousands of Canadian dollars)

18. Share capital (continued):

(d) Stock option plan (continued)

The risk-free interest rate is based on the implied yield on a Canadian government zero-coupon issue, with a remaining term equal to the expected term of the option. The volatility is based on weighted average historical volatility adjusted for changes expected due to publicly available information. The life of the options is estimated taking into consideration the vesting period at the grant date, the life of the option and the average length of time similar grants have remained outstanding in the past. The dividend yield was excluded from the calculation since it is the present policy of the Company to retain all earnings to finance operations and future growth.

The following table summarizes the measurement date weighted average fair value of stock options granted during the years ended November 30, 2017 and 2016:

	Number of options	Weighted average grant date fair value
2017	350,000	$ 3.43
2016	625,000	1.45

The Black-Scholes model used by the Company to calculate option values was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company's stock option awards. This model also requires four highly subjective assumptions, including future stock price volatility and average option life, which greatly affect the calculated values.

(In thousands of Canadian dollars)

18. Share capital (continued):

(e) Earnings per share

The calculation of basic earnings per share was based on the net (loss) profit attributable to common shareholders of the Company of $(18,450) (2016 - $410) and a weighted average number of common shares outstanding of 73,468,903 (2016 - 65,812,579), calculated as follows:

	2017	2016
Issued common shares as at December 1	65,996,069	65,615,603
Effect of share options exercised	33,713	189,107
Effect of public issue of common shares	5,264,666	–
Effect of broker warrants exercised	111,391	7,869
Effect of broker options exercised	86,572	–
Effect of common shares purchase warrants exercised	1,333,550	–
Effect of issue of common shares - TaiMed	642,942	–
Weighted average number of common shares	73,468,903	65,812,579

The calculation of diluted earnings per share was based on a weighted average number of diluted common shares calculated as follows:

	2017	2016
Weighted average number of common shares	73,468,903	65,812,579
Effect of potential dilutive share options	–	783,229
Weighted average number of diluted common shares	73,468,903	66,595,808

For the year ended November 30, 2017, a number of 2,335,895 share options, and 39,390 broker options, 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.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

(In thousands of Canadian dollars)

19. Income taxes:

The following table presents the components of the current and deferred tax expenses:

	2017	2016
Current tax expense	$ –	$ 639
Deferred tax expense		
Origination and reversal of temporary differences	$ (2,957)	$ 2,331
Change in unrecognized deductible temporary differences	2,957	(2,331)
Other	–	–
Total deferred tax expense	$ –	$ –
Total current and deferred tax expense	$ –	$ 639

Reconciliation between effective and applicable tax amounts:

	2017	2016
Income taxes at domestic tax statutory rate	$ (4,945)	$ 282
Change in unrecognized deductible temporary differences	2,957	(2,331)
Non-deductible expenses and other	1,988	2,688
	$ –	$ 639

The applicable statutory tax rates were 26.8% in 2017 and 26.9% in 2016. The Company's applicable tax rate is the Canadian combined rates applicable in the jurisdictions in which the Company operates.

(In thousands of Canadian dollars)

19. Income taxes (continued):

Unrecognized deferred tax assets

As at November 30, unrecognized deferred tax assets were as follows:

	2017	2016
Long term		
Research and development expenses	$ 30,891	$ 31,068
Non-capital losses	36,612	33,654
Property and equipment	507	559
Intellectual property and patent fees	3,836	3,836
Available deductions and other	4,819	4,591
	$ 76,665	$ 73,708

Given the Company's past losses, management does not believe that it is probable that the Company can realize its deferred tax assets and, therefore, it has not recognized any amount in the consolidated statements of financial position.

(In thousands of Canadian dollars)

19. Income taxes (continued):

As at November 30, 2017 and 2016, the amounts and expiry dates of tax attributes for which no deferred tax asset was recognized were as follows:

	2017		2016	
	Federal	Provincial	Federal	Provincial
Research and development expenses, without time limitation	$ 105,841	$ 130,571	$ 106,852	$ 131,235
Losses carried forward:				
2027	3,529	3,519	1,653	1,515
2028	46,316	22,770	46,316	22,770
2029	19,484	16,467	19,484	16,467
2030	11,440	11,436	11,440	11,436
2031	23,559	20,913	23,559	20,913
2032	15,962	14,656	15,962	14,656
2033	11,469	11,361	11,469	11,361
2034	10,503	10,411	10,503	10,411
2037	9,335	9,322	–	–
Other temporary differences, without time limitation				
Excess of tax value of property and equipment over carrying value	2,080	1,718	2,320	1,854
Excess of tax value of intellectual property and patent fees over carrying value	14,471	14,465	14,471	14,466
Available deductions and other	58,849	3,201	57,950	2,359

During the year ended November 30, 2016, deferred tax assets were recognized to offset deferred tax liabilities for an amount of $1,563 resulting from acquisition of intangible assets.

20. Operating leases:

During the year ended November 30, 2017, an amount of $227 (2016 - $220) was recognized as an expense in respect of operating leases. Of the amount, $79 (2016 - $75) is included in general and administrative expenses, $69 (2016 - $78) is included in research and development expenses and $79 (2016 - $67) is included in selling and market development expenses.

(In thousands of Canadian dollars)

21. Other information:

(a) Cash flow information

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

	2017	2016
Additions to intangible assets included in contributed surplus	$ –	$ 5,215
Additions to intangible assets included in accounts payable and accrued liabilities	20	–
Share issue costs included in contributed surplus	183	–
Issue of common shares - TaiMed	4,001	–
Reclassification of warrant liability to share capital upon exercise of common share purchase warrants	8,348	–

22. Financial instruments:

Overview

This note provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, currency risk and interest rate risk, and how the Company manages those risks.

(a) Credit risk

Credit risk is the risk of a 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 accounts receivable with one major customer (see Note 26) and derivative financial assets which it manages by dealing only with highly rated Canadian financial institutions. Included in the consolidated statements of financial position are trade receivables of $9,617 (2016 - $6,674), all of which were aged under 60 days. There was nil recorded as bad debt expense for the years ended November 30, 2017 and 2016. Financial instruments other than cash and trade and other receivables that potentially subject the Company to significant credit risk consist principally of bonds and money market funds. The Company invests its available cash in highly liquid fixed income instruments from governmental, paragovernmental, municipal and high grade corporate bodies and money market funds (2017 - $31,169; 2016 - $10,544). As at November 30, 2017, the Company believes it was not exposed to any significant credit risk. The Company's maximum credit exposure corresponded to the carrying amount of these financial assets.

(In thousands of Canadian dollars)

22. Financial instruments (continued):

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As indicated in Note 23, the Company manages this risk through the management of its capital structure. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors and/or the Audit Committee reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

The Company has adopted an investment policy in respect of the safety and preservation of its capital designed to ensure that the Company's liquidity needs are met. The instruments are selected with regard to the expected timing of expenditures and prevailing interest rates.

The following are amounts due on the contractual maturities of financial liabilities as at November 30, 2017 and 2016:

					2017
	Carrying amount	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 23,201	$ 23,201	$ 23,201	$ –	$ –
Long-term obligation	9,219	10,314	5,157	5,157	–
	$ 32,420	$ 33,515	$ 28,358	$ 5,157	$ –

					2016
	Carrying amount	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 10,216	$ 10,216	$ 10,216	$ –	$ –
Long-term obligation	13,567	16,115	5,372	10,743	–
	$ 23,783	$ 26,331	$ 15,588	$ 10,743	$ –

(In thousands of Canadian dollars)

22. Financial instruments (continued):

(c) Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions denominated in currencies other than USD, primarily cash, sale of goods and expenses incurred in CAD.

Exchange rate fluctuations for foreign currency transactions can cause cash flows as well as amounts recorded in the consolidated statements of comprehensive income to vary from period to period and not necessarily correspond to those forecasted in operating budgets and projections. Additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the USD at the rates of exchange at each consolidated statement of financial position date, the impact of which is reported as foreign exchange gain or loss in the consolidated statements of comprehensive income. The Company does not believe a sudden change in foreign exchange rates would impair or enhance its ability to pay its CAD denominated obligations.

The following table presents the significant items in the original currencies exposed to currency risk as at November 30, 2017 and 2016:

		2017
Cash	CAD	297
Bonds and money market funds		14,239
Trade and other receivables		253
Accounts payable and accrued liabilities		(5,229)
Total exposure	CAD	9,560

(In thousands of Canadian dollars)

22. Financial instruments (continued):

(c) Currency risk (continued)

		2016
Cash	CAD	177
Bonds and money market funds		4,135
Trade and other receivables		189
Accounts payable and accrued liabilities		(1,885)
Warrant liability		(1,748)
Total exposure	CAD	868

The following exchange rates are those applicable as at November 30, 2017 and 2016 to:

	2017		2016	
	Average rate	Reporting date rate	Average rate	Reporting date rate
CAD - USD	0.7684	0.7757	0.7528	0.7447

Based on the Company's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the CAD would have a positive or (negative) impact on net earnings as follows, assuming that all other variables remained constant:

		2017		2016
Positive impact	CAD	478	CAD	43

An assumed 5% weakening of the CAD would have had an equal but opposite effect on the above currencies to the amounts shown above, assuming that all other variables remain constant.

22. Financial instruments (continued):

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Short-term bonds held by the Company are invested at fixed interest rates and/or mature in the short term. Long-term bonds are also instruments that bear interest at fixed rates. The risk that the Company will realize a loss as a result of a decline in the fair value of its bonds is limited because these investments, although they are classified as available for sale, are generally held until close to maturity. The unrealized gains or losses on bonds are recorded in accumulated other comprehensive income.

Based on the value of the Company's short- and long-term bonds as at November 30, 2017, an assumed 0.5% decrease in market interest rates would have increased the fair value of these bonds and the accumulated other comprehensive income by approximately $124 (2016 - $27); an assumed increase in the interest rate of 0.5% would have an equal but opposite effect, assuming that all other variables remained constant.

Cash and money market funds bear interest at a variable rate. Trade and other receivables, accounts payable and accrued liabilities and provisions bear no interest.

Based on the average value of variable interest-bearing cash and money market funds during the year ended November 30, 2017 of $16,518 (2016 - $6,925), an assumed 0.5% increase in interest rates during such year would have increased future cash flows and net profit by approximately $83 (2016 - $35); an assumed decrease of 0.5% would have had an equal but opposite effect.

23. Capital management:

The Company's objective in managing its capital is to ensure a liquidity position sufficient to finance its business activities. The Company depends primarily on revenue generated by sales of *EGRIFTA*® in the United States and, from time to time, on public offerings of common shares in Canada.

The capital management objectives remain the same as for the previous year.

As at November 30, 2017, cash, bonds and money market funds amounted to $32,929 (2016 - $11,603). The Company believes that its cash position and future operating cash flows will be sufficient to finance its operations and capital needs.

23. Capital management (continued):

Currently, the Company's general policy on dividends is to retain cash to keep funds available to finance its growth.

The Company is not subject to any externally imposed capital requirements.

24. 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 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 liabilities

The Company has determined that the carrying values of its short-term financial assets and financial liabilities, including cash, 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 money market funds 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).

Long-term obligation

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%. The Company has determined that the carrying value of the obligation approximates its fair value.

24. 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.

The fair value (Level 2) of the share-based payment arrangement to purchase the commercialization rights of ibalizumab has been determined using the fixed value to be paid in common shares. That value will remain the same even if the Company's common share price fluctuates on the market.

The DSU 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 of the common shares of the Company.

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.

25. Commitments:

(a) Royalties

Under the terms of the EMD Serono Termination Agreement, the Company agreed to pay EMD Serono, Inc. an increasing royalty (the "Royalties") based on annual net sales. The Royalties started in January 1, 2016 and will be paid until a cumulative aggregate amount is reached or until December 31, 2023, the first of these events to occur.

(In thousands of Canadian dollars)

25. Commitments (continued):

(b) Leases

As at November 30, 2017 and 2016, the minimum payments required under the terms of the non-cancellable leases are as follows:

	2017	2016
Less than one year	$ 232	$ 228
One to five years	376	608
	$ 608	$ 836

(c) Long-term procurement agreements

The Company has long-term procurement agreements with third party suppliers in connection with the commercialization of *EGRIFTA*®. As at November 30, 2017, the Company had outstanding purchase orders and minimum payments required under these agreements amounting to $4,945 (2016 - $1,974) for the manufacture of *EGRIFTA*® and for various services.

(d) Credit facilities

The Company has a CA$1,500 revolving credit facility bearing interest at Canadian prime plus 1% and a US$1,000 revolving credit facility bearing interest at U.S. prime plus 1%. The Company's assets have been given as collateral to secure these credit facilities. As at November 30, 2017, the Company did not have any borrowings outstanding under these facilities.

(e) Post-approval commitments

In connection with its approval of *EGRIFTA*®, the Food and Drug Administration ("FDA") has required the following three post-approval commitments:

- to develop a single vial formulation of *EGRIFTA*®;
- to conduct a long-term observational safety study using *EGRIFTA*®; and
- to conduct a Phase 4 clinical trial using *EGRIFTA*®.

(In thousands of Canadian dollars)

25. Commitments (continued):

(e) Post-approval commitments (continued)

The Company had developed a single vial, 2mg/vial, presentation using the 1mg/vial formulation of *EGRIFTA*® in 2012, which was withdrawn from the market in 2014 due to manufacturing issues. In 2016, the Company proposed to the FDA to replace the development of the 2mg/vial presentation of the original formulation with the F4 formulation, a single vial formulation containing 4mg/ml of *EGRIFTA*®. The FDA has agreed with the Company's proposal. In order to submit for FDA approval, we must demonstrate that the F4 formulation is bioequivalent with the current formulation and conduct additional stability testing. The necessary F4 formulation bioequivalence studies and additional stability testing have now been completed and analysis of the results is ongoing. The results will be available in the second quarter of 2018 and, assuming the results are positive, they will be submitted to the FDA in the third quarter of 2018.

The long-term observational safety study is to evaluate the safety of long-term administration of *EGRIFTA*®. The Company estimates that completing this study will cost approximately US$9,000 over the next 13 years.

The Phase 4 clinical trial is to assess whether *EGRIFTA*® increases the incidence or progression of diabetic retinopathy in diabetic HIV-infected patients with lipodystrophy and excess abdominal fat. The Company estimates that completing this trial will cost approximately US$4,000 over the next seven years.

26. Operating segments:

The Company has a single operating segment. As described in Note 4, almost all of the Company's revenues are generated from one customer, RxCrossroads, which is domiciled in the United States.

	2017	2016
RxCrossroads	$ 42,183	$ 36,519
Others	681	553
	$ 42,864	$ 37,072

All of the Company's non-current assets are located in Canada as is the Company's head office.

(In thousands of Canadian dollars)

27. Related parties:

The key management personnel of the Company are the directors, the President and Chief Executive Officer and all of the Senior Vice Presidents.

Key management personnel compensation comprises:

	2017	2016
Short-term employee benefits	$ 2,483	$ 2,137
Post-employment benefits	93	85
Share-based compensation	945	482
	$ 3,521	$ 2,704

On November 30, 2017, the Company's Directors controlled 1.4% (2016 - 1.3%) of the voting shares of the Company.

News Release

THERATECHNOLOGIES ANNOUNCES FINANCIAL RESULTS

FOR FISCAL YEAR 2017

Montreal, Canada – February 7, 2018 – Theratechnologies Inc. (Theratechnologies) (TSX: TH) today announced its financial results for the year ended November 30, 2017.

Fiscal Year 2017 Financial Highlights

- Record revenue from net sales of $42.8 million, up 16% from previous year
- In U.S. dollars, Q4 net sales up 28 percent
- Large investments made towards the anticipated launch of Trogarzo™ (ibalizumab) resulting in Adjusted EBITDA of minus $6.9 million[1]
- Solid cash position of $32.9 million

"We recorded another year of strong growth in terms of net sales of *EGRIFTA*® which is in part due to our decision to expand our sales force in preparation for the anticipated launch of Trogarzo™ in the United States. These and other investments made in 2017 should have even more impact once patients can have access to Trogarzo™ in the U.S. We are proud of what has been accomplished so far and we are looking forward to what lies ahead for the Company and what it means for its future," said Luc Tanguay, President and CEO, Theratechnologies Inc.

Fiscal Year 2017 Financial Results

The financial results presented in this press release are taken from the Company's Management's Discussion and Analysis, or MD&A, and audited consolidated financial statements for the twelve-month period ended November 30, 2017, which have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. The MD&A and the audited consolidated financial statements can be found at www.sedar.com and www.theratech.com. Unless specified otherwise, all amounts in this press release are in Canadian dollars and all capitalized terms have the meaning ascribed thereto in our MD&A. As used herein, *EGRIFTA*® refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. *EGRIFTA*® is our trademark.

For the 12-month period ended November 30, 2017

Consolidated revenue for the twelve months ended November 30, 2017 was $42,864,000, compared to $37,072,000 in Fiscal 2016.

Revenue generated from net sales increased by 16% in 2017, due to higher unit volumes and prices partially offset by exchange rate fluctuations and a lower average net selling price, which is affected by changes in the mix of private payors versus government drug reimbursement plans.

[1] See "Non-IFRS Financial Measures" below

For the twelve months ended November 30, 2017, the **cost of sales** was $10,273,000 compared to $6,658,000 in Fiscal 2016. Included in these amounts was cost of goods sold of $4,991,000 in Fiscal 2017 compared to $4,314,000 in Fiscal 2016. The increase in cost of goods sold was due to the higher sales in the 2017.

Cost of sales in Fiscal 2017 includes $3,986,000 of royalties compared to $2,430,000 in Fiscal 2016. Royalties became payable on *EGRIFTA*® sales starting January 1, 2016 under the terms of our agreement with EMD Serono, Inc. The royalty percentage varies according to sales levels (see "Contractual Obligations – EMD Serono Termination Agreement" below). The increase in royalties for the year is due to the higher level of sales in 2017 and a higher blended royalty rate compared to 2016.

In Fiscal 2017, the cost of sales also included other production-related costs of $1,296,000, which was principally due to the write-down of inventories as a result of losses incurred during conversion of raw materials to finished goods and losses associated with expired goods. In Fiscal 2016, there was a recovery of unallocated production costs in the amount of $86,000.

Research & Development expenses, net of tax credits, amounted to $11,856,000 in the twelve months ended November 30, 2017 compared to $6,955,000 in Fiscal 2016. The higher expenses in 2017 include additional staff members in our medical science liaison and field medical education teams, whose role is to increase awareness about excess abdominal fat in HIV-infected patients with lipodystrophy and about MDR HIV-1. Other initiatives that led to higher costs in 2017 included: increased participation in symposiums, regulatory consulting for ibalizumab in Europe and development of the new F4 formulation of *EGRIFTA*®.

R&D expenses also include costs associated with our two Phase 4 clinical trials, which amounted to $2,427,000 in Fiscal 2017 compared to $2,341,000 in Fiscal 2016. Other components of R&D expenses are regulatory affairs and quality assurance activities.

Selling and market development expenses amounted to $26,017,000 for the twelve months ended November 30, 2017, compared to $14,658,000 in Fiscal 2016.

The year-over-year increase generally reflects the growth in our business and intensified marketing efforts. In particular, Fiscal 2017 includes the cost associated with the expansion of our U.S. sales team in order to prepare for the potential launch of ibalizumab and to cover additional territories for both *EGRIFTA*® and ibalizumab in the United States. We also added staff to our managed markets and call-center groups in 2017. Other projects that contributed to the year-over-year increase included the preparatory work on branded and unbranded ibalizumab campaigns and the development of a pricing strategy for ibalizumab in the United States.

Selling and market development expenses include the amortization of the intangible asset value established for the *EGRIFTA*® commercialization rights. This amortization expense amounted to $1,968,000 in Fiscal 2017 compared to $2,007,000 in Fiscal 2016.

General and administrative expenses amounted to $5,816,000 in the twelve months ended November 30, 2017, compared to $4,863,000 in Fiscal 2016. The increase in general and administrative expenses in 2017 is essentially attributable to the growth and development of our business.

Finance income, consisting of interest income, for the twelve months ended November 30, 2017 was $338,000 compared to $104,000 in Fiscal 2016, reflecting higher cash balances in 2017.

Finance costs for the twelve months ended November 30, 2017 were $7,690,000 compared to $2,993,000 in Fiscal 2016. Finance costs in Fiscal 2017 reflect a loss of $6,654,000 related to the fair value of warrant liability compared to a loss of $1,046,000 in Fiscal 2016. Accretion expense on the long-term obligation was $1,371,000 in 2017 compared to $1,930,000 in Fiscal 2016, reflecting the lower average balance outstanding during the year.

Adjusted EBITDA was $(6,947,000) in the twelve months ended November 30, 2017 compared to $6,573,000 in Fiscal 2016. As noted above, a decrease in cash generated was planned and was principally due to the major expansion of our U.S. sales and marketing organization, added staffing in our medical science liaison and field medical education teams, as well as other expenses related to ibalizumab in the United States and Europe. See "Non-IFRS Financial Measures" below.

Taking into account the revenue and expense variations described above, most notably the $6,654,000 non-cash loss on the fair value of outstanding warrants and the planned investments in R&D and Selling and market development, we recorded a **net loss** of $18,450,000 or $0.25 per share in the twelve months ended November 30, 2017 compared to a net profit of $410,000 or $0.01 per share ($0.01 per share on a diluted basis) in Fiscal 2016.

Fourth Quarter 2017 Financial Results

Consolidated revenue for the three months ended November 30, 2017 amounted to $12,596,000 compared to $10,377,000 for the comparable period of 2016.

Revenue generated from net sales for the three months ended November 30, 2017 was $12,595,000 compared to $10,376,000 in the comparable period of Fiscal 2016, an increase of 21%, due to higher unit volumes and prices. In USD, the increase in revenue was 28%.

The **cost of sales** for the three months ended November 30, 2017 was $3,523,000 compared to $1,978,000 in the comparable period of Fiscal 2016. Cost of sales in the fourth quarter of Fiscal 2017 reflected the higher sales volume and included $1,106,000 of royalty expense compared to royalties of $757,000 in the comparable period of 2016. The cost of sales in 2017 also included other production-related costs of $1,024,000, which was principally due to the write-down of inventories as a result of losses incurred during conversion of raw materials to finished goods and losses associated with expired goods.

Research & Development expenses, net of tax credits, amounted to $3,094,000 in the three months ended November 30, 2017 compared to $1,158,000 in the comparable period of Fiscal 2016. As described above, the higher expenses in 2017 included: additional staff members in our medical science liaison and field medical education teams, increased participation in symposiums, regulatory consulting for ibalizumab in Europe, and development of the new F4 formulation of *EGRIFTA*®. The costs associated with our two Phase 4 clinical trials amounted to $843,000 in the three months ended November 30, 2017, compared to $310,000 in the comparable period of Fiscal 2016.

Selling and market development expenses amounted to $7,985,000 for the three months ended November 30, 2017, compared to $3,762,000 for the comparable period of Fiscal 2016. The higher expenses in 2017 were largely due to the planned increase in selling and market development activities as described above. Principally among these were: the expansion of our U.S. sales team in order to prepare for the potential launch of ibalizumab and to cover additional territories, added staff in our medical science liaison, managed markets and call-center groups, preparatory work on branded and unbranded ibalizumab campaigns, the development of a U.S. pricing strategy for ibalizumab and marketing plans for ibalizumab in Europe.

Selling and market development expenses also include the amortization of the intangible asset value established for the *EGRIFTA*® commercialization rights. This amortization expense amounted to $474,000 in the three months ended November 30, 2017 compared to $501,000 in the comparable period of Fiscal 2016.

General and administrative expenses amounted to $1,591,000 in the three months ended November 30, 2017 compared to $1,385,000 in the comparable period of Fiscal 2016.

The net loss from operating activities for the three months ended November 30, 2017 was $3,597,000 compared to a net profit from operating activities of $2,094,000 in the comparable period of Fiscal 2016.

Finance income, consisting of interest income, for the three months ended November 30, 2017 was $94,000 compared to $24,000 in the comparable period of Fiscal 2016, reflecting higher cash balances in 2017.

Finance costs for the three months ended November 30, 2017 were $713,000 compared to $1,306,000 in the comparable period of Fiscal 2016. Finance costs in Fiscal 2016 reflect a loss of $805,000 on the change in fair value of the warrant liability.

Adjusted EBITDA was $(1,887,000) in the three months ended November 30, 2017 compared to $2,812,000 in the comparable period of Fiscal 2016. The fourth quarter decrease in Adjusted EBITDA in Fiscal 2017 was principally due to the previously described expansion of our U.S. sales and marketing organization, added staffing in our medical science liaison and field medical education teams, as well as other expenses related to ibalizumab in the United States and Europe. See “Non-IFRS Financial Measures” below.

Taking into account the revenue and expense variations described above, we recorded a **net loss** of $4,216,000 or $0.06 per share in the three months ended November 30, 2017 compared to a net profit of $173,000, or $0.00 per share, in the comparable period of Fiscal 2016.

In the three months ended November 30, 2017, operating activities generated $1,958,000 of cash, compared to $2,688,000 in the comparable period of Fiscal 2016. Non-cash expenses were higher in Fiscal 2016, principally due to the increase in finance costs described above. However, changes in operating assets and liabilities contributed $4,630,000 to cash flow in Fiscal 2017 compared to $446,000 in the prior year period. The most significant variation was an increase of $5,080,000 in Accounts payable and accrued liabilities, which was reflective of the higher expenses incurred in the ordinary course of our business in Fiscal 2017.

Non-IFRS Financial Measures

Reconciliation of net profit or loss to adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA is presented in the table below. We use adjusted financial measures to assess our operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Adjusted EBITDA to measure operating performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our business, and because we believe it provides meaningful information on our financial condition and operating results.

We obtain our Adjusted EBITDA measurement by adding to net profit or loss, finance income and costs, depreciation and amortization, and income taxes. We also exclude the effects of certain non-monetary transactions recorded, such as share-based compensation for stock option plan and write down of inventories, for our Adjusted EBITDA calculation. We believe it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee remuneration and can vary significantly with changes in the market price of the company’s shares. In addition, other items that do not impact core operating performance of the company may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of our operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other companies.

Adjusted EBITDA
(in thousands of Canadian dollars)

	Three-month periods ended November 30,		Year ended November 30,		
	2017	2016	2017	2016	2015
	$	$	$	$	$
Net profit (loss)	**(4,216)**	173	**(18,450)**	410	1,571
Add (deduct):					
Depreciation and amortization	**480**	587	**1,992**	2,108	1,917
Finance costs	**713**	1,306	**7,690**	2,993	2,294
Finance income	**(94)**	(24)	**(338)**	(104)	(289)
Share-based compensation for stock option plan	**194**	131	**1,015**	563	148
Income tax expenses	**0**	639	**0**	639	569
Writedown of inventories	**1,036**	0	**1,144**	(36)	229
Adjusted EBITDA	**(1,887)**	2,812	**(6,947)**	6,573	6,439

Conference Call Details

A conference call will be held today at 8:30 a.m. (ET) to discuss the results. The conference call will be open to questions from financial analysts. Media and other interested individuals are invited to participate in the call on a “listen-only” basis.

The conference call can be accessed by dialling 1-877-223-4471 (North America) or 1-647-788-4922 (International). The conference call will also be accessible via webcast at http://www.gowebcasting.com/9143. Audio replay of the conference call will be available two hours after the call’s completion until February 21, 2017, by dialling 1-800-585-8367 (North America) or 1-416-621-4642 (International) and by entering the playback code 7274308.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company addressing unmet medical needs to promote healthy living and an improved quality of life among HIV patients. Further information about Theratechnologies is available on the Company’s website at www.theratech.com and on SEDAR at www.sedar.com

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management’s beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as “may”, “will”, “should”, “could”,

“would”, “outlook”, “believe”, “plan”, “envisage”, “anticipate”, “expect” and “estimate”, or the negatives of these terms, or variations of them. The forward-looking statements contained in this press release include, but are not limited to, statements regarding our anticipated revenue for *EGRIFTA*®, the approval of ibalizumab by the FDA and the launch of ibalizumab.

Forward-looking statements are based upon a number of assumptions and include, but are not limited to, the following: sales of *EGRIFTA*® will continue to grow, the FDA will not issue any order or decision negatively affecting the commercialization of *EGRIFTA*® in the United States, the FDA will approve ibalizumab, ibalizumab will be accepted by both patients and physicians (if approved) and our commercial infrastructure will be adequate to commercialize ibalizumab in the United States (if approved).

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statements contained in this press release. Some of those risks include a decrease in sales of *EGRIFTA*® during the 2018 fiscal year, a recall of *EGRIFTA*®, the issuance of an order or decision by the FDA negatively affecting the commercialization of *EGRIFTA*®, the non-approval of ibalizumab by the FDA and, even if approved, our incapacity to successfully launch ibalizumab.

We refer potential investors to the “Risk Factors” section of our Annual Information Form dated February 6, 2018 for additional risks and uncertainties regarding our business. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this press release and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this press release, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

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Contact:
Denis Boucher
Vice President, Communications and Corporate Affairs
514-336-7800 ext. 236

Exhibit 99.5

FORM 52-109F1R
CERTIFICATION OF REFILED ANNUAL FILINGS

This certificate is being filed on the same date that Theratechnologies Inc. (the "issuer") has refiled its Annual Financial Statements for the financial year ended November 30, 2017.

I, Philippe Dubuc, Senior Vice President and Chief Financial Officer of Theratechnologies Inc., certify the following:

1. ***Review***: I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of Theratechnologies Inc. (the "issuer") for the financial year ended November 30, 2017.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

4. ***Responsibility:*** The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the financial year end:

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control over Financial Reporting – Guidance for Smaller Public Companies (COSO).

5.2 N/A.

5.3 N/A.

6. ***Evaluation:*** The issuer's other certifying officer and I have

   (a) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's DC&P at the financial year end and the issuer has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on that evaluation; and

   (b) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's ICFR at the financial year end and the issuer has disclosed in its annual MD&A:

      (i) our conclusions about the effectiveness of ICFR at the financial year end based on that evaluation; and

      (ii) N/A.

7. ***Reporting changes in ICFR:*** The issuer has disclosed in its annual MD&A any change in the issuer's ICFR that occurred during the period beginning on September 1, 2017 and ended on November 30, 2017 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

8. ***Reporting to the issuer's auditors and board of directors or audit committee:*** The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of ICFR, to the issuer's auditors, and the board of directors or the audit committee of the board of directors any fraud that involves management or other employees who have a significant role in the issuer's ICFR.

Date: September 27, 2019

(signed) Philippe Dubuc
Philippe Dubuc
Senior Vice President and Chief Financial Officer

Exhibit 99.6

FORM 52-109F1R
CERTIFICATION OF REFILED ANNUAL FILINGS

This certificate is being filed on the same date that Theratechnologies Inc. (the "issuer") has refiled its Annual Financial Statements for the financial year ended November 30, 2017.

I, Luc Tanguay, Chief Executive Officer of Theratechnologies Inc., certify the following:

1. ***Review***: I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of Theratechnologies Inc. (the "issuer") for the financial year ended November 30, 2017.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

4. ***Responsibility:*** The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the financial year end:

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control over Financial Reporting – Guidance for Smaller Public Companies (COSO).

5.2 N/A.

5.3 N/A.

6. ***Evaluation:*** The issuer's other certifying officer and I have

   (a) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's DC&P at the financial year end and the issuer has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on that evaluation; and

   (b) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's ICFR at the financial year end and the issuer has disclosed in its annual MD&A:

      (i) our conclusions about the effectiveness of ICFR at the financial year end based on that evaluation; and

      (ii) N/A.

7. ***Reporting changes in ICFR:*** The issuer has disclosed in its annual MD&A any change in the issuer's ICFR that occurred during the period beginning on September 1, 2017 and ended on November 30, 2017 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

8. ***Reporting to the issuer's auditors and board of directors or audit committee:*** The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of ICFR, to the issuer's auditors, and the board of directors or the audit committee of the board of directors any fraud that involves management or other employees who have a significant role in the issuer's ICFR.

Date: September 27, 2019

(signed) Luc Tanguay
Luc Tanguay
President and Chief Executive Officer

Exhibit 99.7

THERATECHNOLOGIES INC.

September 27, 2019

VIA SEDAR

Autorité des marchés financiers
British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
New Brunswick Financial and Consumer Services Commission
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Prince Edward Island
Office of the Superintendent of Securities, Service Newfoundland and Labrador

Dear Sirs/Mesdames:

Re: Amended Consolidated Financial Statements of Theratechnologies Inc. for the fiscal years ended November 30, 2017 and 2016
- SEDAR Filing
- Project Number: 2726665

On February 7, 2018, Theratechnologies Inc. ("**Theratechnologies**") filed on SEDAR its audited consolidated financial statements for the fiscal years ended November 30, 2017 and 2016 (the "**Financial Statements**"). On September 27, 2019, Theratechnologies filed on SEDAR an amended version of the Financial Statements.

The Financial Statements were amended as a result of Theratechnologies'application to list its common shares on NASDAQ, as previously publicly disclosed. In connection with the listing application and the filing by Theratechnologies of a Form 40-F with the United States Securities and Exchange Commission (the "**SEC**"), the audit report of KPMG, LLP contained in the Financial Statements which solely referred to the "International Financial Reporting Standards" have been amended to refer to "International Financial Reporting Standards as issued by the International Accounting Standards Board". These amendments were made necessary as a result of the requirements of the SEC and is a clarification only.

Except as described above, there has been no other amendment to the Financial Statements.

Yours very truly,

(signed) Philippe Dubuc
Senior Vice President and Chief Financial Officer
Theratechnologies Inc.

News Release

**Theratechnologies Announces FDA Approval of Breakthrough Therapy,
Trogarzo™ (ibalizumab-uiyk) Injection, the First HIV-1 Inhibitor and Long-Acting
Monoclonal Antibody for Multidrug Resistant HIV-1**

- *First HIV treatment approved with a new mechanism of action in more than 10 years*
- *Infused every two weeks, only antiretroviral treatment (ART) that does not require daily dosing*
- *Trogarzo™ has no drug-drug interactions and no cross-resistance with other ARTs*

Montreal, Canada – March 6, 2018 – Theratechnologies Inc. (Theratechnologies) (TSX:TH) and its partner TaiMed Biologics, Inc. (TaiMed) today announced that the U.S. Food and Drug Administration (FDA) has granted approval of Trogarzo™ (ibalizumab-uiyk) Injection. In combination with other ARTs, Trogarzo™ is indicated for the treatment of human immunodeficiency virus type 1 (HIV-1) infection in heavily treatment-experienced adults with multidrug resistant HIV-1 infection failing their current antiretroviral regimen.[1]

Trogarzo™ represents a critical new treatment advance as the first HIV therapy with a new mechanism of action approved in 10 years and proven effectiveness in difficult-to-treat patients with limited options. Unlike all other classes of ARTs, Trogarzo™ is a CD4-directed post-attachment HIV-1 inhibitor that binds to CD4+ receptors on host cells and blocks the HIV virus from infecting the cells.[1]

“Today’s approval of Trogarzo™ by the FDA is great news for people infected with difficult-to-treat multidrug resistant HIV. We look forward to bringing this much-needed therapy to patients in the U.S within six weeks,” said Luc Tanguay, President and Chief Executive Officer, Theratechnologies Inc. “We are grateful to the patients, investigators, as well as the FDA who supported the clinical development of Trogarzo™, and are helping address this critical unmet medical need.”

Trogarzo™ previously received Breakthrough Therapy and Orphan Drug designations as well as Priority Review status from the FDA, underscoring the significance of the treatment for this patient population.

“I witnessed some of the earliest cases of HIV and AIDS, at a time when the diagnosis was terrifying to patients because in many cases it was a death sentence,” said David Ho, M.D., chief scientific advisor of TaiMed and scientific director and CEO of the Aaron Diamond AIDS Research Center. “Since then, treatment advances and the discovery that combinations of ARTs was the best way to bring viral load below the level of detection have allowed most people to manage HIV like a chronic condition and live long, healthy lives. However, this is not the reality for people whose HIV is resistant to multiple drugs and whose viral load is not controlled, which is why TaiMed dedicated the past decade to advancing ibalizumab in the clinic. For these patients, it represents the next breakthrough.”

Up to 25,000 Americans with HIV are currently multidrug resistant, of which 12,000 are in urgent need of a new treatment option because their current treatment regimen is failing them and their viral load has risen to detectable levels, jeopardizing their health and making HIV transmittable. [2-13] The best way to prevent the transmission of multidrug resistant HIV is to control the virus in those living with it. According to new guidance from the Centers for Disease Control and Prevention (CDC), the HIV virus cannot be transmitted if it is being fully suppressed.[13]

“I’ve struggled with multidrug resistant HIV for almost 30 years and it was completely debilitating to feel like I had run out of options—I made no long-term plans,” said Nelson Vergel, founder of the Program for Wellness Restoration (PoWeR) and Trogarzo™ patient. “Since starting treatment with Trogarzo™ six years ago and getting my viral load to an undetectable level, I have been my happiest, most productive self. Trogarzo™ is a new source of hope and peace of mind for people whose treatments have failed them, and I feel incredibly lucky to have been able to participate in the clinical trial program.”

TaiMed and Theratechnologies partnered on the development of Trogarzo™ so patients who can benefit from the treatment have access to it. For patients who need assistance accessing Trogarzo™ or who face challenges affording medicines, Theratechnologies has a team of patient care coordinators available to help. Patients can get assistance and expert support by contacting THERA patient support™ at 1-833-23-THERA (84372).

“In Phase 3 ibalizumab trials, we saw marked improvements in patients’ health who not only were heavily treatment-experienced and had limited remaining treatment options, but in cases they also had extremely high viral loads and significantly impaired immune systems,” said Edwin DeJesus, M.D., Medical Director for the Orlando Immunology Center. “As an investigator for ibalizumab clinical trials over nearly 10 years, it was remarkable and inspiring to see the dramatic effect ibalizumab had on such vulnerable patients. As a clinician, I am excited that we will now have another option with a different mechanism of action for our heavily pretreated patients who are struggling to keep their viral load below detection because their HIV is resistant to multiple drugs.”

Clinical Trial Findings

Clinical studies show that Trogarzo™, in combination with other ARTs, significantly reduces viral load and increases CD4+ (T-cell) count among patients with multidrug resistant HIV-1.

The Phase 3 trial showed:[1]

- Trogarzo™ significantly reduced viral load within seven days after the first dose of functional monotherapy and maintained the treatment response when combined with an optimized background regimen that included at least one other active ART for up to 24 weeks of treatment, while being safe and well tolerated.
- More than 80% of patients achieved the study’s primary endpoint—at least a 0.5 $\log_{10}$ (or 70%) viral load reduction from baseline seven days after receiving a 2,000 mg loading dose of Trogarzo™ and no adjustment to the failing background regimen.
- The average viral load reduction after 24 weeks was 1.6 $\log_{10}$ with 43% of patients achieving undetectable viral loads.

Patients experienced a clinically-significant mean increase in CD4+ T-cells of 44 cells/mm^3, and increases varied based on T-cell count at baseline. Rebuilding the immune system by increasing T-cell count is particularly important as people with multidrug resistant HIV-1 often have the most advanced form of HIV.[1]

The most common drug-related adverse reactions (incidence ³ 5%) were diarrhea (8%), dizziness (8%), nausea (5%) and rash (5%). No drug-drug interactions were reported with other ARTs or medications, and no cross-resistance with other ARTs were observed.[1]

About Trogarzo™ (ibalizumab-uiyk) Injection

Trogarzo™ is a humanized monoclonal antibody for the treatment of multidrug resistant HIV-1 infection. Trogarzo™ binds primarily to the second extracellular domain of the CD4+ T receptor, away from major histocompatibility complex II molecule binding sites. It prevents HIV from infecting CD4+ immune cells while preserving normal immunological function.

IMPORTANT SAFETY INFORMATION

Trogarzo™ is a prescription HIV medicine that is used with other antiretroviral medicines to treat human immunodeficiency virus-1 (HIV-1) infections in adults.

Trogarzo™ blocks HIV from infecting certain cells of the immune system. This prevents HIV from multiplying and can reduce the amount of HIV in the body.

Before you receive Trogarzo™, tell your healthcare provider if you:

- are pregnant or plan to become pregnant. It is not known if Trogarzo™ may harm your unborn baby.
- are breastfeeding or plan to breastfeed. It is not known if Trogarzo™ passes into breast milk.

Tell your healthcare provider about all the medicines you take, including all prescription and over-the-counter medicines, vitamins, and herbal supplements.

Trogarzo™ can cause serious side effects, including:

Changes in your immune system (Immune Reconstitution Inflammatory Syndrome) can happen when you start taking HIV-1 medicines. Your immune system might get stronger and begin to fight infections that have been hidden in your body for a long time. Tell your health care provider right away if you start having new symptoms after starting your HIV-1 medicine.

The most common side effects of Trogarzo™ include:

- Diarrhea
- Dizziness
- Nausea
- Rash

Tell your healthcare provider if you have any side effect that bothers you or that does not go away. These are not all the possible side effects of Trogarzo™. For more information, ask your healthcare provider or pharmacist.

Call your doctor for medical advice about side effects. You may report side effects to FDA at 1-800-FDA-1088. You may also report side effects to THERA patient support at 1-833-23THERA (1-833-238-4372).

Conference Call Details

A conference call will be held March 6, 2018 at 4:30 p.m. to discuss this announcement. The call will be hosted by Luc Tanguay, President and Chief Executive Officer. The conference call will be open to questions from financial analysts. Media and other interested individuals are invited to participate in the call on a “listen-only” basis.

The conference call can be accessed by dialing 1-877-223-4471 (North America) or 1-647-788-4922 (International). The conference call will also be accessible via webcast at http://www.gowebcasting.com/9197.

Audio replay of the conference call will be available two hours after the call’s completion until March 20, 2018, by dialing 1-800-585-8367 (North America) or 1-416-621-4642 (International) and by entering the playback code 9059158.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company addressing unmet medical needs to promote healthy living and an improved quality of life among HIV patients. Further information about Theratechnologies is available on the Company’s website at www.theratech.com and on SEDAR at www.sedar.com.

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management’s belief and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as “may”, “will”, “should”, “could”, “would”, “outlook”, “believe”, “plan”, “envisage”, “anticipate”, “expect” and “estimate” or the negatives of these terms, or variations of them. The forward-looking statements contained in this press release include, but are not limited to, the size of the population with multidrug resistant HIV-1, including those in need of a new treatment option, the benefits obtained while taking Trogarzo™, Theratechnologies’ capacity to assist and provide support to patients, and to rapidly commercialize and introduce Trogarzo™ to the market.

Forward-looking statements are based upon a number of assumptions and are subject to a number of risks and uncertainties, many of which are beyond Theratechnologies’ control that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These assumptions include but are not limited to, the following: the data obtained on the number of patients with multidrug resistant HIV-1 and those in need of a new treatment option are still accurate, the benefits obtained from the administration of Trogarzo™ during clinical trials will be the same for all patients who will be prescribed Trogarzo™, no unidentified side effects will occur, past success in assisting and providing support to patients will be replicated and Theratechnologies will have the infrastructure in place and enough product to launch Trogarzo™.

These risks and uncertainties include, but are not limited to, the risk that the size of the market is bigger than anticipated, which could create product shortage, the risk that the size of the market is smaller than anticipated, which, in turn, could create lower revenues than expected, the risk that undesirable side effects are observed, which could result in the FDA withdrawing the product from the market, the risk that the Theratechnologies' team fails to assist and to provide all the necessary support to patients, the risk that Trogarzo™ is not reimbursed by public and private payors, and the risk that Theratechnologies is unable to quickly provide Trogarzo™ to patients.

We refer potential investors to the "Risk Factors" section of our Annual Information Form dated February 6, 2018 available on SEDAR at www.sedar.com for additional risks and uncertainties about Theratechnologies and its business. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this press release and represent our expectations as of that date. We undertake no obligation to update or revise the information contained in this press release, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

Media inquiries:
Denis Boucher
Vice President, Communications and Corporate Affairs
Email: dboucher@theratech.com
Tel.: (514) 336-7800, ext. 236

1 Trogarzo™ U.S. Prescribing Information. Theratechnologies.
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5 Centers for Disease Control and Prevention (2014). Vital Signs: HIV Diagnosis, Care, and Treatment Among Persons Living with HIV — United States, 2011. *Morbidity and Mortality Weekly Report (MMWR)*, Vol. 63.
6 Pacquet, A. et al. (2014). A decade of HIV drug resistance in the United States: trends and characteristics in a large protease/reverse transcriptase and co-receptor tropism database from 2003 to 2012. *Antivir Ther, Vol* 19(4), 435-41, DOI: 10. 3851/IMP2748.
7 Deeks, S. et al. (2009). Trends in Multidrug Treatment Failure and Subsequent Mortality among Antiretroviral Therapy– Experienced Patients with HIV Infection in North America. *Clinical Infectious Diseases*, Vol. 49,1582–90.
8 Trottier, B. et. al. (2010). Impact of the Background Regimen on Virologic Response to Etravirine: Pooled 48-Week Analysis of DUET-1 and -2. *HIV Clinical Trials*, Vol 11(4), 175-185, DOI: 10.1310/hct1104-175.
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10 Gulick, R. et. Al. (2008). Maraviroc for Previously Treated Patients with R5 HIV-1 Infection. *New England Journal of Medicine*, Vol. 359(14), 1429-41.
11 Steigbigel, R. et. al. (2008). Raltegravir with Optimized Background Therapy for Resistant HIV-1 Infection. *New England Journal of Medicine*, Vol. 359(4), 339-54.
12 Clotet, B. et. al. (2007). Efficacy and safety of darunavir-ritonavir at week 48 in treatment-experienced patients with HIV-1 infection in POWER 1 and 2: a pooled subgroup analysis of data from two randomised trials, *Lancet*, Vol. 369,1169–78, DOI:10.1016/S0140- 6736(07)60497-8.
13 McCray, E. & Mermin, J. (2017). Dear Colleague. *Centers for Disease Control and Prevention*. Retrieved from https://www.cdc.gov/hiv/library/dcl/dcl/092717.html.

MATERIAL CHANGE REPORT
Regulation 51-102 Respecting Continuous Disclosure Obligations
Form 51-102F3

ITEM 1 – NAME AND ADDRESS OF COMPANY

THERATECHNOLOGIES INC. (the "**Corporation**")
2015 Peel Street
5th Floor
Montreal, Québec
Canada H3A 1T8

ITEM 2 – DATE OF MATERIAL CHANGE

March 6, 2018

ITEM 3 – NEWS RELEASE

A news release describing this material change was issued by the Corporation on March 6, 2018 via "GlobeNewswire". A copy of the news release is available on the SEDAR website at www.sedar.com.

ITEM 4 – SUMMARY OF MATERIAL CHANGE

On March 6, 2018, the Corporation announced that the United States Food and Drug Administration (the "FDA") approved Trogarzo™ (ibalizumab-uiyk) Injection.

ITEM 5 – FULL DESCRIPTION OF MATERIAL CHANGE

5.1 Full description of material change

On March 6, 2018, the Corporation announced that the FDA approved Trogarzo™ (ibalizumab-uiyk) Injection.

Trogarzo™, a CD4-directed post-attachment HIV-1 inhibitor, in combination with other antiretroviral(s), is indicated for the treatment of human immunodeficiency virus type-1 (HIV-1) infection in heavily treatment-experienced adults with multidrug resistant HIV-1 infection failing their current antiretroviral regimen.

Clinical studies show that Trogarzo™, in combination with other antiretroviral therapies ("ARTs"), significantly reduces viral load and increases CD4+ (T-cell) count among patients with multidrug resistant HIV-1.

The Phase 3 trial showed:

- Trogarzo™ significantly reduced viral load within seven days after the first dose of functional monotherapy and maintained the treatment response when combined with an optimized background regimen that included at least one other active ART for up to 24 weeks of treatment, while being safe and well tolerated.

- More than 80% of patients achieved the study's primary endpoint – at least a 0.5 log10 (or 70%) viral load reduction from baseline seven days after receiving a 2,000 mg loading dose of Trogarzo™ and no adjustment to the failing background regimen.
- The average viral load reduction after 24 weeks was 1.6 log10 with 43% of patients achieving undetectable viral loads.

Patients experienced a clinically-significant mean increase in CD4+ T-cells of 44 cells/mm3, and increases varied based on T-cell count at baseline. Rebuilding the immune system by increasing T-cell count is particularly important as people with multidrug resistant HIV-1 often have the most advanced form of HIV.1

The most common drug-related adverse reactions (incidence ³ 5%) were diarrhea (8%), dizziness (8%), nausea (5%) and rash (5%). No drug-drug interactions were reported with other ARTs or medications, and no cross-resistance with other ARTs were observed.

5.2 Disclosure for restructuring transactions

Not applicable.

ITEM 6 – RELIANCE ON SUBSECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT 51-102

Not applicable.

ITEM 7 – OMITTED INFORMATION

Not applicable.

ITEM 8 – EXECUTIVE OFFICER

For further information, contact Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary of the Corporation at (514) 336-4804, ext. 288.

ITEM 9 – DATE OF REPORT

March 7, 2018.

News Release

THERATECHNOLOGIES ANNOUNCES FINANCIAL RESULTS

FOR FIRST QUARTER OF 2018

Montreal, Canada – April 5, 2018 – Theratechnologies Inc. (Theratechnologies) (TSX: TH) today announced its financial results for the first quarter ended February 28, 2018.

First quarter 2018 financial highlights

- Record first quarter net sales of $10.2 million, up 13% from the same quarter last year
- In U.S. dollars, first quarter net sales up 18.7% year over year
- Continued investment made to prepare the launch of Trogarzo™ (ibalizumab-uiyk) injection, resulting in Adjusted EBITDA of minus $2,021,000[1]
- Stable cash position of $32,466,000

"We have every reason to be excited and proud of where we are today with the recent approval of Trogarzo™. We are seeing strong interest from both physicians and patients. As Trogarzo™ will soon be commercially available, our fully-trained sales force started calling on more than 5,000 physicians who treat the vast majority of people living with multidrug resistant HIV. Moreover, we had our strongest first quarter ever in terms of net sales of *EGRIFTA*®," said Luc Tanguay, President and CEO, Theratechnologies Inc.

First quarter 2018 financial results

Consolidated revenue for the three-month period ended February 28, 2018 was $10,218,000 compared to $9,035,000 in the three-month period ended February 28, 2017.

Revenue generated from net sales increased by 13.1% in the first quarter of 2018 compared to the comparable period in fiscal 2017, due to higher unit volumes and prices, partially offset by exchange rate fluctuations and higher discounts due to changes in the mix of private payors versus government drug reimbursement plans.

Cost of Sales

For the three months ended February 28, 2018, cost of sales was $2,146,000 compared to $2,050,000 in the comparable period of fiscal 2017. Cost of goods sold was $1,185,000 in the first quarter of 2018 compared to $1,086,000 for the same quarter the previous year. Other production-related costs, due to the reversal of a loss provision, amounted to $(160,000) in the first quarter of 2018, compared to $178,000, which included an inventory write-down of $125,000, for the same period of 2017.

Cost of sales also includes royalties due under the terms of the agreement terminating the collaboration and licensing agreement with EMD Serono, Inc. In the first quarter of 2018, royalties recorded on *EGRIFTA*® sales amounted to $1,121,000 compared to $786,000 for the first quarter of 2017, due to higher sales levels.

[1] See "Non-IFRS Financial Measures" below

R&D Expenses

R&D expenses amounted to $2,398,000 in the three-month period ended February 28, 2018 compared to $2,020,000 for the same period in 2017. While R&D expenses were higher in the first quarter of 2018 compared to the first quarter of 2017, they were significantly lower than in the fourth quarter of 2017.

R&D expenses include medical affairs initiatives aimed at raising awareness among physicians and nurses who interact with patients living with MDR HIV-1 or lipodystrophy. R&D expenses also encompass regulatory affairs activities, such as preparing for the European filing of Trogarzo™, quality assurance, the development of the F4 Formulation and post-approval commitments related to *EGRIFTA*®.

Selling and Market Development Expenses

Selling and market development expenses amounted to $6,693,000 for the first quarter of 2018, reflecting the size increase of our sales force and other investment made after the first quarter of 2017 in preparation of the launch of Trogarzo™. This compares to $3,767,000 for the same three-month period last year. Again, selling and market development expenses were lower in the first quarter of 2018 than in the fourth quarter of 2017.

Selling and market development expenses include branded and non-branded campaigns to support *EGRIFTA*®, the launch of Trogarzo™ in the United States and the development of the European regulatory strategy for Trogarzo™.

It also factors in the amortization of the intangible asset value established for the *EGRIFTA*® commercialization rights which represented an amount of $476,000 for the first quarter of 2018 compared to $499,000 for the same period in 2017. This variation is due to the exchange rate fluctuations.

General and Administrative Expenses

General and administrative expenses amounted to $1,513,000 in the three months ended February 28, 2018 compared to $1,234,000 after the first quarter of 2017. The increase is attributable to the growth of our business and expenses related to our preparatory work for our European expansion.

Finance Income

Finance income, consisting of interest income, amounted to $100,000 at the end of the first quarter of 2018 compared to $65,000 following the first three months of last year.

Finance Costs

Finance costs for the three months ended February 28, 2018 were $195,000 compared to $2,272,000 for the comparable period of 2017. Finance costs no longer include losses related to the change in the fair value of warrant liability ($1,909,000 in the first quarter of 2017) as the last outstanding warrants were exercised in the third quarter of 2017. Accretion expense on the long-term obligation was $282,000 in the first quarter of 2018 compared to $418,000 for the same quarter last year, reflecting the lower average balance outstanding during the year.

Adjusted EBITDA

For the reasons noted above, Adjusted EBITDA was $(2,021,000) for the first quarter of 2018 compared to $725,000 for the same period of 2017. See "Non-IFRS Financial Measures" below.

Net Loss

Taking into account the revenue and expense variations described above, we recorded a net loss of $2,627,000 or $(0.04) per share in the first three months of fiscal 2018 compared to a net loss of $2,243,000 or $(0.03) per share for the same period last year.

Financial Position

For the three-month period ended February 28, 2018, cash flow from operating activities was $(1,145,000) compared to $2,560,000 for the first quarter of 2017. The changes in cash flow can be attributed to the increase in spending to prepare for the launch of Trogarzo™.

As at February 28, 2018, cash, bonds and money market funds amounted to $32,466,000 compared to $32,929,000 at the end of the previous fiscal year.

Subsequent Event

The U.S. Food and Drug Administration approved Trogarzo™, on March 6, 2018, for heavily treatment-experienced adults with multidrug resistant human immunodeficiency virus type 1infection failing their current antiretroviral regimen.

Non-IFRS Financial Measures

Reconciliation of net profit or loss to adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA to net profit (loss) is presented in the table below. We use adjusted financial measures to assess our operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Adjusted EBITDA to measure operating performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our business, and because we believe it provides meaningful information on our financial condition and operating results.

We obtain our Adjusted EBITDA measurement by adding to net profit or loss, finance income and costs, depreciation and amortization, and income taxes. We also exclude the effects of certain non-monetary transactions recorded, such as share-based compensation for the stock option plan and write-downs (or related reversals) of inventories, for our Adjusted EBITDA calculation. We believe it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee remuneration and can vary significantly with changes in the market price of the Company's shares. In addition, other items that do not impact core operating performance of the Company

may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of our operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other companies.

Adjusted EBITDA
(In thousands of Canadian dollars)

	Three-month periods ended February 28,	
	2018	**2017**
	$	$
Net loss	**(2,627)**	(2,243)
Add (deduct):		
Depreciation and amortization	**480**	504
Finance costs	**195**	2,272
Finance income	**(100)**	(65)
Share-based compensation for stock option plan	**195**	132
(Reversal of inventory write-downs) Write-down of inventories	**(164)**	125
Adjusted EBITDA	**(2,021)**	725

Conference Call Details

A conference call will be held today at 8:30 a.m. (ET) to discuss the results. The conference call will be open to questions from financial analysts. Media and other interested individuals are invited to participate in the call on a “listen-only” basis.

The conference call can be accessed by dialling 1-877-223-4471 (North America) or 1-647-788-4922 (International). The conference call will also be accessible via webcast at http://www.gowebcasting.com/9214. Audio replay of the conference call will be available two hours after the call’s completion until April 19, 2018, by dialling 1-800-585-8367 (North America) or 1-416-621-4642 (International) and by entering the playback code 4489987.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company addressing unmet medical needs to promote healthy living and an improved quality of life among HIV patients. Further information about Theratechnologies is available on the Company’s website at www.theratech.com and on SEDAR at www.sedar.com

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management’s beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as “may”, “will”, “should”, “could”, “would”, “outlook”, “believe”, “plan”, “envisage”, “anticipate”, “expect” and “estimate”,

or the negatives of these terms, or variations of them. The forward-looking statements contained in this press release include, but are not limited to, statements regarding the building of a portfolio of products, the growth of our revenue and cash flow, the timeline regarding the commercial availability of Trogarzo™, the approval of Trogarzo™ in Europe, the timeline regarding the submission of a Supplemental New Drug Application, or sNDA, with the FDA regarding the F4 Formulation and the addition of Trogarzo™ on reimbursement formularies of public and private payers in the United States.

Forward-looking statements are based upon a number of assumptions and include, but are not limited to, the following: sales of *EGRIFTA*® will continue to grow, we will succeed in building a portfolio of products generating increasing revenues and cash flow, we will meet the timelines described in this press release in connection with the commercial availability of Trogarzo™ and the filing of an sNDA with the FDA in connection with the F4 Formulation, the FDA will approve the sNDA and private and public payers in the United States will add Trogarzo™ on their reimbursement formularies.

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statements contained in this press release. These risks and uncertainties include, among others, the risk that we may not find products that are compatible with our commercial platform, or that those products do not generate the anticipated revenues and cash flow, the risk that unexpected events in the packaging and delivery of Trogarzo™ delay the commercial availability of Trogarzo™, the risk that or our filing of the sNDA with the FDA is delayed, the risk that the FDA does not approve the sNDA, the risk that private and public payers in the United States do not include Trogarzo™ as a reimbursed drug, or, even if reimbursed, that they include conditions that we are unaware of that must be met prior to reimbursing Trogarzo™.

We refer potential investors to the “Risk Factors” section of our annual information form dated February 6 2018 for additional risks regarding the conduct of our business and Theratechnologies. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this press release and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this press release, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

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For media inquiries:
Denis Boucher
Vice President, Communications and Corporate Affairs
514-336-7800

Interim Consolidated Financial Statements
(In thousands of Canadian dollars)

THERATECHNOLOGIES INC.

Three-month periods ended February 28, 2018 and 2017
(Unaudited)

THERATECHNOLOGIES INC.

Table of Contents
(In thousands of Canadian dollars)
(Unaudited)

THERATECHNOLOGIES INC.

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

As at February 28, 2018 and November 30, 2017
(Unaudited)

	Note	February 28, 2018	November 30, 2017
Assets			
Current assets:			
Cash		$ 1,736	$ 1,760
Bonds and money market funds		22,400	21,303
Trade and other receivables		6,502	9,737
Inventories	5	9,440	9,339
Prepaid expenses		1,158	1,012
Derivative financial assets		1,442	1,444
Total current assets		42,678	44,595
Non-current assets:			
Bonds and money market funds		8,330	9,866
Property and equipment		57	62
Intangible assets		21,182	21,772
Total non-current assets		29,569	31,700
Total assets		$ 72,247	$ 76,295
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities		$ 21,416	$ 23,201
Provisions	6	941	753
Current portion of long-term obligation	7	4,941	4,676
Total current liabilities		27,298	28,630
Non-current liabilities:			
Long-term obligation	7	4,521	4,543
Total non-current liabilities		4,521	4,543
Total liabilities		31,819	33,173
Equity			
Share capital	8	328,724	328,660
Contributed surplus		15,283	15,115
Deficit		(303,352)	(300,725)
Accumulated other comprehensive (loss) income		(227)	72
Total equity		40,428	43,122
Subsequent event	13		
Total liabilities and equity		$ 72,247	$ 76,295

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

THERATECHNOLOGIES INC.

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

Three-month periods ended February 28, 2018 and 2017
(Unaudited)

	Note	2018	2017
Revenue:			
Net sales		$ 10,217	$ 9,034
Royalties and licence fees		1	1
Total revenue		10,218	9,035
Operating expenses:			
Cost of sales:			
Cost of goods sold		1,185	1,086
Other production related (income) costs		(160)	178
Royalties		1,121	786
Research and development expenses		2,398	2,020
Selling and market development expenses	3	6,693	3,767
General and administrative expenses		1,513	1,234
Total operating expenses		12,750	9,071
Loss from operating activities		(2,532)	(36)
Finance income	4	100	65
Finance costs	4	(195)	(2,272)
		(95)	(2,207)
Net loss for the period		(2,627)	(2,243)
Other comprehensive (loss) income, net of tax			
Items that may be reclassified to net profit in the future:			
Net change in fair value of available-for-sale financial assets, net of tax		(42)	7
Exchange difference on translation		(257)	(305)
		(299)	(298)
Total comprehensive loss for the period		$ (2,926)	$ (2,541)
Basic and diluted loss per share	8 (b)	$ (0.04)	$ (0.03)

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

THERATECHNOLOGIES INC.

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

Three-month periods ended February 28, 2018 and 2017
(Unaudited)

		For the three-month period ended February 28, 2018					
		Share capital					
	Note	Number of shares	Amount	Contributed surplus	Deficit	Accumulated Other comprehensive income (loss)	Total
			$	$	$	$	$
Balance as at November 30, 2017		**74,962,050**	328,660	15,115	(300,725)	72	43,122
Total comprehensive loss for the period							
Net loss for the period		–	–	–	(2,627)	–	(2,627)
Other comprehensive (loss) income:							
Net change in fair value of available-for-sale financial assets, net of tax		–	–	–	–	(42)	(42)
Exchange difference on translation		–	–	–	–	(257)	(257)
Total comprehensive loss for the period		–	–	–	(2,627)	(299)	(2,926)
Transactions with owners, recorded directly in equity							
Share based compensation plan:							
Share based compensation for stock option plan		–	–	195	–	–	195
Exercise of stock option:							
Monetary consideration		15,000	37	–	–	–	37
Attributed value		–	27	(27)	–	–	–
Total contributions by owners		15,000	64	168	–	–	232
Balance as at February 28, 2018		74,977,050	328,724	15,283	(303,352)	(227)	40,428

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

THERATECHNOLOGIES INC.

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

Three-month periods ended February 28, 2018 and 2017
(Unaudited)

		For the three-month period ended February 28, 2017					
		Share capital					
	Note	Number of shares	Amount	Contributed surplus	Deficit	Accumulated other comprehensive income	Total
			$	$	$	$	$
Balance as at November 30, 2016		65,996,069	291,529	14,190	(280,667)	1,839	26,891
Total comprehensive income for the period							
Net loss for the period		–	–	–	(2,243)	–	(2,243)
Other comprehensive (loss) income:							
Net change in fair value of available-for-sale financial assets, net of tax		–	–	–	–	7	7
Exchange differences on translation		–	–	–	–	(305)	(305)
Total comprehensive loss for the period		–	–	–	(2,243)	(298)	(2,541)
Transactions with owners, recorded directly in equity							
Issue of common shares		5,323,000	16,501	–	–	–	16,501
Issue of broker options		–	–	183	–	–	183
Share issue costs		–	–	–	(1,608)	–	(1,608)
Exercise of broker warrants		124,000	360	(62)	–	–	298
Share based compensation plan:							
Share based compensation for stock option plan		–	–	132	–	–	132
Exercise of stock option:							
Monetary consideration		7,834	8	–	–	–	8
Attributed value		–	6	(6)	–	–	–
Total contributions by owners		5,454,834	16,875	247	(1,608)	–	15,514
Balance as at February 28, 2017		71,450,903	308,404	14,437	(284,518)	1,541	39,864

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

THERATECHNOLOGIES INC.

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

Three-month periods ended February 28, 2018 and 2017
(Unaudited)

	Note		2018	2017
Cash flows from (used in):				
Operating:				
Net loss		$	(2,627)	$(2,243)
Adjustments for:				
Depreciation of property and equipment			4	5
Amortization of intangible assets			476	499
Change in deferred revenue			–	(43)
Share-based compensation for stock option plan			195	132
(Reversal of inventory write-downs) write-down of inventories	5		(164)	125
Change in fair value of derivative financial assets			(30)	(297)
Change in fair value of liability related to deferred stock unit plan			30	294
Change in fair value of warrant liability and related exchange loss			–	1,909
Interest income			(100)	(65)
Interest received			136	21
Foreign exchange			(848)	(58)
Accretion expense			282	418
			(2,646)	697
Changes in operating assets and liabilities:				
Trade and other receivables			3,129	584
Inventories			20	492
Prepaid expenses			(147)	(24)
Accounts payable and accrued liabilities			(1,688)	610
Provisions			187	201
			1,501	1,863
			(1,145)	2,560
Financing:				
Proceeds from issue of common shares			–	16,501
Share issue costs			–	(1,383)
Proceeds from exercise of stock options			37	8
Proceeds from exercise of broker warrants			–	298
			37	15,424
Investing:				
Acquisition of bonds and money market funds			(10,923)	(15,659)
Proceeds from sale of bonds and money market funds			11,223	3,890
Acquisition of intangible assets			(21)	–
Proceeds from disposal of derivative financial assets			33	–
			312	(11,769)
Net change in cash			(796)	6,215
Cash, beginning of period			1,760	1,059
Effect of foreign exchange on cash			772	(13)
Cash, end of period		$	1,736	$7,261

See Note 9 for other information.

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

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

The 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, 2017 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 April 4, 2018.

(b) Summary of accounting policies:

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, 2017.

(c) 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.

1. Basis of preparation (continued):

(d) 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 1 of the annual consolidated financial statements as at November 30, 2017.

(e) Functional and presentation currency:

The Company's functional currency is the United States dollar ("USD").

These interim financial statements are presented in Canadian dollars ("CAD") since management believes that this currency is more useful for the users of the 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.

2. Recent changes in accounting standards:

Amendments adopted

Amendments to IAS 7

On January 7, 2016, the IASB issued *Disclosure Initiative* (amendments to IAS 7). The amendments require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities from financing activities. The required disclosures are provided in Note 7.

(In thousands of Canadian dollars)

3. Selling and market development expenses:

	2018	2017
	$	$
Selling and market development expenses	6,217	3,268
Amortization of intangible assets	476	499
	6,693	3,767

4. Finance income and finance costs:

	2018	2017
	$	$
Interest income	100	65
Finance income	100	65
Accretion expense	(282)	(418)
Bank charges	5	(9)
Net foreign currency gain	82	70
Loss on financial instruments carried at fair value	–	(1,915)
Finance costs	(195)	(2,272)
Net finance costs recognized in net profit or loss	(95)	(2,207)

5. Inventories:

“Cost of sales - other production-related (income) costs” includes the reversal of previously recognized inventory write-down of $161 for the three-month period ended February 28, 2018 (2017 - $125).

“Cost of sales - cost of goods sold” includes the reversal of inventory write-downs of $3 for the three-month period ended February 28, 2018 (2017 - nil).

(In thousands of Canadian dollars)

6. Provisions:

	Chargebacks and rebates	Returns	Total
	$	$	$
Balance as at November 30, 2017	639	114	753
Provisions made	1,847	26	1,873
Provisions used	(1,682)	(3)	(1,685)
Balance as at February 28, 2018	804	137	941

7. Long-term obligation:

	February 28, 2018	November 30, 2017
	$	$
Early termination fee	9,462	9,219
Current portion	(4,941)	(4,676)
	4,521	4,543

Under the terms of the agreement terminating the collaboration and licensing agreement with EMD Serono, Inc. (the "EMD Serono Termination Agreement") entered into on December 13, 2013, 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 Early Termination Fee. 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 were 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 as at May 31, 2017, of which US$8,000 remain payable.

The obligation was 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%.

(In thousands of Canadian dollars)

7. Long-term obligation (continued):

The movement in the long-term obligation for the current period is as follows:

Balance as at November 30, 2017	$	9,219
Accretion expense		282
Effect of changes in exchange rate		(39)
Balance as at February 28, 2018	$	9,462

The long-term obligation of $10,264 (US$8,000) payable consists of the following as at February 28, 2018:

	Capital	Imputed interest	Total
	$	$	$
Less than one year	3,984	1,148	5,132
Between one and five years	4,522	610	5,132
	8,506	1,758	10,264

8. 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 6,580,000 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 28, 2018, 2,200,306 options were available to be granted by the Company (February 28, 2017 - 2,395,306).

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

(In thousands of Canadian dollars)

8. Share capital (continued):

(a) Stock option plan (continued):

Changes in the number of options outstanding were as follows:

	Number of options	Weighted average exercise price per option
		$
Options as at November 30, 2016	2,242,369	2.17
Expired	(43,000)	8.23
Exercised (share price: $4.07)	(7,834)	1.01
Options as at February 28, 2017	2,191,535	2.06
Options as at November 30, 2017	2,335,895	2.21
Exercised (share price: $6.83)	(15,000)	2.45
Options as at February 28, 2018	2,320,895	2.21

During the three-month period ended February 28, 2018, $195 (2017 - $132) were recorded as share-based compensation expense for the stock option plan.

No options were granted during the three-month periods ended February 28, 2018 and 2017.

(In thousands of Canadian dollars)

8. Share capital (continued):

(b) Loss per share:

For the three-month period ended February 28, 2018, the calculation of basic loss per share was based on the net loss attributable to common shareholders of the Company of $2,627 (2017 - $2,243), and a weighted average number of common shares outstanding of 74,976,383 (2017 - 71,138,817), calculated as follows:

	February 28, 2018	February 28, 2017
Issued common shares as at December 1	74,962,050	65,996,069
Effect of share options exercised	14,333	606
Effect of public issue of common shares	–	5,086,422
Effect of broker warrants exercised	–	55,720
Weighted average number of common shares	74,976,383	71,138,817

For the three-month period ended February 28, 2018, 2,320,895 share options and 39,390 broker options, 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.

9. Other information:

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

	February 28, 2018	November 30, 2017
	$	$
Additions to intangible assets included in accounts payable and accrued liabilities	–	20
Share issue costs included in contributed surplus	–	183
Issue of common shares - TaiMed	–	4,001
Reclassification of warrant liability to share capital upon exercise of common share purchase warrants	–	8,348

10. Financial instruments:

The nature and extent of the Company's exposure to risks arising from financial instruments are consistent with the disclosure in the annual consolidated financial statements as at November 30, 2017.

11. 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, 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 money market funds 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).

Long-term obligation:

The obligation was 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%. The Company has determined that the carrying value of the obligation approximates its fair value.

(In thousands of Canadian dollars)

11. 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.

The fair value (Level 2) of the share-based payment arrangement to purchase the commercialization rights of Trogarzo™ was determined using the fixed value to be paid in common shares. That value will remain the same even if the Company's common share price fluctuates on the market.

The deferred stock units liability of $1,420 included in Accounts payable and accrued liabilities 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 of the common shares of the Company.

12. Operating segments:

The Company has a single operating segment. Almost all of the Company's revenues are generated from one customer, RxCrossroads, which is domiciled in the United States.

	2018	2017
	$	$
RxCrossroads	10,078	8,891
Others	140	144
	10,218	9,035

All of the Company's non-current assets are located in Canada as is the Company's head office.

13. Subsequent event:

The U.S. Food and Drug Administration approved Trogarzo™, on March 6, 2018, for heavily treatment-experienced adults with multidrug resistant human immunodeficiency virus type 1 infection failing their current antiretroviral regimen.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE-MONTH PERIOD ENDED FEBRUARY 28, 2018

The following Management's Discussion and Analysis, or MD&A, provides Management's comments on the financial position and results of operations of Theratechnologies Inc., on a consolidated basis, for the three-month period ended February 28, 2018 as compared to the three-month period ended February 28, 2017. Unless otherwise indicated or unless the context requires otherwise, all references in this MD&A to "Theratechnologies", the "Company", the "Corporation", "we", "our", "us" or similar terms refer to Theratechnologies Inc. and its subsidiaries on a consolidated basis. This MD&A is dated April 3, 2018, was approved by our Audit Committee on April 4, 2018, and should be read in conjunction with our unaudited interim consolidated financial statements and the notes thereto as at February 28, 2018, or Interim Financial Statements, as well as the MD&A and audited annual consolidated financial statements, including the notes thereto, as at November 30, 2017. The Interim Financial Statements for the three-month period ended February 28, 2018 have not been reviewed by our auditors.

Except as otherwise indicated, the financial information contained in this MD&A and in our audited consolidated financial statements has been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

The Company's functional currency is the United States dollar, or USD, because the vast majority of our operational activities and sales occur in the United States. However, since we believe that Canadian dollar currency, or CAD, is more useful to users of these documents, except where otherwise indicated, all monetary amounts set forth in this MD&A and the Interim Financial Statements and the notes thereto are expressed in CAD for reporting purposes. The average and closing exchange rates for the first quarter of fiscal 2018 (CAD equivalents of 1 USD) were 1.2594 and 1.2830 respectively, compared to 1.3214 and 1.3281 for the first quarter of fiscal 2017. In accordance with IFRS, the exchange difference arising from the translation of our USD-denominated financial statements to CAD for reporting purposes is included in accumulated other comprehensive income. References to $ and C$ are to CAD and references to US$ are to USD.

In this MD&A, the use of *EGRIFTA*® refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy and Trogarzo™ refers to ibalizumab for the treatment of multidrug resistant HIV-1 infected patients.

This MD&A contains information that we believe may affect our prospective financial condition, cash flows and results of operations. Readers are cautioned to consult the section, "Forward-Looking Information", below.

Business Overview

We are a specialty pharmaceutical company addressing unmet medical needs to promote healthy living and an improved quality of life among HIV patients.

Theratechnologies Inc.
2015 Peel, 5th Floor
Montreal, Quebec H3A 1T8

Our business strategy is to build a portfolio of complementary products, compatible with our expertise and our commercial platform, that will fuel sustainable revenue and cash flow growth and build value for our shareholders.

Our first product**,** *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration, or FDA, in November 2010, by Health Canada in March 2015, and by COFEPRIS, Mexico's health agency, in March 2016. It is, to date, the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. We have established an integrated commercial platform to market *EGRIFTA*® in the United States and Canada. We also have agreements in place for the distribution and commercialization of *EGRIFTA*® in markets outside of the United States and Canada. In all cases, our commercial partners are responsible for the distribution and marketing of *EGRIFTA*®, if approved. However, we no longer view those markets as material to grow our revenues.

Our second product, Trogarzo™ (ibalizumab-uiyk), injection was approved by the FDA on March 6, 2018. Trogarzo™ is a humanized monoclonal antibody and is indicated for the treatment of human immunodeficiency virus type 1, or HIV-1, infection in heavily treatment-experienced adults with multidrug resistant, or MDR, HIV-1 infection failing their current antiretroviral regimen. See "Subsequent event".

We expect that Trogarzo™ will be commercially available around the end of April 2018. Sales should gradually increase as private and public payers in the United States include Trogarzo™ on their reimbursement formularies.

In March 2016, we entered into an agreement with TaiMed Biologics, Inc., or TaiMed, to acquire the commercial rights to Trogarzo™ for the United States and Canada, or TaiMed Agreement.

In March 2017, we amended the TaiMed Agreement to include the commercial rights to ibalizumab in the European Union countries and in other countries such as Israel, Norway, Russia and Switzerland. In the second half of fiscal 2017, we started building the foundation for ibalizumab in Europe. By year-end, we had devised and begun to implement our regulatory strategy aimed at achieving marketing approval in Europe in a timely and efficient manner.

Fiscal 2018 Business Plan Update

As detailed in the revenue discussion below, net sales of *EGRIFTA*® were our strongest ever for a first quarter. *EGRIFTA*® net sales revenue was $10,217,000 in the first quarter of fiscal 2018, compared to $9,034,000 in the first quarter of the prior year, representing an increase of 13.1%. In USD, net *EGRIFTA*® sales in the first quarter of fiscal 2018 were $8,113,000 compared to $6,836,000 in the first quarter of fiscal 2017, an increase of 18.7%.

First quarter results further demonstrate that increasing our sales team, from 12 to 41 employees, in preparation of the launch of Trogarzo™, is still beneficial for *EGRIFTA*® sales.

Nevertheless, the additional expenses related to the organizational expansion negatively affected cash flow and earnings in the first quarter of 2018 but the short term impact should be more than offset as Trogarzo™ sales should start being recorded during the second quarter of 2018.

A national launch meeting was held in Montreal at the end of March 2018 following the approval of Trogarzo™ in the United States. The sales team is now ready to call on more than 5,000 physicians across the United States that treat patients with HIV. All sales representatives will be detailing both Trogarzo™ and *EGRIFTA*®.

Since the approval of Trogarzo™, our managed markets team has been working with public and private payers to secure reimbursement for the product. In the meantime, they are also working on obtaining exception authorisation for prescriptions that have already been referred to our THERA patient support™ call center.

As we develop the United States market for Trogarzo™, we will also continue to work towards securing European marketing authorization. As part of our preparatory work in Europe, a technical meeting with representatives from the rapporteur and co-rapporteur countries will take place in April 2018. Once this meeting has taken place, we will have a more precise idea as to when filing in Europe will be possible.

In September 2016, we announced that we were moving forward with the development of a single-vial formulation of *EGRIFTA*®, or F4 Formulation. *EGRIFTA*® currently comes in two vials. Presented in a single daily vial, the F4 Formulation has the advantage of being four times more concentrated, thus significantly reducing the volume of administration. The F4 Formulation has also previously been shown to be stable at room temperature, which would be a significant improvement as refrigeration by pharmacies and patients would no longer be required. The necessary F4 Formulation bioequivalence studies and additional stability testing have now been completed and show bioequivalence to the current 1mg formulation. We expect to submit the supplemental New Drug Application, or sNDA, to the FDA in the third quarter of 2018.

Taking into account the various elements previously described, Adjusted EBITDA in the first quarter of fiscal 2018 was $(2,021,000) compared to $725,000 in the first quarter of fiscal 2017. We use adjusted EBITDA to measure cash flow generation. See “Non-IFRS Financial Measures” below.

Revenue

Consolidated revenue for the three-month period ended February 28, 2018 was $10,218,000 compared to $9,035,000 in the three-month period ended February 28, 2017.

(in thousands of Canadian dollars)	Three-month periods ended February 28	
	2018	2017
Net sales	**$ 10,217**	$ 9,034
Royalties and license fees	**$ 1**	$ 1
Revenue	**$ 10,218**	$ 9,035

Revenue generated from net sales increased by 13.1% in the first quarter of 2018 compared to the comparable period in fiscal 2017, due to higher unit volumes and prices, partially offset by exchange rate fluctuations and higher discounts due to changes in the mix of private payors versus government drug reimbursement plans.

Cost of Sales

For the three months ended February 28, 2018, cost of sales was $2,146,000 compared to $2,050,000 in the comparable period of fiscal 2017. Cost of goods sold was $1,185,000 in the first quarter of 2018 compared to $1,086,000 for the same quarter the previous year. Other production-related costs, due to the reversal of a loss provision, amounted to $(160,000) in the first quarter of 2018, compared to $178,000, which included an inventory write-down of $125,000, for the same period of 2017.

Cost of sales also includes royalties due under the terms of the agreement terminating the collaboration and licensing agreement with EMD Serono, Inc. In the first quarter of 2018, royalties recorded on *EGRIFTA*® sales amounted to $1,121,000 compared to $786,000 for the first quarter of 2017, due to higher sales levels.

R&D Expenses

R&D expenses amounted to $2,398,000 in the three-month period ended February 28, 2018 compared to $2,020,000 for the same period in 2017. While R&D expenses were higher in the first quarter of 2018 compared to the first quarter of 2017, they were significantly lower than in the fourth quarter of 2017.

R&D expenses include medical affairs initiatives aimed at raising awareness among physicians and nurses who interact with patients living with MDR HIV-1 or lipodystrophy. R&D expenses also encompass regulatory affairs activities, such as preparing for the European filing of Trogarzo™, quality assurance, the development of the F4 Formulation and post-approval commitments related to *EGRIFTA*®.

Selling and Market Development Expenses

Selling and market development expenses amounted to $6,693,000 for the first quarter of 2018, reflecting the size increase of our sales force and other investment made after the first quarter of 2017 in preparation of the launch of Trogarzo™. This compares to $3,767,000 for the same three-month period last year. Again, selling and market development expenses were lower in the first quarter of 2018 than in the fourth quarter of 2017.

Selling and market development expenses include branded and non-branded campaigns to support *EGRIFTA*®, the launch of Trogarzo™ in the United States and the development of the European regulatory strategy for Trogarzo™.

It also factors in the amortization of the intangible asset value established for the *EGRIFTA*® commercialization rights which represented an amount of $476,000 for the first quarter of 2018 compared to $499,000 for the same period in 2017. This variation is due to the exchange rate fluctuations.

General and Administrative Expenses

General and administrative expenses amounted to $1,513,000 in the three months ended February 28, 2018 compared to $1,234,000 after the first quarter of 2017. The increase is attributable to the growth of our business and expenses related to our preparatory work for our European expansion.

Finance Income

Finance income, consisting of interest income, amounted to $100,000 at the end of the first quarter of 2018 compared to $65,000 following the first three months of last year.

Finance Costs

Finance costs for the three months ended February 28, 2018 were $195,000 compared to $2,272,000 for the comparable period of 2017. Finance costs no longer include losses related to the change in the fair value of warrant liability ($1,909,000 in the first quarter of 2017) as the last outstanding warrants were exercised in the third quarter of 2017. Accretion expense on the long-term obligation was $282,000 in the first quarter of 2018 compared to $418,000 for the same quarter last year, reflecting the lower average balance outstanding during the year.

Adjusted EBITDA

For the reasons noted above, Adjusted EBITDA was $(2,021,000) for the first quarter of 2018 compared to $725,000 for the same period of 2017. See “Non-IFRS Financial Measures” below.

Net Loss

Taking into account the revenue and expense variations described above, we recorded a net loss of $2,627,000 or $(0.04) per share in the first three months of fiscal 2018 compared to a net loss of $2,243,000 or $(0.03) per share for the same period last year.

Financial Position

For the three-month period ended February 28, 2018, cash flow from operating activities was $(1,145,000) compared to $2,560,000 for the first quarter of 2017. The changes in cash flow can be attributed to the increase in spending to prepare for the launch of Trogarzo™.

As at February 28, 2018, cash, bonds and money market funds amounted to $32,466,000 compared to $32,929,000 at the end of the previous fiscal year.

Quarterly Financial Information

The following table is a summary of our unaudited consolidated operating results for the last eight quarters.

(In thousands of dollars, except per share amounts)

	2018				2017			2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	**10,217**	12,595	11,217	10,015	9,034	10,376	8,924	9,026
Royalties and license fees	**$ 1**	$ 1	$ —	$ 1	$ 1	$ 1	$ 1	$ 1
Revenue	**10,218**	12,596	11,217	10,016	9,035	10,377	8,925	9,027
Net (loss) profit	**(2,627)**	(4,216)	(2,882)	(9,109)	(2,243)	173	888	(498)
Basic and diluted (loss) earnings per share	**(0.04)**	(0.06)	(0.04)	(0.13)	(0.03)	—	0.01	(0.01)

The issuance of common share purchase warrants in 2015 has had a significant effect on quarterly earnings. Variations in the fair value of the warrant liability, a non-cash item, resulted in the following gains and losses: 2017 – (Q1) a loss of $1,909,000, (Q2) a loss of $4,020,000, (Q3) a loss of $725,000, (Q4) no impact; 2016 – (Q2) a loss of $1,023,000, (Q3) a gain of $782,000, (Q4) a loss of $805,000. There was no impact in the first quarter of fiscal 2016.

Factors Affecting the Variability of Quarterly results

There are quarter-over-quarter variations in net sales revenue, principally due to changes in distributor inventory levels with some additional impact from time to time related to average net selling price, which is affected by changes in the mix of private payors versus government drug reimbursement plans.

CAD/USD currency fluctuations also have an effect when sales figures are converted to CAD for reporting purposes. Since regaining commercial rights to *EGRIFTA*®, sales have kept an overall upward trend as measured by unit sales and dollar value.

In the second quarter of fiscal 2017, the Company undertook a major expansion of its U.S. sales organization and added staffing to its medical science liaison and managed markets groups in order to cover additional territories and prepare for the potential launch of ibalizumab in the United States. As a result, *EGRIFTA*® patient numbers and, consequently, quarter over quarter sales have since been growing strongly. The Company views this initiative as a sound long-term investment in its future growth. However, in the short term, the related additional expenses have negatively affected earnings as illustrated above.

Subsequent Event

The U.S. Food and Drug Administration approved Trogarzo™, on March 6, 2018, for heavily treatment-experienced adults with multidrug resistant human immunodeficiency virus type 1infection failing their current antiretroviral regimen.

Recent Changes in Accounting Standards

Amendments Adopted

Amendments to IAS 7

On January 7, 2016, the IASB issued *Disclosure Initiative* (amendments to IAS 7). The amendments require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. One way to meet this new disclosure requirement is to provide reconciliation between the opening and closing balances for liabilities from financing activities. The required disclosures are provided in note 7 to our Interim Financial Statements.

Outstanding Share Data On April 3, 2018, the number of common shares issued and outstanding was 75,033,228 while outstanding options granted under our stock option plan were 2,275,895. There were also 28,212 broker options issued and outstanding.

Contractual Obligations

There was no material change in contractual obligations during the three-month period ended February 28, 2018, other than in the ordinary course of business.

Economic and Industry Factors

Economic and industry factors were substantially unchanged from those reported in our MD&A for the fiscal year ended November 30, 2017.

Internal Control

No significant changes have occurred in our internal control over financial reporting during the period beginning on December 1, 2017 and ending on February 28, 2018.

Non-IFRS Financial Measures

Reconciliation of net profit or loss to adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA to net profit (loss) is presented in the table below. We use adjusted financial measures to assess our operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Adjusted EBITDA to measure operating performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our business, and because we believe it provides meaningful information on our financial condition and operating results.

We obtain our Adjusted EBITDA measurement by adding to net profit or loss, finance income and costs, depreciation and amortization, and income taxes. We also exclude the effects of certain non-monetary transactions recorded, such as share-based compensation for the stock option plan and write-downs (or related reversals) of inventories, for our Adjusted EBITDA calculation. We believe it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee remuneration and can vary significantly with changes in the market price of the Company’s shares. In addition, other items that do not impact core operating performance of the Company may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of our operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other companies.

Adjusted EBITDA

(In thousands of Canadian dollars)

	Three-month periods ended February 28,	
	2018	2017
	$	$
Net loss	**(2,627)**	(2,243)
Add (deduct):		
Depreciation and amortization	**480**	504
Finance costs	**195**	2,272
Finance income	**(100)**	(65)
Share-based compensation for stock option plan	**195**	132
(Reversal of inventory write-downs) Write-down of inventories	**(164)**	125
Adjusted EBITDA	**(2,021)**	725

Forward-Looking Information

This MD&A contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management's beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or the negatives of these terms, or variations of them. The forward-looking statements contained in this MD&A include, but are not limited to, statements regarding the building of a portfolio of products, the growth of our revenue and cash flow, the timeline regarding the commercial availability of Trogarzo™, the approval of Trogarzo™ in Europe, the timeline regarding the submission of a sNDA with the FDA regarding the F4 Formulation and the addition of Trogarzo™ on reimbursement formularies of public and private payers in the United States.

Forward-looking statements are based upon a number of assumptions and include, but are not limited to, the following: sales of *EGRIFTA*® will continue to grow, we will succeed in building a portfolio of products generating increasing revenues and cash flow, we will meet the timelines described in this MD&A in connection with the commercial availability of Trogarzo™ and the filing of an sNDA with the FDA in connection with the F4 Formulation, the FDA will approve the sNDA and private and public payers in the United States will add Trogarzo™ on their reimbursement formularies.

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statements contained in this MD&A. These risks and uncertainties include, among others, the risk that we may not find products that are compatible with our commercial platform, or that those products do not generate the anticipated revenues and cash flow, the risk that unexpected events in the packaging and delivery of Trogarzo™ delay the commercial availability of Trogarzo™, the risk that or our filing of the sNDA with the FDA is delayed, the risk that the FDA does not approve the sNDA, the risk that private and public payers in the United States do not include Trogarzo™ as a reimbursed drug, or, even if reimbursed, that they include conditions that we are unaware of that must be met prior to reimbursing Trogarzo™.

We refer potential investors to the “Risk Factors” section of our annual information form dated February 6 2018 for additional risks regarding the conduct of our business and Theratechnologies. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this MD&A and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this MD&A, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

Exhibit 99.13

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Philippe Dubuc, Senior Vice President and Chief Financial Officer of Theratechnologies Inc., certify the following:

1. ***Review***: I have reviewed the interim financial statements and interim MD&A, (together, the "interim filings") of Theratechnologies Inc. (the "issuer") for the interim period ended February 28, 2018.

2. ***No misrepresentations***: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation***: Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility***: The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. ***Design***: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officers(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework***: The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control over Financial Reporting – Guidance for Smaller Public Companies (COSO).

5.2 N/A

5.3 N/A

6. ***Reporting changes in ICFR***: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on December 1, 2017 and ended on February 28, 2018 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: April 5, 2018

(Signed) Philippe Dubuc

Philippe Dubuc
Senior Vice President and Chief Financial Officer

Exhibit 99.14

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Luc Tanguay, President and Chief Executive Officer of Theratechnologies Inc., certify the following:

1. ***Review***: I have reviewed the interim financial statements and interim MD&A, (together, the "interim filings") of Theratechnologies Inc. (the "issuer") for the interim period ended February 28, 2018.

2. ***No misrepresentations***: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation***: Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility***: The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. ***Design***: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officers(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework***: The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control over Financial Reporting – Guidance for Smaller Public Companies (COSO).

5.2 N/A

5.3 N/A

6. ***Reporting changes in ICFR***: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on December 1, 2017 and ended on February 28, 2018 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: April 5, 2018

(Signed) Luc Tanguay

Luc Tanguay
President and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the shareholders of Theratechnologies Inc. (the "**Corporation**"):

NOTICE IS HEREBY GIVEN that an annual meeting of shareholders (the "**Meeting**") of the Corporation will be held at the McCord Museum, 690 Sherbrooke Street West, Montreal, Québec, on Wednesday, May 16, 2018 at 10:00 a.m. (Eastern Time) for the following purposes:

(1) to receive the consolidated financial statements for the fiscal year ended November 30, 2017, as well as the auditors' report thereon;

(2) to elect directors for the ensuing year;

(3) to appoint auditors for the ensuing year and authorize the directors to set their compensation; and

(4) to transact such other business as may properly come before the Meeting.

Only persons registered as shareholders on the records of the Corporation as of the close of business on April 11, 2018 are entitled to receive notice of, and to vote or act at, the Meeting. No person who becomes a shareholder after such date will be entitled to vote or act at the Meeting or any adjournment thereof.

A shareholder who is unable to attend the Meeting in person may appoint another person (who need not be a shareholder of the Corporation) to represent him or her at the Meeting by completing the enclosed form of proxy and returning same to the Corporate Secretary of the Corporation, c/o Computershare Trust Company of Canada, 1500 Robert-Bourassa Boulevard, 7th Floor, Montreal, Québec, Canada H3A 3S8, prior to 5:00 p.m. (Eastern Time) on May 14, 2018.

DATED at Montreal, Québec, Canada, April 11, 2018

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Jocelyn Lafond

Jocelyn Lafond
Vice President, Legal Affairs, and Corporate Secretary
Theratechnologies Inc.
2015 Peel Street, 5th Floor
Montreal, Québec, Canada H3A 1T8

NOTICE OF ANNUAL MEETING
OF SHAREHOLDERS TO BE HELD ON
WEDNESDAY, MAY 16, 2018

AND

MANAGEMENT PROXY CIRCULAR

April 11, 2018

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the shareholders of Theratechnologies Inc. (the "**Corporation**"):

NOTICE IS HEREBY GIVEN that an annual meeting of shareholders (the "**Meeting**") of the Corporation will be held at the McCord Museum, 690 Sherbrooke Street West, Montreal, Québec, on Wednesday, May 16, 2018 at 10:00 a.m. (Eastern Time) for the following purposes:

(1) to receive the consolidated financial statements for the fiscal year ended November 30, 2017, as well as the auditors' report thereon;

(2) to elect directors for the ensuing year;

(3) to appoint auditors for the ensuing year and authorize the directors to set their compensation; and

(4) to transact such other business as may properly come before the Meeting.

Only persons registered as shareholders on the records of the Corporation as of the close of business on April 11, 2018 are entitled to receive notice of, and to vote or act at, the Meeting. No person who becomes a shareholder after such date will be entitled to vote or act at the Meeting or any adjournment thereof.

A shareholder who is unable to attend the Meeting in person may appoint another person (who need not be a shareholder of the Corporation) to represent him or her at the Meeting by completing the enclosed form of proxy and returning same to the Corporate Secretary of the Corporation, c/o Computershare Trust Company of Canada, 1500 Robert-Bourassa Boulevard, 7th Floor, Montreal, Québec, Canada H3A 3S8, prior to 5:00 p.m. (Eastern Time) on May 14, 2018.

DATED at Montreal, Québec, Canada, April 11, 2018

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Jocelyn Lafond

Jocelyn Lafond
Vice President, Legal Affairs, and Corporate Secretary
Theratechnologies Inc.
2015 Peel Street, 5th Floor
Montreal, Québec, Canada H3A 1T8

MANAGEMENT PROXY CIRCULAR

*The information contained in this management proxy circular (the "**Circular**") is given as at April 11, 2018, except as otherwise noted. All dollar amounts set forth herein are expressed in Canadian dollars and the symbol "$" refers to the Canadian dollar, unless otherwise indicated.*

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ITEM I. INFORMATION RELATING TO VOTING

You may vote your shares either through a proxy or in person at the annual meeting of shareholders (the "**Meeting**") of Theratechnologies Inc. (the "**Corporation**" or "**Theratechnologies**").

1. By Proxy

Solicitation of Proxies

This Circular is provided in connection with the solicitation by management of the Corporation of proxies to be used at the Meeting of the Corporation to be held on Wednesday, May 16, 2018, at the time, place and for the purposes set forth in the attached Notice of Annual Meeting of Shareholders (the "**Notice of Meeting**") and at any continuation of the Meeting after adjournment thereof.

It is expected that the solicitation of proxies will be made primarily by mail. However, officers or employees of the Corporation may also solicit proxies by telephone, telecopy, e-mail or in person. Our employees will receive no compensation for these services. The entire cost of solicitation will be borne by the Corporation. Pursuant to *National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related material to beneficial owners of common shares. See "Non-Registered Holders" below.

Terms of Proxy Grant

A registered shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Computershare Trust Company of Canada ("**Computershare**") as per the instructions below. By completing the enclosed form of proxy, you appoint the persons proposed in that form to represent your interests and vote your shares on your behalf at the Meeting. The persons named in the enclosed form of proxy are directors or officers of the Corporation. **However, you have the right to appoint a person (who need not be a shareholder) to represent you at the Meeting other than the persons designated in the form of proxy provided by the Corporation**. To do this, you must insert such person's name in the blank space provided in the enclosed form of proxy.

If you hold your shares through an intermediary (a stockbroker, a bank, a trust, a trustee, etc.), you are not a registered shareholder in the registry of shareholders of the Corporation held by Computershare. Therefore, you cannot vote your shares directly at the Meeting. If this is your situation, you will receive from your intermediary explanation as to how to appoint proxies and have them vote your shares. To ensure that your instructions are respected, you must deliver them to your intermediary within the prescribed deadline. See "Non-Registered Holders" below. **For any questions, please contact your intermediary directly.**

Proxy Voting

The persons named or appointed in the form of proxy will, on a show of hands or any ballot that may be called, vote (or withhold from voting) your shares in respect of which they are appointed as proxies in accordance with the instructions given in the form of proxy. **In the absence of instructions, the voting rights attached to the shares referred to in your form of proxy will be exercised FOR the matters mentioned in the attached Notice of Meeting.**

Furthermore, the enclosed form of proxy confers upon the proxy holder a discretionary power with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to all other

matters which may properly come before the Meeting, or any continuation after adjournment thereof. As at the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to be brought before the Meeting.

Delivery of Form of Proxy and Deadlines

If you hold your shares personally and are a registered shareholder in the registry of shareholders of the Corporation, please send the completed form of proxy to the Secretary of the Corporation, c/o Computershare Trust Company of Canada, 1500 Robert-Bourassa Boulevard, 7th Floor, Montreal, Québec H3A 3S8, prior to 5:00 p.m. (Eastern Time) on May 14, 2018 (unless you attend the Meeting in person). All shares represented by proper proxies accompanied by duly completed declarations received by Computershare at the latest on such date and prior to such time will be voted in accordance with your instructions as specified in the proxy form on any ballot that may be called at the Meeting.

If you hold your shares through an intermediary, please proceed as indicated in the documentation sent by your intermediary and within the deadlines specified therein. See "Non-Registered Holders" below. **For any questions, please contact your intermediary directly.**

Revocation of a Proxy

You may, at any time, including any continuation of the Meeting after adjournment thereof, revoke a proxy for any business with respect to which said proxy confers a vote that has not already been cast.

If you hold your shares personally and are a registered shareholder in the registry of shareholders of the Corporation, please send a written notice to revoke a proxy bearing your signature or that of your proxy (or a representative of your proxy if your proxy is a corporation) to the Corporate Secretary of the Corporation, c/o Computershare Trust Company of Canada, 1500 Robert-Bourassa Boulevard, 7th Floor, Montreal, Québec H3A 3S8, prior to 5:00 p.m. (Eastern Time) on May 14, 2018. You may also revoke a proxy in person at the Meeting by making a request to that effect to the Secretary of the Corporation.

If you hold your shares through an intermediary, please proceed as indicated in the documentation sent by your intermediary and within the deadlines specified therein. **For any questions, please contact your intermediary directly.**

Non-Registered Holders

The information set forth in this section should be reviewed carefully by the non-registered shareholders. Shareholders who do not hold their shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of shares will be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, those shares will, in all likelihood, not be registered in the shareholder's name. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

There are two categories of Beneficial Shareholders for the purposes of applicable securities regulatory policy in relation to the mechanism of dissemination to Beneficial Shareholders of proxy-related materials and other security holder materials and the request for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners ("**NOBOs**") are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. **Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Corporation**. Objecting beneficial owners ("**OBOs**") are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

In accordance with the requirements of NI 54-101, the Corporation is sending the Notice of Meeting, the Circular and a voting instruction form (the "**Meeting Materials**") indirectly through intermediaries to all Beneficial Shareholders. NI 54-101 permits the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and use such NOBO list for the purpose of distributing the Meeting Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver the Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. In accordance with the requirements of NI 54-101, the Corporation is sending the Meeting Materials indirectly through intermediaries to all Beneficial Shareholders. The cost of the delivery of the Meeting Materials by intermediaries to Beneficial Shareholders will be borne by the Corporation.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of his or her broker (or his or her broker's agent), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the shares as proxyholder for the registered shareholder by entering his or her own name in the blank space on the proxy form provided to him or her by his or her broker (or his or her broker's agent) and return it to that broker (or that broker's agent) in accordance with the broker's instructions (or the agent's instructions).

Applicable securities regulatory policy requires intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholder's meetings on Form 54-101F7 (Request for Voting Instructions Made by Intermediary). Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of request for voting instructions supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholders on how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to attend at the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). In forwarding the Meeting Materials to Beneficial Shareholders, Broadridge typically includes a voting instruction form in lieu of the form of proxy that some intermediaries employ. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge's dedicated voting website at

https://central-online.proxyvote.com to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to the Corporation's transfer agent and registrar, which tabulates the results and provides appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment(s) thereof. If you have any questions respecting the voting of shares held through a broker or other intermediary, please contact your broker or other intermediary for assistance.

All references to shareholders in this Circular, the enclosed form of proxy and the Notice of Meeting are to the registered shareholders unless specifically stated otherwise.

2. In Person

If you hold your shares personally and are a registered shareholder in the registry of shareholders of the Corporation, you may present yourself on the date, at the time and place set forth in the Notice of Meeting and register with the representatives of Computershare who will be at the Meeting. You should then follow voting instructions given by the Chair of the Meeting.

If you hold your shares through an intermediary and you wish to vote your shares in person at the Meeting, please proceed as indicated in the documentation sent by your intermediary. **For any questions, please contact your intermediary directly.**

3. Voting Securities and Principal Holders

As at April 11, 2018, there were 75,140,062 common shares (the "**Common Shares**") of the Corporation issued and outstanding. The Common Shares are the only securities with respect to which a voting right may be exercised at the Meeting. Each Common Share entitles its holder to one vote with respect to the matters voted on at the Meeting.

Holders of Common Shares whose names are registered on the lists of shareholders of the Corporation as at 5:00 p.m. (Eastern time) on April 11, 2018, being the date fixed by the Corporation for determination of the registered holders of Common Shares who are entitled to receive Notice of the Meeting and to vote at the Meeting (the "**Record Date**"), will be entitled to exercise their voting rights attached to the Common Shares in respect of which they are so registered at the Meeting, or any continuation after adjournment thereof, if present or represented by proxy thereat.

To our knowledge, no person beneficially owns, or controls or directs control, directly or indirectly, over more than ten percent (10%) of the outstanding Common Shares of the Corporation.

ITEM II. SUBJECTS TO BE TREATED AT THE MEETING

1. Receipt of Financial Statements

The consolidated financial statements for the fiscal year ended November 30, 2017 together with the auditors' report thereon will be presented at the Meeting. The financial statements have been mailed to you if you requested them, along with this Circular. The financial statements are also available as part of the Corporation's filings on SEDAR website at www.sedar.com. No vote is required on this matter.

2. Election of Directors

Composition of the Board of Directors

The articles of the Corporation provide that the board of directors of the Corporation (the "**Board**") must consist of a minimum of three (3) and a maximum of twenty (20) directors. The Board is currently composed of six (6) directors.

At a meeting of the Board held in April 2017, the Board amended its majority voting policy (the "**Majority Voting Policy**") regarding the election of directors to take into consideration comments issued by the TSX in March 2017. Pursuant to the Majority Voting Policy, a nominee for election as a director of the Corporation who receives a greater number of votes "withheld" than votes "for", with respect to the election of directors by shareholders, will have to tender his or her resignation to the Board immediately following the meeting of shareholders at which the director was a nominee for election. The Board will determine whether to accept such resignation or not. The Board will make its decision and announce it in a press release within ninety (90) days following the meeting of shareholders. The director who tendered his or her resignation will not be part of any committee or Board deliberations pertaining to his or her resignation. The Majority Voting Policy only applies in circumstances involving an uncontested election of directors.

An "uncontested election of directors" means an election of directors in respect of which (i) the number of director nominees is the same as the number of directors proposed by management to be elected to the Board; (ii) no person other than those nominees who are part of the candidates proposed by management listed in a management circular is proposed at a meeting as a candidate for directorship; or (iii) no proxy materials are circulated in support of one or more nominees who are not part of the candidates proposed by management.

All of the nominees mentioned below under "Nominees" for the director positions of the Corporation are elected for a one year term ending at the next annual meeting of shareholders or when his/her successor is elected, unless he/she resigns or the position becomes vacant as a result of death, dismissal or otherwise, prior to said meeting.

Nominees

Management proposes that six (6) directors be elected at the Meeting. Management does not contemplate that any of the nominees listed in the table below will be unable to fulfill his/her mandate as director.

The following table sets forth, for each nominee, the following information:

- his/her name;
- his/her age;
- his/her place of residence;
- his/her independence from the Corporation;
- the date he/she became a director;

- his/her principal occupation;
- his/her biography;
- his/her areas of expertise;
- his/her memberships on the committees of the Board of the Corporation;
- the number of Board and committee meetings attended in the fiscal year ended November 30, 2017 while acting as a director and committee member;
- the number of Common Shares, deferred share units ("**DSUs**") and stock options held or controlled; and
- whether he/she acts as a director of other public companies (or private companies when in the same industry as the Corporation).

Some of the information set out in the table below with respect to the nominees is not within the knowledge of the Corporation and was provided by each nominee. The information relating to the number of Common Shares, DSUs and options held by the nominees in the table below is at the date of this Circular and is based exclusively on reports filed on the Canadian System for Electronic Disclosure by Insiders as at that date. The information appearing under "Cease Trade Orders, Bankruptcies, Penalties or Sanctions" is based on the statements made by the nominees.

Unless instructions are given to withhold from voting with regard to the election of one or more nominees to act as directors, the persons whose names appear on the enclosed form of proxy will vote FOR the election of each of the nominees whose names are set out in the table below.

Gérald A. Lacoste
Age: 74
Rivière-Rouge, Québec, Canada
Independent Director since:
February 8, 2006
Areas of Expertise:
- Securities and Market Regulations
- Corporate Governance
- Mergers & Acquisitions

Compliance with Shareholding Policy:
Yes
Other Directorship:
None

Principal Occupation	Corporate Director

Gérald A. Lacoste is a retired lawyer with extensive experience in the fields of securities regulation, financing and corporate governance. He was previously Chairman of the Québec Securities Commission (now known as the *Autorité des marchés financiers*) and was also President and Chief Executive Officer of the Montreal Exchange. During his career, Mr. Lacoste acted as legal counsel to the Canadian Standing Senate Committee on Banking, Trade and Commerce, he chaired the Québec Advisory Committee on Financial Institutions, and was a member of the task force on the capitalization of life insurance companies in Québec. Mr. Lacoste is currently a corporate director and is a member of the North American Free Trade Agreement (NAFTA) arbitration panel.

Committee Membership and Meetings Attended in Fiscal Year 2017	**#**	**%**
Board of Directors	7	100
Audit Committee	4	100
Nominating and Corporate Governance Committee	1	100

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
81,000	21,936	62,246

Committees of the Board of Directors

President of Nominating and Corporate Governance Committee
Member of Audit Committee

Dale MacCandlish-Weil
Age: 62
Baie d'Urfé,
Québec, Canada
Independent
Director since:
May 16, 2017
Areas of Expertise:
- Healthcare Industry
- Commercialization of product
- Management
- Strategic Planning

Compliance with Shareholding Policy:
No
Other Directorship:
None

Principal Occupation	Corporate Director

Ms. Dale MacCandlish-Weil has more than 35 years of experience in the commercialization, marketing, sale of consumer products and B2B services. She spent the last 17 years of her career in management positions related to health care services such as distribution, pharmaceutical and retail pharmacy services. She has been working with McKesson Canada Corporation ("**McKesson**") since August 1999 where she occupied the position of Vice President and Senior Vice President for various divisions of McKesson. She acted in an advisor role to the President from May 2015 to February 2018. Prior to May 2015, she acted as Senior Vice President Retail Banner Management Services with McKesson from July 2014 to May 2015 and, from November 2011 to June 2014, she acted as Senior Vice President, Integrated Health Care Solutions, Strategy and Business Development with McKesson. Ms. Weil holds a Master in Business Administration from McGill University and has obtained her certification as a certified director after successfully completing the ICD Directors Education Program.

Committee Membership and Meetings Attended in Fiscal Year 2017	**#**	**%**
Board of Directors(1)	4	100
Nominating and Corporate Governance Committee(2)	N.A.	N.A.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
Nil	1,894	22,246

Committees of the Board of Directors

Nominating and Corporate governance Committee

(1) Ms. MacCandlish-Weil attended all of the Board meetings after her election as a director on May 16, 2017.

(2) No meeting of the Nominating and Corporate Governance Committee was held in the last fiscal year after her election to the Board of Directors.

Paul Pommier
Age: 75
Laval, Québec, Canada

Independent Director since:
January 6, 1997

Areas of Expertise:
- Corporate Finance
- Securities
- Mergers & Acquisitions

Compliance with Shareholding Policy:
Yes

Other Directorship:
None

Principal Occupation	Corporate Director

Mr. Paul Pommier worked for more than 25 years at National Bank Financial Inc., his last position being Senior Executive Vice President, Corporate and Government Finance. Throughout his career, he oversaw public and private financings, mergers and acquisitions, as well as the marketing of investment offerings. Under his leadership, National Bank Financial Inc. developed notable expertise in tax-shelter financings.

Committee Membership and Meetings Attended in Fiscal Year 2017	**#**	**%**
Board of Directors	7	100
Audit Committee	4	100
Compensation Committee	2	100

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
375,100	122,208	62,246

Committees of the Board of Directors

President of Audit Committee
Member of Compensation Committee

Dawn Svoronos
Age: 64
Hudson, Québec Canada

Independent Director since:
April 8, 2013

Areas of Expertise:
- Pharmaceutical Industry
- Commercialization of Drug Products

Compliance with Shareholding Policy:
Yes

Other Directorship:
PTC Therapeutics, Inc.; and
Xenon Pharmaceuticals Inc.

Principal Occupation	Corporate Director – Chair of the Board of the Corporation

Ms. Dawn Svoronos (formerly Graham) worked in the commercial side of the business for the multinational pharmaceutical company Merck & Co. Inc., for 23 years, retiring in 2011. From 2009 to 2011, Ms. Svoronos was President of the Europe/Canada region for Merck and from 2006 to 2009 was President of Merck in Canada. Previously held positions with Merck include Vice-President of Asia Pacific and Vice-President of Global Marketing for the Arthritis, Analgesics and Osteoporosis franchise. Ms. Svoronos sits on the Board of Directors of two other public companies: PTC Therapeutics, Inc. in New Jersey, U.S.A., and Xenon Pharmaceuticals Inc. in British Columbia, Canada.

Committee Membership and Meetings Attended in Fiscal Year 2017	**#**	**%**
Board of Directors	7	100
Compensation Committee	2	100
Nominating and Corporate Governance Committee	1	100

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
200,000	Nil	87,246

Committee of the Board of Directors

Member of Compensation Committee
Member of Nominating and Corporate Governance Committee

Jean-Denis Talon (1)
Age: 77
Montreal,
Québec, Canada
Independent
Director since:
May 10, 2001
Areas of Expertise:
- Human Resources
- Governmental Relations
- Mergers & Acquisitions

Compliance with Shareholding Policy:
Yes
Other Directorship:
None

Principal Occupation	Corporate Director

Mr. Jean-Denis Talon had a successful career with AXA Insurance over a period of more than 20 years, ultimately becoming President and Chief Executive Officer. He was Chairman of the Board of AXA Canada until September 2011. Mr. Talon is also a former President of the Financial Affairs Committee at the Insurance Bureau of Canada.

Committee Membership and Meetings Attended in Fiscal Year 2017	**#**	**%**
Board of Directors	6	85
Audit Committee	4	100
Compensation Committee	2	100

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
122,700	4,894	62,246

Committees of the Board of Directors

President of Compensation Committee
Member of Audit Committee

Luc Tanguay (2)
Age: 59
Town of Mount Royal,
Québec, Canada
Non-independent
Director since:
December 6, 1993
Areas of Expertise:
- Corporate Finance
- Securities
- Mergers & Acquisitions

Compliance with Shareholding Policy:
N.A.
Other Directorship:
None

Principal Occupation	President and Chief Executive Officer of the Corporation

Mr. Luc Tanguay has been active in the biotechnology industry for over 20 years. As a member of the Corporation's senior management since 1996, he has contributed to the Corporation's growth by facilitating access to public and private capital funding. A member of the board of directors since 1993, he has held various management positions since joining the Company. Prior to joining us, Mr. Tanguay had a career in investment banking at National Bank Financial Inc. Mr. Tanguay obtained his M. Sc. Finance from the University of Sherbrooke.

Committee Membership and Meetings Attended in Fiscal Year 2017	**#**	**%**
Board of Directors	7	100

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**
234,000	27,572	894,948

(1) Mr. Talon was a member of the board of directors of Toptent Inc., or Toptent, from August 1, 2007 to November 26, 2009. On December 3, 2009, Toptent filed a notice of intention to make a proposal under the *Bankruptcy and*

Insolvency Act (Canada), or Bankruptcy Act. Subsequently, on May 7, 2010, Toptent filed a proposal under the Bankruptcy Act. The proposal was accepted by Toptent's creditors on May 20, 2010.

(2) Mr. Tanguay was a member of the board of directors of Ambrilia Biopharma Inc., or Ambrilia, from August 22, 2006 to March 30, 2010. On July 31, 2009, Ambrilia obtained court protection from its creditors under the *Companies' Creditors Arrangement Act* (Canada), or CCAA. The purpose of the order issued by the court granting Ambrilia protection from its creditors was to provide Ambrilia and its subsidiaries the opportunity to restructure its affairs. On July 31, 2009, the TSX halted the trading of Ambrilia's shares pending its review of Ambrilia's meeting the requirements for continuous listing. On January 31, 2011, the TSX decided to delist the common shares of Ambrilia at the close of market on March 4, 2011 for failure to meet the continued listing requirements of the TSX. The common shares remain suspended from trading. On April 8, 2011, Ambrilia announced that it would seek permission to terminate the protection granted by the Superior Court pursuant to the CCAA and, upon permission of the Court, it would file for bankruptcy pursuant to the Bankruptcy Act. On April 12, 2011, Ambrilia went bankrupt.

Directors Compensation

The Corporation has a compensation policy for its directors who are not employed on a full-time basis by the Corporation. Under the policy, directors are paid an annual retainer fee only. Annual retainer fees are paid on the first day of each calendar quarter. In addition, the Corporation's compensation policy provides for the reimbursement of all reasonable expenses incurred by each director who are not employed on a full-time basis by the Corporation to attend meetings of the Board and meetings of the committees of the Board. Directors who are not employed on a full time basis by the Corporation are also entitled to be granted options under the Option Plan (as defined below) as part of their annual compensation. In the fiscal year ended November 30, 2017, 15,000 options were granted to each such director on May 16, 2017.

At a meeting of the Board of Directors held in December 2017, the Board reviewed and approved a recommendation of the Compensation Committee to adjust the compensation of each director who is not employed on a full-time basis by the Corporation effective January 1, 2018. At such meeting, the Board also agreed to grant options having an aggregate value of $35,000 to each director of the Corporation who is not employed on a full-time basis by the Corporation as additional compensation.

In order to determine the number of options to be granted to each director who is not employed on a full-time basis by the Corporation for the fiscal year ending on November 30, 2018, the Board agreed to use the Black-Scholes-Merton model. The Black-Scholes-Merton model is the most widely-adopted and used option valuation method. These options were granted on April 6, 2018 and, based on the Black-Scholes-Merton model, were valued at $4.83 per option. See "Item III – Compensation – Compensation Discussion & Analysis – Compensation Consultant".

The table below details the fee-based and option-based compensation that was payable in the last fiscal year to the Corporation's directors who were not employed on a full-time basis by the Corporation as well as the revised fee-based and option-based compensation that is payable to these directors since January 1, 2018.

Position at Board Level or Committee Level	Compensation for Fiscal Year 2017		Compensation for Fiscal Year 2018 (Effective January 1, 2018)	
	Annual Retainer	Number of Stock Options	Annual Retainer	Value in Stock Options(1)
Annual Retainer to Chair of the Board	$165,000	15,000	$165,000	$35,000
Annual Retainer to Board Members	$60,000	15,000	$60,000	$35,000
Annual Retainer to Chair of the Audit Committee	$12,000	N.A.	$16,000	N.A.
Annual Retainer to Chair of the Compensation Committee	$8,000	N.A.	$12,000	N.A.
Annual Retainer to Chair of the Nominating and Corporate Governance Committee	$8,000	N.A.	$10,000	N.A.
Annual Retainer to Audit Committee Members	$4,000	N.A.	$8,000	N.A.
Annual Retainer to Compensation Committee Members	$4,000	N.A.	$4,000	N.A.
Annual Retainer to Nominating and Corporate Governance Committee Members	$4,000	N.A.	$4,000	N.A.

(1) 7,246 options having a value of $4.83 were granted on April 6, 2018 to each director who is not employed on a full-time basis by the Corporation.

The table below details all components of the compensation provided to the directors of the Corporation for the fiscal year ended November 30, 2017 and the value thereof.

Name	Fees earned ($)	Share-based Awards(1) (#)	Share-based Awards(1) ($)	Option-based awards(2) ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Gérald A. Lacoste(3)	62,000	1,894	15,000	59,355	--	--	--	136,355
David D. Lilley(4)	36,500	--	--	--	--	--	--	36,500
Dale MacCandlish-Weil(5)	24,954	1,894	15,000	59,355	--	--	--	99,309
Paul Pommier(6)	66,000	1,894	15,000	59,355	--	--	--	140,355
Dawn Svoronos	173,000	--	--	59,355	--	--	--	232,355
Jean-Denis Talon(7)	62,000	1,894	15,000	59,355	--	--	--	136,355
Luc Tanguay(8)	--	--	--	--	--	--	--	--

(1) Share-based awards are composed of DSUs. DSUs are issued under the deferred share unit plan (the “DSU Plan”). See “Deferred Share Unit Plan” below.

(2) Fifteen thousand (15,000) options were granted on May 16, 2017 to each director who was not employed on a full-time basis by the Corporation. The value of the option-based awards was determined using the Black-Scholes-Merton model

on the date of grant. In applying this method to determine the value of those options the following assumptions were used:

(i)	Risk-free interest rate:	1.42%
(ii)	Expected volatility:	55%
(iii)	Average option life in years:	8 years
(iv)	Expected dividends:	-
(v)	Grant date share price:	$6.73
(vi)	Option exercise price:	$6.73
(vii)	Grant date fair value:	$3.957

(3) Mr. Lacoste elected to purchase DSUs through the conversion of 25% of his annual retainer as a Board member and, accordingly, received an aggregate of 1,894 DSUs.

(4) Mr. Lilly ceased acting as a director on May 16, 2017.

(5) Ms. MacCandlish-Weil became a director on May 16, 2017. Ms. MacCandlish-Weil elected to purchase DSUs through the conversion of 25% of her annual retainer as a Board member and, accordingly, received an aggregate of 1,894 DSUs.

(6) Mr. Paul Pommier elected to purchase DSUs through the conversion of 25% of his annual retainer as a Board member and, accordingly, received an aggregate of 1,894 DSUs.

(7) Mr. Jean-Denis Talon elected to purchase DSUs through the conversion of 25% of his annual retainer as a Board member and, accordingly, received an aggregate of 1,894 DSUs.

(8) Mr. Luc Tanguay is the President and Chief Executive Officer of the Corporation and no compensation is paid to Mr. Tanguay for acting as a director of the Corporation.

Outstanding Option-Based Awards and Share-Based Awards

The table below details all outstanding option-based awards and outstanding share-based awards as at November 30, 2017 for each of the directors who is not an employee of the Corporation.

	Option-Based Awards				**Share-Based Awards**		
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options (1) ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**	**Market or payout value of vested share-based awards not paid out or distributed(2) ($)**
Gérald A. Lacoste	5,000 10,000 10,000 15,000 15,000	1.80 1.84 4.75 2.45 6.73	2018.12.18 2019.03.28 2020.06.08 2026.07.12 2027.05.16	25,750 51,100 22,000 67,500 3,300	--	--	152,455
Dale MacCandlish-Weil	15,000	6.73	2027.05.16	3,300	--	--	13,163
Paul Pommier	5,000 10,000 10,000 15,000 15,000	1.80 1.84 4.75 2.45 6.73	2018.12.18 2019.03.28 2020.06.08 2026.07.12 2027.05.16	25,750 51,100 22,000 67,500 3,300	--	--	849,346
Dawn Svoronos	50,000 15,000 15,000	0.26 2.45 6.73	2023.05.29 2026.07.12 2027.05.16	334,500 67,500 3,300	--	--	--

	Option-Based Awards				Share-Based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options (1) ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed(2) ($)
Jean-Denis Talon	5,000	1.80	2018.12.18	25,750	--	--	34,013
	10,000	1.84	2019.03.28	51,100			
	10,000	4.75	2020.06.08	22,000			
	15,000	2.45	2026.07.12	67,500			
	15,000	6.73	2027.05.16	3,300			

(1) The value of unexercised in-the-money options at fiscal year-end is the difference between the closing price of the Common Shares on November 30, 2017 ($6.95) on the TSX and the respective exercise price of the options.

(2) Share-based awards are comprised of DSUs issued under the DSU Plan. The market or payout value of share-based awards that have vested as at November 30, 2017 is determined by multiplying the closing price of the Common Shares as at November 30, 2017 ($6.95) on the TSX by the number of share-based awards held as at November 30, 2017. The actual payout value will vary based on the date on which the DSUs will be redeemed.

Incentive Plan Awards – Value Vested or Earned During the Year

The table below details the value vested or earned during the fiscal year ended November 30, 2017 under each incentive plan for each of the directors who is not an employee of the Corporation.

Name	Option-based awards – Value vested during the year(1) ($)	Share-based awards – Value vested during the year(2) ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Gérald A. Lacoste	Nil	75	--
David D. Lilley	Nil	--	--
Dale MacCandlish-Weil	Nil	75	
Paul Pommier	Nil	75	--
Dawn Svoronos	Nil	--	--
Jean-Denis Talon	Nil	75	--

(1) All options granted to directors vest as of the grant date and the exercise price of these options was the same as the closing price of the Common Shares when they were granted. Therefore, there is no difference between the exercise price of the options and the value of the Common Shares on the date the options vested.

(2) Share-based awards are comprised of DSUs issued under the DSU Plan. 7,576 DSUs were issued in the last fiscal year. The value of share-based awards is determined by multiplying the closing price of the Common Shares on the TSX on the date of grant (October 16, 2017 - $7.88) by the number of share-based awards held as at such date.

Directors and Executive Officers Shareholding Policy

In April 2013, the Board suspended the Corporation's directors and executive officers shareholding policy (the "**Shareholding Policy**") adopted in December 2010 and the issuance of DSUs.

In the last fiscal year, the Board reinstated the DSU Plan for its directors and executive officers and a revised Shareholding Policy for its directors. The revised Shareholding Policy requires that each director who is not an employee of the Corporation owns a number of Common Shares having a value representing at least twice the value of his/her annual retainer to act as a Board member (three times for the Chair of the Board). Each director who does not meet the Shareholding Policy has four years to comply. Each of those directors must acquire at least 25% of that value over each of those four years. The value is determined as the higher of the acquisition cost of a Common Share and its fair market value at any point in time during each year of such four year period. Common Share value fluctuations do not require directors to purchase additional Common Shares. All of the directors of the Corporation met the Shareholding Policy as at November 30, 2017, except Ms. MacCandlish-Weil who was elected as a director on May 16, 2017.

Directors' Mandatory Retirement Policy

The Board has adopted a formal retirement policy in the context of its succession planning process. Under this policy, directors who are not employees of the Corporation who reach the age of 75 or who have been acting as directors for 15 consecutive years may not be nominees for re-election at the subsequent annual meeting of shareholders. The current directors of the Corporation (other than Ms. Svoronos and Ms. MacCandlish-Weil) who are not employees of the Corporation are grandfathered from this policy.

Restrictions on Trading of Securities

The Corporation has adopted a policy prohibiting all of its directors and executives officers from purchasing, selling or exercising stock options during black-out periods, as determined from time to time. This policy also prohibits directors and executive officers from short selling the Corporation's securities.

Board Gender Diversity

In February 2017, the Board approved an amendment to the Charter of the Nominating and Corporate Governance Committee to embed in such Charter an obligation by the Nominating and Corporate Governance Committee to take into consideration gender diversity when the Committee recruits candidates for directorship. Gender diversity is now one of the criteria that the Committee will consider in recruiting a candidate to act as a director of the Corporation.

As at November 30, 2017, two women, one of whom acting as Chair, comprised the Board of Directors. Women represented 40% of all independent Board members and 33% of all Board members. See "Item IV – Corporate Governance Disclosure" below.

Indebtedness of Directors

As at the date hereof, none of the directors of the Corporation and proposed nominee for election as director of the Corporation is indebted to the Corporation. During the last fiscal year of the Corporation, none of the directors of the Corporation was indebted to the Corporation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as described in notes 1 and 2 under "Election of Directors – Nominees", to the knowledge of management of the Corporation, no nominee (a) is, as at the date of the Circular, or has been within the ten (10) years before the date of the Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar

order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten (10) years before the date of the Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

3. Appointment of Auditors

The Corporation's auditors for the current fiscal year must be elected at the Meeting. The Corporation proposes the appointment of KPMG LLP, Chartered Professional Accountants from Montreal, who have been the Corporation's auditors since 1993. They will hold office until the next annual meeting of shareholders, or until their successors are appointed. The table below sets forth the fees paid to the auditors of the Corporation for the fiscal years ended November 30, 2017 and 2016, respectively:

Fees	Fiscal year ended November 30, 2017 ($)	Fiscal year ended November 30, 2016 ($)
Audit Fees(1)	119,500	217,000
Audit-Related Fees(2)	43,750	43,750
Tax Fees(3)	23,544	16,975
Total:	**186,794**	**277,725**

(1) Refers to the aggregate fees billed by our external auditors for audit services.

(2) Refers to the aggregate fees billed for professional services rendered by our external auditors for translation.

(3) Refers to the aggregate fees billed for professional services rendered by our external auditors for tax compliance, tax advice and tax planning.

Unless instructions are given to withhold from voting with regard to the appointment of the auditors, the persons whose names appear on the enclosed form of proxy will vote FOR the appointment of KPMG LLP, Chartered Professional Accountants, as auditors of the Corporation, and to authorize that compensation for their services be determined by the Board.

4. Other Matters to be Acted Upon

The Corporation will consider and transact such other business as may properly come before the Meeting or any adjournment thereof. Management of the Corporation knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by the proxy solicited hereby will be voted on such matter in accordance with the best judgment of the persons voting the proxy.

The Corporation did not receive any proposal from shareholders within the time limits prescribed by the *Business Corporations Act* (Québec) (the "**Act**") and, accordingly, none will be accepted at the Meeting, except as required under the Act.

ITEM III. COMPENSATION

The compensation of the directors and the executive officers of the Corporation is reviewed by the compensation committee (the "**Compensation Committee**"). The Compensation Committee is currently comprised of three (3) independent directors, namely Jean-Denis Talon, who has been acting as chair since January 2011, Dawn Svoronos and Paul Pommier. For the fiscal year ended November 30, 2017, the Compensation Committee met twice. The mandate, obligations and duties of the Compensation Committee are described in Appendix "D" to this Circular.

1. Compensation Discussion & Analysis

Objectives of the Compensation Program

The objectives of the compensation program of the Corporation (the "**Compensation Program**") for directors of the Corporation aim at attracting and retaining directors.

The objectives of the Compensation Program for the executive officers of the Corporation aim at attracting, retaining, motivating and rewarding executive officers. The Corporation is committed to an overall compensation policy that is competitive and drives business performance while taking into consideration shareholders' interests.

What the Compensation Program is Designed to Reward

The Compensation Program is designed to reward the executive officers for (i) implementing strategies, both in the short and the long term, to realize the business plan of the Corporation, (ii) meeting the annual objectives of the Corporation and (iii) the objectives of each executive officer. It is also designed to enhance shareholder value.

The Compensation Program provides reasonable and competitive total executive compensation. Remuneration and incentive components are established to compete with remuneration practices of similar companies that are involved in the biopharmaceutical and pharmaceutical industries, as well as certain other companies involved in other industries where the skills and knowledge of an executive officer may be used. In order to benchmark the Compensation Program made available to its directors and executive officers, the Compensation Committee retains independent compensation consultants from time to time.

In designing the Compensation Program of executive officers, the Compensation Committee assesses the short-term and long-term risks associated with such program. The Compensation Program tries to strike a balance between the attainment of short-term and long-term goals by providing executive officers with short-term incentive awards and long-term incentive awards. Recommendations made by the Compensation Committee with respect to the Compensation Program are reviewed by the Board to ensure a fair balance between the short-term and long-term compensation components. For the fiscal year ended November 30, 2017, the Board did not identify any risk arising from the Corporation's Compensation Program, its policies and practices in determining compensation that are reasonably likely to have a material adverse effect on the Corporation.

When and How Is Compensation Determined

Compensation is determined at the beginning of each fiscal year, usually in December. The Compensation Committee meets to determine and to recommend to the Board the base salary of executive officers for such fiscal year. During this meeting, the Compensation Committee also reviews the performance of the Corporation and the performance of each of its executive officers for

the last completed fiscal year to determine whether an executive officer is entitled to the payment of a bonus and/or the grant of options for such last completed fiscal year. The determination by the Compensation Committee of the annual base salary and payment of a bonus and/or grant of options for each executive officer is reviewed by the Board who has discretion to approve, disapprove or change the determination made by the Compensation Committee for each executive officer. The compensation of the President and Chief Executive Officer, and the Senior Vice President and Chief Financial Officer, is reviewed by the Board.

From time to time, the Compensation Committee will also discuss and review the compensation of the Board of Directors and its committees. See "Compensation Consultants" below.

Elements of Compensation Program

The major elements of the Compensation Program are base salary, short-term performance reward program that takes the form of cash bonuses, and long-term incentive awards that take the form of option grants. Pursuant to the DSU Plan, DSUs may be issued to an executive officer if he/she elects to purchase some with all or part of its cash bonus, if any. See "Description of the Deferred Share Unit Plan" below. All proposed changes to any compensation component of an executive officer are first reviewed internally by the President and Chief Executive Officer. The proposed changes are then presented to the Compensation Committee who makes a recommendation to the Board who has discretion to approve, disapprove or amend the proposed changes.

Annual Base Salary

Base salaries for each of the executive officers are based on the experience, expertise and competencies of each executive officer, as well as on a review from time to time of annual salaries paid to persons holding position and playing a role in other organizations similar to those played by the executive officers of the Corporation. Base salaries may also be based on reports from compensation consultants retained by the Corporation.

Based on publicly available data regarding the inflation rate, the economic growth and reports from human resources firms on the average salary increase in Canada for 2017, the Compensation Committee recommended to the Board (which approved such recommendation) that the annual base salary of each of the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President and Chief Commercial Officer, the Senior Vice President and Chief Medical Officer, and the Vice President, Legal Affairs and Corporate Secretary, be revised as follows for the fiscal year ended November 30, 2017:

Name	**Revised Salary ($)**	**Increase (%)**
Luc Tanguay, President and Chief Executive Officer	482,237	2.5
Philippe Dubuc Senior Vice President and Chief Financial Officer	283,250	3.0
Lyne Fortin, Senior Vice President and Chief Commercial Officer	290,388	1.0
Christian Marsolais, Senior Vice President and Chief Medical Officer	290,754	3.0
Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary	263,989	1.0

Performance Reward Program

The short-term performance reward program is designed to recognize the contribution of each executive officer in helping the Corporation to attain its corporate objectives and to increase its value. Usually, bonuses are paid based on the attainment of the Corporation's annual corporate objectives and the attainment of an executive officer's objectives in connection with such corporate objectives. The Compensation Committee has discretion in recommending the payment of bonuses to executive officers based on the overall performance of an executive officer. Corporate objectives are usually set by the Board early in the fiscal year. Although corporate objectives are determined early in the fiscal year, the Board has discretion to change these corporate objectives to take into consideration certain events that could occur during a fiscal year.

Executive Officers

For the last fiscal year, bonuses were largely based on the following corporate objectives: forecasted sales of *EGRIFTA*® units; obtaining the approval of ibalizumab in the United States; obtaining the rights to commercialize and distribute ibalizumab in European countries; and advancing the development of the one-vial F4 formulation of *EGRIFTA*®. The return on the Corporation's Common Shares was also taken into consideration. An initial weighting was attributed to each of these corporate objectives but the initial weighting was not firmly followed in connection with the determination of the amount of bonus and the value in stock options to be allocated to each executive officers. The Compensation Committee used its discretion in assessing the progression and achievement of those corporate objectives for each executive officer. However, corporate objectives accounted for 70% of the overall bonus.

The last part of the performance reward program accounted for 30% in the calculation of the bonus and was left at the discretion of the Compensation Committee based on an initial assessment made by the President and Chief Executive Officer of the qualitative objectives that each executive officer was asked to meet during the last fiscal year.

These other objectives are undisclosed because they are personal to each executive officer and are also strategic in the development and continued growth of the Corporation. Disclosure of such objectives would provide third parties with commercial insights into the growth strategies of the Corporation.

The Compensation Committee believes that discretion is a valid component in the determination of the performance of an executive officer, especially when unplanned events occur during a fiscal year. Discretion allows the President and Chief Executive Officer to assess the capacity of each executive officer to adapt, react, respond and act in the best interests of the Corporation when such events occur. However, in order to avoid too large a discretion to the President and Chief Executive Officer and limit potential bias in the determination of the performance of an executive officer's overall performance, a 30% weighting was attributed to this component of the program and a review by the Compensation Committee is undertaken prior to accepting the recommendations made by the President and Chief Executive Officer. The Board has discretion on the assessment of the performance of the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer.

The table below details for each of the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President and Chief Commercial Officer, the Senior Vice President and Chief Medical Officer, and the Vice President, Legal Affairs, and Corporate Secretary, the maximum percentage of their annual base salary which may be paid as bonus, the maximum bonuses that each of them may receive and the actual bonus paid or earned for the fiscal year ended November 30, 2017:

Name	Maximum Percentage of Annual Base Salary Payable as Bonus (%)	Maximum Target Bonus ($)	Bonus Paid ($)
Luc Tanguay, President and Chief Executive Officer	50	241,119	242,000
Philippe Dubuc, Senior Vice President and Chief Financial Officer	40	110,000	107,000
Lyne Fortin, Senior Vice President and Chief Commercial Officer	45	130,675	123,000
Christian Marsolais, Senior Vice President and Chief Medical Officer	40	116,302	110,000
Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary	33.3	87,988	70,000

Long-Term Incentive Program

The long-term incentive program of the Corporation is comprised of the Option Plan and the DSU Plan.

The Option Plan was originally adopted on December 6, 1993, and subsequently amended from time to time, in order to attract, retain, motivate employees in key positions and align their interests with those of the Corporation's shareholders by allowing optionees to participate in the increased value of the Common Shares. See "Description of the Option Plan" below for a description of the Option Plan. The number of options granted under the Option Plan is determined on the basis of the position of each executive officer, the attainment of corporate and individual objectives and the value of the options and the Common Shares at the time of grant as part of the total compensation of an executive officer. When assessing whether options should be granted to an executive officer, the Compensation Committee also factors in the number of options held by an executive officer, their vesting periods, expiry dates and exercise prices.

The DSU Plan was adopted on December 10, 2010, and amended in February 2012 and May 2017, in order to attract and retain directors and executive officers and better align the interests of the directors and executive officers with those of the shareholders in the creation of long-term value. See "Description of the Deferred Share Unit Plan" below for a description of the DSU Plan. DSUs can be granted by the Board as part of the compensation of executive officers. Executive officers can also purchase them once a year through the conversion of all or part of their cash bonus into DSUs. No DSUs were issued to the Corporation's executive officers in the fiscal year ended November 30, 2017.

Description of the Option Plan

The Option Plan is designed to attract, retain and reward the services of key personnel. The persons eligible to receive options under the Option Plan are the directors, senior executives and key employees of the Corporation and its subsidiaries, as well as researchers and consultants who work on

behalf of the Corporation.

In April 2016, the Board passed a resolution to amend the Option Plan to increase the number of Common Shares to be reserved for stock option grants to 6,580,000 from 5,000,000. The shareholders of the Corporation approved such amendment in May 2016. In April 2017, the Board passed a resolution to amend the Option Plan to align the terms of the Option Plan with the rules of the TSX in connection with the right of the Board to amend certain terms of the Option Plan without seeking shareholders' approval. The shareholders of the Corporation approved such amendment in May 2017.

The Board administers the Option Plan. The Board has discretion to designate the optionees and determine the number of Common Shares underlying these options, the vesting period, the exercise price and the expiry date of each option, as well as all other related matters, the whole in compliance with the terms of the Option Plan and applicable legislative provisions established by securities regulatory authorities. The Board is not bound by the recommendations made by the Compensation Committee with respect to the abovementioned matters. Options granted to executive officers generally vest as to 33 1/3% on each year starting twelve (12) months after the date of grant. The Board can modify or terminate the Option Plan subject to compliance with the rules set forth by regulatory authorities. However, certain amendments require the approval of a majority of the voting shareholders of the Corporation.

Unless otherwise determined by the Board, the options granted pursuant to the Option Plan may be exercised within a maximum period of ten (10) years following their date of grant, unless the optionee's employment is terminated, other than for death, in which case the optionee's unexercised vested options, if any, may be exercised within a period of one hundred eighty (180) days following the date of the employee's termination. In the event of the death of an optionee prior to the expiry date of his options, the optionee's legal personal representative may exercise the optionee's unexercised vested options within twelve (12) months after the date of the optionee's death. The options granted in accordance with the Option Plan cannot be transferred or assigned.

The Option Plan provides that if the expiry date of an option falls within, or within ten business days after the end of, a period imposed by the Corporation prohibiting the trading of securities of the Corporation, the term of the option is automatically extended to end on the tenth (10th) business day after the end of such restriction period.

The exercise price at which the options may be granted pursuant to the Option Plan cannot be less than the closing price of the Common Shares on the TSX on the day preceding the date of grant of the options.

The Option Plan provides that, upon exercice of an option, the Corporation may make a loan to an optionee to pay the exercice price. The loan may, or may not, bear interest. The terms of the loan are left at the discretion of the Board. However, all loans must be evidenced by the execution of a promissory note in favour of the Corporation and an optionee must hypothecate in favour of the Corporation the Common Shares to be acquired through the exercise of his/her options as a security for the repayment of the loan. In the event a loan is outstanding and the optionee dies, the loan must be repaid within six (6) months after the date of the death of the optionee. If the optionee retires, the loan must be repaid within twelve (12) months of the date of retirement and if an optionee terminates his/her employment with the Corporation for any reason (other than for death or retirement), the loan must be repaid within ninety (90) days from the date of termination.

In addition, the Option Plan provides that the number of Common Shares set aside for the exercise of options by one individual may not represent more than 5% of the issued and outstanding Common Shares. Further, the number of Common Shares that may be issued to insiders, at any time, under all security-based compensation arrangements of the Corporation, cannot exceed 10% of the outstanding Common Shares, and the number of Common Shares issued to insiders, within any one year period,

under all security-based compensation arrangements, cannot exceed 10% of the outstanding Common Shares. The number of Common Shares that may be issued to directors who are not employees of the Corporation, within any one year period, under all security-based compensation arrangements, cannot exceed 0.5% of the outstanding Common Shares.

During the fiscal year ended November 30, 2017, 350,000 options were granted under the Option Plan. As at April 11, 2018, there were 2,419,605 outstanding options which, if all exercised, would result in the issuance of 2,419,605 Common Shares, or 3.2% of all the issued and outstanding Common Shares as at that date. As at April 11, 2018, there were 1,949,762 options remaining available for grants which, if granted and exercised, would result in the issuance of 1,949,762 Common Shares, or 2.6% of all the issued and outstanding Common Shares as at that date.

The following table sets forth the information regarding the equity compensation plan of the Corporation as at November 30, 2017.

Plan Category	**Number of Securities to be Issued upon Exercise of Outstanding Options (% of Issued and Outstanding Share Capital)**	**Weighted-Average Exercise Price of Outstanding Options**	**Number of Securities Remaining Available for Future Issuance under Equity Compensation Plan**
Equity Compensation Plan Approved by Shareholders	2,335,895 (3.12%)	$2.21	2,200,306
Equity Compensation Plans Not Approved by Shareholders	--	--	--
Total	**2,335,895 (3.12%)**	**$2.21**	**2,200,306**

The following table sets forth the information regarding the burn rate of the Option Plan for the fiscal years ended November 30, 2017, 2016 and 2015, respectively. The burn rate reflects the potential dilutive effect of equity grants on the Corporation's outstanding equity over a certain time period. The calculation below was made pursuant to Section 613(p) of the TSX Company Manual.

	2017	**2016**	**2015**
Burn Rate(1)	0.48%	0.95%	0.48%

(1) Total options granted under the Option Plan during the applicable fiscal year / weighted average number of Common Shares during this applicable fiscal year.

Description of the Deferred Share Unit Plan

On December 10, 2010, the Board adopted the DSU Plan for the benefit of its directors and executive officers (the "**Beneficiaries**").

In April 2013, the Board decided to suspend the grant and issuance of DSUs under the DSU Plan, as well as the Shareholding Policy. The DSU Plan and Shareholding Policy were reinstated during the last fiscal year.

The goal of the DSU Plan is to increase the Corporation's ability to attract and retain high-quality individual to act as directors or executive officers and better align the interests of the directors and executive officers with those of the shareholders of the Corporation in the creation of long-term value. The DSU Plan was also adopted to promote equity-based ownership in the Corporation.

Under the terms of the DSU Plan, Beneficiaries who are directors (including the Chair) are entitled to

elect to receive all or part of their annual retainer as Board member in DSUs. Beneficiaries who act as executive officers are entitled to elect to receive all or part of their annual cash bonus, if any, in DSUs.

The value of a DSU (the "**DSU Value**"), is equal to the average closing price of the Common Shares on the TSX on the date on which a Beneficiary determines that he desires to purchase or redeem DSUs and during the four previous trading days. Beneficiaries who act as directors have to elect to receive DSUs as complete or partial consideration of their annual retainer to act as Board members prior to each calendar quarter. Beneficiaries who act as executive officers are required to elect to purchase DSUs within 48 hours after having been notified of their annual cash bonus, if any.

DSUs may only be redeemed when a Beneficiary ceases to act as a director or an executive officer of the Corporation. On the date a Beneficiary ceases to act as a director or executive officer (the "**Redemption Date**"), the Beneficiary is entitled to send a notice to the Corporation (the "**Redemption Notice**") specifying the date on which the DSUs will be redeemed (the "**Payment Date**"). The Payment Date must be no earlier than five (5) business days after the date on which the Corporation receives the Redemption Notice and no later than November 30 of the year following the Redemption Date. If a Beneficiary does not send a Redemption Notice prior to November 15 in the year following the Redemption Date, the DSU Plan provides that a Beneficiary will be deemed to have sent, and the Corporation received, a Redemption Notice on November 15 of that year. On the Payment Date, the Corporation must provide a Beneficiary with an amount in cash equal to the DSU Value as at the Payment Date. No Common Share is issued under the DSU Plan.

Beneficiaries may not sell, transfer or otherwise assign their DSUs or any rights associated therewith other than by will or in accordance with legislation regarding the vesting and partition of successions.

The Board administers the DSU Plan and the DSU Plan provides that the Board may delegate all or part of its obligations to the Compensation Committee or to any other committee of the Board.

To protect against fluctuations in DSU Value, the Corporation enters into cash settled forward contracts with an independent third party such that, upon a Payment Date, the Corporation is not exposed to the appreciation of the price of its Common Shares. The execution of such contracts requires the signature of two of the following executive officers: the President and Chief Executive Officer, the Vice President, Finance, and the Vice President, Legal Affairs, and Corporate Secretary.

Compensation Consultant

In the fiscal year ended November 30 2017, the Compensation Committee retained the services of Willis Towers Watson, an independent third-party consulting firm, for and on behalf of the Corporation, to assess the competitiveness of the compensation policy available to its directors compared to the compensation policy of directors of certain other publicly-traded companies in Canada and in the United States.

Willis Towers Watson collected market data on the compensation policy of directors of both publicly-traded Canadian and U.S. companies. However, the Canadian companies were used as the main reference market (the "**Reference Market**"). The U.S. companies were used as a reference point only. The Reference Market was formed of the following nine (9) Canadian companies:

- Acerus Pharmaceuticals Corporation
- Aralez Pharmaceuticals Inc.
- Cardiome Pharma Corp.
- Cipher Pharmaceuticals Inc.
- Concordia International Corp.
- Jamieson Wellness Inc.
- Medicure Inc.
- Nuovo Pharmaceuticals Inc.
- Prometic Life Sciences Inc.

The U.S. companies which were not part of the Reference Market but that were used as a reference

point were:

- ANI Pharmaceuticals, Inc.
- Corium International, Inc.
- CytoDyn, Inc.
- Cytokinetics, Incorporated
- ENZO Biochem Inc.
- Heska Corporation
- Invitae Corporation
- MacroGenics, Inc.
- NanoString Technologies, Inc.
- Progenics Pharmaceuticals, Inc.
- Reata Pharmaceuticals, Inc.
- Retrofin, Inc.
- Spectrum Pharmaceuticals, Inc.
- Teligent, Inc.

All of the companies forming part of the Reference Market and used as a reference point were selected based on the following criteria:

- operations in the biotechnology and pharmaceutical industries;
- publicly-traded;
- revenue and market capitalization size similar to that of the Corporation.

The review conducted by Willis Towers Watson led the Compensation Committee to recommend to the Board to maintain the current annual retainer but to increase the fees paid to the chairs of the Committees of the Board and to set a value (as opposed to a number) for the grant of stock options. The Board reviewed the compensation of the directors who are not employed on a full-time basis by the Corporation effective January 1, 2018. See "Item II – Subject to be Treated at the Meeting – Election of Directors – Directors Compensation".

Except for compensation services provided to the Corporation, Willis Towers Watson has not provided other services to the Corporation and, to the knowledge of the Corporation, to any of its directors or executive officers.

All services provided to the Corporation by compensation consultants must be approved by the Compensation Committee or the Board.

The table below details the aggregate fees billed to the Corporation for the two most recently completed fiscal years by the compensation consultant retained during these periods to assist in the determination of compensation for any of the Corporation's directors and/or executive officers:

Name	Fees	Fiscal year ended November 30, 2017	Fiscal year ended November 30, 2016
Willis Towers Watson	Executive and Directors Compensation – Related Fees	$60,000	Nil
	All Other Fees	Nil	Nil

2. Named Executive Officers

The named executive officers (the "**Named Executive Officers**") of the Corporation for the fiscal year ended November 30, 2017 were:

- Luc Tanguay, President and Chief Executive Officer;
- Philippe Dubuc, Senior Vice President and Chief Financial Officer
- Lyne Fortin, Senior Vice President and Chief Commercial Officer;
- Christian Marsolais, Senior Vice President and Chief Medical Officer; and

- Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary.

3. Summary Compensation Table

The table below details the compensation paid to the Named Executive Officers listed above, for the fiscal years ended November 30, 2017, 2016 and 2015.

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards(1)(2)(3) ($)	Non-equity incentive plan compensation ($)		Pension value(4) ($)	All other compensation(5) ($)	Total compensation ($)
					Annual incentive plans	Long-term incentive plans			
Luc Tanguay	2017	482,237	--	749,200(6)	242,000	--	26,010	--	1,499,447
President and Chief Executive Officer	2016	470,475	--	229,350(7)	130,000	--	25,370	--	855,195
	2015	459,000	--	--	137,700	--	24,930	--	621,630
Philippe Dubuc	2017	283,250	--	280,800(8)	107,000	--	13,005	--	684,055
Senior Vice President and Chief Financial Officer	2016	212,596	--	243,250(9)	72,000	--	6,684	--	534,530
Lyne Fortin	2017	290,388	--	280,800(10)	123,000	--	13,005	--	707,193
Senior Vice President and Chief Commercial Officer	2016	287,513	--	69,500(11)	33,000	--	12,685	--	402,698
	2015	280,500	--	--	69,424	--	12,465	--	362,389
Christian Marsolais	2017	290,754	--	280,800(12)	110,000	--	13,005	--	694,559
Senior Vice President and Chief Medical Officer	2016	282,285	--	69,500(13)	74,000	--	12,685	--	438,470
	2015	275,400	--	--	60,588	--	12,465	--	348,453
Jocelyn Lafond	2017	263,989	--	122,800(14)	70,000	--	10,103	--	466,892
Vice President, Legal Affairs, and Corporate Secretary	2016	261,375	--	41,700(15)	44,000	--	12,685	--	359,760
	2015	255,000	--	--	38,246	--	12,465	--	305,711

(1) **Fiscal Year 2017**: A total of 176,399 stock options were granted to the Named Executive Officers of the Corporation effective April 6, 2018. These options were granted as part of the long-term incentive program for work performed during the fiscal year ended November 30, 2017. However, these options were granted in April 2018 because the Corporation was in a black-out period at the time the decision to grant options to the Named Executive Officers was made.

The value of the option-based awards granted on April 6, 2018 was determined using the Black-Scholes-Merton model on the date of grant with the following assumptions:

(i) Risk-free interest rate:	2.14%
(ii) Expected volatility:	47%
(iii) Average option life in years:	7
(iv) Expected dividends:	--
(v) Grant date share price:	$9.56
(vi) Option exercise price:	$9.56
(vii) Grant date fair value:	$4.83

(2) **Fiscal Year 2016**: A total of 245,000 stock options were granted to the Named Executive Officers of the Corporation effective April 7, 2017 as part of the long-term incentive program for work performed in the 2016 fiscal year. However, these options were not included in the previous year table because their value was unknown at the time the decision to grant them to Named Executive Officers was made. We have included the value of these

options in the compensation paid to Named Executive Officers for the fiscal year ended November 30, 2017. See notes (6), (8), (10), (12) and (14) below for a description of the number of options granted to each Named Executive Officer.

The value of the option-based awards granted on April 7, 2017 was determined using the Black-Scholes-Merton model on the date of grant with the following assumptions:

(i) Risk-free interest rate:	1.55%
(ii) Expected volatility:	55%
(iii) Average option life in years:	8
(iv) Expected dividends:	--
(v) Grant date share price:	$5.85
(vi) Option exercise price:	$5.96
(vii) Grant date fair value:	$3.52

(3) **Fiscal Year 2016**: The value of the option-based awards for the fiscal year ended November 30, 2016 was determined using the Black-Scholes-Merton model on the date of grant with the following assumptions:

(i) Risk-free interest rate:	1.13%
(ii) Expected volatility:	79.64%
(iii) Average option life in years:	8
(iv) Expected dividends:	--
(v) Grant date share price:	$2.01
(vi) Option exercise price:	$2.01
(vii) Grant date fair value:	$1.39

(4) Pension value consists of the amount of the contribution made by the Corporation to a Named Executive Officer's registered retirement savings plan. The Corporation has a group-RRSP for all of its employees under which the Corporation matches every dollar invested by an employee in such group-RRSP but up to three percent (3%) of the annual base salary of each employee, except with respect to (i) Executive Officers where the Corporation's contribution is not subject to such three percent (3%) limit and (ii) Mr. Luc Tanguay. Under the terms of Mr. Tanguay's employment agreement, the Corporation agreed to contribute on an annual basis to Mr. Tanguay's RRSP to the fullest amount permissible under Canadian laws.

(5) All other compensation includes perquisites and other form of compensation (such as retention or signing bonuses) not described in the other columns. Perquisites for each Named Executive Officer have not been included since they do not meet the prescribed threshold of the lesser of $50,000 and 10% of each of the respective Named Executive Officer's salary in the last fiscal year.

(6) Represents 74,948 options granted on April 6, 2018 and 110,000 options granted on April 7, 2017.

(7) Represents 165,000 options granted on April 4, 2016.

(8) Represents 28,986 options granted on April 6, 2018 and 40,000 options granted on April 7, 2017.

(9) Represents 175,000 options granted on April 4, 2016, 125,000 of which were granted as part of Mr. Dubuc's employment agreement when he joined the Corporation.

(10) Represents 28,986 options granted on April 6, 2018 and 40,000 options granted on April 7, 2017.

(11) Represents 50,000 options granted on April 4, 2016.

(12) Represents 28,986 options granted on April 6, 2018 and 40,000 options granted on April 7, 2017.

(13) Represents 50,000 options granted on April 4, 2016.

(14) Represents 14,493 options granted on April 6, 2018 and 15,000 options granted on April 7, 2017.

(15) Represents 30,000 options granted on April 4, 2016.

4. Incentive Plan Awards

Outstanding Option-Based Awards and Share-Based Awards

During the fiscal year ended November 30, 2017, no DSUs were issued to the Named Executive Officers and 245,000 options to purchase Common Shares were granted to the Named Executive Officers.

The table below details the outstanding option-based awards and share-based awards as at November 30, 2017 for each of the Named Executive Officers.

Name	Option-Based Awards				Share-Based Awards[1]		
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options[2] ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed[3] ($)
Luc Tanguay President and Chief Executive Officer	20,000 25,000 200,000 300,000[5] 165,000[6] 110,000[7]	1.80 3.84 0.38 1.11 2.01 5.96	2018.12.18 2019.12.08 2022.12.20 2025.04.30 2026.04.04 2027.04.07	103,000 77,750 1,314,000 1,752,000 815,100 108,900			191,625[4]
Philippe Dubuc Senior Vice President and Chief Financial Officer	175,000[8] 40,000[9]	2.01 5.96	2026.04.04 2027.04.07	864,500 39,600	--	--	--
Lyne Fortin Senior Vice President and Chief Commercial Officer	125,000 50,000[10] 40,000[11]	0.50 2.01 5.96	2023.12.13 2026.04.04 2027.04.07	806,250 247,000 39,600	--	--	--
Christian Marsolais Senior Vice President and Chief Medical Officer	1,000 65,000 35,000 125,000 50,000[13] 40,000[14]	8.50 1.80 3.84 0.38 2.01 5.96	2018.01.30 2018.12.18 2019.12.08 2022.12.20 2026.04.04 2027.04.07	Nil 334,750 108,850 821,250 247,000 39,600			43,868[12]
Jocelyn Lafond Vice President, Legal Affairs and, Corporate Secretary	65,000 30,000 125,000 30,000[16] 15,000[17]	1.80 3.84 0.38 2.01 5.96	2018.12.18 2019.12.08 2022.12.20 2026.04.04 2027.04.07	334,750 93,300 821,250 148,200 14,850			34,750[15]

(1) Share-based awards are comprised of DSUs issued under the DSU Plan.

(2) The value of unexercised in-the-money options is determined by multiplying the difference between the exercise price of the options and the closing price of the Common Shares as at November 30, 2017 ($6.95) on the TSX by the number of options held as at November 30, 2017.

(3) The market or payout value of share-based awards that have vested as at November 30, 2017 is determined by multiplying the closing price of the Common Shares as at November 30, 2017 ($6.95) on the TSX by the number of share-based awards held as at November 30, 2017. DSUs may only be redeemed when a Beneficiary leaves his/her position with the Corporation.

(4) Represents 27,572 DSUs granted on December 15, 2010.

(5) 100,000 of these options vested on April 30, 2016 and an additional 100,000 options vested on April 30, 2017. 100,000 options will vest on April 30, 2018. Therefore, as at November 30, 2017, 100,000 of these options could not be exercised.

(6) 55,000 of these options vested on April 4, 2017 and an additional 55,000 vested on April 4, 2018. 55,000 options will vest on April 4, 2019. Therefore, as at November 30, 2017, 110,000 options could not be exercised.

(7) 36,666 of these options vested on April 7, 2018. 36,667 options will vest on April 7, 2019 and an additional 36,667 options will vest on April 7, 2020. Therefore, as at November 30, 2017, none of these options could be exercised.

(8) 58,333 of these options vested on April 4, 2017 and an additional 58,333 vested on April 4, 2018. 58,334 options will vest on April 4, 2019. Therefore, as at November 30, 2017, 116,667 of these options could not be exercised.

(9) 13,333 of these options vested on April 7, 2018. 13,334 options will vest on April 7, 2019 and an additional 13,334 options will vest on April 7, 2020. Therefore, as at November 30, 2017, none of these options could be exercised.

(10) 16,666 of these options vested on April 4, 2017 and an additional 16,667 options vested on April 4, 2018. 16,667 options will vest on April 4, 2019. Therefore, as at November 30, 2017, 33,334 of these options could not be exercised.

(11) 13,333 of these options vested on April 7, 2018. 13,334 options will vest on April 7, 2019 and an additional 13,334 options will vest on April 7, 2020. Therefore, as at November 30, 2017, none of these options could be exercised.

(12) Represents 6,312 DSUs granted on December 15, 2010.

(13) 16,666 of these options vested on April 4, 2017 and an additional 16, 667 options vested on April 4, 2018. 16,667 options will vest on April 4, 2019. Therefore, as at November 30, 2017, 33,334 of these options could not be exercised.

(14) 13,333 of these options vested on April 7, 2018. 13,334 options will vest on April 7, 2019 and an additional 13,334 options will vest on April 7, 2020. Therefore, as at November 30, 2017, none of these options could be exercised.

(15) Represents 5,000 DSUs granted on December 15, 2010.

(16) 10,000 of these options vested on April 4, 2017 and an additional 10,000 options vested on April 4, 2018. 10,000 options will vest on April 4, 2019. Therefore, as at November 30, 2017, 20,000 of these options could not be exercised.

(17) 5,000 of these options vested on April 7, 2018. 5,000 will vest on April 7, 2019 and an additional 5,000 will vest on April 7, 2020. Therefore, as at November 30, 2017, none of these options could be exercised.

Incentive Plan Awards – Value vested or earned during the year

The table below shows the value vested or earned during the fiscal year ended November 30, 2017 under each incentive plan for each of the Named Executive Officers.

Name	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 ($)
Luc Tanguay President and Chief Executive Officer	778,800(2)	Nil	242,000
Philippe Dubuc Senior Vice President and Chief Financial Officer	230,999(3)	Nil	107,000
Lyne Fortin Senior Vice President and Chief Commercial Officer	161,414(4)	Nil	123,000
Christian Marsolais Senior Vice President and Chief Medical Officer	65,997(5)	Nil	110,000
Jocelyn Lafond Vice President, Legal Affairs and Corporate Secretary	39,600(6)	Nil	70,000

(1) The value is determined by assuming that the options vested during the financial year would have been exercised on the vesting date. The value corresponds to the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the options on that date.

(2) 55,000 options having an exercise price of $2.01 per Common Share vested on April 4, 2017. The closing price of the Common Shares on the TSX on that date was $5.97. 100,000 options having an exercise price of $1.11 per Common Share vested on April 30, 2017. The TSX was closed for business on that date and the value of the Common Shares on the next ensuing business day (May 1, 2017) was $6.72.

(3) 58,333 options having an exercise price of $2.01 per Common Share vested on April 4, 2017. The closing price of the Common Shares on the TSX on that date was $5.97.

(4) 41,667 options having an exercise price of $0.50 per Common Share vested on December 13, 2016. The closing price of the Common Shares on the TSX on that date was $2.79. 16,666 options having an exercise price of $2.01 per Common Shares vested on April 4, 2017. The closing price of the Common Shares on the TSX on that date was $5.97.

(5) 16,666 options having an exercise price of $2.01per Common Share vested on April 4, 2017. The closing price of the Common Shares on the TSX on that date was $5.97.

(6) 10,000 options having an exercise price of $2.01 per Common Share vested on April 4, 2017. The closing price of the Common Shares on the TSX on that date was $5.97.

5. Termination and Change of Control Provisions

Below is a summary of the employment agreements of each of the Named Executive Officers together with a table detailing the value of the severance payment that would be payable by the Corporation to each of them pursuant to his/her employment agreement if one of the events described in the table had occurred on November 30, 2017.

Luc Tanguay
President and Chief Executive Officer

The Corporation entered into an employment agreement with Mr. Luc Tanguay on October 30, 2001, as amended on May 9, 2002, June 7, 2004, February 8, 2006, July 12, 2012 and August 16, 2013. On October 31, 2017, the Corporation entered into an amended and restated employment agreement with Mr. Tanguay. The employment agreement, which is for an indefinite term, provides that Mr. Tanguay will receive an annual base salary of $480,237, which will be reviewed on an annual basis by the Board of the Corporation. The employment agreement also provides that he will be entitled to a bonus in an amount representing up to 50% of his annual base salary subject to the attainment of annual objectives set by the Board. The employment agreement also provides that Mr. Tanguay is entitled to receive options under the Option Plan and is entitled to participate in any incentive program developed by the Board or any committee thereof. Mr. Tanguay agreed to non-competition, non-solicitation, non-disclosure and assignment of intellectual property provisions in favour of the Corporation. The Corporation may terminate the employment of Mr. Tanguay at any time upon (i) the resignation of Mr. Tanguay; (ii) the failure by Mr. Tanguay to provide his services as contemplated for in the employment agreement; (iii) the incapacity of Mr. Tanguay to provide his services for a period of six consecutive months; (iv) serious reason; and (v) the mutual agreement of the Corporation and Mr. Tanguay. In all such cases Mr. Tanguay will not be entitled to a severance pay.

Pursuant to the amended and restated employment agreement, if Mr. Tanguay wishes to retire as President and Chief Executive Officer of the Corporation, he must provide the Corporation with a six-month notice prior to retiring. The Corporation may also request that Mr. Tanguay retire upon six-month notice. This six-month notice period can be reduced by either the Corporation or Mr. Tanguay, in which case Mr. Tanguay will be entitled to all of the Corporation's benefits to which he was then entitled for the residual period as if he was still employed by the Corporation for a period of six months. Upon the effective date of his retirement, Mr. Tanguay will be entitled to receive a retirement allocation of $1,000,000, the form and mode of payment of which will be determined between Mr. Tanguay and the Corporation. No timeline has been set in connection with Mr. Tanguay's retirement. Upon Mr. Tanguay's retirement or upon his office with the Corporation terminating or ending other than for serious reason, all unvested stock options granted to Mr. Tanguay prior to April 30, 2017 will vest automatically on his last day of office. All other stock options held by Mr. Tanguay will remain subject to their respective initial vesting conditions and the terms of the Option Plan.

The amended and restated employment agreement further provides that, in the event of the termination of the employment agreement by the Corporation, except for serious reason, within 24 months of a "Change of Control" of the Corporation, the Corporation will make a one-time lump-sum payment to Mr. Tanguay in an amount equal to all of the following: (i) 24 months of his annual base

salary; (ii) 200% of his targeted annual bonus calculated on his annual base salary; and (iii) the cash value of the Corporation's benefits to which he was then entitled in the last 24 months. In the event of the termination of the employment agreement by Mr. Tanguay at his sole discretion during the twelve month period following the occurrence of a "Change of Control" of the Corporation, the Corporation will make a one-time lump-sum payment to Mr. Tanguay in an amount equal to all of the following: (i) twelve months of his annual base salary; (ii) 100% of his targeted annual bonus calculated on his annual base salary; and (iii) the cash value of the Corporation's benefits to which he was then entitled in the last twelve months. In Mr. Tanguay's employment agreement, a "Change of Control" is defined as the acquisition by a third party, acting alone or in concert with one or more persons, by way of take-over bid, merger, amalgamation, arrangement or other similar transactions, of at least 40% of the outstanding voting securities of the Corporation. The sale of all or substantially all of the assets of the Corporation, as described in the employment agreement, is also deemed to be a "Change of Control".

Events	Severance ($)	Value of Stock Options(1) ($)	Value of share-based awards (2) ($)
Retirement (3)	1,000,000	4,170,750	191,625
Termination of Employment in the event of a Change of Control(4)	1,500,632	4,170,750	191,625
Voluntary Resignation in the event of a Change of Control(4)	750,316	4,170,750	191,625
Voluntary Resignation (other than for retirement)	--	2,934,450	191,625

(1) The value assumes that upon the occurrence of an event, all in-the-money vested options would be exercised. The value is the difference between the closing price of the Common Shares on the TSX on November 30, 2017 ($6.95) and the respective exercise price of each vested option as at November 30, 2017.

(2) The value of the share-based awards assumes that upon the occurrence of an event, all DSUs are redeemed. The value of share-based awards is determined by multiplying the number of DSUs held as at November 30, 2017 by the closing price of the Common Shares on the TSX on November 30, 2017 ($6.95).

(3) Under the terms of Mr. Tanguay's employment agreement, all 320,000 unvested options he held as at November 30, 2017 will become vested. Under the Option Plan, the termination of a person's employment with the Corporation entitles him to exercise his vested options over a 180-day period after the termination date.

(4) In computing the value of the options in the event of a Change of Control, the Corporation assumed that all unvested options would vest as per the terms of Section 5.5 of the Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2017 on the TSX ($6.95) would be exercised.

Philippe Dubuc
Senior Vice President and Chief Financial Officer

The Corporation entered into an employment agreement for an indeterminate term with Mr. Philippe Dubuc on February 24, 2016. In addition to his base salary, Mr. Dubuc was entitled to receive 125,000 stock options of the Corporation vesting as to 41,666 on the first and second anniversary date of the date of grant with the remaining 41,668 vesting on the third anniversary date of the date of grant. These options were granted on April 4, 2016. Mr Dubuc is eligible to participate in the Corporation's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Mr. Dubuc is also entitled to receive options under the Option Plan and is eligible to participate in any incentive program developed by the Board or any committee thereof. Under the terms of his agreement, Mr. Dubuc agreed to non-competition, non-solicitation, non-disclosure and assignment of intellectual property provisions in favour of the Corporation. If the Corporation terminates Mr. Dubuc's employment without just and sufficient cause or further to an internal reorganization, he will receive an amount equal to twelve (12) months of his annual base salary (excluding bonus and the value of other benefits to which he is entitled). In the event of a "Change of Control" resulting in the termination of Mr. Dubuc's employment without just

and sufficient cause within twelve (12) months of such "Change of Control", his employment agreement provides for an indemnity equal to the higher of (i) the value of the time-period related to the reasonable notice to be provided to Mr. Dubuc under applicable civil law and (ii) twelve (12) months of his annual base salary and 100% of his targeted annual bonus. In Mr. Dubuc's agreement, a "Change of Control is defined as the acquisition by a third party, acting alone or in concert with one or more persons, by way of take-over bid, merger, amalgamation, arrangement or other similar transactions, of at least 40% of the outstanding voting securities of the Corporation. In Mr. Dubuc's agreement, the sale of all or substantially all of the assets of the Corporation is also deemed a "Change of Control".

Events	Severance ($)	Value of Stock Options(1) ($)	Value of share-based awards (2) ($)
Retirement (3)	--	288,165	Nil
Termination of Employment without Just Cause (3)	283,250	288,165	Nil
Termination of Employment in the event of a Change of Control(4)	396,550(5)	904,100	Nil
Voluntary Resignation in the event of a Change of Control(4)	--	904,100	Nil
Voluntary Resignation (3)	--	288,165	Nil

(1) The value assumes that upon the occurrence of an event, all in-the-money vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2017 on the TSX ($6.95) and the respective exercise price of each vested option as at November 30, 2017.

(2) Mr. Philippe Dubuc does not hold any share-based awards.

(3) Under the Option Plan, the termination of a person's employment with the Corporation entitles him to exercise his vested options over a 180-day period after the termination date.

(4) In computing the value of the options in the event of a Change of Control, the Corporation assumed that all unvested options would vest as per the terms of Section 5.5 of the Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2017 on the TSX ($6.95) would be exercised.

(5) Assumes that Mr. Dubuc receives twelve (12) months of his annual base salary and 100% of his targeted bonus over his twelve (12) month annual base salary.

Lyne Fortin
Senior Vice President and Chief Commercial Officer

The Corporation entered into an employment agreement for an indeterminate term with Mrs. Lyne Fortin on December 13, 2013. Upon the execution of her employment agreement, Mrs Fortin received a $17,500 signing bonus and was granted 125,000 options at an exercise price of $0.50 per share. These options vest in equal tranches over a three year period. The first two tranches aggregating 83,333 were vested on November 30, 2016. The last tranche of 41,667 was not vested as at November 30, 2016 but vested on December 13, 2016. In addition to her base salary, Mrs. Fortin is entitled to the Corporation's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Mrs. Fortin is also entitled to receive options under the Option Plan and is eligible to participate in any incentive program developed by the Board or any committee thereof. Under the terms of her agreement, Mrs. Fortin agreed to non-competition, non-solicitation, non-disclosure and assignment of intellectual property provisions in favour of the Corporation. If the Corporation terminates Mrs. Fortin's employment without just and sufficient cause or further to an internal reorganization, she will receive an amount equal to twelve (12) months of her annual base salary (excluding bonus and the value of other benefits to which she is entitled). In the event of a "Change of Control" resulting in the termination of Mrs. Fortin's employment without just and sufficient cause within twelve (12) months of such "Change of

Control", her employment agreement provides for an indemnity equal to the higher of (i) the value of the time-period related to the reasonable notice to be provided to Mrs. Fortin under applicable civil law and (ii) twelve (12) months of her annual base salary and 100% of her targeted annual bonus. In Mrs. Fortin's agreement, a "Change of Control is defined as the acquisition by a third party, acting alone or in concert with one or more persons, by way of take-over bid, merger, amalgamation, arrangement or other similar transactions, of at least 40% of the outstanding voting securities of the Corporation. In Mrs. Fortin's agreement, the sale of all or substantially all of the assets of the Corporation is also deemed a "Change of Control".

Events	Severance ($)	Value of Stock Options(1) ($)	Value of share-based awards (2) ($)
Retirement (3)	--	888,580	Nil
Termination of Employment without Just Cause (3)	290,388	888,580	Nil
Termination of Employment in the event of a Change of Control(4)	421,063(5)	1,092,850	Nil
Voluntary Resignation in the event of a Change of Control(4)	--	1,092,850	Nil
Voluntary Resignation (3)	--	888,580	Nil

(1) The value assumes that upon the occurrence of an event, all in-the-money vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2017 on the TSX ($6.95) and the respective exercise price of each vested option as at November 30, 2017.

(2) Mrs. Fortin does not hold any share-based awards.

(3) Under the Option Plan, the termination of a person's employment with the Corporation entitles her to exercise her vested options over a 180-day period after the termination date.

(4) In computing the value of the options in the event of a Change of Control, the Corporation assumed that all unvested options would vest as per the terms of Section 5.5 of the Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2017 on the TSX ($6.95) would be exercised.

(5) Assumes that Mrs. Fortin receives twelve (12) months of her annual base salary and 100% of her targeted bonus over her twelve (12) month annual base salary.

Christian Marsolais
Senior Vice President and Chief Medical Officer

The Corporation entered into an employment agreement for an indeterminate term with Mr. Christian Marsolais on April 13, 2007. His agreement was subsequently amended on May 23, 2012 and July 17, 2012. An amended and restated employment agreement was entered into on December 21, 2012 between Mr. Marsolais and the Corporation. The amended and restated employment agreement was entered into to reflect Mr. Marsolais' new position as Senior Vice President, Medical Affairs, to provide cash incentive payments upon the occurrence of certain defined future events related to the filing and approval of *EGRIFTA*™ in certain Latin American countries and in Europe, to increase its targeted bonus rate from 33 1/3% to 40%, to revise and add new restrictive covenants in favour of the Corporation and to amend his severance payment conditions in the event the Corporation terminates his employment without just and sufficient cause. In addition to his base salary, Mr. Marsolais is entitled to the Corporation's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Mr. Marsolais is also entitled to receive options under the Option Plan and is eligible to participate in any incentive program developed by the Board or any committee thereof. Under the terms of his agreement, Mr. Marsolais agreed to non-competition, non-solicitation, non-disclosure, standstill and assignment of intellectual property provisions in favour of the Corporation. If the Corporation terminates Mr. Marsolais' employment without just and sufficient cause, he will receive

an amount equal to eighteen (18) months of his annual base salary (excluding bonus and the value of other benefits to which he is entitled). In the event of a "Change of Control" resulting in the termination of Mr. Marsolais' employment without just and sufficient cause within twelve (12) months of such "Change of Control", his employment agreement provides for an indemnity equal to the higher of (i) the value of the time-period related to the reasonable notice to be provided to Mr. Marsolais under applicable civil law and (ii) eighteen (18) months of his annual base salary and 100% of his targeted annual bonus. In Mr. Marsolais' agreement, a "Change of Control is defined as the acquisition by a third party, acting alone or in concert with one or more persons, by way of take-over bid, merger, amalgamation, arrangement or other similar transactions, of at least 40% of the outstanding voting securities of the Corporation. In Mr. Marsolais' agreement, the sale of all or substantially all of the assets of the Corporation is also deemed a "Change of Control".

Events	Severance ($)	Value of Stock Options(1) ($)	Value of share-based awards(2) ($)
Retirement (3)	--	1,347,180	43,868
Termination of Employment without Just Cause (3)	436,131	1,347,180	43,868
Termination of Employment in the event of a Change of Control(4)	552,433(5)	1,551,450	43,868
Voluntary Resignation in the event of a Change of Control(4)	--	1,551,450	43,868
Voluntary Resignation (3)	--	1,312,180	43,868

(1) The value assumes that upon the occurrence of an event, all in-the-money vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2017 on the TSX ($6.95) and the respective exercise price of each vested option as at November 30, 2017.

(2) The value of the share-based awards assumes that upon the occurrence of an event, all DSUs are redeemed. The value of share-based awards is determined by multiplying the number of DSUs held as at November 30, 2017 by the closing price of the Common Shares on the TSX on November 30, 2017 ($6.95).

(3) Under the Option Plan, the termination of a person's employment with the Corporation entitles him to exercise his vested options over a 180-day period after the termination date.

(4) In computing the value of the options in the event of a Change of Control, the Corporation assumed that all unvested options would vest as per the terms of Section 5.5 of its Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2017 on the TSX ($6.95) would be exercised.

(5) Assumes that Mr. Marsolais receives eighteen (18) months of his annual base salary and 100% of his targeted bonus over his twelve (12) month annual base salary.

Jocelyn Lafond
Vice President, Legal Affairs, and Corporate Secretary

The Corporation entered into an employment agreement for an indeterminate term with Mr. Jocelyn Lafond on March 27, 2007 and an amendment was subsequently entered into on July 5, 2012. In addition to his base salary, Mr. Lafond is entitled to the Corporation's benefit programs and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Mr. Lafond is entitled to receive options under the Option Plan and DSUs under the DSU Plan. Under the terms of his agreement, Mr. Lafond agreed to non-disclosure and assignment of intellectual property provisions in favour of the Corporation. If the Corporation terminates Mr. Lafond's employment without just and sufficient cause, he will receive an amount equal to twelve (12) months of his annual base salary (excluding bonus and the value of other benefits to which he is entitled). Furthermore, in the event of a "Change of Control" resulting in the termination of Mr. Lafond's employment without just and sufficient cause within twenty-four

(24) months of such “Change of Control” or if he resigns of his own free will during such period, his employment agreement provides for an indemnity equal to the higher of (i) the value of the time-period related to the reasonable notice to be provided to Mr. Lafond under applicable civil law and (ii) twelve (12) months of his annual base salary and 100% of his targeted annual bonus. In Mr. Lafond’s agreement, a “Change of Control” is defined as the acquisition by a third party, acting alone or in concert with one or more persons, by way of take-over bid, merger, amalgamation, arrangement or other similar transactions, of at least 40% of the outstanding voting securities of the Corporation. In Mr. Lafond’ agreement, the sale of all or substantially all of the assets of the Corporation is also deemed a “Change of Control”.

Events	Severance ($)	Value of Stock Options(1) ($)	Value of share-based awards(2) ($)
Retirement (3)	--	1,303,650	34,750
Termination of Employment without Just Cause (3)	263,989	1,303,650	34,750
Termination of Employment in the event of a Change of Control(4)	351,976(5)	1,412,350	34,750
Voluntary Resignation in the event of a Change of Control(4)	351,976(5)	1,412,350	34,750
Voluntary Resignation (3)	--	1,303,650	34,750

(1) The value assumes that upon the occurrence of an event, all vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2017 on the TSX ($6.95) and the respective exercise price of each vested option as at November 30, 2017.

(2) The value of the share-based awards assumes that upon the occurrence of an event, all DSUs are redeemed. The value of share-based awards is determined by multiplying the number of DSUs held as at November 30, 2017 by the closing price of the Common Shares on the TSX on November 30, 2017 ($6.95).

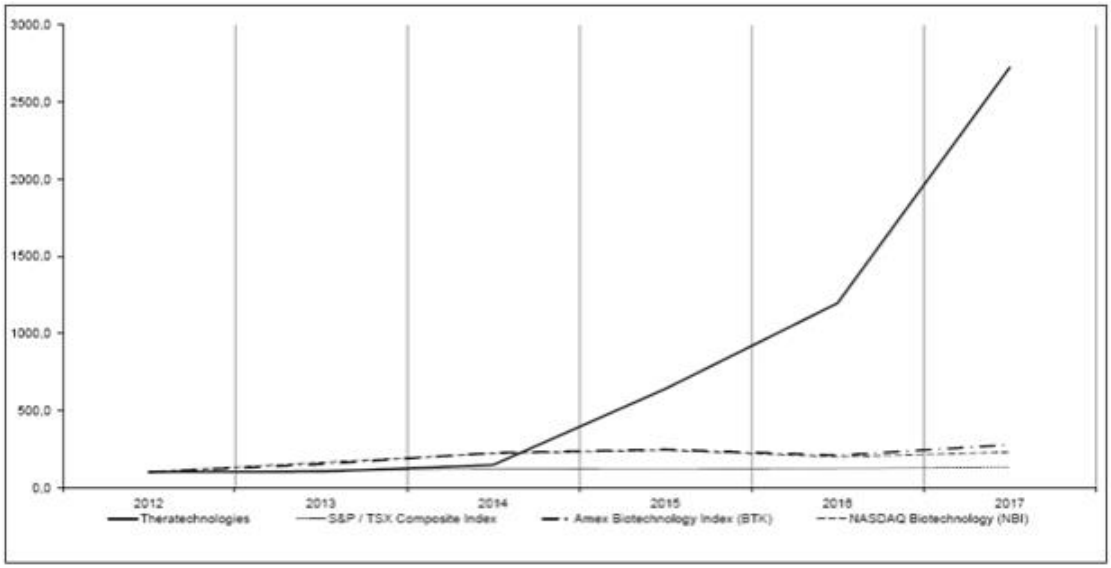
(3) Under the Option Plan, the termination of a person’s employment with the Corporation entitles him to exercise his vested options over a 180-day period after the termination date.

(4) In computing the value of the stock options in the event of a Change of Control, the Corporation assumed that all unvested options would vest as per the terms of Section 5.5 of its Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2017 on the TSX ($6.95) would be exercised.

(5) Assumes that Mr. Lafond receives twelve (12) months of his annual base salary and 100% of his targeted bonus over his twelve (12) month annual base salary.

6. Performance Graph

The following graph compares a cumulative annual total shareholder return on a $100 investment in the Common Shares against a cumulative total shareholder return on the composite index S&P/TSX assuming that all dividends are reinvested (“**S&P**”), the NASDAQ Biotechnology Index (“**NBI**”) and the AMEX Biotechnology Index (“**BTK**”).



	2012	2013	2014	2015	2016	2017
Theratechnologies	100,0	102,0	145,1	639,2	1196,1	2780,0
S&P / TSX Composite Index	100,0	109,4	120,5	118,2	123,2	131,3
Amex Biotechnology Index (BTK)	100,0	150,3	223,4	246,3	207,8	276,1
NASDAQ Biotechnology (NBI)	100,0	161,8	219,9	241,9	198,1	228,7

The trend shown in the above performance graph indicates that, since 2014, the annual total shareholder return on a $100 investment in the Common Shares outperformed the S&P, the BTK and the NBI.

On November 30, 2012, the closing price of the Common Shares was $0.25 and, as at November 30, 2017, the closing price of the Common Shares was $6.95, thus representing an increase of $6.70. Between November 30, 2012 ($0.25) and November 30, 2017 ($6.95), the return on the Common Shares was 2780%.

The value of the total compensation received by each Named Executive Officers over the past five years, as they then were, excluding special payments such as signing bonus and retention bonus, decreased by 5% between 2013 and 2014 and increased by 3% between 2014 and 2015. Between 2015 and 2016 and between 2016 and 2017, the value of the total compensation received by each Named Executive Officers increased by 39% and 56%, respectively.

ITEM IV. CORPORATE GOVERNANCE DISCLOSURE

The Board considers corporate governance to be important to the effective operations of the Corporation and to ensure that the Corporation is managed so as to optimize shareholder value. The Nominating and Corporate Governance Committee is responsible for examining the Corporation's needs in this regard and addressing all issues that may arise from its practices. This Committee ensures that the Corporation's corporate governance practices comply with *Regulation 58-101 respecting Disclosure of Corporate Governance Practices* (Québec) and oversees their disclosure according to the guidelines described in *Policy Statement 58-201 to Corporate Governance Guidelines* (Québec) (hereinafter collectively referred to as the "**Regulation**").

The table below details the corporate governance requirements under the Regulation and the position of the Corporation vis-à-vis each of them.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	COMMENTS
1. (a) Disclose the identity of directors who are independent.	"Independence" is defined in Section 1.4 of *Regulation 52-110 respecting Audit Committees*. After review of the definition of "independence", the Nominating and Corporate Governance Committee determined that the following directors were "independent" within the meaning of the Regulation in the last fiscal year: - Gérald A. Lacoste; - Dale MacCandlish-Weil; - Paul Pommier; - Dawn Svoronos; and - Jean-Denis Talon. In addition, the Nominating and Corporate Governance Committee determined that the following nominees proposed for election at the Meeting are "independent" within the meaning of the Regulation: - Gérald A. Lacoste; - Dale MacCandlish-Weil; - Paul Pommier; - Dawn Svoronos; and - Jean-Denis Talon.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	In reviewing the definition of "independence" under Section 1.4 of *Regulation 52-110 respecting Audit Committees* the Nominating and Corporate Governance Committee determined that the following nominee proposed for election at the Meeting was not "independent": - Luc Tanguay. The determination was based on his position with the Corporation. Mr. Tanguay is the President and Chief Executive Officer of the Corporation.
(c) Disclose whether or not a majority of the directors are independent. If a majority of directors are not independent, describe what the board of directors (the "**Board**") does to facilitate its exercise of independent judgement in carrying out its responsibilities.	Five (5) of the six (6) directors were independent from the Corporation in the last fiscal year. Five (5) of the six (6) nominees proposed for election to the Board are independent from the Corporation.

(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Dawn Svoronos is a director of PTC Therapeutics, Inc. and Xenon Pharmaceuticals Inc.
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held during the last fiscal year ended November 30, 2017. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.	As a matter of routine, the chair of the Board assess with the other independent directors after each meeting of the Board whether a meeting without the non-independent director is required. There were five (5) meetings of the independent directors in the financial year ended November 30, 2017. The committees of the Board are composed of independent directors and, whenever non-independent directors attend the committee meetings, the chair of the committee assesses with the independent directors after each meeting of the committee whether a meeting without the non-independent director is required.
(f) Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director this independent, describe what the Board does too provide leadership for its independent directors.	The chair of the Board, Dawn Svoronos, is independent. The chair of the Board's role and responsibilities consist in: - Representing the Corporation vis-à-vis shareholders and members of the public; - Preparing the agendas for all Board meetings; - Presiding over each Board meeting and shareholders meeting; - Coordinating with the chairs of the Board committees on topics to be discussed at committee meetings; - Following-up with the president and chief executive officer of the Corporation on material matters occurring in the normal course of business of the Corporation; - Assessing the circumstances requiring the holding of special meetings of the Board; and - Following-up with committee chairs on topics discussed at Board meetings.
(g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.	See the information in the tables provided for each nominee under "Election of directors – Nominees".
2. Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.	See Appendix "A" attached to this Circular.

3. (a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.	The Board has not developed written position descriptions for the chair of the Board and the chair of each Board committee. The persons acting as chair of the Board and chairs of Board committees have the experience and necessary expertise to assess the role they must play in the context of a public company. See Section 1 (f) above for a description of the role and responsibilities of the chair of the Board. The role and responsibilities of the chair of each Board committee consist in: - Preparing the agendas for each Committee meeting; - Presiding over each committee meeting; - Following-up on matters discussed at committee meetings, if and when necessary; and - Reporting to the Chair of the Board and the Board.
(b) Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.	The Board and the CEO have not developed a written position description for the CEO. However, the Board set the following expectations with respect to the role and responsibilities of the individual currently holding the position of President and Chief Executive Officer: - Representing the Corporation vis-à-vis shareholders and members of the public; - Supervising work over the commercialization of *EGRIFTA*® in the United States and Canada; - Supervising work related to the launch of ibalizumab; - Supervising work related to alliance management; - Canvassing the potential acquisition or in-licensing of new products and supervising the negotiation of agreements related to such transactions; - Overseeing the control of expenses; - Having leadership skills; - Understanding of finance; - Reporting to the Board; and - Maintaining good relationships with shareholders, employees and members of the public. All activities conducted by the Corporation that are not conducted in the “normal course of business” of the Corporation are discussed at the Board level. The chair has frequent communications with the President and Chief Executive Officer and is aware of situations that do not qualify as “normal course of business”.
4. (a) Briefly describe what measures the Board takes to orient new members regarding: (i) the role of the Board, its committees and its Directors, and (ii) the nature and operation of issuer’s business.	The Board has a “Director Orientation and Continuing Education Policy” in place for new directors. For a description of this policy, see Appendix “B” to this Circular.

(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.	The Board oversees continuing education that is provided to the directors. Continuing education is provided in the following form: - Articles and books on topics relating to the Corporation's business, competitors, corporate governance and regulatory matters are provided to directors; - At Board meetings, members of management are invited to present on business activities; - Consultants offer seminars on various topics relating to the business of the Corporation; - Directors attending conferences or seminar addressing relevant topics to the Corporation.
5. (a) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code: (i) disclose how a person may obtain the code; (ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and	The Board has adopted a Code of ethics (the "**Code**") on February 18, 2011. The Code was amended on December 19, 2017. The Code is available on the website of the Corporation at www.theratech.com under the section "Investor Centre - Corporate Governance – Code of ethics". The Board monitors compliance with the Code by requiring that all employees and executive officers certify on a yearly basis that they have read, understood and agreed to be bound by the Code. The Board also relies on management to report any conduct that is contrary to the Code to the chair of the Board or the chair of the Nominating and Corporate Governance Committee.
(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year ended that pertains to any conduct of a director or executive officer that constitutes a departure from the code.	The Corporation has not filed any material change report pertaining to any conduct of a director or executive officer that departs from the Code in the last fiscal year.
(b) Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.	The Board does not take any particular steps to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest. The Board relies on the loyalty, integrity and honesty of its directors to declare any interest a director has or may have in a transaction or an agreement. Corporate laws, the general by-laws of the Corporation and the Code require that a director disclose any interest it may have or has in any transaction or agreement. In the event a director has any such interest, the director will be asked to leave the Board or committee meeting during which discussions regarding the transaction or agreement will take place. The director will not be entitled to vote on any resolution regarding such transaction or agreement.
(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.	Other than having adopted the Code, the Board does not take any other particular step to encourage and promote a culture of ethical business conduct. It relies on the honesty and loyalty of each individual and the consequences an individual would suffer if his/her ethical business conduct was inadequate.
6. (a) Describe the process by which the Board identifies new candidates for Board nomination. (b) Disclose whether or not the Board has a nominating committee composed entirely of independent Directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.	The Nominating and Corporate Governance Committee of the Board is responsible to identify new candidates for Board nomination. The Nominating and Corporate Governance Committee was comprised of three (3) independent directors in the fiscal year ended November 30, 2017, namely: - Gérald A. Lacoste (chair); - Dale MacCandlish-Weil; and - Dawn Svoronos The identification of new candidates is undertaken after the Board has assessed the needs of the Corporation and the expertise at the Board level to meet those needs. The identification of new candidates may be done in different ways:

	- Knowledge by a Board member of one or more persons having the skills, experience, time and commitment required to act as directors of the Corporation; or - Retaining the services of a third-party specialized in the recruitment of directors. Prior to retaining any individual to act as director of the Corporation, the individual will be met by the chair of the Board and other Board members. In addition, the individual's history will be reviewed.
(c) If the Board has a nominating committee, describe the responsibilities, powers and operations of the nominating committee.	The responsibilities, powers and operation of the Nominating and Corporate Governance Committee are described in Appendix "C" to this Circular.
7. (a) Describe the process by which the Board determines the compensation for the issuer's directors and officers.	The Board has delegated to the Compensation Committee the evaluation and assessment of the compensation of the Corporation's directors and executive officers. The Compensation Committee meets at least once a year at the end of the fiscal year of the Corporation. During this meeting, the Compensation Committee reviews, among other things, the compensation of the Corporation's executive officers for the ensuing fiscal year and assess the performance of each executive officer against the Corporation's annual objectives and an executive officer's objectives to determine whether an executive officer is entitled to a bonus in the form of cash or stock options for his past services. The Compensation Committee has the power to retain the services of third parties to help in the determination of the annual compensation of an executive officer. Where the Compensation Committee does not retain the services of a third party, the Compensation Committee may review publicly-available information regarding the compensation of executive officers holding a position similar to the position under review or purchase such information from third parties. The Compensation Committee will also take into consideration publicly-available information relating to the average percentage increase in a particular year of the compensation generally paid to executive officers. The Compensation Committee reviews, from time to time, the compensation of the directors and members of the Board committees. The Compensation Committee has the power to retain the services of third parties to assist its members determining the compensation of directors and committee members. The Compensation Committee makes recommendations to the Board on the compensation to be paid to executive officers and directors and the Board has complete discretion to accept, reject or amend any recommendation made by the Compensation Committee.
(b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.	The Compensation Committee was comprised of three (3) independent directors in the fiscal year ended November 30, 2017, namely: - Paul Pommier; - Jean-Denis Talon (chair); and - Dawn Svoronos
(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The responsibilities, powers and operation of the Compensation Committee are described in Appendix "D" to this Circular.

8.	If the Board has standing committees other than the audit, compensation, nominating committees, identify the committees and describe their function.	None
9.	Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committee, and its individual directors are performing effectively.	The Nominating and Corporate Governance Committee is responsible to ensure that a process is in place for the review of the performance of individual directors, the Board as a whole, the Board committees, as well as the Board and Committee Chairs. Assessments are done on an on-going basis. In general, every two years, the Nominating and Corporate Governance Committee reviews and approves a performance evaluation questionnaire that is forwarded to members of the Board. This questionnaire covers a wide range of issues and allows for comments and suggestions. The questionnaire covers Board and individual director performance as well as that of Board committees, and the Board and committee chairs. The responses to the questionnaire are sent on a no-name basis to the Corporate Secretary or an outside third party for review and compilation. The Corporate Secretary or this outside third party then communicates with the chair of the Nominating and Corporate Governance Committee to review the responses and the chair of the Nominating and Corporate Governance Committee communicates with the chair of the Board to provide him/her with the results. The chair of the Board then communicates with each director to discuss the Board and Board Committee evaluations as well as individual director performance, including that of the Board and committee chairs. The chair of the Board then reports the results to the Board. No formal process regarding the assessment of the Board was conducted in the last fiscal year.
10.	Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and if so, include a description of those director term limits or other mechanisms of board renewal.	Theratechnologies has adopted a policy regarding term limits, a summary of which is provided under “Item II - Subjects to be treated at the meeting – Election of Directors – Directors’ Mandatory Retirement Policy”.
11.	(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.	Theratechnologies has not adopted a written policy relating to the identification and nomination of women directors. The Board desires to have discretion in selecting candidates since it has determined that it would be inappropriate for Theratechnologies to require that a minimum percentage of candidates at the Board or executive levels be comprised of women. However, at a Board meeting held in February 2017, the Board approved an amendment to the Charter of the Nominating and Corporate Governance Committee to embed in such Charter the obligation by the Nominating and Corporate Governance Committee to take into consideration gender diversity when the Committee needs to recruit candidates for directorship. Therefore, gender diversity is now one of the four criteria that the Committee will consider in recruiting a candidate to act as a director of the Corporation.

	(b) If an issuer has adopted a policy referred to in 11(a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions; (ii) the measures taken to insure that the policy has been effectively implemented; (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy; and (iv) whether and if so, how the board and its nominating committee measures the effectiveness of the policy.	As stated above, no written policy has been adopted by the Board of Directors of Theratechnologies.
12.	Disclose whether and, if so, how the Board or the nominating committee considers the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board. If the issuer does not consider a level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board, disclose the issuer reason for not doing so.	Both the Board of Directors and the nominating committee (represented by the Nominating and Corporate Governance Committee) consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election. Whenever the issues of succession or addition of new board members are discussed, the members of the Board seek to obtain the candidacy of women who must fulfill the expertise sought by the Board. The proposed nominees in this Circular, Dale MacCandlish-Weil and Dawn Svoronos, are examples of the Board's commitment to take into consideration gender diversity when recruiting new Board members. If Ms. Weil and Ms. Svoronos are elected directors of the Corporation at the Meeting, the percentage of women acting as independent directors of the Corporation will be equal to 40% and women will represent 33% of all Board members.
13.	Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.	Theratechnologies is sensitive to the representation of women in executive officer positions. As an example, when Theratechnologies sought to hire a person who would manage the commercialization of *EGRIFTA®*, Ms. Lyne Fortin was hired. She acts as Senior Vice President and Chief Commercial Officer of Theratechnologies. Theratechnologies' Vice President, Finance, is a woman, Ms. Marie-Noël Colussi. The executive officers of Theratechnologies are comprised of two (2) women out of seven (7) members, representing 29% of its members. However, as was previously mentioned for the members of the Board of Directors, the Board desires to have discretion in selecting candidates since it has determined that it would be inappropriate for Theratechnologies to require that a minimum percentage of candidates at the Board or executive levels be comprised of women.

14.	(a) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.	As previously mentioned, Theratechnologies has no target with respect to women acting as Board members. The Board wishes to retain its discretion in order to appoint successors or add additional members in order to be in a position to select the best available candidates while keeping in mind gender diversity.
	(b) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer had not adopted a target, disclose why it has not done so.	As previously mentioned, Theratechnologies has no target with respect to women in executive officer positions. The Board wishes to retain its discretion in order to appoint successors or add additional members in order to be in a position to select the best available candidates. However, the Board is sensitive to having women as executive officers.
	(c) If the issuer had adopted a target referred to in either paragraph 14(a) or 14(b), disclose: (i) the target; and (ii) the annual and cumulative progress of the issuer in achieving the target.	N.A.
15.	(a) Disclose the number and proportion (in percentage terms) of directors on issuer's board who are women.	Ms. Dawn Svoronos is the Chair of the Board and Ms. Dale MacCandlish-Weil has been a director since May 2017. If Ms. Svoronos and Ms. MacCandlish-Weil are reelected at the Meeting, the representation of women on the Board will account for 40% of independent directors and 33% of all Board members.
	(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all measure subsidiaries of the issuer, who are women.	The number of executive officers at Theratechnologies amounts to seven (7), two of whom are women, namely Ms. Lyne Fortin and Ms. Marie-Noël Colussi. Ms. Fortin acts as Senior Vice President and Chief Commercial Officer, whereas Ms. Colussi acts as Vice President, Finance. Therefore, the proportion of women holding executive positions at Theratechnologies amounts to 29%.

ITEM V. OTHER INFORMATION

1. Audit Committee Information

General

The audit committee (the "**Audit Committee**") is currently composed of three independent directors, namely, Mr. Paul Pommier, who acts as the Chair, Gérald A. Lacoste and Jean-Denis Talon. See "ITEM II – Nominees" for the biography of each of the Audit Committee members. All of the Audit Committee members are financially literate within the meaning of *National Instrument 52-110 - Audit Committees*. The Audit Committee members are scheduled to meet without executive officers being present on a regular basis.

During the fiscal year ended November 30, 2017, the Audit Committee met a total of four (4) times. Each member attended all meetings.

Role and Responsibilities

The Audit Committee is responsible for assisting the Board to oversee the followings:

- the integrity of the Corporation's financial statements and information related thereto;
- the Corporation's internal control system;
- the appointment and performance assessment of the external auditors; and
- the Corporation's risk management matters.

On February 25, 2015, upon recommendation from the Audit Committee, the Board revised and amended some of the terms of the Charter of the Audit Committee. A copy of the revised Charter of the Audit Committee describing the role and responsibilities of the Audit Committee is attached as Appendix "E" to this Circular.

Pre-Approval Policies and Procedures

The Audit Committee is responsible for the oversight of the independent external auditors' work. The Audit Committee pre-approves all audit and non-audit services provided by the external auditors. These services may include audit services, audit-related services, tax services and other services. The Audit Committee appoints the auditors and oversees and fixes the compensation for all such services. The external auditors and the Corporation's management report to the Audit Committee regarding the extent of services actually provided in accordance with the applicable pre-approval, and regarding the fees for services performed. The Audit Committee approved 100% of the fees listed in the table below under "Auditors' Fees".

Auditors' Fees

The fees paid to the Auditors of the Corporation for the fiscal years ended November 30, 2017 and 2016 are shown in the table above under "Item II. – Subjects to Be Treated at the Meeting – Appointment of Auditors".

2. Shareholder Proposals

The deadline by which the Corporation must receive proposals from shareholders under the Act for presentation at the next annual meeting of shareholders is January 11, 2019.

3. Additional Documentation

The Corporation is a reporting issuer in all Canadian provinces and is required to file its financial statements, annual information form (the "**AIF**") and Circular with each Canadian Securities Commission.

The financial information of the Corporation is provided in the Corporation's comparative financial statements and Management's Discussion & Analysis for its fiscal year ended November 30, 2017. Copies of the Corporation's financial statements, management proxy circular and AIF may be obtained on request to the Corporate Secretary of the Corporation at the following address: 2015 Peel Street, 5th Floor, Montreal, Québec, Canada, H3A 1T8 or by consulting the SEDAR Website at www.sedar.com. The Corporation may require the payment of a reasonable fee if the request is made by someone other than a security holder of the Corporation, unless the Corporation is in the course of a distribution of its securities pursuant to a short-form prospectus, in which case these documents will be provided free of charge.

4. Approval by the Board of Directors

The content and the sending of this Circular have been approved by the Board of the Corporation.

Montreal, Québec, Canada, April 11, 2018.

(signed) Jocelyn Lafond

Jocelyn Lafond
Corporate Secretary

APPENDIX A

MANDATE OF THE BOARD OF DIRECTORS

I. Role

The Corporation's Board of Directors (the "**Board**") is ultimately responsible for the stewardship of the Corporation and executes its mandate directly or after considering recommendations from its related committees and Management.

Management is responsible for the Corporation's day-to-day activities and is charged with realizing strategic activities approved by the Board within the scope of its authorized business activities, capitalization plan and Corporation directives. Management must report regularly to the Board on matters relating to short-term results and long-term development activities.

II. Obligations and Responsibilities

The Board carries out the functions, performs duties and assumes the responsibilities entrusted by the laws and regulations. The Board may delegate some of its responsibilities to Board committees and Management within the scope of the Corporation's General By-laws, the laws and the regulations. Therefore, day-to-day management of the Corporation's activities is entrusted to Senior Management, which reports directly to the Board. One of the key functions of the Board is to appoint the senior management team.

The functions and duties of Board members include, without limitation, the following functions and duties:

A. Appointment, assessment, succession planning of Senior Management

1. Select and appoint the President and Chief Executive Officer of the Corporation.
2. Oversee the appointment of other members of Senior Management.
3. Ensure that the Corporation has a succession plan for the President and Chief Executive Officer.
4. Monitor the performance of the President and Chief Executive Officer and others Executive Officers, with respect to pre-established objectives.

B. Compensation of Directors

1. Establish the compensation of Directors.

C. Strategic Direction and Planning

1. Adopt the Corporation's strategic planning process.
2. Approve the Corporation's strategic plan and review Senior Management's

performance in implementing the plan.

3. Review the strategic plan annually, taking into account opportunities and risks, and monitoring the Corporation's performance against the plan.
4. Review and approve the Corporation's annual plans towards financing the strategic plan.
5. Review and approve the Corporation's annual operating budget.
6. Identify key business risks facing the Corporation and the implementation of appropriate systems to manage these risks.
7. Discuss with Management how the strategic environment is changing and the key strategic issues.

D. Corporate Behaviour and Governance

1. Develop an approach to corporate governance, including the determination of principles and guidelines for the Corporation.
2. Obtain reasonable assurance of the integrity of the President and Chief Executive Officer and other senior members of Management, and that they uphold principles of integrity within the ranks of the Corporation.
3. Oversee the implementation of a Corporation disclosure policies and procedures.
4. Monitor the integrity of the Corporation's internal controls and disclosure systems.
5. Be available to receive feedback from stakeholders, which must be provided in writing, at the Corporation's head office, bearing the mention "Confidential".

E. Personal Behaviours

1. Keep up-to-date with the regular programs and employees of the Corporation.
2. Upon request, join a committee and actively participate at its meetings.
3. Be accessible, at least by telephone, to personnel and other Corporation Directors, as required.
4. Keep confidential information discussed during meetings.
5. Attend regular and special Board meetings.
6. Get to know other members of the Board and promote collegial decision-making.

III. External Advisors

In discharging its duties and responsibilities, the Board is empowered to retain external legal counsel or other external advisors, as appropriate. The Corporation shall provide the necessary funds to secure the services of such advisors.

IV. Composition of the Board

The Board consists of such number of Directors as the Board may determine from time to time by resolution. The Board must assure itself that it is composed of Directors that are sufficiently familiar with the business of the Corporation, and the risks it faces, to ensure active and effective participation in the deliberations of the Board. Directors should have diverse backgrounds and personal characteristics and traits as well as competencies and expertise that add value to the Corporation. Finally, a majority of the Directors must be independent for the purposes of National Policy 58-201 Corporate Governance Guidelines.

V. Board Meeting Procedures

The Board follows the procedure established in the Corporation's General By-Laws.

VI. Records

The Corporation's Secretary keeps the records required by law and any other relevant document.

VII. Effective Date

This written mandate was adopted by the Directors at its February 8, 2006 Board meeting.

APPENDIX B

DIRECTOR ORIENTATION AND CONTINUING EDUCATION POLICY

The Board must first ensure that every new nominee as Director possesses the necessary skill, expertise, availability and knowledge to properly fulfil its mandate. Once a Director is effectively elected, the Chairman of the Board, the President and Chief Executive Officer and Secretary provide him with the specific information required for a well-informed contribution.

I. Purpose

The purpose of this Director Orientation and Continuing Education Policy (the "**Policy**") is to set forth the Corporation's process of orientation for newly appointed Corporation Directors to familiarize them with the role of the Corporation's Board of Directors, its committees, its directors, and the nature and operation of the Corporation's business activities. The Policy also indicates the elements of continuing education of the Board of Directors to ensure the Corporation Directors maintain the skill and knowledge necessary to fulfill their obligations as directors.

II. Orientation of New Directors

Newly appointed Directors first meet with the Chairman of the Board to discuss the functioning of the Board of Directors. Then, they meet with the President and Chief Executive Officer to discuss the nature and operation of the Corporation's business activities. As required, meetings may be set up with other Senior Managers to further clarify some of the Corporation's business activities. Finally, the Secretary provides new directors with the following documents:

A. Copies of Board meeting minutes and written resolutions since the beginning of the fiscal year (which may include those of the preceding fiscal year, depending of the date of appointment), including a copy of the minutes of the last annual meeting;

B. A schedule of Board Meetings for the year;

C. The disclosure policies et procedures and the "Undertaking" form (for signature);

D. The policy on insider trading in force at Theratechnologies (with mention to register as an insider with the Canadian securities agency through SEDI.ca and to prepare an initial insider report within ten (10) days following appointment);

E. Theratechnologies' Share Option Plan;

F. The latest annual report and accompanying information on Theratechnologies (fact sheet, latest press releases, latest annual information form and corporate presentation);

G. The Director Disclosure Form (to complete and return within afforded time);

H. The General By-Laws, the Board's written mandate, the Audit Committee Charter, Compensation Committee Charter, Nominating and Corporate Governance Charter; and

I. The Directors and Senior Management coverage and compensation.

III. Continuing Education

The following actions are taken to ensure the continuing education of Directors:

A. Management provides Directors, from time to time, with pertinent articles and books relating to the Corporation's business, its competitors, corporate governance and regulatory issues;

B. Key Corporation executives make regular presentations to the Board on business activities;

C. Certain consultants present to the Board on matters relevant to their role and duties. Consultants such as insurance brokers presenting on risks faced by the Corporation or consultants presenting a long-term strategy for the Corporation;

D. The Secretary offers Directors continuing education in the form of presentations on new legal and regulatory requirements that impact the Board.

IV. Review

This Policy is reviewed and modified when the Board of Directors considers it necessary and desirable.

APPENDIX C

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

I. Mandate

The Nominating and Corporate Governance Committee (the "Committee") is responsible for assisting the Company's Board of Directors (the "Board") in overseeing the following:

A. Recruit candidates for the Board;

B. Review the size of the Board;

C. Composition of the Board;

D. Function of the Board;

E. Orientation and education of Board members; and

F. Governance.

II. Obligations and Duties

The Committee carries out the duties usually entrusted to a Nominating and Corporate Governance Committee and any other duty assigned from time to time by the Board. Specifically, the Committee is charged with the following obligations and duties:

A. Recruit Candidates for the Board

1. Identify potential candidates as members of the Company's Board of Directors. In so doing, the Committee will consider:

   a. independence of candidates under the terms of National Policy 58-201 on corporate governance;

   b. gender diversity;

   c. the competencies, skills and personal characteristics sought in candidates. The Committee will determine what it considers necessary by assessing competencies, skills and personal characteristics of the candidates in relation to: (1) those generally required by the Board; (2) those already present in other Board members; and (3) those which are a welcome addition; and

   d. the availability of candidates.

2. All Board members may submit to the Committee potential candidates for membership, and the Committee shall review such candidates in light of above described competencies and skills desirable for the Board.

3. The Committee shall proceed as follows for the recruitment of candidates:

   a. when determined by the Committee and the Board of Directors that Board vacancies must be filled or new members are desirable, the Chairman of the Board of Directors shall make contact with candidates that have been identified by the Committee per the above described criteria;

   b. upon a positive evaluation by the Chairman of the Board of Directors and positive reaction from the candidate, at least two (2) members of the Board shall meet with the candidate; and

   c. upon a positive evaluation by the two (2) Board members and the continuing interest of the candidate, the Committee shall make a recommendation to the Board of Directors, providing all pertinent background information for analysis and discussion by the Directors.

B. Board Size

The Board must be composed of 3 to 20 directors, as per the Company's Articles of Incorporation and the Law. As provided under the terms of the Company General By-Laws, the Board shall exercise its power to establish by resolution the exact number of directors. In this regard, the duties of the Committee are as follows:

1. Examine the size of the Board annually in view of assessing its effectiveness.

2. Consider modifications to the number of constituting members and issue its recommendations to the Board.

C. Composition of the Board

1. Ensure that the Board is composed of Directors that are sufficiently familiar with the business of the Company, and the risks it faces, to ensure active and effective participation in the deliberations of the Board.

2. Ensure that Directors have diverse backgrounds and personal characteristics and traits as well as competencies and expertise that add value to the Company.

3. Ensure that a majority of the directors are independent directors for the purposes of National Policy 58-201 Corporate Governance Guidelines.

D. Board Functioning

1. Examine the Board's functions and issue recommendations as to its obligations and role. Among others, the Committee must regularly review the Board's written mandate.

2. Determine and review, as needed, the roles and mandates of Board committees and issue recommendations.

E. Orientation and Continuing Education of Board Members

Develop an orientation and continuing education policy for Directors.

F. Governance

1. Follow corporate governance developments and, as required, advise the Board of appropriate actions.

2. Examine appropriate actions to promote ethical business conduct, issue relevant recommendations to the Board and oversee their implementation.

3. Examine conflict of interest issues that may be brought to the attention of the Board and offer solutions.

III. External Advisors

In discharging its duties and responsibilities, the Committee is empowered to retain external legal counsel or other external advisors, as appropriate. The Company shall provide the necessary funds to secure the services of such advisors.

IV. Composition of the Committee

The Committee is composed of any number of Directors, but no less than three, as may be determined by the Board from time to time by resolution. Each member of the Committee shall be independent from the Company, as determined by the Board in accordance with applicable laws, rules and regulations.

V. Term of the Mandate

Committee members are appointed by Board resolution to carry out their mandate extending from the date of the appointment to the next Annual General Meeting of Shareholders, or until successors are so appointed.

VI. Vacancy

The Board may fill vacancies at any time by resolution. Subject to the constitution of the quorum, the Committee's members can continue to act even if there is one or many vacancies on the Committee.

VII. Chairman

The Board appoints the Committee Chairman who will call and chair the meetings. The Chairman reports to the Board the deliberations of the Committee and its recommendations.

VIII. Secretary

Unless decided otherwise by resolution of the Board, the Secretary of the Company shall act as Committee Secretary. The Secretary must attend Committee meetings and prepare the minutes. He/she must provide notification of meetings as directed by the Committee Chairman. The Secretary is the guardian of the Committee's records, books and archives.

IX. Meeting Proceedings

The Committee establishes its own procedures as to how meetings are called and conducted. Unless it is otherwise decided, the Committee shall meet privately and independently from Management at each regularly scheduled meeting. In the absence of the regularly appointed Chairman, the meeting shall be chaired by another Committee member selected among attending participants and appointed accordingly. In the absence of the regularly appointed Secretary, Committee members shall designate someone else to carry out this duty.

X. Quorum and Vote

Unless the Board otherwise specifies by resolution, two Committee members shall constitute an appropriate quorum for deliberation of items on the agenda. During meetings, decisions are reached by a majority of votes from Committee members, unless the quorum is of two members, in which case decisions are made by consensus of opinion.

XI. Records

The Committee keeps records that are deemed necessary of its deliberations and reports regularly to the Board on its activities and recommendations.

XII. Effective Date

This charter was adopted by the Directors during the February 8, 2006 Board meeting and amended during the February 7, 2017 Board meeting.

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APPENDIX D

COMPENSATION COMMITTEE CHARTER

I. Mandate

The Compensation Committee (the "**Committee**") is responsible for assisting the Corporation's Board of Directors (the "**Board**") in overseeing the following:

A. compensation of Senior Management;

B. assessment of Senior Management;

C. compensation of Directors;

D. stock option grants;

E. overall increase in total compensation.

II. Obligations and Duties

The Committee carries out the duties usually entrusted to a compensation committee and any other duty assigned from time to time by the Board. Specifically, the Committee is charged with the following obligations and duties:

A. Compensation of Senior Management

1. Develop a compensation policy for the Corporation's Senior Management, notably the Senior Management compensation structure, annual salary adjustments as well as the creation and administration of short and long term incentive plans, stock options, indirect advantages and benefits proposed by the President and Chief Executive Officer.
2. Review and establish all forms of compensation to Senior Management.
3. Oversee, as required, employment contracts and terminations of Senior Management, notably severance pay.
4. Oversee the Corporation's annual report on Senior Management compensation part of the Corporation's continuous disclosure requirements under applicable laws and regulations.

B. Assessment of Senior Management

1. Develop a written position description for the President and Chief Executive Officer.

2. Establish general objectives annually for the President and Chief Executive Officer of the Corporation and for other members of senior management.

3. Examine and review annually the President and Chief Executive Officer's performance against specific performance criteria pre-established by the Committee.

4. Examine, in collaboration with the President and Chief Executive Officer, the annual performance assessment of other senior managers.

C. Compensation of Directors

1. Recommend to the Board approval of the Director's Compensation Policy.

2. Examine the compensation of Directors in relation to the risks and duties of their position.

D. Stock Option Grants

1. Oversee, review as needed and recommend Board approval of the Corporation Share Option Plan.

2. The Committee may delegate, at its discretion, the plan's administration to members of the Corporation's Management and employees.

3. Examine, oversee and recommend Board approval of stock option grants, specifically:

   a. the people to whom options are granted;

   b. the number of options granted;

   c. the exercise price of the options;

   d. the exercise period of the options; and

   e. all other conditions relating to options granted.

4. Overall Increase in Total Compensation

   Approve annually the Corporation's increase in overall compensation.

III. External Advisors

In discharging its duties and responsibilities, the Committee is empowered to retain external legal counsel or other external advisors, as appropriate. The Corporation shall provide the necessary funds to secure the services of such advisors.

IV. Composition of the Committee

The Committee is composed of any number of Directors, but no less than three, as may be determined by the Board from time to time by resolution. Each member of the Committee shall be independent from the Corporation, as determined by the Board, in accordance with applicable laws, rules and regulations.

V. Term of the Mandate

Committee members are appointed by Board resolution to carry out their mandate extending from the date of the appointment to the next annual general meeting of shareholders, or until successors are so appointed.

VI. Vacancy

The Board may fill vacancies at any time by resolution. Subject to the constitution of the quorum, the Committee's members can continue to act even if there is one or many vacancies on the Committee.

VII. Chairman

The Board appoints the Committee Chairman who will call and chair the meetings.

VIII. Secretary

Unless decided otherwise by resolution of the Board, the Secretary of the Corporation shall act as Committee Secretary. The Secretary must attend Committee meetings and prepare the minutes. He/she must provide notification of meetings as directed by the Committee Chairman. The Secretary is the guardian of the Committee's records, books and archives.

IX. Meeting Proceedings

The Committee establishes its own procedures as to how meetings are called and conducted. Unless it is otherwise decided, the Committee shall meet privately and independently from Management at each regularly scheduled meeting. In the absence of the regularly appointed Chairman, the meeting shall be chaired by another Committee member selected among attending participants and appointed accordingly. In the absence of the regularly appointed Secretary, Committee members shall designate someone to carry out this duty.

X. Quorum and Vote

Unless the Board otherwise specifies by resolution, two Committee members shall constitute an appropriate quorum for deliberation of items on the agenda. During meetings, decisions are reached by a majority of votes from Committee members, unless the quorum is of two members, in which case decisions are made by consensus of opinion.

XI. Records

The Committee keeps records that are deemed necessary for its deliberations and reports to the Board on its activities and recommendations on a regular basis.

XII. Effective Date

This charter was adopted by the Directors at its May 3, 2004 Board meeting. It was amended by the Directors during the February 8, 2006 Board meeting.

APPENDIX E

AUDIT COMMITTEE CHARTER

I. Mandate

The Audit Committee (the "Committee") is responsible for assisting the Company's Board of Directors (the "Board") in overseeing the following:

F. the integrity of the Company's financial statements and related information;

G. the internal control systems of the Company;

H. the appointment and performance of the external auditor; and

I. the supervision of the Company's Risk Management.

II. Obligations and Duties

The Committee carries out the duties usually entrusted to an audit committee and any other duty assigned from time to time by the Board. Management has the responsibility to ensure the integrity of the financial information and the effectiveness of the Company's internal controls. The external auditor has the responsibility to verify the fair presentation of the Company's financial statements; at the same time evaluating the internal control process to determine the nature, extent and timing of the auditing procedures used for the financial statement audit. The Committee has the responsibility to supervise the participants involved in the preparation process of the financial information and to report on this to the Board.

Specifically, the Committee is charged with the following obligations and duties:

A. Integrity of the Company's Financial Statements and Related Information

1. Review annual and quarterly consolidated financial statements and all financial information legally required to be disclosed by the Company, i.e. financial information contained in the "Management Discussion and Analysis" report, the Annual Information Form and the press releases, as the case may be, discuss such with management and the external auditor, as applicable, and suggest recommendations to the Board, as the case may be.
2. Approve the interim Financial Statements, the interim "Management Discussion and Analysis" reports and all supplements to these "Management Discussion and Analysis" reports which have to be filed with regulatory authorities.
3. On a periodic basis, review and discuss with management and the external auditor, as applicable, the following:

    a. major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to

the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;

b. the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and

c. the type and presentation of information to be included in press releases dealing with financial results (paying particular attention to any use of pro-forma information or information adjusted by means of non-generally accepted accounting principles).

4. Review and discuss reports from the external auditor on:

a. all critical accounting policies and practices used by the Company;

b. all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternate treatments and disclosures and the treatment preferred by the external auditor;

c. the external auditors' report to the Committee on the planning of external auditing; and

d. the external auditors' report to the Committee on the auditing results.

B. Supervision of the Company's Internal Control Systems

1. Review and discuss with management and, when appropriate, provide recommendations to the Board on the following:

a. actual financial data compared with budgeted data;

b. the Company's internal control system;

c. the relationship of the Committee with the management and audit committees of the Company's consolidated subsidiaries. With respect to the subsidiaries, the Committee must:

- obtain precisions as to the mandate of the audit committees;
- enquire about internal controls and study related risks;
- obtain copy of the minutes of the audit committees' meetings; and
- ensure that the critical accounting policies and practices are identical to the Company's.

2. Study the feasibility of implementing an internal auditing system and when implemented, establish its responsibilities and supervise its work.

3. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or

auditing matters, and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

C. Appointmentand Performance Supervision of the External Auditor

1. Provide recommendations to the Board on the selection of the external auditor to be appointed by the shareholders.
2. Approve in advance and recommend to the Board the external auditor's remuneration and more specifically fees and terms of all audit, review or certification services to be provided by the external auditor to the Company and any consolidated subsidiary.
3. Supervise the performance of the external auditor in charge of preparing or issuing an audit report or performing other audit services or certification services for the Company or any consolidated subsidiary of the Company, where required, and review all related questions as to the terms of its mission and the revision of its mission.
4. Pre-approve all engagements for permitted non-audit services provided by the external auditor to the Company and any consolidated subsidiary, and to this effect and at its convenience, establish policies and procedures for the engagement of the external auditor to provide to the Company and any consolidated subsidiary permitted non-audit services, which shall include approval in advance by the Committee of all audit/review services and permitted non-audit services to be provided to the Company and any consolidated subsidiary by the external auditor.
5. At least annually, consider, assess and report to the Board on:
    a. the independence of the external auditor, including whether the external auditor's performance of permitted non-audit services is compatible with the external auditor's independence;
    b. the obtaining from the external auditor of a written or verbal statement i) describing all relationships between the external auditor and the Company that may reasonably be thought to bear on their independence; ii) assuring that lead audit partner rotation is carried out, as required by law; and iii) describing any other relationship that may reasonably be thought to affect the independence of the external auditor; and
    c. the evaluation of the lead audit partner, taking into account the opinions of management and the internal auditor.
6. At least annually, obtain and review a report by the external auditor describing:
    a. the external auditor's internal quality-control procedures; and
    b. any material issues raised by the most recent internal quality-control review (or peer review) of the external auditor's firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the external auditor's firm, and any steps taken to deal with any such issues.
7. Resolve any disagreement between management and the external auditor regarding financial reporting.
8. Review the audit process with the external auditor.

9. Review and discuss with the Chief Executive Officer and Chief Financial Officer of the Company the process for the certifications to be provided in the Company's public disclosure documents.
10. Meet periodically with the external auditor in the absence of management.
11. Establish procedures with respect to hiring the external auditor's employees and former employees.

D. Supervisionof the Company's Risk Management

Review, report and, where appropriate, provide recommendations to the Board on the following:

1. the Company's processes for identifying, assessing and managing risk;
2. the Company's major financial risk exposures and the steps the Company has taken to monitor and control such exposures;
3. the Company's insurance portfolio and the adequacy of the coverage; and
4. the Company's investment policy.

III. External Advisors

In discharging its duties and responsibilities, the Committee is empowered to retain external legal counsel or other external advisors, as appropriate. The Company shall provide the necessary funds to secure the services of such advisors.

IV. Composition of the Committee

The Committee is composed of any number of Directors, but no less than three, as may be determined by the Board from time to time by resolution. Each member of the Committee shall be independent from the Company and is financially literate, as determined by the Board and in conformity with applicable laws, rules and regulations.

V. Term of the Mandate

Committee members are appointed by Board resolution to carry out their mandate extending from the date of the appointment to the next annual general meeting of the shareholders or until their successors are so appointed.

VI. Vacancy

The Board may fill vacancies at any time by resolution. Subject to the constitution of the quorum, the Committee's members can continue to act even if there is one or many vacancies on the Committee.

VII. Chairman

The Board appoints the Committee Chairman who will call and chair the meetings**.** The Chairman reports to the Board the deliberations of the Committee and its recommendations.

VIII. Secretary

Unless otherwise determined by resolution of the Board, the Secretary of the Company shall act as Committee Secretary. The Secretary must attend Committee meetings and prepare the minutes. He/she must provide notification of meetings as directed by the Committee Chairman. The Secretary is the guardian of the Committee's records, books and archives.

IX. Meeting Proceedings

The Committee establishes its own procedures as to how meetings are called and conducted. Unless it is otherwise decided, the Committee shall meet privately and independently from Management at each regularly scheduled meeting. In the absence of the regularly appointed Chairman, the meeting shall be chaired by another Committee member selected among attending participants and appointed accordingly. In the absence of the regularly appointed Secretary, Committee members shall designate someone to carry out this duty.

The Committee shall meet at least four times a year with management and the external auditor, and at least once a year, separately in executive session in the absence of management and the external auditor. At least once a year, the Committee invites the Chief Financial Officer of each subsidiary to present the financial information and internal control systems related to such subsidiary.

X. Quorum and Voting

Unless the Board otherwise specifies by resolution, two Committee members shall constitute an appropriate quorum for deliberation of items on the agenda. During meetings, decisions are reached by a majority of votes from Committee members, unless the quorum is of two members, in which case decisions are made by consensus of opinion.

XI. Records

The Committee keeps records that are deemed necessary of its deliberations and reports regularly to the Board on its activities and recommendations.

XII. Effective Date

This charter was adopted by the Directors at its May 3, 2004 Board meeting. It was amended by the Directors during the April 13, 2005, February 8, 2006 and February 25, 2015 Board meetings.

THERATECHNOLOGIES INC.

Computershare

8th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
www.computershare.com

Security Class

Holder Account Number

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Form of Proxy - Annual Meeting to be held on May 16, 2018

This Form of Proxy is solicited by and on behalf of Management.

Notes to proxy

1. **Every holder has the right to appoint some other person or company of their choice, who need not be a holder, to attend and act on their behalf at the meeting or any adjournment or postponement thereof. If you wish to appoint a person or company other than the persons whose names are printed herein, please insert the name of your chosen proxyholder in the space provided (see reverse).**
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc.), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you must sign this proxy with signing capacity stated, and you may be required to provide documentation evidencing your power to sign this proxy.
3. This proxy should be signed in the exact manner as the name(s) appear(s) on the proxy.
4. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by Management to the holder.
5. **The securities represented by this proxy will be voted as directed by the holder; however, if such a direction is not made in respect of any matter, this proxy will be voted as recommended by Management.**
6. The securities represented by this proxy will be voted in favour or withheld from voting or voted against each of the matters described herein, as applicable, in accordance with the instructions of the holder, on any ballot that may be called for and, if the holder has specified a choice with respect to any matter to be acted on, the securities will be voted accordingly.
7. This proxy confers discretionary authority in respect of amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the meeting or any adjournment or postponement thereof.
8. This proxy should be read in conjunction with the accompanying documentation provided by Management.

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Proxies submitted must be received by 5:00 pm, Eastern Time, on May 14, 2018.

VOTE USING THE TELEPHONE OR INTERNET 24 HOURS A DAY 7 DAYS A WEEK!

To Vote Using the Telephone

- Call the number listed BELOW from a touch tone telephone.

1-866-732-VOTE (8683) Toll Free

To Vote Using the Internet

- Go to the following web site: www.investorvote.com
- **Smartphone?** Scan the QR code to vote now.

If you vote by telephone or the Internet, DO NOT mail back this proxy.

Voting by mail may be the only method for securities held in the name of a corporation or securities being voted on behalf of another individual.

Voting by mail or by Internet are the only methods by which a holder may appoint a person as proxyholder other than the Management nominees named on the reverse of this proxy. Instead of mailing this proxy, you may choose one of the two voting methods outlined above to vote this proxy.

To vote by telephone or the Internet, you will need to provide your CONTROL NUMBER listed below.

CONTROL NUMBER

Appointment of Proxyholder

The undersigned shareholder of Theratechnologies Inc. (the "Corporation") hereby appoints: Dawn Svoronos, Chair of the Board, or failing her, Luc Tanguay, President and Chief Executive Officer

OR

Print the name of the person you are appointing if this person is someone other than the Management Nominees listed herein.

as my proxyholder to attend and act for and on my behalf at the Annual Meeting of Shareholders of the Corporation to be held at the McCord Museum, 690 Sherbrooke Street West, Montreal, Québec, on Wednesday, May 16, 2018 at 10:00 a.m., (the "Meeting"), and at any adjournment thereof, with full power of substitution and with all the powers which the undersigned could exercise with respect to his/her common shares if personally present at the Meeting. The shares are to be voted, on any ballot, in accordance with the instructions given below:

VOTING RECOMMENDATIONS ARE INDICATED BY HIGHLIGHTED TEXT OVER THE BOXES.

1. **Election of Directors**

	For	Withhold		For	Withhold		For	Withhold
01. Gérald Lacoste	☐	☐	02. Dale MacCandlish-Weil	☐	☐	03. Paul Pommier	☐	☐
04. Dawn Svoronos	☐	☐	05. Jean-Denis Talon	☐	☐	06. Luc Tanguay	☐	☐

Fold

	For	Withhold
2. **Appointment of Auditors**	☐	☐

Vote FOR or WITHHOLD from voting with respect to the appointment of auditors.

Fold

Authorized Signature(s) - This section must be completed for your instructions to be executed.

I/We authorize you to act in accordance with my/our instructions set out above. I/We hereby revoke any proxy previously given with respect to the Meeting. **If no voting instructions are indicated above, this Proxy will be voted as recommended by Management.**

Signature(s)

Date

DD / MM / YY

Interim Financial Statements - Mark this box if you would like to receive Interim Financial Statements and accompanying Management's Discussion and Analysis by mail. ☐

Annual Financial Statements - Mark this box if you would like to receive the Annual Financial Statements and accompanying Management's Discussion and Analysis by mail. ☐

Information Circular - Mark this box if you would like to receive the Information Circular by mail for the next securityholders' meeting. ☐

If you are not mailing back your proxy, you may register online to receive the above financial report(s) by mail at www.computershare.com/mailinglist.

THTQ 268791 AR1

Exhibit 99.18

REPORT ON VOTING RESULTS

ANNUAL MEETING OF SHAREHOLDERS
HELD ON MAY 16, 2018

The Annual Meeting of shareholders of Theratechnologies was held on Wednesday, May 16, 2018 at 10:00 a.m., at Musée McCord located at 690 Sherbrooke Street West, Montreal, Québec, Canada. Six shareholders and/or proxy holders were present at the meeting, in person or by proxy, holding 46,267,482 common shares of Theratechnologies, representing approximately 61.58% of the total votes attached to all issued and outstanding shares of Theratechnologies as of the record date on April 11, 2018.

Election of Directors

All six directors proposed for election at the Annual Meeting were elected on a vote by show of hands. All of the candidates were elected by a majority of the votes cast by the shareholders present or represented by proxy at the meeting. The directors will remain in office until the next annual meeting of shareholders or until their successors are elected or appointed. The proxies received by management for the election of directors were as follows:

	Votes For		Votes Withheld	
	#	%	#	%
Gérald Lacoste	24,223,579	98.47	375,875	1.53
Dale Weil	24,508,583	99.63	90,871	0.37
Paul Pommier	23,986,098	97.51	613,356	2.49
Dawn Svoronos	24,390,091	99.15	209,363	0.85
Jean-Denis Talon	24,389,887	99.15	209,567	0.85
Luc Tanguay	24,388,837	99.14	210,617	0.86

Appointment of Auditors

The resolution to appoint KPMG LLP, chartered accountants, as Theratechnologies' auditors to hold office until the next annual meeting of shareholders or until their successors are appointed, and to authorize the directors to fix their remuneration, was adopted on a vote by show of hands by a majority of the votes cast by the shareholders present or represented by proxy. The proxies received by management for the appointment of the auditors were as follows:

	Votes For		Votes Withheld	
	#	%	#	%
Auditors	45,332,446	99.19	368,313	0.81

News Release

ANNOUNCEMENTS IN CONJUNCTION WITH
THERATECHNOLOGIES ANNUAL MEETING

Montreal, Canada – May 16, 2018 – Theratechnologies Inc. (TSX: TH) today held its annual meeting of shareholders.

As part of the meeting, shareholders proceeded to elect the Company's Board of Directors for a one-year term and elected KPMG LLP, as auditors for the current fiscal year.

All candidates proposed for the position of directors were elected in the following proportion:

	# IN FAVOUR	% IN FAVOUR	ABSTENTION	% ABSTENTION
Gérald A. Lacoste	24,223,579	98.47	375,875	1,53
Dale MacCandlish-Weil	24,508,583	99.63	90,871	0.37
Paul Pommier	23,986,098	97.51	613,356	2.49
Dawn Svoronos	24,390,091	99.15	209,363	0.85
Jean-Denis Talon	24,389,887	99.15	209,567	0.85
Luc Tanguay	24,388,837	99.14	210,617	0.86

In addition to reviewing highlights from last year, both Ms. Svoronos and Mr. Luc Tanguay, respectively Chair of the Board and President and CEO of Theratechnologies, addressed people present at the meeting.

"As we celebrate our 25th anniversary, I am proud of what has been accomplished and the Board is very confident about what lies ahead for our Company. Theratechnologies has definitely entered a new era. Our Company is evolving and so will our Board of Directors which has already started reflecting on its composition and may eventually include one or two more members to bring additional competencies," said Dawn Svoronos, Chair of the Board, Theratechnologies Inc.

"We focused our efforts during the last fiscal year to be ready for the greatly anticipated approval of Trogarzo™. We wanted to hit the ground running the minute we received the decision from the FDA. This is exactly what happened and we are seeing just important it was in terms of gaining reimbursement, and generating prescriptions," said Luc Tanguay, President and CEO, Theratechnologies Inc.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company addressing unmet medical needs to promote healthy ageing and an improved quality of life among HIV patients. Further information about Theratechnologies is available on the Company's website at www.theratech.com and on SEDAR at www.sedar.com.

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Information:
Denis Boucher
Vice President, Communications and Corporate Affairs
514-336-7800 ext. 236

News Release

THERATECHNOLOGIES ANNOUNCES US$50 MILLION BOUGHT DEAL OFFERING OF 5.75% CONVERTIBLE UNSECURED SENIOR NOTES

NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR DISSEMINATION IN THE UNITED STATES

Montreal, Canada – May 30, 2018 – Theratechnologies Inc. (TSX: TH) announced today that it has entered into an agreement with a syndicate of underwriters led by RBC Capital Markets pursuant to which the underwriters have agreed to purchase from the company and sell to the public US$50,000,000 aggregate principal amount of convertible unsecured senior notes due June 30, 2023 (the "Notes") at a price of US$1,000 per Note (the "Offering"). The underwriters will also have the option to purchase up to an additional US$7,500,000 aggregate principal amount of Notes to cover over-allotments, if any, and for market stabilization purposes, during the 30 days following the closing of the Offering (the "Over-Allotment Option").

The Notes will be direct, senior, unsecured obligations of Theratechnologies and will bear interest at a rate of 5.75% per annum, payable semi-annually on June 30 and December 31 of each year, commencing on December 31, 2018. The Notes will be convertible at the holder's option into common shares of the company at a conversion price of US$14.85 per common share, representing a conversion rate of 67.3401 common shares per US$1,000 principal amount of Notes.

The Notes will not be redeemable by Theratechnologies prior to June 30, 2021. On or after June 30, 2021 and prior to the maturity date, the Notes may be redeemed by the company, in whole or in part from time to time, on not more than 60 days and not less than 40 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption, provided that the volume-weighted average trading price of the company's common shares on the Toronto Stock Exchange for the 20 consecutive trading days ending five trading days prior to the date on which notice of redemption is provided is at least 130% of the conversion price.

Theratechnologies intends to use the net proceeds of the Offering to fund payments totaling US$23,850,000 due under the Third Amendment of the EMD Serono Termination Agreement, the approval and commercialization of Trogarzo™ in Europe and other jurisdictions and for other general corporate purposes, including potential acquisitions in the execution of its business plan.

The Notes will be offered by way of a short form prospectus in all of the provinces of Canada and may also be offered by way of private placement in the United States.

Closing of the Offering is expected to occur on or about June 19, 2018, and is subject to the receipt of all required regulatory approvals including that of Toronto Stock Exchange.

The Notes and the common shares issuable upon the conversion or redemption of the Notes have not been registered under the U.S. Securities Act of 1933, as amended. Accordingly, the Notes may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act of 1933 and other applicable securities laws

This news release shall not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction, nor shall there be any offer, solicitation or sale of the securities in any province, state or jurisdiction in which such offer, solicitation or sale would be unlawful.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company addressing unmet medical needs to promote healthy ageing and an improved quality of life among HIV patients. Further information about Theratechnologies is available on the Company's website at www.theratech.com and on SEDAR at www.sedar.com.

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on the management's belief and assumptions and on information currently available to the company's management. You can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate" or the negatives of these terms, or variations of them. The forward-looking statements contained in this press release include, but are not limited to, statements regarding the completion of the Offering and the use of proceeds of the Offering.

Forward-looking statements are based upon a number of assumptions and are subject to a number of risks and uncertainties, many of which are beyond Theratechnologies' control that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These assumptions include but are not limited to timely completion of the Offering, the non-occurrence of material adverse change to the Company and no change in the business plans of the Company. Potential investors should refer to the "Risk Factors" sections of the company's annual information form dated February 6, 2018 and the short form prospectus to be filed by the company with the securities regulatory authorities in Canada for additional risks and uncertainties about Theratechnologies. The annual information form is available on the Company's website at www.theratech.com and on SEDAR at www.sedar.com. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this press release and represent the company's expectations as of that date. The company undertakes no obligation to update or revise the information contained in this press release, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

Information:
Denis Boucher
Vice President, Communications and Corporate Affairs
514-336-7800 ext. 236

News Release

THERATECHNOLOGIES AND EMD SERONO AGREE ON EARLY AND FINAL PAYMENT OF REMAINING OBLIGATIONS RELATED TO *EGRIFTA*®

Montreal, Canada – May 30, 2018 – Theratechnologies Inc. (TSX: TH) is pleased to announce an agreement with EMD Serono, Inc. (EMD Serono) to immediately pay all outstanding obligations related to the repurchase of the commercial rights to *EGRIFTA*® (tesamorelin for injection) at a renegotiated price.

“Regaining commercialization rights to our first product, *EGRIFTA*®, has enabled Theratechnologies to become a fast-growing specialty pharmaceutical company. The transaction structure of our initial *EGRIFTA*® termination agreement signed with EMD Serono in 2013 had ongoing payment terms that impacted our operating profitability, but were reflective of our financial capabilities at that time,” said Luc Tanguay, President and CEO, Theratechnologies Inc.

Contractual obligations remaining under our prior agreement with EMD Serono totalled US$28.2 million, which was comprised of a US$4.0 million payment due May 2019, and US$24.2 million in royalties, payable over the next four or five years.

The amended agreement allows Theratechnologies to make one lump sum payment of US$23.85 million. This one-time payment will be financed through the proceeds of an underwritten US$50.0 million convertible unsecured senior notes (Notes) offering announced earlier today.

“The amended agreement signed with EMD Serono today enables Theratechnologies to realize savings from a reduction of future payment obligations, but also eliminates a royalty payment that was previously impacting the company’s gross profit margins. As a result, this transaction is expected to be accretive to the company’s EBITDA by over US$4.5 million per year for the next four or five years,” said Luc Tanguay, President and CEO, Theratechnologies Inc.

Furthermore, as part of the amended agreement, EMD Serono will cancel all liens, hypothec and security interest over Theratechnologies’ assets. Closing of this transaction is subject to the closing of the Notes offering and other customary conditions, and is scheduled to occur on or about June 20, 2018.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company addressing unmet medical needs to promote healthy ageing and an improved quality of life among HIV patients. Further information about Theratechnologies is available on the Company’s website at www.theratech.com and on SEDAR at www.sedar.com.

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management’s belief and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as “may”, “will”, “should”, “could”, “would”, “outlook”, “believe”, “plan”, “envisage”, “anticipate”, “expect” and “estimate” or the negatives of these terms, or

variations of them. The forward-looking statements contained in this press release include, but are not limited to, the repayment to EMD Serono of the amount of US$23.85 million, the completion of the Notes offering, the consequences of such repayment on the financial results of the Company and the timing of the repayment.

Forward-looking statements are based upon a number of assumptions and are subject to a number of risks and uncertainties, many of which are beyond Theratechnologies' control that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These assumptions include but are not limited to, the following: the Company will proceed with the Notes offering, the net proceeds of the Notes offering will be sufficient to repay EMD Serono US$23.85 million, no event will delay the closing date of the Notes offering and the financial results of the Company will be positively impacted by the repayment of such amount to EMD Serono.

These risks and uncertainties include, but are not limited to, the risk that the Notes offering does not close or is delayed, the risk that the net proceeds to the Company is not large enough to pay-off EMD Serono, the risk that changes in laws or a recall by the FDA of *EGRIFTA*® prevent the Company from repaying EMD Serono and the risk that revenues from the sale of the Company's products decrease resulting in a negative effect on its financial results.

We refer potential investors to the "Risk Factors" section of our Annual Information Form dated February 6, 2018 available on SEDAR at www.sedar.com for additional risks and uncertainties about Theratechnologies and its business. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this press release and represent our expectations as of that date. We undertake no obligation to update or revise the information contained in this press release, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

Media inquiries:
Denis Boucher
Vice President, Communications and Corporate Affairs
Email: dboucher@theratech.com
Tel.: (514) 336-7800

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MATERIAL CHANGE REPORT
Regulation 51-102 Respecting Continuous Disclosure Obligations
Form 51-102F3

ITEM 1 – NAME AND ADDRESS OF COMPANY

THERATECHNOLOGIES INC. (the "**Corporation**")
2015 Peel Street
5th Floor
Montreal, Québec
Canada H3A 1T8

ITEM 2 – DATE OF MATERIAL CHANGE

May 30, 2018.

ITEM 3 –RELEASE
NEWS

A news release describing this material change was issued by the Corporation on May 30, 2018 via "GLOBE NEWSWIRE". A copy of the news release is available on the SEDAR website at www.sedar.com.

ITEM 4 – OF MATERIAL CHANGE
SUMMARY

On May 30, 2018, the Corporation entered into an agreement with a syndicate of underwriters led by RBC Capital Markets pursuant to which the underwriters have agreed to purchase from the Corporation and sell to the public US$50,000,000 aggregate principal amount of convertible unsecured senior notes due June 30, 2023 at a price of US$1,000 per Note.

ITEM 5 –DESCRIPTION OF MATERIAL CHANGE
FULL

On May 30, 2018, the Corporation entered into an agreement with a syndicate of underwriters led by RBC Capital Markets pursuant to which the underwriters have agreed to purchase from the Corporation and sell to the public US$50,000,000 aggregate principal amount of convertible unsecured senior notes due June 30, 2023 (the "**Notes**") at a price of US$1,000 per Note (the "**Offering**").

The underwriters will also have the option to purchase up to an additional US$7,500,000 aggregate principal amount of Notes to cover over-allotments, if any, and for market stabilization purposes, during the 30 days following the closing of the Offering.

The Notes will be direct, senior, unsecured obligations of the Corporation and will bear interest at a rate of 5.75% per annum, payable semi-annually on June 30 and December 31 of each year, commencing on December 31, 2018. The Notes will be convertible at the holder's option into common shares of the Corporation at a conversion price of US$14.85 per common share, representing a conversion rate of 67.3401 common shares per US$1,000 principal amount of Notes.

The Notes will not be redeemable by the Corporation prior to June 30, 2021. On or after June 30, 2021 and prior to the maturity date, the Notes may be redeemed by the Corporation, in whole or in part from time to time, on not more than 60 days and not less than 40 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption, provided that the volume-weighted average trading price of the Corporation's common shares on the Toronto Stock Exchange for the 20 consecutive trading days ending five trading days prior to the date on which notice of redemption is provided is at least 130% of the conversion price.

The Corporation intends to use the net proceeds of the Offering to fund payments totaling US$23,850,000 due under the Third Amendment of the EMD Serono Termination Agreement, the approval and commercialization of Trogarzo™ in Europe and other jurisdictions and for other general corporate purposes, including potential acquisitions in the execution of its business plan.

The Notes will be offered by way of a short form prospectus in all of the provinces of Canada and may also be offered by way of private placement in the United States.

Closing of the Offering is expected to occur on or about June 19, 2018, and is subject to the receipt of all required regulatory approvals including that of Toronto Stock Exchange.

The Notes and the common shares issuable upon the conversion or redemption of the Notes have not been registered under the U.S. Securities Act of 1933, as amended. Accordingly, the Notes may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act of 1933 and other applicable securities laws.

ITEM 6 – ON SUBSECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT 51-102 RELIANCE

Not applicable.

ITEM 7 – INFORMATION OMITTED

Not applicable.

ITEM 8 – OFFICER EXECUTIVE

For further information, contact Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary of the Corporation at (514) 336-4804, ext. 288.

ITEM 9 –OF REPORT DATE

June 5, 2018.

News Release

THERATECHNOLOGIES ANNOUNCES CLOSING OF US$57.5 MILLION BOUGHT DEAL OFFERING OF 5.75% CONVERTIBLE UNSECURED SENIOR NOTES

NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR DISSEMINATION IN THE UNITED STATES

Montreal, Canada – June 19, 2018 – Theratechnologies Inc. (TSX: TH) is pleased to announce today that it has closed its previously announced "bought deal" offering of 5.75% convertible unsecured senior notes (the "Notes") in an aggregate principal amount of US$57.5 million (the "Offering"), including the exercise in full of the underwriters' over-allotment option.

The Notes were sold on a "bought deal" basis through a syndicate of underwriters led by RBC Capital Markets and including National Bank Financial Inc., CIBC Capital Markets, Mackie Research Capital Corp., Canaccord Genuity Corp. and Echelon Wealth Partners Inc.

The Notes are direct, senior, unsecured obligations of Theratechnologies and bear interest at a rate of 5.75% per annum, payable semi-annually on June 30 and December 31 of each year, commencing on December 31, 2018. The Notes will be listed and posted for trading on the Toronto Stock Exchange under the symbol "TH.DB.U" at the opening of markets today.

Theratechnologies intends to use the net proceeds of the Offering to fund payments totaling US$23,850,000 due under the third amendment of the EMD Serono termination agreement, an amount of approximately US$5,000,000 for the approval and commercialization of Trogarzo™ in Europe and other jurisdictions, an amount of approximately US$5,000,000 to fund working capital and the remainder will be allocated for other general corporate purposes, including potential acquisitions in the execution of its business plan.

The Notes issued under the Offering were offered by way of a short form prospectus filed with the securities regulatory authorities in each of the provinces of Canada. Copies of the final short form prospectus and documents incorporated therein by reference are available electronically under Theratechnologies' profile on SEDAR at www.sedar.com.

The Notes and the common shares issuable upon the conversion or redemption of the Notes have not been registered under the U.S. Securities Act of 1933, as amended. Accordingly, the Notes may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act of 1933 and other applicable securities laws

This news release shall not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction, nor shall there be any offer, solicitation or sale of the securities in any province, state or jurisdiction in which such offer, solicitation or sale would be unlawful.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company addressing unmet medical needs to promote healthy ageing and an improved quality of life among HIV patients. Further information about Theratechnologies is available on the Company's website at www.theratech.com and on SEDAR at www.sedar.com.

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on the management's belief and assumptions and on information currently available to the company's management. You can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate" or the negatives of these terms, or variations of them. The forward-looking statements contained in this press release include, but are not limited to, statements regarding the completion of the Offering and the use of proceeds of the Offering.

Forward-looking statements are based upon a number of assumptions and are subject to a number of risks and uncertainties, many of which are beyond Theratechnologies' control that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These assumptions include but are not limited to the approval and commercialization of Trogarzo™ in Europe and in other jurisdictions and the completion of any potential acquisitions in the execution of Theratechnologies' business plan. Investors should refer to the "Risk Factors" sections of the company's annual information form dated February 6, 2018 and the short form prospectus dated June 12, 2018 for additional risks and uncertainties about Theratechnologies. The annual information form and the short form prospectus are available on SEDAR at www.sedar.com. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this press release and represent the company's expectations as of that date. The company undertakes no obligation to update or revise the information contained in this press release, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

Information:
Denis Boucher
Vice President, Communications and Corporate Affairs
514-336-7800 ext. 236

MATERIAL CHANGE REPORT
Regulation 51-102 Respecting Continuous Disclosure Obligations
Form 51-102F3

ITEM 1 – NAME AND ADDRESS OF COMPANY

THERATECHNOLOGIES INC. (the "**Corporation**")
2015 Peel Street
5th Floor
Montreal, Québec
Canada H3A 1T8

ITEM 2 – DATE OF MATERIAL CHANGE

June 19, 2018.

ITEM 3 – NEWS RELEASE

A news release describing this material change was issued by the Corporation on June 19, 2018 via "GLOBE NEWSWIRE". A copy of the news release is available on the SEDAR website at www.sedar.com.

ITEM 4 – SUMMARY OF MATERIAL CHANGE

On June 19, 2018, the Corporation completed a "bought deal" offering of 5.75% convertible unsecured senior notes in an aggregate principal amount of US$57.5 million, including the exercise in full of the underwriters' over-allotment option.

ITEM 5 – FULL DESCRIPTION OF MATERIAL CHANGE

On June 19, 2018, the Corporation completed a "bought deal" offering of 5.75% convertible unsecured senior notes (the "**Note**s") in an aggregate principal amount of US$57.5 million (the "**Offering**"), including the exercise in full of the underwriters' over-allotment option.

The Notes are direct, senior, unsecured obligations of Theratechnologies and bear interest at a rate of 5.75% per annum, payable semi-annually on June 30 and December 31 of each year, commencing on December 31, 2018. The Notes were listed and are posted for trading on the Toronto Stock Exchange under the symbol "TH.DB.U" since the opening of the markets on June 19 2018.

Theratechnologies intends to use the net proceeds of the Offering to fund payments totaling US$23,850,000 due under the third amendment of the EMD Serono termination agreement, an amount of approximately US$5,000,000 for the approval and commercialization of Trogarzo™ in Europe and other jurisdictions, an amount of approximately US$5,000,000 to fund working capital and the remainder will be allocated for other general corporate purposes, including potential acquisitions in the execution of its business plan.

The Notes issued under the Offering were offered by way of a short form prospectus filed with the securities regulatory authorities in each of the provinces of Canada. Copies of the final short form prospectus and documents incorporated therein by reference are available electronically under Theratechnologies' profile on SEDAR at www.sedar.com.

The Notes and the common shares issuable upon the conversion or redemption of the Notes have not been registered under the U.S. Securities Act of 1933, as amended. Accordingly, the Notes may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act of 1933 and other applicable securities laws.

ITEM 6 – RELIANCE ON SUBSECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT 51-102

Not applicable.

ITEM 7 – OMITTED INFORMATION

Not applicable.

ITEM 8 – EXECUTIVE OFFICER

For further information, contact Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary of the Corporation at (514) 336-4804, ext. 288.

ITEM 9 – DATE OF REPORT

June 22, 2018.

News Release

THERATECHNOLOGIES ANNOUNCES FINANCIAL RESULTS

FOR THE SECOND QUARTER OF 2018

Montreal, Canada – July 5, 2018 – Theratechnologies Inc. (Theratechnologies) (TSX: TH) today announced its financial results for the second quarter ended May 31, 2018.

Second quarter 2018 financial highlights

- Record second quarter net sales of $12.3 million, up 23.1% from the same quarter last year
- First sales of Trogarzo™ recorded towards the end of the second quarter
- *EGRIFTA*® sales up 11.2% (16.7% in U.S. currency)
- Negative EBITDA of $1,054,000 in the second quarter of 2018 compared to a negative EBITDA of $3,739,000 for the same quarter last year[1]
- Cash position of $24,149,000 at May 31, 2018
- US$57,500,000 financing closed on June 19, 2018

“Although we are at a very early stage in the commercialization of Trogarzo™ in the U.S., we can appreciate the positive impact it is having on our bottom line. Given the positive response from patients, physicians and payers, Trogarzo™ sales are gradually picking up steam and we should continue to observe the benefits of our new product to our results,” said Luc Tanguay, President and CEO, Theratechnologies Inc.

Second quarter 2018 financial results

Consolidated revenue for the three- and six-month periods ended May 31, 2018 was $12,326,000 and $22,544,000 compared to $10,016,000 and $19,051,000 for the same periods ended May 31, 2017, an increase of 23.1% and 18.3% respectively. Revenue growth for the last quarter compared to the same quarter last year reflects the added contribution of Trogarzo™.

Net sales of *EGRIFTA*® were our strongest ever for a second quarter. *EGRIFTA*® net sales revenue was $11,140,000 in the second quarter of fiscal 2018, compared to $10,015,000 in the second quarter of the prior year, representing an increase of 11.2%. In USD, net *EGRIFTA*® sales in the second quarter of fiscal 2018 were $8,674,000 compared to $7,432,000 in the second quarter of fiscal 2017, an increase of 16.7%.

Trogarzo™ has been commercially available in the United States since April 30, 2018 which allowed Theratechnologies to record its first revenues from Trogarzo™. For the second quarter of 2018, Trogarzo™ revenues amounted to $1,186,000 or US$924,000.

For the three- and six-month periods ended May 31, 2018, **cost of sales** was $2,789,000 and $4,935,000 compared to $2,041,000 and $4,091,000 in the comparable periods of fiscal 2017. Cost of goods sold was $2,049,000 and $3,234,000 compared to $1,179,000 and $2,265,000 for the same periods last year. The increase in cost of goods sold is mainly due to the introduction of Trogarzo™.

[1] See “Non-IFRS Financial Measures” below

Cost of sales also includes royalties due under the terms of the agreement terminating the collaboration and licensing agreement with EMD Serono, Inc (the "Termination Agreement"). In the three- and six-month periods of 2018, royalties recorded on *EGRIFTA*® sales amounted to $578,000 and $1,699,000 as compared to $987,000 and $1,773,000 during the same periods in 2017.

R&D expenses in the three- and six-month periods ended May 31, 2018 amounted to $2,436,000 and $4,834,000 compared to $3,654,000 and $5,674,000 in the comparable periods of fiscal 2017.

Several factors contributed to the lowering of R&D expenses including costs associated with two Phase 4 clinical trials, which amounted to $351,000 and $768,000 in the three- and six-month periods ended May 31, 2018 compared to $632,000 and $1,079,000 in the comparable periods of fiscal 2017. On May 1, 2018, Theratechnologies announced that it had been released from its last post-approval commitments by the FDA (see note 25(e) of our audited annual consolidated statements for the year ended November 30, 2017).

The reduction in R&D expenses is also explained by a decrease in medical affairs initiatives as the approval of Trogarzo™ shifted more focus towards marketing initiatives. Costs associated with the development of the F4 Formulation were also down significantly in the second quarter of 2018 compared to the same quarter last year which, at the time, included a non-recurring expense for a product batch required for the bioequivalence study. R&D expenses also include regulatory affairs activities, such as preparation for the European filing of Trogarzo™, quality assurance and medical affairs initiatives for *EGRIFTA*®.

Selling and Market Development expenses in the three- and six-month periods ended May 31, 2018 amounted to $7,651,000 and $14,344,000 compared to $7,191,000 and $10,958,000 in the comparable periods of fiscal 2017. While this item is slightly more compared to the same period last year, it is mostly stable quarter over quarter.

Compared to the same quarter last year, selling and market development expenses in the second quarter of fiscal 2018 were impacted by higher spending to prepare the commercialization strategy of Trogarzo™ in Europe as well as expenses related to the launch meeting held in Montreal to train our sales force after the approval of Trogarzo™ by the FDA. Selling and market development expenses also include promotion of *EGRIFTA*® and Trogarzo™ in the territories where they are approved.

Amortization of the intangible asset value established for the *EGRIFTA*® and Trogarzo™, since April 30, 2018, commercialization rights is also included in selling and market development expenses. We recorded an expense of $532,000 and $1,008,000 in the three- and six-month periods ended May 31, 2018 compared to $509,000 and $1,008,000 in the prior-year periods.

General and Administrative expenses in the three- and six-month periods ended May 31, 2018 amounted to $1,642,000 and $3,155,000 compared to $1,698,000 and $2,932,000 reported in the comparable periods of fiscal 2017.

Finance income, consisting of interest income, for the three- and six-month periods ended May 31, 2018 was $100,000 and $200,000 compared to $84,000 and $149,000 in the comparable periods of fiscal 2017.

Finance costs for the three- and six-month periods ended May 31, 2018 were $368,000 and $563,000 compared to $4,625,000 and $6,897,000 in the comparable periods of fiscal 2017. Finance costs no longer include losses related to the change in the fair value of warrant liability ($4,020,000 in the second quarter of 2017) as the last outstanding warrants were exercised in the third quarter of 2017.

Accretion expense on the long-term obligation was $242,000 and $524,000 for the three- and six-month periods of 2018 compared to $384,000 and $802,000 for the same periods last year, reflecting the lower outstanding balance during these periods.

Adjusted EBITDA for the three- and six- month periods ended May 31, 2018 was $(1,054,000) and $(3,075,000) compared to $(3,739,000) and $(3,014,000) in the comparable periods of fiscal 2017. See “Non-IFRS Financial Measures” below.

Taking into account the revenue and expense variations described above, we recorded a **net loss** of $2,460,000 or $(0.03) per share in the second quarter of fiscal 2018 and a net loss of $5,087,000 or $(0.07) per share for the six-month period ended May 31, 2018 compared a net loss of $9,109,000 or $(0.12) per share in the three months ended May 31, 2017 and a net loss of $11,352,000 or $(0.16) per share compared for the six-month period ended May 31, 2017.

For the three- and six-month periods ended May 31, 2018, **cash flow** used in operating activities was $(4,128,000) and $(5,273,000) compared to $(88,000) and $2,472,000 for the same periods last year.

In the second quarter of fiscal 2018, changes in operating assets and liabilities had a negative impact on cash flow of $(2,714,000). These changes include an increase in trade and other receivables of $3,498,000 as a result of higher sales and a $2,113,000 increase in accounts payable and accrued liabilities.

In the first six months of fiscal 2018, changes in operating assets and liabilities negatively affected cash flow by $1,213,000 compared to an increase in cash flow of $5,761,000 in the comparable period of fiscal 2017. As was the case in the second quarter of fiscal 2017, the most significant changes were an decrease in trade and other receivables of $369,000, and decreased accounts payable and accrued liabilities of $425,000.

In the second quarter of 2018, the Company received cash consideration of $122,000 for the exercise of broker options and $284,000 for stock options exercised during the period.

Financing activities in the second quarters of fiscal 2018 and fiscal 2017 also included scheduled payments against the long-term obligation of US$4,000,000 ($5,137,000 in fiscal 2018 compared to $5,390,000 in fiscal 2017).

As at May 31, 2018, cash, cash equivalents and bonds amounted to $24,149,000 compared to $32,929,900 at November 30, 2017.

Subsequent Events

On June 19, 2018, Theratechnologies closed a transaction of a note offering, or the Offering, which grossed US$57,500,000 including the full exercise of the over-allotment option.

The notes are direct, senior, unsecured obligations of Theratechnologies and bear interest at a rate of 5.75% per annum, payable semi-annually on June 30 and December 31 of each year, commencing on December 31, 2018.

Theratechnologies used the net proceeds of the Offering to fund payments totaling US$23,850,000 due under the third amendment of the EMD Serono termination and transfer agreement, or the Renegotiated Agreement. Theratechnologies also intends to use an amount of approximately US$5,000,000 for the approval and commercialization of Trogarzo™ in Europe and other jurisdictions, an amount of approximately US$5,000,000 to fund working capital and the remainder will be allocated for other general corporate purposes, including potential acquisitions in the execution of its business plan.

The Renegotiated Agreement signed with EMD Serono enabled Theratechnologies to realize savings from a reduction of future payment obligations and also to eliminate a royalty payment that was previously impacting the company's gross profit margins. The transaction is expected to be accretive to the company's EBITDA by over US$4.5 million per year for the next four or five years. Furthermore, as part of the Renegotiated Agreement, EMD Serono agreed to cancel all liens, hypothec and security interest over Theratechnologies' assets.

Giving effect to the Notes offering and the Renegotiated Agreement, the **pro forma cash position** was $64,263,000 at May 31, 2018.

Non-IFRS Financial Measures

Reconciliation of net profit or loss to adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA to net profit (loss) is presented in the table below. We use adjusted financial measures to assess our operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Adjusted EBITDA to measure operating performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our business, and because we believe it provides meaningful information on our financial condition and operating results.

We obtain our Adjusted EBITDA measurement by adding to net profit or loss, finance income and costs, depreciation and amortization, and income taxes. We also exclude the effects of certain non-monetary transactions recorded, such as share-based compensation for the stock option plan and write-downs (or related reversals) of inventories, for our Adjusted EBITDA calculation. We believe it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee remuneration and can vary significantly with changes in the market price of the Company's shares. In addition, other items that do not impact core operating performance of the Company may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of our operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other companies.

Adjusted EBITDA

(In thousands of Canadian dollars)

	Three-month periods ended May 31,		Six-month periods ended May 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Net loss	**(2,460)**	(9,109)	**(5,087)**	(11,352)
Add (deduct):				
Depreciation and amortization	**538**	516	**1,018**	1,020
Finance costs	**368**	4,625	**563**	6,897
Finance income	**(100)**	(84)	**(200)**	(149)
Share-based compensation for stock option plan	**438**	485	**633**	617
Write-down of inventories	**162**	(172)	**(2)**	(47)
Adjusted EBITDA	**(1,054)**	(3,739)	**(3,075)**	(3,014)

Conference Call Details

A conference call will be held today at 8:30 a.m. (ET) to discuss the results. The conference call will be open to questions from financial analysts. Media and other interested individuals are invited to participate in the call on a “listen-only” basis.

The conference call can be accessed by dialling 1-877-223-4471 (North America) or 1-647-788-4922 (International). The conference call will also be accessible via webcast at http://www.gowebcasting.com/9307. Audio replay of the conference call will be available two hours after the call’s completion until July 19, 2018, by dialling 1-800-585-8367 (North America) or 1-416-621-4642 (International) and by entering the playback code 4199075.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company addressing unmet medical needs to promote healthy living and an improved quality of life among HIV patients. Further information about Theratechnologies is available on the Company’s website at www.theratech.com and on SEDAR at www.sedar.com

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management's beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or the negatives of these terms, or variations of them. The forward-looking statements contained in this press release include, but are not limited to, statements regarding sales of Trogarzo™ and its impact on our operating results, the approval and commercialization of Trogarzo™ in Europe and other jurisdictions and the allocation of the proceeds of the Offering.

Forward-looking statements are based upon a number of assumptions and include, but are not limited to, the following: sales of Trogarzo™ will continue to grow, Trogarzo™ will be approved for commercialization in Europe and the proceeds from the Offering will be used as described in this press release.

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statements contained in this press release. These risks and uncertainties include, among others, the risk that sales of Trogarzo™ do not increase or remain stable, that coverage for Trogarzo™ becomes limited, that Trogarzo™ is not approved in Europe and that changes in our business plan or unexpected events cause us to use the proceeds from the Offering differently than as described in this press release.

We refer potential investors to the "Risk Factors" section of our annual information form dated February 6, 2018 for additional risks regarding the conduct of our business and Theratechnologies. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this press release and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this press release, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

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For media inquiries:
Denis Boucher
Vice President, Communications and Corporate Affairs
514-336-7800

Interim Consolidated Financial Statements
(In thousands of Canadian dollars)

THERATECHNOLOGIES INC.

Three and six-month periods ended May 31, 2018 and 2017
(Unaudited)

THERATECHNOLOGIES INC.

Table of Contents
(In thousands of Canadian dollars)
(Unaudited)

THERATECHNOLOGIES INC.

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

As at May 31, 2018 and November 30, 2017
(Unaudited)

	Note	May 31, 2018	November 30, 2017
Assets			
Current assets:			
Cash		$ 3,031	$ 1,760
Bonds and money market funds		13,923	21,303
Trade and other receivables		10,091	9,737
Inventories	5	11,132	9,339
Prepaid expenses		1,157	1,012
Derivative financial assets		2,748	1,444
Total current assets		42,082	44,595
Non-current assets:			
Bonds and money market funds		7,195	9,866
Property and equipment		77	62
Intangible assets		20,852	21,772
Total non-current assets		28,124	31,700
Total assets		$ 70,206	$ 76,295
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities		$ 25,028	$ 23,201
Provisions	6	1,360	753
Current portion of long-term obligation	7	4,617	4,676
Total current liabilities		31,005	28,630
Non-current liabilities:			
Long-term obligation	7	–	4,543
Total non-current liabilities		–	4,543
Total liabilities		31,005	33,173
Equity			
Share capital	8	334,591	328,660
Contributed surplus		10,260	15,115
Deficit		(305,812)	(300,725)
Accumulated other comprehensive income		162	72
Total equity		39,201	43,122
Commitments	12		
Subsequent events	14		
Total liabilities and equity		$ 70,206	$ 76,295

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

THERATECHNOLOGIES INC.

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

Three-month periods and six-month periods ended May 31, 2018 and 2017
(Unaudited)

	Note	For the three-month periods ended May 31,		For the six-month periods ended May 31,	
		2018	2017	2018	2017
		$	$	$	$
Revenues:					
Net sales		12,326	10,015	22,543	19,049
Royalties and licence fees		–	1	1	2
		12,326	10,016	22,544	19,051
Operating expenses:					
Cost of sales:					
Cost of goods sold		2,049	1,179	3,234	2,265
Other production related (income) costs		162	(125)	2	53
Royalties		578	987	1,699	1,773
Research and development expenses		2,436	3,654	4,834	5,674
Selling and market development expenses	3	7,651	7,191	14,344	10,958
General and administrative expenses		1,642	1,698	3,155	2,932
		14,518	14,584	27,268	23,655
Loss from operating activities		(2,192)	(4,568)	(4,724)	(4,604)
Finance income	4	100	84	200	149
Finance costs	4	(368)	(4,625)	(563)	(6,897)
		(268)	(4,541)	(363)	(6,748)
Net loss for the period		(2,460)	(9,109)	(5,087)	(11,352)
Other comprehensive income (loss), net of tax:					
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		1	2	(41)	9
Exchange differences on translation		388	797	131	492
		389	799	90	501
Total comprehensive loss for the period		(2,071)	(8,310)	(4,997)	(10,851)
Basic and diluted loss per share	8(b)	(0.03)	(0.12)	(0.07)	(0.16)

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

THERATECHNOLOGIES INC.

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

Six-month periods ended May 31, 2018 and 2017
(Unaudited)

		For the six-month period ended May 31, 2018					
		Share capital					
	Note	Number of shares	Amount	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total
			$	$	$	$	$
Balance as at November 30, 2017		74,962,050	328,660	15,115	(300,725)	72	43,122
Total comprehensive loss for the period							
Net loss for the period		–	–	–	(5,087)	–	(5,087)
Other comprehensive (loss) income:							
Net change in fair value of available-for-sale financial assets, net of tax		–	–	–	–	(41)	(41)
Exchange difference on translation		–	–	–	–	131	131
Total comprehensive loss for the period		–	–	–	(5,087)	90	(4,997)
Transactions with owners, recorded directly in equity							
Share-based compensation plan:							
Share-based compensation for stock option plan		–	–	633	–	–	633
Exercise of stock option:							
Monetary consideration		193,068	321	–	–	–	321
Attributed value		–	239	(239)	–	–	–
Exercise of broker option		39,390	156	(34)	–	–	122
Issuance of common shares - TaiMed	8(c)	1,463,505	5,215	(5,215)	–	–	–
Total contributions by owners		1,695,963	5,931	(4,855)	–	–	1,076
Balance as at May 31, 2018		76,658,013	334,591	10,260	(305,812)	162	39,201

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

THERATECHNOLOGIES INC.

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

Six-month periods ended May 31, 2018 and 2017
(Unaudited)

	For the six-month period ended May 31, 2017					
	Share capital					
	Number of shares	Amount	Contributed surplus	Deficit	Accumulated other comprehensive income	Total
		$	$	$	$	$
Balance as at November 30, 2016	65,996,069	291,529	14,190	(280,667)	1,839	26,891
Total comprehensive loss for the period						
Net loss	–	–	–	(11,352)	–	(11,352)
Other comprehensive income:						
Net change in fair value of available-for-sale financial assets, net of tax	–	–	–	–	9	9
Exchange differences on translation	–	–	–	–	492	492
Total comprehensive (loss) income	–	–	–	(11,352)	501	(10,851)
Transactions with owners, recorded directly in equity						
Public issue of common shares	5,323,000	16,501	–	–	–	16,501
Issue of broker options	–	–	183	–	–	183
Share issue costs	–	–	–	(1,608)	–	(1,608)
Exercise of broker warrants	124,000	360	(62)	–	–	298
Exercise of common share purchase warrants	1,520,400	8,711	(20)	–	–	8,691
Exercise of broker options	139,995	554	(120)	–	–	434
Issue of common shares - TaiMed	906,077	4,001	–	–	–	4,001
Share based compensation plan:						
Share based compensation for stock option plan	–	–	617	–	–	617
Exercise of stock option:						
Monetary consideration	52,834	25	–	–	–	25
Attributed value	–	19	(19)	–	–	–
Total contributions by owners	8,066,306	30,171	579	(1,608)	–	29,142
Balance as at May 31, 2017	74,062,375	321,700	14,769	(293,627)	2,340	45,182

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

THERATECHNOLOGIES INC.

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

Three-month periods and six-month periods ended May 31, 2018 and 2017
(Unaudited)

	Note	For the three-month periods ended May 31, 2018	For the three-month periods ended May 31, 2017	For the six-month periods ended May 31, 2018	For the six-month periods ended May 31, 2017
		$	$	$	$
Cash provided from (used in):					
Operating					
Net loss		(2,460)	(9,109)	(5,087)	(11,352)
Adjustments for:					
Depreciation of property and equipment		6	7	10	12
Amortization of intangible assets		532	509	1,008	1,008
Change in deferred revenue		–	–	–	(43)
Share-based compensation for stock option plan		438	485	633	617
Write-down (reversal of) of inventories	5	162	(172)	(2)	(47)
Change in fair value of derivative financial assets		(1,306)	(515)	(1,336)	(812)
Change in fair value of liability related to deferred stock unit plan		1,293	510	1,323	804
Interest income		(100)	(84)	(200)	(149)
Interest received (paid)		167	(231)	303	(210)
Effect of change of foreign exchange		(388)	210	(1,236)	152
Accretion expense		242	384	524	802
Change in fair value of warrant liability and foreign currency gain		–	4,020	–	5,929
		(1,414)	(3,986)	(4,060)	(3,289)
Changes in operating assets and liabilities:					
Trade and other receivables		(3,498)	(1,840)	(369)	(1,256)
Inventories		(1,748)	(40)	(1,728)	452
Prepaid expenses		12	189	(135)	165
Accounts payable and accrued liabilities		2,113	5,682	425	6,292
Provisions		407	(93)	594	108
		(2,714)	3,898	(1,213)	5,761
Cash flows (used in) from operating activities		(4,128)	(88)	(5,273)	2,472
Financing					
Repayment of long-term obligation		(5,137)	(5,390)	(5,137)	(5,390)
Proceeds from public issue of common shares		–	–	–	16,501
Share issue costs		–	(42)	–	(1,425)
Proceeds from exercise of stock options		284	17	321	25
Proceeds from exercise of broker warrants		–	–	–	298
Proceeds from exercise of common share purchase warrants		–	4,561	–	4,561
Proceeds from exercise of broker options		122	434	122	434
Cash flows (used in) from financing activities		(4,731)	(420)	(4,694)	15,004
Investing					
Acquisition of bonds and money market funds		(6,995)	(16,470)	(17,918)	(32,129)
Proceeds from sale of bonds and money market funds		16,646	13,867	27,869	17,757
Acquisition of intangible assets		–	(40)	(21)	(40)
Proceeds from disposal of derivative financial assets		–	–	33	–
Acquisition of property and equipment		(5)	(42)	(5)	(42)
Cash flows from (used in) investing activities		9,646	(2,685)	9,958	(14,454)
Net change in cash		787	(3,193)	(9)	3,022
Cash, beginning of period		1,736	7,261	1,760	1,059
Effect of foreign exchange on cash		508	5	1,280	(8)
Cash, end of period		3,031	4,073	3,031	4,073

See Note 9 for other information.

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

Theratechnologies Inc. is a specialty pharmaceutical company addressing unmet medical needs to promote healthy living 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 consolidated 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, 2017, and the notes thereto. These interim consolidated financial statements have not been reviewed by the Company's auditors.

These interim consolidated financial statements have been authorized for issue by the Company's Audit Committee on July 4, 2018.

(b) Summary of accounting policies:

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, 2017.

(c) Basis of measurement:

The Company's interim consolidated 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.

1. Basis of preparation (continued):

(d) 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 consolidated financial statements are disclosed in Note 1 of the annual consolidated financial statements as at November 30, 2017.

(e) Functional and presentation currency:

The Company's functional currency is the United States dollar ("USD").

These interim financial statements are presented in Canadian dollars ("CAD") since management believes that this currency is more useful for the users of these 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.

2. Recent changes in accounting standards:

Amendments adopted

Amendments to IAS 7

On January 7, 2016, the IASB issued *Disclosure Initiative* (amendments to IAS 7). The amendments require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities from financing activities. The required disclosures are provided in Note 7.

(In thousands of Canadian dollars)

3. Selling and market development expenses:

	For the three-month periods ended May 31,	
	2018	**2017**
	$	**$**
Selling and market development expenses	7,119	6,682
Amortization of intangible assets	532	509
	7,651	7,191

	For the six-month periods ended May 31,	
	2018	**2017**
	$	**$**
Selling and market development expenses	13,336	9,950
Amortization of intangible assets	1,008	1,008
	14,344	10,958

4. Finance income and finance costs:

	For the three-month periods ended May 31,	
	2018	**2017**
	$	**$**
Interest income	100	84
Finance income	100	84
Accretion expense	(242)	(384)
Bank charges	(22)	(23)
Net foreign currency gain	(117)	(241)
Gain (loss) on financial instruments carried at fair value	13	(3,977)
Finance costs	(368)	(4,625)
Net finance cost recognized in net profit or loss	(268)	(4,541)

(In thousands of Canadian dollars)

4. Finance income and finance costs (continued):

	For the six-month periods ended May 31,	
	2018	**2017**
	$	**$**
Interest income	200	149
Finance income	200	149
Accretion expense	(524)	(802)
Bank charges	(17)	(32)
Net foreign currency gain	(35)	(171)
Gain (loss) on financial instruments carried at fair value	13	(5,892)
Finance costs	(563)	(6,897)
Net finance cost recognized in net profit or loss	(363)	(6,748)

5. Inventories:

"Cost of sales - other production-related (income) costs" includes the reversal of a previously recognized inventory write-down of $1 for the three and six-month periods ended May 31, 2018 (2017 - nil).

"Cost of sales - cost of goods sold" includes the reversal of inventory write-downs of $3 for the three and six-month periods ended May 31, 2018 (2017 - $47).

6. Provisions:

	Chargebacks and rebates	Returns	Total
	$	**$**	**$**
Balance as at November 30, 2017	639	114	753
Provisions made	4,416	59	4,475
Provisions used	(3,878)	(3)	(3,881)
Effect of changes in exchange rate	11	2	13
Balance as at May 31, 2018	1,188	172	1,360

(In thousands of Canadian dollars)

7. Long-term obligation:

	May 31, 2018	November 30, 2017
	$	$
Early termination fee	4,617	9,219
Current portion	(4,617)	(4,676)
	–	4,543

Under the terms of the agreement terminating the collaboration and licensing agreement with EMD Serono, Inc. (the "EMD Serono Termination Agreement") entered into on December 13, 2013, 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 Early Termination Fee. 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 were 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 as at May 31, 2018, of which US$4,000 remain payable.

The obligation was 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%.

The movement in the long-term obligation for the current period is as follows:

Balance as at November 30, 2017	$	9,219
Payment		(5,137)
Accretion expense		524
Effect of changes in exchange rate		11
Balance as at May 31, 2018	$	4,617

(In thousands of Canadian dollars)

7. Long-term obligation (continued):

The long-term obligation of $5,182 (US$4,000) payable consists of the following as at May 31, 2018:

	Capital	Imputed interest	Total
	$	$	$
Less than one year	4,566	616	5,182

See Subsequent events, Note 14(b).

8. 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 6,580,000 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 May 31, 2018, 1,950,762 options were available to be granted by the Company (May 31, 2017 - 2,125,306).

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

(In thousands of Canadian dollars)

8. Share capital (continued):

(a) Stock option plan (continued):

Changes in the number of options outstanding were as follows:

	Number of options	Weighted average exercise price per option
		$
Options as at November 30, 2016	2,242,369	2.17
Granted	350,000	6.13
Expired	(123,000)	8.25
Exercised (share price: $6.01)	(52,834)	0.47
Options as at May 31, 2017	2,416,535	2.47
Options as at November 30, 2017	2,335,895	2.21
Granted	251,544	9.56
Expired	(2,000)	8.50
Exercised (share price: $9.56)	(193,068)	1.66
Options as at May 31, 2018	2,392,371	3.02

During the six-month period ended May 31, 2018, $633 (2017 - $617) were recorded as share-based compensation expense for the stock option plan.

(In thousands of Canadian dollars)

8. Share capital (continued):

(a) Stock option plan (continued):

The fair value of options granted was estimated at the grant date using the Black-Scholes model and the following weighted average assumptions:

	For the six-month periods ended May 31,	
	2018	**2017**
Risk-free interest rate	2.14%	1.52%
Expected volatility	47%	55%
Average option life	7 years	8 years
Expected dividends	–	–
Grant-date share price	$9.56	$6.13
Option exercise price	$9.56	$6.13

The risk-free interest rate is based on the implied yield on a Canadian government zero-coupon issue, with a remaining term equal to the expected term of the option. The volatility is based on weighted average historical volatility adjusted for changes expected due to publicly available information. The life of the options is estimated taking into consideration the vesting period at the grant date, the life of the option and the average length of time similar grants have remained outstanding in the past. The dividend yield was excluded from the calculation since it is the present policy of the Company to retain all earnings to finance operations and future growth.

The following table summarizes the weighted average fair value of stock options granted during the periods ended:

	For the three and six-month periods ended May 31,			
	2018		**2017**	
	Number of options	**Weighted average grant-date fair value**	**Number of options**	**Weighted average grant-date fair value**
		$		**$**
Options granted	251,544	4.63	350,000	3.43

(In thousands of Canadian dollars)

8. Share capital (continued):

(b) Loss per share:

For the six-month period ended May 31, 2018, the calculation of basic loss per share was based on the net loss attributable to common shareholders of the Company of $5,087 (2017 - $11,352), and a weighted average number of common shares outstanding of 75,180,068 (2017 - 72,222,825), calculated as follows:

	For the three-month periods ended May 31,	
	2018	**2017**
Issued common shares as at March 1	74,977,050	71,450,903
Effect of share options exercised	110,657	20,109
Effect of exercise of broker options	21,188	64,999
Effect of exercise of common shares purchase warrants	–	998,760
Effect of issue of common shares - TaiMed	270,430	748,498
Weighted average number of common shares	75,379,325	73,283,269

	For the six-month periods ended May 31,	
	2018	**2017**
Issued common shares as at December 1	74,962,050	65,996,069
Effect of share options exercised	70,607	14,424
Effect of public issue of common shares	–	5,206,011
Effect of exercise of broker warrants	–	90,235
Effect of exercise of broker options	10,710	32,856
Effect of exercise of common shares purchase warrants	–	504,868
Effect of issue of common shares - TaiMed	136,701	378,362
Weighted average number of common shares	75,180,068	72,222,825

For the three and six-month periods ended May 31, 2018, 2,392,371 share options (2017 - 2,416,535 share options) 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.

(In thousands of Canadian dollars)

8. Share capital (continued):

(c) Issuance of common shares - TaiMed:

On May 15, 2018, the Company issued 1,463,505 common shares with a value of US$4 million, in connection with an initial payment and milestone payment under the amended and restated distribution and marketing agreement entered into with TaiMed Biologics, Inc. ("TaiMed") on March 6, 2017, granting the Company the exclusive right to market and distribute ibalizumab in Canada, the United States and certain countries in Europe. The share-based payment of $5.215 million (US$4 million) was initially recognized as contributed surplus, pending the issuance of the common shares. As the common shares have been issued, the Company has reclassified the amount within its equity accounts, from contributed surplus to common shares.

9. Other information:

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

	May 31, 2018	May 31, 2017
	$	$
Additions to intangible assets included in accounts payable and accrued liabilities	–	45
Share issue costs included in contributed surplus	–	183
Reclassification of contributed surplus upon issuance of common shares to TaiMed	5,215	4,001
Reclassification of warrant liability to share capital upon exercise of common share purchase warrants	–	4,130

10. Financial instruments:

The nature and extent of the Company's exposure to risks arising from financial instruments are consistent with the disclosure in the annual consolidated financial statements as at November 30, 2017.

11. 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, 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 money market funds 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).

Long-term obligation:

The obligation was 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%. The Company has determined that the carrying value of the obligation approximates its fair value.

(In thousands of Canadian dollars)

11. 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.

The fair value (Level 2) of the share-based payment arrangement to purchase the commercialization rights of Trogarzo™ was determined using the fixed value to be paid in common shares. That value will remain the same even if the Company's common share price fluctuates on the market.

The deferred stock units liability of $2,713 included in Accounts payable and accrued liabilities 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 of the common shares of the Company.

12. Commitments:

Post-approval commitments:

On May 1, 2018, the Company has been released from its last post-approval commitments by the United States Food and Drug Administration (refer to Note 25(e) of the Company's consolidated financial statements for the year ended November 30, 2017).

13. Operating segments:

The Company has a single operating segment. Almost all of the Company's revenues are generated from one customer, RxCrossroads, which is domiciled in the United States.

	2018	2017
	$	$
RxCrossroads	22,271	18,764
Others	273	287
	22,544	19,051

13. Operating segments (continued):

All of the Company's non-current assets are located in Canada as is the Company's head office.

14. Subsequent events:

(a) Public offering of convertible unsecured senior notes (the "Notes"):

On June 19, 2018, the Company closed a Notes offering of convertible unsecured senior notes having an aggregate principal amount of US$57,500 including the exercise in full of the over-allotment option. The Notes will bear interest at an annual rate of 5.75% and are convertible into common shares at a conversion price of US$14.85 per common share. The maturity date of the Notes is June 30, 2023.

(b) Renegotiated Agreement with EMD Serono:

On May 30, 2018, the Company entered into an agreement (the "Renegotiated Agreement") with EMD Serono, Inc. to immediately pay all outstanding obligations stemming from the Termination Agreement. Remaining contractual obligations with EMD Serono, Inc. totalled US$28,200, which was comprised of a US$4,000 payment due in May 2019, and US$24,200 in royalties, payable over the next four or five years. The Renegotiated Agreement allowed the Company to make a one lump sum payment of US$23,850. The transaction was subject to the closing of the Notes offering which occurred on June 19, 2018.

The Renegotiated Agreement enabled the Company to eliminate quarterly royalty payments due on sales of *EGRIFTA*® in the United States.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX-MONTH PERIOD ENDED MAY 31, 2018

The following Management's Discussion and Analysis, or MD&A, provides Management's comments on the financial position and results of operations of Theratechnologies Inc., on a consolidated basis, for the three- and six-month periods ended May 31, 2018 as compared to the three- and six-month periods ended May 31, 2017. Unless otherwise indicated or unless the context requires otherwise, all references in this MD&A to "Theratechnologies", the "Company", the "Corporation", "we", "our", "us" or similar terms refer to Theratechnologies Inc. and its subsidiaries on a consolidated basis. This MD&A is dated July 3, 2018, was approved by our Audit Committee on July 4, 2018, and should be read in conjunction with our unaudited interim consolidated financial statements and the notes thereto as at May 31, 2018, or Interim Financial Statements, as well as the MD&A and audited annual consolidated financial statements, including the notes thereto, as at November 30, 2017. The Interim Consolidated Financial Statements for the three- and six-month periods ended May 31, 2018 have not been reviewed by our auditors.

Except as otherwise indicated, the financial information contained in this MD&A and in our audited consolidated financial statements has been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

The Company's functional currency is the United States dollar, or USD, because the vast majority of its operational activities and sales occur in the United States. However, since we believe that Canadian dollar currency, or CAD, is more useful to users of these documents, except where otherwise indicated, all monetary amounts set forth in this MD&A and the Interim Financial Statements and the notes thereto are expressed in CAD for reporting purposes. The average and closing exchange rates for the second quarter of fiscal 2018 (CAD equivalents of 1 USD) were 1.2843 and 1.2955 respectively, compared to 1.3475 and 1.3510 for the second quarter of fiscal 2017. In accordance with IFRS, the exchange difference arising from the translation of our USD-denominated financial statements to CAD for reporting purposes is included in "accumulated other comprehensive income". References to $ and C$ are to CAD and references to US$ are to USD.

In this MD&A, the use of *EGRIFTA*® refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy and Trogarzo™ (ibalizumab-uiyk) injection refers to ibalizumab for the treatment of multidrug resistant HIV-1 infected patients.

This MD&A contains information that we believe may affect our prospective financial condition, cash flows and results of operations. Readers are cautioned to consult the section, "Forward-Looking Information", below.

Business Overview

We are a specialty pharmaceutical company addressing unmet medical needs to promote healthy living and an improved quality of life among HIV patients.

Theratechnologies Inc.
2015 Peel, 5th Floor
Montreal, Quebec H3A 1T8

Our business strategy is to build a portfolio of complementary products, compatible with our expertise and our commercial platform, that will fuel sustainable revenue and cash flow growth and build value for our shareholders.

Our first product**,** *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration, or FDA, in November 2010, by Health Canada in March 2015, and by COFEPRIS, Mexico's health agency, in March 2016. It is, to date, the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. We have established an integrated commercial platform to market *EGRIFTA*® in the United States and Canada. We also have agreements in place for the distribution and commercialization of *EGRIFTA*® in markets outside of the United States and Canada. In all cases, our commercial partners are responsible for the distribution and marketing of *EGRIFTA*®, if approved. However, we no longer view those markets as material to grow our revenues.

In March 2016, we entered into an agreement with TaiMed Biologics, Inc., or TaiMed, to acquire the commercial rights to Trogarzo™ for the United States and Canada, or TaiMed Agreement.

In March 2017, the TaiMed Agreement was amended to include the commercial rights to ibalizumab in the European Union countries and in other countries such as Israel, Norway, Russia and Switzerland.

Trogarzo™ is a humanized monoclonal antibody and is indicated for the treatment of human immunodeficiency virus type 1, or HIV-1, infection in heavily treatment-experienced adults with multidrug resistant, or MDR, HIV-1 infection failing their current antiretroviral regimen.

Trogarzo™ was approved by the FDA on March 6, 2018 and has been commercially available since April 30, 2018.

Since the second half of fiscal 2017, we have been working on building the foundation for ibalizumab in Europe to achieve marketing approval in a timely and efficient manner.

Fiscal 2018 Business Plan Update

Consolidated revenue for the three-month period ended May 31, 2018 was $12,326,000 compared to $10,016,000 for the same period ended May 31, 2017, representing an increase of 23.1%.

Second quarter results demonstrate the sustained positive impact of the expanded sales force on *EGRIFTA*® revenues even though the exchange rate between the U.S. and Canadian dollars was not favourable given that revenues are reported in Canadian dollars.

Trogarzo™ has been commercially available in the United States since April 30, 2018 which allowed Theratechnologies to record its first revenues from Trogarzo™.

Obtaining patient access to Trogarzo™ remains a key priority for Theratechnologies and our managed market team which has been diligently working with public and private payers to facilitate formulary inclusion. As of the date hereof, 48% of privately and publicly covered lives in the United States had access to Trogarzo™.

Since early April, Theratechnologies' sales team has met with more than 2,000 physicians across the United States. In many cases, physicians have received more than one visit from one of our key account managers.

As we develop the United States market for Trogarzo™, we will also continue to work towards securing European marketing authorization through the centralized approval procedure. As part of our preparatory work in Europe, technical meetings with representatives from the rapporteur and co-rapporteur countries took place in April 2018. Based on those meetings, Theratechnologies has been permitted to seek regulatory approval from the European Medicines Agency, or EMA, for Trogarzo™ using efficacy and safety data from the clinical trials submitted to the FDA.

In September 2016, we announced that we were moving forward with the development of a single-vial formulation of EGRIFTA®, or F4 Formulation. *EGRIFTA®* currently comes in two vials. Presented in a single daily vial, the F4 Formulation has the advantage of being four times more concentrated, thus significantly reducing the volume of administration. The F4 Formulation has also previously been shown to be stable at room temperature, which would be a significant improvement as refrigeration by pharmacies and patients would no longer be required. The necessary F4 Formulation bioequivalence studies and additional stability testing have now been completed and show bioequivalence to the current 1mg formulation. The supplemental New Drug Application, or sNDA, for the new formulation was submitted to the FDA on July 3, 2018.

Adjusted EBITDA in the second quarter of fiscal 2018 was $(1,054,000) compared to $(3,739,000) in the second quarter of fiscal 2017. We use adjusted EBITDA to measure cash flow generation. See "Non-IFRS Financial Measures" below.

Revenue

(in thousands of Canadian dollars)

	Three-month periods ended May 31,		Six-month periods ended May 31,	
	2018	**2017**	**2018**	**2017**
Net Sales	**12,326**	10,015	**22,543**	19,049
Royalties	**—**	1	**1**	2
Revenue	**12,326**	10,016	**22,544**	19,051

Consolidated revenue for the three- and six-month periods ended May 31, 2018 was $12,326,000 and $22,544,000 compared to $10,016,000 and $19,051,000 for the same periods ended May 31, 2017, an increase of 23.1% and 18.3% respectively. Revenue growth for the last quarter compared to the same quarter last year reflects the added contribution of Trogarzo™.

Net sales of *EGRIFTA*® were our strongest ever for a second quarter. *EGRIFTA*® net sales revenue was $11,140,000 in the second quarter of fiscal 2018, compared to $10,015,000 in the second quarter of the prior year, representing an increase of 11.2%. In USD, net *EGRIFTA*® sales in the second quarter of fiscal 2018 were $8,674,000 compared to $7,432,000 in the second quarter of fiscal 2017, an increase of 16.7%.

Trogarzo™ has been commercially available in the United States since April 30, 2018 which allowed Theratechnologies to record its first revenues from Trogarzo™. For the second quarter of 2018, Trogarzo™ revenues amounted to $1,186,000 or US$924,000.

Cost of Sales

For the three- and six-month periods ended May 31, 2018, cost of sales was $2,789,000 and $4,935,000 compared to $2,041,000 and $4,091,000 in the comparable periods of fiscal 2017. Cost of goods sold was $2,049,000 and $3,234,000 compared to $1,179,000 and $2,265,000 for the same periods last year. The increase in cost of goods sold is mainly due to the introduction of Trogarzo™.

Cost of sales also includes royalties due under the terms of the agreement terminating the collaboration and licensing agreement with EMD Serono, Inc (the "Termination Agreement"). In the three- and six-month periods of 2018, royalties recorded on *EGRIFTA*® sales amounted to $578,000 and $1,699,000 as compared to $987,000 and $1,773,000 during the same periods in 2017.

R&D Expenses

R&D expenses in the three- and six-month periods ended May 31, 2018 amounted to $2,436,000 and $4,834,000 compared to $3,654,000 and $5,674,000 in the comparable periods of fiscal 2017.

Several factors contributed to the lowering of R&D expenses including costs associated with two Phase 4 clinical trials, which amounted to $351,000 and $768,000 in the three- and six-month periods ended May 31, 2018 compared to $632,000 and $1,079,000 in the comparable periods of fiscal 2017. On May 1, 2018, Theratechnologies announced that it had been released from its last post-approval commitments by the FDA (see note 25(e) of our audited annual consolidated financial statements for the year ended November 30, 2017).

The reduction in R&D expenses is also explained by a decrease in medical affairs initiatives as the approval of Trogarzo™ shifted more focus towards marketing initiatives. Costs associated with the development of the F4 Formulation were also down significantly in the second quarter of 2018 compared to the same quarter last year which, at the time, included a non-recurring expense for a product batch required for the bioequivalence study. R&D expenses also include regulatory affairs activities, such as preparation for the European filing of Trogarzo™, quality assurance and medical affairs initiatives for *EGRIFTA*®.

Selling and Market Development Expenses

Selling and market development expenses in the three- and six-month periods ended May 31, 2018 amounted to $7,651,000 and $14,344,000 compared to $7,191,000 and $10,958,000 in the comparable periods of fiscal 2017. While this item is slightly more compared to the same period last year, it is mostly stable quarter over quarter.

Compared to the same quarter last year, selling and market development expenses in the second quarter of fiscal 2018 were impacted by higher spending to prepare the commercialization strategy of Trogarzo™ in Europe as well as expenses related to the launch meeting held in Montreal to train our sales force after the approval of Trogarzo™ by the FDA. Selling and market development expenses also include promotion of *EGRIFTA*® and Trogarzo™ in the territories where they are approved.

Amortization of the intangible asset value established for the *EGRIFTA*® and Trogarzo™, since April 30, 2018, commercialization rights is also included in selling and market development expenses. We recorded an expense of $532,000 and $1,008,000 in the three- and six-month periods ended May 31, 2018 compared to $509,000 and $1,008,000 in the prior-year periods.

General and Administrative Expenses

General and administrative expenses in the three- and six-month periods ended May 31, 2018 amounted to $1,642,000 and $3,155,000 compared to $1,698,000 and $2,932,000 reported in the comparable periods of fiscal 2017.

Finance Income

Finance income, consisting of interest income, for the three- and six-month periods ended May 31, 2018 was $100,000 and $200,000 compared to $84,000 and $149,000 in the comparable periods of fiscal 2017.

Finance Costs

Finance costs for the three- and six-month periods ended May 31, 2018 were $368,000 and $563,000 compared to $4,625,000 and $6,897,000 in the comparable periods of fiscal 2017. Finance costs no longer include losses related to the change in the fair value of warrant liability ($4,020,000 in the second quarter of 2017) as the last outstanding warrants were exercised in the third quarter of 2017.

Accretion expense on the long-term obligation was $242,000 and $524,000 for the three- and six-month periods of 2018 compared to $384,000 and $802,000 for the same periods last year, reflecting the lower outstanding balance during these periods.

Adjusted EBITDA

Adjusted EBITDA for the three- and six- month periods ended May 31, 2018 was $(1,054,000) and $(3,075,000) compared to $(3,739,000) and $(3,014,000) in the comparable periods of fiscal 2017. See “Non-IFRS Financial Measures” below.

Net Loss

Taking into account the revenue and expense variations described above, we recorded a net loss of $2,460,000 or $(0.03) per share in the second quarter of fiscal 2018 and a net loss of $5,087,000 or $(0.07) per share for the six-month period ended May 31,2018 compared a net loss of $9,109,000 or $(0.12) per share in the three months ended May 31, 2017 and a net loss of $11,352,000 or $(0.16) per share compared for the six-month period ended May 31, 2017.

Financial Position

For the three- and six-month periods ended May 31, 2018, cash flow used in operating activities was $(4,128,000) and $(5,273,000) compared to $(88,000) and $2,472,000 for the same periods last year.

In the second quarter of fiscal 2018, changes in operating assets and liabilities had a negative impact on cash flow of $(2,714,000). These changes include an increase in trade and other receivables of $3,498,000 as a result of higher sales and a $2,113,000 increase in accounts payable and accrued liabilities.

In the first six months of fiscal 2018, changes in operating assets and liabilities negatively affected cash flow by $1,213,000 compared to an increase in cash flow of $5,761,000 in the comparable period of fiscal 2017. As was the case in the second quarter of fiscal 2017, the most significant changes were a decrease in trade and other receivables of $369,000, and decreased accounts payable and accrued liabilities of $425,000.

In the second quarter of 2018, the Company received cash consideration of $122,000 for the exercise of broker options and $284,000 for stock options exercised during the period.

Financing activities in the second quarters of fiscal 2018 and fiscal 2017 also included scheduled payments against the long-term obligation of US$4,000,000 ($5,137,000 in fiscal 2018 compared to $5,390,000 in fiscal 2017).

As at May 31, 2018, cash, cash equivalents and bonds amounted to $24,149,000 compared to $32,929,900 at November 30, 2017.

Quarterly Financial Information

The following table is a summary of our unaudited consolidated operating results for the last eight quarters.

(In thousands of dollars, except per share amounts)

	2018				2017			2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales	**12,326**	10,217	12,595	11,217	10,015	9,034	10,376	8,924
Royalties and license fees	**—**	1	1	—	1	1	1	1
Revenue	**12,326**	10,218	12,596	11,217	10,016	9,035	10,377	8,925
Net (loss) profit	**(2,460)**	(2,627)	(4,216)	(2,882)	(9,109)	(2,243)	173	888
Basic and diluted (loss) earnings per share	**(0.03)**	(0.04)	(0.06)	(0.04)	(0.12)	(0.03)	—	0.01

The issuance of common share purchase warrants in 2015 has had a significant effect on quarterly earnings. Variations in the fair value of the warrant liability, a non-cash item, resulted in the following gains and losses: 2017 – (Q1) a loss of $1,909,000, (Q2) a loss of $4,020,000, (Q3) a loss of $725,000, (Q4) no impact; 2016, (Q3) a gain of $782,000, (Q4) a loss of $805,000.

Factors Affecting the Variability of Quarterly Results

There are quarter-over-quarter variations in net sales revenue, principally due to changes in distributor inventory levels with some additional impact from time to time related to average net selling price, which is affected by changes in the mix of private payors versus government drug reimbursement plans.

CAD/USD currency fluctuations also have an effect when sales figures are converted to CAD for reporting purposes. Since regaining commercial rights to *EGRIFTA*®, sales have kept an overall upward trend as measured by unit sales and dollar value.

In the second quarter of fiscal 2017, the Company undertook a major expansion of its U.S. sales organization and added staffing to its medical science liaison and managed markets groups in order to cover additional territories and prepare for the potential launch of ibalizumab in the United States. As a result, *EGRIFTA*® patient numbers and, consequently, quarter over quarter sales have since been growing strongly. The Company views this initiative as a sound long-term investment in its future growth. However, in the short term, the related additional expenses have negatively affected earnings as illustrated above.

Subsequent Events

On June 19, 2018, Theratechnologies closed a transaction of a note offering, or the Offering, which grossed US$57,500,000 including the full exercise of the over-allotment option.

The notes are direct, senior, unsecured obligations of Theratechnologies and bear interest at a rate of 5.75% per annum, payable semi-annually on June 30 and December 31 of each year, commencing on December 31, 2018.

Theratechnologies used the net proceeds of the Offering to fund payments totaling US$23,850,000 due under the third amendment to the EMD Serono termination and transfer agreement, or the Renegotiated Agreement. Theratechnologies also intends to use an amount of approximately US$5,000,000 for the approval and commercialization of Trogarzo™ in Europe and other jurisdictions, an amount of approximately US$5,000,000 to fund working capital and the remainder will be allocated for other general corporate purposes, including potential acquisitions in the execution of its business plan.

The Renegotiated Agreement signed with EMD Serono enabled Theratechnologies to realize savings from a reduction of future payment obligations and also to eliminate a royalty payment that was previously impacting the company's gross profit margins. The transaction is expected to be accretive to the company's EBITDA by over US$4.5 million per year for the next four or five years. Furthermore, as part of the Renegotiated Agreement, EMD Serono agreed to cancel all liens, hypothec and security interest over Theratechnologies' assets.

Giving effect to the Notes offering and the Renegotiated Agreement, the pro forma cash position was $64,263,000 at May 31, 2018.

Recent Changes in Accounting Standards

Amendments Adopted

Amendments to IAS 7

On January 7, 2016, the IASB issued *Disclosure Initiative* (amendments to IAS 7). The amendments require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. One way to meet this new disclosure requirement is to provide reconciliation between the opening and closing balances for liabilities from financing activities. The required disclosures are provided in note 7 to our Interim Financial Statements.

Outstanding Securities Data On July 3, 2018, the number of common shares issued and outstanding was 76,658,013 while outstanding options granted under our stock option plans were 2,392,371. We also had US$57,500,000 aggregate principal amount of 5.75% convertible unsecured senior notes due June 30, 2023 issued and outstanding as a result of the Offering. These notes are convertible into common shares at the option of the holder at a conversion price of US$14.85, representing a conversion rate of approximately 67.3401 common shares per US$1,000 principal amount of notes. The conversion of all of the outstanding notes would result in the issuance of 3,872,053 common shares.

Contractual Obligations

There was no material change in contractual obligations during the three-month period ended May 31, 2018, other than in the ordinary course of business except on May 1, 2018 when Theratechnologies announced that it had been released from post-approval commitments by the FDA as it was determined that these two large-scale post-approval clinical trials were no longer required as the current labeling adequately reflects the safety profile of *EGRIFTA®*.

Economic and Industry Factors

Economic and industry factors were substantially unchanged from those reported in our MD&A for the fiscal year ended November 30, 2017.

Internal Control

No significant changes have occurred in our internal control over financial reporting during the period beginning on March 1, 2018 and ending on May 31, 2018.

Non-IFRS Financial Measures

Reconciliation of net profit or loss to adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA to net profit (loss) is presented in the table below. We use adjusted financial measures to assess our operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Adjusted EBITDA to measure operating performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our business, and because we believe it provides meaningful information on our financial condition and operating results.

We obtain our Adjusted EBITDA measurement by adding to net profit or loss, finance income and costs, depreciation and amortization, and income taxes. We also exclude the effects of certain non-monetary transactions recorded, such as share-based compensation for the stock option plan and write-downs (or related reversals) of inventories, for our Adjusted EBITDA calculation. We believe it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee remuneration and can vary significantly with changes in the market price of the Company’s shares. In addition, other items that do not impact core operating performance of the Company may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of our operating results over a period of time.

Our method for calculating Adjusted EBITDA may differ from that used by other companies.

Adjusted EBITDA

(In thousands of Canadian dollars)

	Three-month periods ended May 31,		Six-month periods ended May 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Net loss	**(2,460)**	(9,109)	**(5,087)**	(11,352)
Add (deduct):				
Depreciation and amortization	**538**	516	**1,018**	1,020
Finance costs	**368**	4,625	**563**	6,897
Finance income	**(100)**	(84)	**(200)**	(149)
Share-based compensation for stock option plan	**438**	485	**633**	617
Write-down of inventories	**162**	(172)	**(2)**	(47)
Adjusted EBITDA	**(1,054)**	(3,739)	**(3,075)**	(3,014)

Forward-Looking Information

This MD&A contains forward-looking statements and forward-looking information, or collectively, forward-looking statement, within the meaning of applicable securities laws, that are based on our management's beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as "may", "will", "should", "could, "would", "outlook", "believe", "plan", "envisage", "anticipate", "expect", and "estimate, or the negative of these terms, or variations of them. The forward-looking statements contained in this MD&A include, but are not limited to, statements regarding the building of a portfolio of products, the growth of our revenue and cash flow, the filing of a marketing authorization seeking the approval of Trogarzo™ in Europe, and the addition of Trogarzo™ on reimbursement formularies of public and private payers in the United States.

Forward-looking statement are based upon a number of assumptions and include, but are not limited to, the following: sales of *EGRIFTA*® will continue to grow, we will succeed in building a portfolio of products generating increasing revenues and cash flow, the FDA will approve the sNDA and private and public payers in the United States will add Trogarzo™ on their reimbursement formularies.

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statement contained in this MD&A. These risks and uncertainties include, among others, the risk that we may not find products that are compatible with our commercial platform, or that those products do not generate the anticipated revenues and cash flow, the risk that the FDA does not approve the sNDA, the risk that private and public payers in the United States do not include Trogarzo™ as a reimbursed drug, or, even if reimbursed, that they include conditions that we are unaware of that must be met prior to reimbursing Trogarzo™.

We refer potential investors to the “Risk Factors” section of our annual information form dated February 6, 2018 for additional risks regarding the conduct of our business and Theratechnologies. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this MD&A and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this MD&A, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Philippe Dubuc, Senior Vice President and Chief Financial Officer of Theratechnologies Inc., certify the following:

1. ***Review***: I have reviewed the interim financial statements and interim MD&A, (together, the "interim filings") of Theratechnologies Inc. (the "issuer") for the interim period ended May 31, 2018.

2. ***No misrepresentations***: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation***: Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility***: The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. ***Design***: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officers(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework***: The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control over Financial Reporting – Guidance for Smaller Public Companies (COSO).

5.2 N/A

5.3 N/A

6. ***Reporting changes in ICFR***: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on March 1, 2018 and ended on May 31, 2018 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: July 5, 2018

(Signed) Philippe Dubuc

Philippe Dubuc
Senior Vice President and Chief Financial Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Luc Tanguay, President and Chief Executive Officer of Theratechnologies Inc., certify the following:

1. ***Review***: I have reviewed the interim financial statements and interim MD&A, (together, the "interim filings") of Theratechnologies Inc. (the "issuer") for the interim period ended May 31, 2018.

2. ***No misrepresentations***: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation***: Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility***: The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. ***Design***: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officers(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework***: The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control over Financial Reporting – Guidance for Smaller Public Companies (COSO).

5.2 N/A

5.3 N/A

6. ***Reporting changes in ICFR***: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on March 1, 2018 and ended on May 31, 2018 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: July 5, 2018

(Signed) Luc Tanguay

Luc Tanguay
President and Chief Executive Officer

News Release

THERATECHNOLOGIES ANNOUNCES FINANCIAL RESULTS

FOR THE THIRD QUARTER OF 2018

Montreal, Canada – October 4, 2018 – Theratechnologies Inc. (Theratechnologies) (TSX: TH) today announced its financial results for the third quarter ended August 31, 2018.

Third quarter 2018 financial highlights

- Record third quarter net sales of $17,714,000, up 58% from the same quarter last year
    - First full quarter of sales of Trogarzo™
    - *EGRIFTA*® sales up 15% from the same quarter last year
- Positive EBITDA of $2,735,000 in the third quarter of 2018 compared to a negative EBITDA of $(2,046,000) for the same quarter last year[1]
- Cash position of $66,490,000 at August 31, 2018

“Our third quarter results speak for themselves. After only one full quarter of sales of Trogarzo™, we have recorded strong revenue growth and a positive EBITDA. Our Company is on the path of growth. Of course, Trogarzo™ is a central part of this and we will continue to make the required investments to generate the best return possible,” said Luc Tanguay, President and CEO, Theratechnologies Inc.

“The potential launch of Trogarzo™ in Europe as well as a positive decision on the new formulation of *EGRIFTA*® in the United States represent other major opportunities for Theratechnologies,” added Mr. Tanguay.

Third quarter 2018 financial results

Financial results presented in this press release are taken from the Company’s Management’s Discussion and Analysis, or MD&A, and unaudited consolidated financial statements for the nine-month period ended August 31, 2018, which have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. The MD&A and the unaudited consolidated financial statements can be found at www.sedar.com and www.theratech.com. Unless specified otherwise, all amounts in this press release are in Canadian dollars and all capitalized terms have the meaning ascribed thereto in our MD&A. As used herein, *EGRIFTA*® refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. Trogarzo™ refers to ibalizumab for the treatment of multidrug resistant HIV-1 patients.

Consolidated revenue for the three- and nine-month periods ended August 31, 2018 was $17,714,000 and $40,258,000 compared to $11,217,000 and $30,268,000 for the same periods ended August 31, 2017, an increase of 58% and 33% respectively. Revenue growth reflects the added contribution of Trogarzo™ as well as the continued progression of *EGRIFTA*® sales.

[1] See “Non-IFRS Financial Measures” below

Net sales of *EGRIFTA*® were our strongest ever. *EGRIFTA*® net sales revenue was $12,850,000 in the third quarter of fiscal 2018, compared to $11,217,000 in the third quarter of the prior year, representing an increase of 15%. In USD, net *EGRIFTA*® sales in the third quarter of fiscal 2018 were $9,810,000 compared to $8,718,000 in the third quarter of fiscal 2017, an increase of 13%.

Revenue for the three and nine-month periods ended August 31, 2018 reflects increased unit volumes and higher prices for *EGRIFTA*® for the comparable periods in 2017. Those gains were partially offset by the mix of third-party payers, which now include more Medicaid and other financial assistance programs. These programs typically involve rebates which impacts the average net selling price.

The third quarter of 2018 represents the first full quarter of sales for Trogarzo™ as it only became commercially available on April 30, 2018. For the third quarter of 2018, Trogarzo™ revenues amounted to $4,864,000 or US$3,713,000.

For the three- and nine-month periods ended August 31, 2018, **cost of sales** was $6,074,000 and $11,009,000 compared to $2,659,000 and $6,750,000 in the comparable periods of fiscal 2017. Cost of goods sold was $4,355,000 and $7,589,000 compared to $1,333,000 and $3,598,000 for the same periods last year. The increase in cost of goods sold is mainly due to the introduction of Trogarzo™.

Prior to the third quarter of 2018, cost of sales also included royalties due under the terms of the agreement terminating the collaboration and licensing agreement with EMD Serono, Inc., or the Termination Agreement. Following the closing of a note offering, or the Offering, on June 19, 2018, we used a portion of the net proceeds to make a full and final payment of US$23,850,000 to EMD Serono which enabled Theratechnologies to realize savings from a reduction of future payment obligations including royalty payments that were previously impacting the Company's gross profit margins. In the three- and nine-month periods ended August 31, 2018, royalties recorded on *EGRIFTA*® sales amounted to nil and $1,699,000 compared to $1,107,000 and $2,880,000 during the same periods in 2017.

The payment in connection with the settlement of the future royalty obligation has been accounted for as an other asset on the consolidated statement of the financial position.

However, during the third quarter of 2018, an amortization of $1,599,000 has been recorded in relation to the asset generated by the early payment of the estimated royalties payable over the next four to five years.

R&D expenses in the three- and nine-month periods ended August 31, 2018 amounted to $2,790,000 and $7,624,000 compared to $3,088,000 and $8,762,000 in the comparable periods of fiscal 2017.

Several factors contributed to the lowering of R&D expenses including lower costs associated with two Phase 4 clinical trials, which amounted to $475,000 and $1,243,000 in the three- and nine-month periods ended August 31, 2018 compared to $505,000 and $1,584,000 in the comparable periods of fiscal 2017. On May 1, 2018, Theratechnologies announced that it had been released from its last post-approval commitments by the FDA (see note 25(e) of our audited annual consolidated financial statements for the year ended November 30, 2017).

For the three- and nine-month period ending August 31, 2018, the reduction in R&D expenses is also explained by a decrease in medical affairs initiatives as the approval of Trogarzo™ shifted more focus towards marketing initiatives. Costs associated with the development of the F4 Formulation were also down significantly. R&D expenses also include regulatory affairs activities, such as preparation for the European filing of Trogarzo™, quality assurance and medical affairs initiatives for Trogarzo™ and *EGRIFTA*®.

Selling and market development expenses in the three- and nine-month periods ended August 31, 2018 amounted to $6,798,000 and $21,142,000 compared to $7,074,000 and $18,032,000 in the comparable periods of fiscal 2017.

Compared to the same nine-month period last year, selling and market development expenses were impacted by higher spending to prepare the commercialization strategy of Trogarzo™ in Europe as well as expenses related to the launch meeting held in Montreal to train our sales force after the approval of Trogarzo™ by the FDA. Selling and market development expenses also include promotion of *EGRIFTA*® and Trogarzo™ in the territories where they are approved.

The amortization of the intangible asset value established for the *EGRIFTA*® and Trogarzo™, commercialization rights is also included in selling and market development expenses. We recorded an expense of $638,000 and $1,646,000 in the three- and nine-month periods ended August 31, 2018 compared to $486,000 and $1,494,000 in the prior-year periods.

General and administrative expenses in the three- and nine-month periods ended August 31, 2018 amounted to $1,945,000 and $5,100,000 compared to $1,293,000 and $4,225,000 reported in the comparable periods of fiscal 2017. The increase is mainly due to professional fees associated with business development initiatives related to our preparatory work in Europe and other projects.

Finance income, consisting of interest income, for the three- and nine-month periods ended August 31, 2018 was $229,000 and $429,000 compared to $95,000 and $244,000 in the comparable periods of fiscal 2017. Higher finance income is related to the interest on our higher liquidity position following the closing of the Offering.

Finance costs for the three- and ninth-month periods ended August 31, 2018 were $1,631,000 and $2,194,000 compared to $80,000 and $6,997,000 in the comparable periods of fiscal 2017. Finance costs include the interest on the convertible unsecured senior notes representing $866,000 and a loss of $375,000 on the repayment of the long-term obligation.

Finance costs no longer include losses related to the change in the fair value of warrant liability ($6,654,000 for the nine-month period ended August 31, 2017) as the last outstanding warrants were exercised in the third quarter of 2017.

Accretion expense was $352,000 and $876,000 for the three- and nine-month periods of 2018 compared to $288,000 and $1,090,000 for the same periods last year.

Adjusted EBITDA for the three- and nine- month periods ended August 31, 2018 was $2,735,000 and $(340,000) compared to $(2,046,000) and $(5,060,000) in the comparable periods of fiscal 2017. See “Non-IFRS Financial Measures” below.

Taking into account the revenue and expense variations described above, we recorded a **net profit** of $367,000 or nil earnings per share in the third quarter of fiscal 2018 and a net loss of $(4,720,000) or $(0.06) loss per share for the nine-month period ended August 31, 2018 compared a net loss of $2,882,000 or $(0.04) per share in the three months ended August 31, 2017 and a net loss of $14,234,000 or $(0.20) per share compared for the nine-month period ended August 31, 2017.

For the three- and nine-month periods ended August 31, 2018, **cash flow** generated from (used in) operating activities was $1,151,000 and $(4,122,000) compared to $(1,975,000) and $497,000 for the same periods last year.

In the third quarter of fiscal 2018, changes in operating assets and liabilities had a negative impact on cash flow of $817,000. These changes include an increase in trade and other receivables of $4,969,000 as a result of higher sales and a $4,767,000 increase in accounts payable and accrued liabilities.

In the first nine months of fiscal 2018, changes in operating assets and liabilities negatively affected cash flow by $2,030,000 compared to a positive impact on cash flow of $6,359,000 in the comparable period of fiscal 2017. The most significant changes in 2018 were an increase in trade and other receivables of $5,338,000, an increase of inventory of $1,883,000 partially offset by an increase of accounts payable and accrued liabilities of $5,192,000.

On June 19, 2018, Theratechnologies closed a transaction of a note offering, or the Offering, which grossed US$57,500,000 including the full exercise of the over-allotment option.

The notes are direct, senior, unsecured obligations of Theratechnologies and bear interest at a rate of 5.75% per annum, payable semi-annually on June 30 and December 31 of each year, commencing on December 31, 2018. The notes are convertible into common shares of the Company. (See note 9 of the Interim Financial Statements).

Theratechnologies used a portion of the net proceeds of the Offering to fund payments totaling US$23,850,000 due under the third amendment to the Termination Agreement entered into on May 29, 2018 with EMD Serono, or the Renegotiated Agreement. (See note 6 of the Interim Financial Statements).

The Renegotiated Agreement signed with EMD Serono enabled Theratechnologies to realize savings from a reduction of future payment obligations and also to eliminate a royalty payment that was previously impacting the Company’s operating cash flow.

As a result of the aforementioned transactions, as at August 31, 2018, **cash, cash equivalents and bonds** amounted to $66,490,000 compared to $32,929,000 at November 30, 2017.

Non-IFRS Financial Measures

Reconciliation of net profit or loss to adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA to net profit (loss) is presented in the table below. We use adjusted financial measures to assess our operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Adjusted EBITDA to measure operating performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our business, and because we believe it provides meaningful information on our financial condition and operating results.

We obtain our Adjusted EBITDA measurement by adding to net profit or loss, finance income and costs, depreciation and amortization, and income taxes. We also exclude the effects of certain non-monetary transactions recorded, such as share-based compensation for the stock option plan and write-downs (or related reversals) of inventories, for our Adjusted EBITDA calculation. We believe it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee remuneration and can vary significantly with changes in the market price of the Company’s shares. In addition, other items that do not impact core operating performance of the Company may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of our operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other companies.

Adjusted EBITDA
(In thousands of Canadian dollars)

	Three-month periods ended August 31,		Nine-month periods ended August 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Net loss	367	(2,882)	(4,720)	(14,234)
Add (deduct):				
Depreciation and amortization	2,245	492	3,263	1,512
Finance costs	1,631	80	2,194	6,977
Finance income	(229)	(95)	(429)	(244)
Income tax recovery	(1,662)	—	(1,662)	—
Share-based compensation for stock option plan	239	204	872	821
Write-down of inventories	144	155	142	108
Adjusted EBITDA	2,735	(2,046)	(340)	(5,060)

Conference Call Details

A conference call will be held today at 8:30 a.m. (ET) to discuss the results. The conference call will be open to questions from financial analysts. Media and other interested individuals are invited to participate in the call on a “listen-only” basis.

The conference call can be accessed by dialling 1-877-223-4471 (North America) or 1-647-788-4922 (International). The conference call will also be accessible via webcast at http://www.gowebcasting.com/9644. Audio replay of the conference call will be available on the same day starting at 11:30 a.m. (ET) until October 18, 2018, by dialling 1-800-585-8367 (North America) or 1-416-621-4642 (International) and by entering the playback code 7764859.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV. Further information about Theratechnologies is available on the Company’s website at www.theratech.com and on SEDAR at www.sedar.com.

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management's beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or the negatives of these terms, or variations of them. The forward-looking statements contained in this press release include, but are not limited to, statements regarding sales of Trogarzo™ and its impact on our operating results, the approval and commercialization of Trogarzo™ in Europe and the approval by the FDA of the new formulation of *EGRIFTA*®.

Forward-looking statements are based upon a number of assumptions and include, but are not limited to, the following: sales of Trogarzo™ and *EGRIFTA*® will continue to grow, Trogarzo™ will be approved for commercialization in Europe and the new formulation of *EGRIFTA*® will be approved by the FDA.

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statements contained in this press release. These risks and uncertainties include, among others, the risk that sales of Trogarzo™ and *EGRIFTA*® do not increase or remain stable, that Trogarzo™ is not approved for commercialization in Europe and, if approved, we do not have the infrastructure in place to launch it promptly in this territory, and that the new formulation of *EGRIFTA*® is not approved by the FDA.

We refer potential investors to the "Risk Factors" section of our annual information form dated February 6, 2018 for additional risks regarding the conduct of our business and Theratechnologies. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this press release and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this press release, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

For media inquiries:
Denis Boucher
Vice President, Communications and Corporate Affairs
514-336-7800

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

THERATECHNOLOGIES INC.

Nine-month periods ended August 31, 2018 and 2017
(Unaudited)

THERATECHNOLOGIES INC.

Table of Contents
(Unaudited)

THERATECHNOLOGIES INC.

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

As at August 31, 2018 and November 30, 2017
(Unaudited)

	Note	2018	2017
Assets			
Current assets:			
Cash		$ 44,786	$ 1,760
Bonds and money market funds		14,037	21,303
Trade and other receivables		15,113	9,737
Inventories	5	11,224	9,339
Prepaid expenses		1,541	1,012
Derivative financial assets		2,245	1,444
Total current assets		88,946	44,595
Non-current assets:			
Bonds and money market funds		7,667	9,866
Property and equipment		70	62
Intangible assets		20,368	21,772
Other asset	6	23,893	–
Total non-current assets		51,998	31,700
Total assets		$ 140,944	$ 76,295
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities		$ 29,520	$ 23,201
Provisions	7	1,287	753
Current portion of long-term obligation	8	–	4,676
Total current liabilities		30,807	28,630
Non-current liabilities:			
Long-term obligation	8	–	4,543
Convertible unsecured senior notes	9	63,778	–
Total non-current liabilities		63,778	4,543
Total liabilities		94,585	33,173
Equity			
Share capital	10	334,592	328,660
Equity component of convertible unsecured senior notes	9	5,838	–
Contributed surplus		10,499	15,115
Deficit		(305,002)	(300,725)
Accumulated other comprehensive income		432	72
Total equity		46,359	43,122
Commitments	15		
Total liabilities and equity		$ 140,944	$ 76,295

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

THERATECHNOLOGIES INC.

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

Periods ended August 31, 2018 and 2017
(Unaudited)

	Note	For the three-month periods ended August 31, 2018	For the three-month periods ended August 31, 2017	For the nine-month periods ended August 31, 2018	For the nine-month periods ended August 31, 2017
		$	$	$	$
Revenue:					
Net sales		17,714	11,217	40,257	30,266
Royalties and licence fees		–	–	1	2
		17,714	11,217	40,258	30,268
Operating expenses:					
Cost of sales:					
Cost of goods sold		4,355	1,333	7,589	3,598
Royalties		–	1,107	1,699	2,880
Other production related costs		120	219	122	272
Amortization of other asset	6	1,599	–	1,599	–
Research and development expenses		2,790	3,088	7,624	8,762
Selling and market development expenses	3	6,798	7,074	21,142	18,032
General and administrative expenses		1,945	1,293	5,100	4,225
		17,607	14,114	44,875	37,769
Profit (loss) from operating activities		107	(2,897)	(4,617)	(7,501)
Finance income	4	229	95	429	244
Finance costs	4	(1,631)	(80)	(2,194)	(6,977)
		(1,402)	15	(1,765)	(6,733)
Deferred income tax recovery	9	1,662	–	1,662	–
Net profit (loss) for the period		367	(2,882)	(4,720)	(14,234)
Other comprehensive income (loss), net of tax:					
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		3	(97)	(38)	(88)
Exchange differences on translation		267	(3,541)	398	(3,049)
		270	(3,638)	360	(3,137)
Total comprehensive profit (loss) for the period		637	(6,520)	(4,360)	(17,371)
Basic and diluted earnings (loss) per share	10(b)	0.00	(0.04)	(0.06)	(0.20)

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

THERATECHNOLOGIES INC.

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

Nine-month period ended August 31, 2018
(Unaudited)

		For the nine-month period ended August 31, 2018						
		Share capital						
	Note	Number of shares	Amount	Equity component of convertible notes	Contributed surplus	Deficit	Accumulated other comprehensive income	Total
			$	$	$	$	$	$
Balance as at November 30, 2017		74,962,050	328,660	–	15,115	(300,725)	72	43,122
Total comprehensive loss for the period								
Net loss		–	–	–	–	(4,720)	–	(4,720)
Recognition of previously unrecognized tax assets from item originally recorded in equity	9	–	–	–	–	443	–	443
Other comprehensive income:								
Net change in fair value of available-for-sale financial assets, net of tax		–	–	–	–	–	(38)	(38)
Exchange differences on translation		–	–	–	–	–	398	398
Total comprehensive loss for the period		–	–	–	–	(4,277)	360	(3,917)
Transactions with owners, recorded directly in equity								
Equity component of convertible unsecured senior notes, net of income taxes of $2,105	9	–	–	5,838	–	–	–	5,838
Share-based compensation plan:								
Share-based compensation for stock option plan		–	–	–	872	–	–	872
Exercise of stock options:								
Monetary consideration		193,568	322	–	–	–	–	322
Attributed value		–	239	–	(239)	–	–	–
Exercise of broker option:								
Issuance of common shares		39,390	156	–	(34)	–	–	122
TaiMed		1,463,505	5,215	–	(5,215)	–	–	–
Total contributions by owners		1,696,460	5,932	5,838	(4,616)	–	–	7,154
Balance as at August 31, 2018		76,658,513	334,592	5,838	10,499	(305,002)	432	46,359

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

THERATECHNOLOGIES INC.

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

Nine-month period ended August 31, 2017
(Unaudited)

	For the nine-month period ended August 31, 2017					
	Share capital					
	Number of shares	Amount	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total
		$	$	$	$	$
Balance as at November 30, 2016	65,996,069	291,529	14,190	(280,667)	1,839	26,891
Total comprehensive loss for the period						
Net loss	–	–	–	(14,234)	–	(14,234)
Other comprehensive income:						
Net change in fair value of available-for-sale financial assets, net of tax	–	–	–	–	(88)	(88)
Exchange differences on translation	–	–	–	–	(3,049)	(3,049)
Total comprehensive loss for the period	–	–	–	(14,234)	(3,137)	(17,371)
Transactions with owners, recorded directly in equity						
Public issue of common shares	5,323,000	16,501	–	–	–	16,501
Issue of broker options	–	–	183	–	–	183
Share issue costs	–	–	–	(1,608)	–	(1,608)
Exercise of broker warrants	124,000	360	(62)	–	–	298
Exercise of common shares purchase warrants	2,380,900	15,511	(20)	–	–	15,491
Exercise of broker options	139,995	554	(120)	–	–	434
Issue of common shares - TaiMed	906,077	4,001	–	–	–	4,001
Share-based compensation plan:						
Share-based compensation for stock option plan	–	–	821	–	–	821
Exercise of stock options:						
Monetary consideration	52,834	25	–	–	–	25
Attributed value	–	19	(19)	–	–	–
Total contributions by owners	8,926,806	36,971	783	(1,608)	–	36,146
Balance as at August 31, 2017	74,922,875	328,500	14,973	(296,509)	(1,298)	45,666

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

THERATECHNOLOGIES INC.

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

Periods ended August 31, 2018 and 2017
(Unaudited)

	Note	For the three-month periods ended August 31, 2018	For the three-month periods ended August 31, 2017	For the nine-month periods ended August 31, 2018	For the nine-month periods ended August 31, 2017
		$	$	$	$
Cash provided from (used in):					
Operating					
Net profit (loss)		367	(2,882)	(4,720)	(14,234)
Adjustments for:					
Depreciation of property and equipment		8	6	18	18
Amortization of intangible assets and other asset		2,237	486	3,245	1,494
Change in deferred revenue		–	(33)	–	(76)
Share-based compensation for stock option plan		239	204	872	821
Write-down of inventories	5	144	155	142	108
Change in fair value of warrant liability and related foreign currency gain		–	725	–	6,654
Gain on expired common share purchase warrants		–	(54)	–	(54)
Change in fair value of derivative financial assets		538	(107)	(798)	(919)
Change in fair value of liability related to deferred stock unit plan		(532)	106	791	910
Interest income		(229)	(95)	(429)	(244)
Interest received (paid)		262	(11)	565	(221)
Foreign exchange		(131)	(1,361)	(1,367)	(1,209)
Accretion expense		352	288	876	1,090
Deferred income tax recovery	9	(1,662)	–	(1,662)	–
Loss on repayment of long-term obligation	8	375	–	375	–
		1,968	(2,573)	(2,092)	(5,862)
Changes in operating assets and liabilities					
Trade and other receivables		(4,969)	(1,191)	(5,338)	(2,447)
Inventories		(155)	543	(1,883)	995
Prepaid expenses		(377)	(138)	(512)	27
Accounts payable and accrued liabilities		4,767	1,285	5,192	7,577
Provisions		(83)	99	511	207
		(817)	598	(2,030)	6,359
Cash flows from (used in) operating activities		1,151	(1,975)	(4,122)	497
Financing					
Repayment of long-term obligation		(5,043)	–	(10,180)	(5,390)
Proceeds from issue of convertible unsecured senior notes	9	75,319	–	75,319	–
Convertible unsecured senior notes issue costs	9	(3,557)	–	(3,557)	–
Proceeds from public issue of common shares		–	–	–	16,501
Share issue costs		–	–	–	(1,425)
Proceeds from exercise of stock options		1	–	322	25
Proceeds from exercise of broker warrants		–	–	–	298
Proceeds from exercise of common share purchase warrants		–	2,582	–	7,143
Proceeds from exercise of broker options		–	–	122	434
Cash flows from financing activities		66,720	2,582	62,026	17,586
Investing					
Acquisition of bonds and money market funds		(4,540)	(10,828)	(22,458)	(42,957)
Proceeds from sale of bonds and money market funds		3,990	6,983	31,859	24,740
Acquisition of other asset	6	(25,582)	–	(25,582)	–
Acquisition of intangible assets		–	(7)	(21)	(47)
Proceeds from disposal of derivative financial assets		–	–	33	–
Acquisition of derivative financial assets		(34)	–	(34)	–
Acquisition of property and equipment		(20)	–	(25)	(42)
Cash flows used in investing activities		(26,186)	(3,852)	(16,228)	(18,306)
Net change in cash		41,685	(3,245)	41,676	(223)
Cash, beginning of period		3,031	4,073	1,760	1,059
Effect of foreign exchange on cash		70	460	1,350	452
Cash, end of period		44,786	1,288	44,786	1,288

Supplemental cash flow information, see Note 11.

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

Theratechnologies Inc. is a specialty pharmaceutical company addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV.

The interim consolidated financial statements include the accounts of Theratechnologies Inc. and its wholly-owned subsidiaries (collectively, 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, 2017 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 October 3, 2018.

(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, 2017.

1. Basis of preparation (continued):

(b) Summary of accounting policies (continued):

During the quarter, the Company updated its significant accounting policies with the following new policies:

Other asset:

Other asset, which comprises the amount disbursed in connection with the repurchase of the future royalty rights under the 2013 Termination Agreement (Note 6), will be amortized over its estimated useful life of 48 months.

Compound financial instruments:

Compound financial instruments are instruments that contain both liability component and an equity component, and the liability component can be converted into share capital at the option of the holder and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversation option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Any directly attributable transaction costs are allocated to the liability and equity component in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest.

(c) 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.

(d) 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.

1. Basis of preparation (continued):

(d) Use of estimates and judgments (continued):

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 1 of the annual consolidated financial statements as at November 30, 2017. In addition, as a result of transactions concluded in the quarter, the following additional critical judgment in applying accounting policies is noted below:

Convertible senior secured notes:

The determination of the fair value of the liability component of a convertible instrument requires judgment as it is based on the estimated interest rate that the Company could obtain for a similar debt instrument without a conversion option.

(e) Functional and presentation currency:

The Company's functional currency is the United States dollar ("USD").

These interim financial statements are presented in Canadian dollars ("CAD") since management believes that this currency is more useful for the users of the 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.

2. Recent changes in accounting standards:

Amendments adopted

Amendments to IAS 1

In December 2014, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). The adoption of these amendments, which did not require any change to current accounting practices, had no impact on the Company's interim financial statements.

(In thousands of Canadian dollars, except per share amounts.)

3. Selling and market development expenses:

	For the three-month periods ended August 31,	
	2018	2017
	$	$
Selling and market development expenses	6,160	6,588
Amortization of intangible assets	638	486
	6,798	7,074

	For the nine-month periods ended August 31,	
	2018	2017
	$	$
Selling and market development expenses	19,496	16,538
Amortization of intangible assets	1,646	1,494
	21,142	18,032

4. Finance income and finance costs:

	For the three-month periods ended August 31,	
	2018	2017
	$	$
Interest income	229	95
Finance income	229	95
Accretion expense	(352)	(288)
Loss on repayment of long-term obligation	(375)	–
Interest on convertible unsecured senior notes	(866)	–
Bank charges	(4)	(5)
Net foreign currency (loss) gain	(28)	1,065
Loss on financial instruments carried at fair value	(6)	(906)
Gain on expired common share purchase warrants	–	54
Finance costs	(1,631)	(80)
Net finance (cost) income recognized in net profit or loss	(1,402)	15

(In thousands of Canadian dollars, except per share amounts.)

4. Finance income and finance costs (continued):

	For the nine-month periods ended August 31,	
	2018	**2017**
	$	**$**
Interest income	429	244
Finance income	429	244
Accretion expense	(876)	(1,090)
Loss on repayment of long-term obligation	(375)	–
Interest on convertible unsecured senior notes	(866)	–
Bank charges	(21)	(37)
Net foreign currency (loss) gain	(63)	894
Loss (gain) on financial instruments carried at fair value	7	(6,798)
Gain on expired common share purchase warrants	–	54
Finance costs	(2,194)	(6,977)
Net finance cost recognized in net profit or loss	(1,765)	(6,733)

5. Inventories:

Cost of sales - includes an inventory write-down of $119 for the nine-month periods ended August 31, 2018 (2017 - $155).

Cost of sales - cost of goods sold includes an inventory write-down of $23 for the nine-month period ended August 31, 2018 (2017 - reversal of $47).

(In thousands of Canadian dollars, except per share amounts.)

6. Other asset:

Cost:	
Balance as at November 30, 2017	$ –
Additions	25,582
Effect of changes in exchange rates	(96)
Balance as at August 31, 2018	$ 25,486
Accumulated amortization:	
Balance as at November 30, 2017	$ –
Amortization	1,599
Effect of changes in exchange rates	(6)
Balance as at August 31, 2018	$ 1,593
Net carrying amount:	
August 31, 2018	$ 23,893
November 30, 2017	–

On May 29, 2018, the Company entered into an agreement (the “Renegotiated Agreement”) with EMD Serono, Inc. to settle all outstanding obligations stemming from a termination and transfer agreement dated December 13, 2013, as amended (the “2013 Termination Agreement”). The remaining contractual obligations under the 2013 Termination Agreement totalled approximately US$28,200, which was comprised of a US$4,000 payment due in May 2019 (Note 8) and US$24,200 in estimated royalties on future sales of *EGRIFTA*® payable over the next four to five years. The Renegotiated Agreement allowed the Company to make one lump sum payment of US$23,850 in settlement of the long-term obligation of US$4,000 and to eliminate all of the quarterly royalty payments due on sales of *EGRIFTA*® in the United States. The payment in connection with the settlement of the future royalty obligation has been accounted for as an other asset on the consolidated statement of financial position. The transaction was subject to the closing of a notes offering which occurred on June 19, 2018 (Note 9).

(In thousands of Canadian dollars, except per share amounts.)

7. Provisions:

	Chargebacks and rebates	Returns	Total
	$	$	$
Balance as at November 30, 2017	639	114	753
Provisions made	6,477	323	6,800
Provisions used	(6,051)	(238)	(6,289)
Effect of changes in exchange rate	20	3	23
Balance as at August 31, 2018	**1,085**	**202**	**1,287**

8. Long-term obligation:

	August 31, 2018	November 30, 2017
	$	$
Early termination fee	–	9,219
Current portion	–	(4,676)
Long-term portion	–	4,543

The movement in the long-term obligation for the current periods is as follows:

Balance as at November 30, 2017	$ 9,219
Payment, as originally contemplated in 2013 Termination Agreement	(5,137)
Payment, as per 2018 Renegotiated Agreement (note 6)	(5,043)
Accretion expense	524
Loss on repayment of long-term obligation	375
Effect of changes in exchange rate	62
Balance as at August 31, 2018	$ –

(In thousands of Canadian dollars, except per share amounts.)

8. Long-term obligation (continued):

Under the Renegotiated Agreement (Note 6), the Company paid US$3,850 to reimburse the remaining amount payable of US$4,000 due in May 2019.

The difference of $375 between the consideration transferred of CA$5,043 (US$3,850) and the carrying amount of the long-term obligation of CA$4,668 (on date of settlement) was recognized as a loss on repayment of long-term obligation and included in “finance costs” on the statement of comprehensive loss for the three and nine-month periods ended August 31, 2018.

9. Convertible unsecured senior notes:

On June 19, 2018, the Company closed a notes offering of convertible unsecured senior notes having an aggregate principal amount of $75,319 (US$57,500), including the exercise in full of the over-allotment option. The notes bear interest at an annual rate of 5.75% (effective interest rate of 9.95%) and are convertible into common shares at the option of the holder at any time at a conversion price of US$14.85 per common share, representing 3,872,053 common shares. The maturity date of the notes is June 30, 2023. The Company may redeem the notes prior to maturity at any time on or after June 30, 2021 if the current market price of the common shares is at least 130% of the conversion price. The notes are repayable at par value plus accrued and unpaid interest. The allocation of the aggregate principal amount between the liability and equity components was as follows at date of issuance:

	August 31, 2018
	$
Proceeds from issue of notes	75,319
Transaction costs	(3,709)
Net cash proceeds on issuance	71,610
Proceeds allocated to the liability component	66,965
Transactions costs	(3,298)
Liability component of convertible unsecured senior notes	63,667
Proceeds allocated to equity	8,354
Transaction costs related to equity	(411)
Deferred income tax (i)	(2,105)
Equity component of convertible unsecured senior notes	5,838

(In thousands of Canadian dollars, except per share amounts.)

9. Convertible unsecured senior notes (continued):

(i) The temporary difference between the carrying amount of the liability component and its tax base on initial recognition gave rise to a deferred income tax liability of $2,105, which is recognized in equity. The deferred tax liability was offset by the recognition of previously unrecognized tax assets from items:

Previously recorded in equity	$	443
Previously recognized in profit and loss		1,662
Total deferred income tax assets recognized	$	2,105

The movement in the carrying value of the convertible unsecured senior notes is as follows for the period ended August 31, 2018:

	August 31, 2018
	$
Proceeds allocated to liability component	66,965
Transaction costs related to liability	(3,298)
At date of issuance (June 19, 2018)	63,667
Accretion expense	352
Effect of changes in exchange rate	(241)
Convertible unsecured senior notes as at August 31, 2018	63,778

	August 31, 2018
	$
Interest accrued	866
Interest paid	–

(In thousands of Canadian dollars, except per share amounts.)

10. 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 6,580,000 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 August 31, 2018, 1,950,762 options were available to be granted by the Company (August 31, 2017 - 2,200,306).

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, 2016	2,242,369	2.17
Granted	350,000	6.13
Expired	(198,000)	9.25
Exercised (share price: $5.72)	(52,834)	0.47
Options as at August 31, 2017	2,341,535	2.20
Options as at November 30, 2017	2,335,895	2.21
Granted	251,544	9.56
Expired	(2,000)	8.50
Exercised (share price: $9.56)	(193,568)	1.66
Options as at August 31, 2018	2,391,871	3.02

During the nine-month period ended August 31, 2018, $872 (2017 - $821) was recorded as share-based compensation expense for the stock option plan.

(In thousands of Canadian dollars, except per share amounts.)

10. Share capital (continued):

(a) Stock option plan (continued):

The fair value of options granted was estimated at the grant date using the Black-Scholes model and the following weighted average assumptions:

	For the nine-month periods ended August 31,	
	2018	**2017**
Risk-free interest rate	2.14%	1.52%
Expected volatility	47%	55%
Average option life	7.00 years	8.0 years
Expected dividends	–	–
Grant date share price	$9.56	$6.13
Option exercise price	$9.56	$6.13

The risk-free interest rate is based on the implied yield on a Canadian government zero-coupon issue, with a remaining term equal to the expected term of the option. The volatility is based on weighted average historical volatility adjusted for changes expected due to publicly available information. The life of the options is estimated taking into consideration the vesting period on the grant date, the life of the option, as well as the average length of time previous grants remained outstanding. The dividend yield was excluded from the calculation since the Company's current policy to retain all earnings to finance operations and future growth.

The following table summarizes the weighted average fair value of stock options granted during the end of periods:

	For the three and nine-month periods ended August 31,			
	2018		**2017**	
	Number of options	**Weighted average grant-date fair value**	**Number of options**	**Weighted average grant-date fair value**
		$		**$**
Options granted	251,544	4.63	350,000	3.43

(In thousands of Canadian dollars, except per share amounts.)

10. Share capital (continued):

(b) Earnings (loss) per share:

For the nine-month period ended August 31, 2018, the calculation of basic (loss) earnings per share was based on the net profit (loss) attributable to common shareholders of the Company and a weighted average number of common shares outstanding for the three and nine-month periods ended August 31, 2018 and 2017, calculated as follows:

	For the three-month periods ended August 31,	
	2018	**2017**
Issued common shares as at June 1	76,658,013	74,062,375
Effect of exercise of common shares purchase warrants	–	416,535
Effect of share options exercised	5	–
Weighted average number of common shares - basic	76,658,018	74,478,910

The calculation of diluted earnings per share was based on a weighted average number of diluted common shares calculated as follows:

	For the three month periods ended August 31,	
	2018	**2017**
Weighted average number of common share	76,658,018	74,478,910
Effect of potential dilutive share options	1,720,424	–
Weighted average number of diluted common shares - diluted	78,378,443	74,478,910

(In thousands of Canadian dollars, except per share amounts.)

10. Share capital (continued):

(b) Earnings (loss) per share (continued):

	For the nine-month periods ended August 31,	
	2018	**2017**
Issued common shares as at December 1	74,962,050	65,996,069
Effect of share options exercised	111,727	27,321
Effect of public issue of common shares	–	5,245,292
Effect of exercise of broker warrants	–	101,572
Effect of exercise of broker options	20,340	68,830
Effect of exercise of common shares purchase warrants	–	985,708
Effect of issue of common shares - TaiMed	582,197	555,551
Weighted average number of common shares - basic and diluted	75,676,314	72,980,343

For the three and nine-month periods ended August 31, 2018, 215,314 share options and 3,872,053 common shares potentially issuable from the conversion of the US$57,500 aggregate principal amount of notes (Note 9) 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.

11. Other information:

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

	August 31, 2018	**August 31, 2017**
	$	**$**
Additions to intangible assets included in accounts payable and accrued liabilities	–	38
Share issue costs included in contributed surplus	–	183
Reclassification of contributed surplus upon issuance of common shares to TaiMed	5,215	4,001
Reclassification of warrant liability to share capital upon exercise of common share purchase warrants	–	8,348
Notes issue costs included in accounts payable and accrued liabilities	152	–
Recognition of previously unrecognized tax assets from item originally recorded in equity	443	–

12. Financial instruments:

(a) Liquidity risk:

	August 31, 2018				
	Carrying amount	Contractual amount	Less than 1 year	From 1 to 5 years	More than 5 years
Convertible unsecured senior notes	63,788	75,038	–	75,038	–

(b) Interest rate risk:

As Theratechnologies convertible notes bear interest at a fixed rate of 5.75%, the Company does not face significant interest rate risk in the context of its outstanding debt. The Company does not use derivative financial instruments to reduce its interest rate exposure and management does not believe the Company's exposure to interest rate risk to be significant as the Company's obligations are at a fixed rate.

13. 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.

13. Determination of fair values (continued):

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, 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 money market funds 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 fair value of the convertible unsecured senior notes as at August 31, 2018 were approximately $75,030 based on market quotes.

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.

The fair value (Level 2) of the share-based payment arrangement to purchase the commercialization rights of ibalizumab has been determined using the fixed value to be paid in common shares. That value will remain the same even if the Company's common share price fluctuates on the market.

The deferred stock units liability of $2,219 included in accounts payable and accrued liabilities 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 of the common shares of the Company.

(In thousands of Canadian dollars, except per share amounts.)

14. Operating segments:

The Company has a single operating segment. Almost all of the Company's revenues are generated from one customer, RxCrossroads, which is domiciled in the United States.

	2018	2017
	$	$
RxCrossroads	39,855	29,831
Others	403	437
	40,258	30,268

All of the Company's non-current assets are located in Canada as is the Company's head office.

15. Commitments:

Post-approval commitments:

On May 1, 2018, the Company has been released from its last post-approval commitments by the United States Food and Drug Administration (refer to Note 25(e) of the Company's consolidated financial statements for the year ended November 30, 2017).

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE-MONTH PERIOD ENDED AUGUST 31, 2018

The following Management's Discussion and Analysis, or MD&A, provides Management's comments on the financial position and results of operations of Theratechnologies Inc., on a consolidated basis, for the three- and nine-month periods ended August 31, 2018 as compared to the three- and nine-month periods ended August 31, 2017. Unless otherwise indicated or unless the context requires otherwise, all references in this MD&A to "Theratechnologies", the "Company", the "Corporation", "we", "our", "us" or similar terms refer to Theratechnologies Inc. and its subsidiaries on a consolidated basis. This MD&A is dated October 2, 2018, was approved by our Audit Committee on October 3, 2018, and should be read in conjunction with our unaudited interim consolidated financial statements and the notes thereto as at August 31, 2018, or Interim Financial Statements, as well as the MD&A and audited annual consolidated financial statements, including the notes thereto, as at November 30, 2017. The Interim Financial Statements for the three- and nine-month periods ended August 31, 2018 have not been reviewed by our auditors.

Except as otherwise indicated, the financial information contained in this MD&A and in our audited consolidated financial statements has been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

The Company's functional currency is the United States dollar, or USD, because the vast majority of its operational activities and sales occur in the United States. However, since we believe that Canadian dollar currency, or CAD, is more useful to users of these documents, except where otherwise indicated, all monetary amounts set forth in this MD&A and the Interim Financial Statements and the notes thereto are expressed in CAD for reporting purposes. The average and closing exchange rates for the third quarter of fiscal 2018 (CAD equivalents of 1 USD) were 1.3099 and 1.3050 respectively, compared to 1.2866 and 1.2489 for the third quarter of fiscal 2017. In accordance with IFRS, the exchange difference arising from the translation of our USD-denominated financial statements to CAD for reporting purposes is included in "accumulated other comprehensive income". References to $ and C$ are to CAD and references to US$ are to USD.

In this MD&A, the use of *EGRIFTA*® refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy and Trogarzo™ (ibalizumab-uiyk) injection refers to ibalizumab for the treatment of multidrug resistant HIV-1 infected patients.

This MD&A contains information that we believe may affect our prospective financial condition, cash flows and results of operations. Readers are cautioned to consult the section, "Forward-Looking Information", below.

Theratechnologies Inc.
2015 Peel, 5th Floor
Montreal, Quebec H3A 1T8

Business Overview

We are a specialty pharmaceutical company addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV.

Our business strategy is to build a portfolio of complementary products, compatible with our expertise and our commercial platform, that will fuel sustainable revenue and cash flow growth and build value for our shareholders.

Our first product**,** *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration, or FDA, in November 2010, by Health Canada in March 2015, and by COFEPRIS, Mexico's health agency, in March 2016. It is, to date, the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. We have established an integrated commercial platform to market *EGRIFTA*® in the United States and Canada.

In March 2016, we entered into an agreement with TaiMed Biologics, Inc., or TaiMed, to acquire the commercial rights to Trogarzo™ for the United States and Canada, or TaiMed Agreement.

In March 2017, the TaiMed Agreement was amended to include the commercial rights to ibalizumab in the European Union countries and in other countries such as Israel, Norway, Russia and Switzerland.

Trogarzo™ is a humanized monoclonal antibody and is indicated for the treatment of human immunodeficiency virus type 1, or HIV-1, infection in heavily treatment-experienced adults with multidrug resistant, or MDR, HIV-1 infection failing their current antiretroviral regimen.

Trogarzo™ was approved by the FDA on March 6, 2018 and has been commercially available since April 30, 2018.

Since the second half of fiscal 2017, we have been working on building the foundation for ibalizumab in Europe to achieve marketing approval. The application for marketing authorization was filed with the European Medicines Agency, or EMA, on August 27, 2018.

Fiscal 2018 Business Plan Update

Consolidated revenue for the three-month period ended August 31, 2018 was $17,714,000 compared to $11,217,000 for the same period ended August 31, 2017, representing an increase of 58%.

The sales force, which was expanded in early 2017, continues to positively impact *EGRIFTA*® revenues. It also started detailing Trogarzo™ in the United States where it has been commercially available since April 30, 2018. The third quarter of 2018 represents the first full quarter of sales for Trogarzo™, which are contributing to sustained growth in revenues.

Obtaining patient access to Trogarzo™ remains a key priority for Theratechnologies and our managed market team which has been diligently working with public and private payers to facilitate formulary inclusion. As of the date hereof, 95% of Medicaid covered lives and 65% privately covered lives in the United States had access to Trogarzo™, representing an overall coverage of 70% of all privately and publicly covered lives in the United States.

At the end of July 2018, the International Antiviral Society included Trogarzo™ in its most recent treatment guidelines. The guidelines were published in the Journal of the American Medical Association. In addition, on August 15, 2018, the New England Journal of Medicine published two articles on Trogarzo™, including one featuring the results from the phase III clinical trial.

As the organization continues to build the United States market for Trogarzo™, the European file continues to progress. Based on technical meetings held with representatives from the rapporteur and co-rapporteur countries in April 2018, Theratechnologies was permitted to seek regulatory approval in Europe for Trogarzo™ using efficacy and safety data from the clinical trials submitted to the FDA.

The marketing authorization application to the EMA was filed on August 27, 2018 after being informed by the EMA that the Pediatric Investigation Plan for Trogarzo™ was not required before filing. On September 13, 2018, the EMA confirmed the validity of the application. Trogarzo™ will be reviewed under the accelerated assessment procedure with a timeframe of 150 review days, which does not include the time required to answer questions which might be asked by the EMA.

In September 2016, we announced that we were moving forward with the development of a single-vial formulation of *EGRIFTA*®, or F4 Formulation. *EGRIFTA*® currently comes in two vials. Presented in a single daily vial, the F4 Formulation has the advantage of being four times more concentrated, thus significantly reducing the volume of administration and also requires a smaller needle. In addition, the F4 Formulation was previously shown to be stable at room temperature, which would be a significant improvement as refrigeration by pharmacies and patients would no longer be required. The necessary F4 Formulation bioequivalence studies and additional stability testing have now been completed and show bioequivalence to the current 1mg formulation. The supplemental New Drug Application, or sNDA, for the new formulation was submitted to the FDA on July 3, 2018. The FDA has since confirmed that the target date for a decision on the sNDA to November 3, 2018.

Adjusted EBITDA in the third quarter of fiscal 2018 was $2,735,000 compared to $(2,046,000) in the third quarter of fiscal 2017. We use adjusted EBITDA to measure cash flow generation. See “Non-IFRS Financial Measures” below. As at August 31, 2018, cash, cash equivalents and bonds amounted to $66,490,000.

Revenue

(in thousands of Canadian dollars)

	Three-month periods ended August 31,		Nine-month periods ended August 31,	
	2018	2017	**2018**	2017
Net Sales	**17,714**	11,217	**40,257**	30,266
Royalties	**—**	—	**1**	2
Revenue	**17,714**	11,217	**40,258**	30,268

Consolidated revenue for the three- and nine-month periods ended August 31, 2018 was $17,714,000 and $40,258,000 compared to $11,217,000 and $30,268,000 for the same periods ended August 31, 2017, an increase of 58% and 33% respectively. Revenue growth reflects the added contribution of Trogarzo™ as well as the continued progression of *EGRIFTA*® sales.

Net sales of *EGRIFTA*® were our strongest ever. *EGRIFTA*® net sales revenue was $12,850,000 in the third quarter of fiscal 2018, compared to $11,217,000 in the third quarter of the prior year, representing an increase of 15%. In USD, net *EGRIFTA*® sales in the third quarter of fiscal 2018 were $9,810,000 compared to $8,718,000 in the third quarter of fiscal 2017, an increase of 13%.

Revenue for the three and nine-month periods ended August 31, 2018 reflects increased unit volumes and higher prices for *EGRIFTA*® for the comparable periods in 2017. Those gains were partially offset by the mix of third-party payers, which now include more Medicaid and other financial assistance programs. These programs typically involve rebates which impacts the average net selling price.

The third quarter of 2018 represents the first full quarter of sales for Trogarzo™ as it only became commercially available on April 30, 2018. For the third quarter of 2018, Trogarzo™ revenues amounted to $4,864,000 or US$3,713,000.

Cost of Sales

For the three- and nine-month periods ended August 31, 2018, cost of sales was $6,074,000 and $11,009,000 compared to $2,659,000 and $6,750,000 in the comparable periods of fiscal 2017. Cost of goods sold was $4,355,000 and $7,589,000 compared to $1,333,000 and $3,598,000 for the same periods last year. The increase in cost of goods sold is mainly due to the introduction of Trogarzo™.

Prior to the third quarter of 2018, cost of sales also included royalties due under the terms of the agreement terminating the collaboration and licensing agreement with EMD Serono, Inc., or the Termination Agreement. Following the closing of a note offering, or the Offering, on June 19, 2018, we used a portion of the net proceeds to make a full and final payment of US$23,850,000 to EMD Serono which enabled Theratechnologies to realize savings from a reduction of future payment obligations including royalty payments that were previously impacting the Company's gross profit margins. In the three- and nine-month periods ended August 31, 2018, royalties recorded on *EGRIFTA*® sales amounted to nil and $1,699,000 compared to $1,107,000 and $2,880,000 during the same periods in 2017.

The payment in connection with the settlement of the future royalty obligation has been accounted for as an other asset on the consolidated statement of the financial position.

However, during the third quarter of 2018, an amortization of $1,599,000 has been recorded in relation to the asset generated by the early payment of the estimated royalties payable over the next four to five years.

R&D Expenses

R&D expenses in the three- and nine-month periods ended August 31, 2018 amounted to $2,790,000 and $7,624,000 compared to $3,088,000 and $8,762,000 in the comparable periods of fiscal 2017.

Several factors contributed to the lowering of R&D expenses including lower costs associated with two Phase 4 clinical trials, which amounted to $475,000 and $1,243,000 in the three- and nine-month periods ended August 31, 2018 compared to $505,000 and $1,584,000 in the comparable periods of fiscal 2017. On May 1, 2018, Theratechnologies announced that it had been released from its last post-approval commitments by the FDA (see note 25(e) of our audited annual consolidated financial statements for the year ended November 30, 2017).

For the three- and nine-month period ending August 31, 2018, the reduction in R&D expenses is also explained by a decrease in medical affairs initiatives as the approval of Trogarzo™ shifted more focus towards marketing initiatives. Costs associated with the development of the F4 Formulation were also down significantly. R&D expenses also include regulatory affairs activities, such as preparation for the European filing of Trogarzo™, quality assurance and medical affairs initiatives for Trogarzo™ and *EGRIFTA*®.

Selling and Market Development Expenses

Selling and market development expenses in the three- and nine-month periods ended August 31, 2018 amounted to $6,798,000 and $21,142,000 compared to $7,074,000 and $18,032,000 in the comparable periods of fiscal 2017.

Compared to the same nine-month period last year, selling and market development expenses were impacted by higher spending to prepare the commercialization strategy of Trogarzo™ in Europe as well as expenses related to the launch meeting held in Montreal to train our sales force after the approval of TrogarzoTM by the FDA. Selling and market development expenses also include promotion of *EGRIFTA*® and Trogarzo™ in the territories where they are approved.

The amortization of the intangible asset value established for the *EGRIFTA*® and Trogarzo™, commercialization rights is also included in selling and market development expenses. We recorded an expense of $638,000 and $1,646,000 in the three- and nine-month periods ended August 31, 2018 compared to $486,000 and $1,494,000 in the prior-year periods.

General and Administrative Expenses

General and administrative expenses in the three- and nine-month periods ended August 31, 2018 amounted to $1,945,000 and $5,100,000 compared to $1,293,000 and $4,225,000 reported in the comparable periods of fiscal 2017. The increase is mainly due to professional fees associated with business development initiatives related to our preparatory work in Europe and other projects.

Finance Income

Finance income, consisting of interest income, for the three- and nine-month periods ended August 31, 2018 was $229,000 and $429,000 compared to $95,000 and $244,000 in the comparable periods of fiscal 2017. Higher finance income is related to the interest on our higher liquidity position following the closing of the Offering.

Finance Costs

Finance costs for the three- and ninth-month periods ended August 31, 2018 were $1,631,000 and $2,194,000 compared to $80,000 and $6,997,000 in the comparable periods of fiscal 2017. Finance costs include the interest on the convertible unsecured senior notes representing $866,000 and a loss of $375,000 on the repayment of the long-term obligation.

Finance costs no longer include losses related to the change in the fair value of warrant liability ($6,654,000 for the nine-month period ended August 31, 2017) as the last outstanding warrants were exercised in the third quarter of 2017.

Accretion expense was $352,000 and $876,000 for the three- and nine-month periods of 2018 compared to $288,000 and $1,090,000 for the same periods last year. For the three-month period ended August 31, 2018, accretion expense was mainly associated with the convertible unsecured senior notes issued in June 2018. Previously, accretion expense related to the long-term obligation with EMD Serono, which was settled during the quarter.

Adjusted EBITDA

Adjusted EBITDA for the three- and nine- month periods ended August 31, 2018 was $2,735,000 and $(340,000) compared to $(2,046,000) and $(5,060,000) in the comparable periods of fiscal 2017. See “Non-IFRS Financial Measures” below.

Net Profit

Taking into account the revenue and expense variations described above, we recorded a net profit of $367,000 or nil earnings per share in the third quarter of fiscal 2018 and a net loss of $(4,720,000) or $(0.06) loss per share for the nine-month period ended August 31, 2018 compared a net loss of $2,882,000 or $(0.04) per share in the three months ended August 31, 2017 and a net loss of $14,234,000 or $(0.20) per share compared for the nine-month period ended August 31, 2017.

Financial Position

For the three- and nine-month periods ended August 31, 2018, cash flow generated from (used in) operating activities was $1,151,000 and $(4,122,000) compared to $(1,975,000) and $497,000 for the same periods last year.

In the third quarter of fiscal 2018, changes in operating assets and liabilities had a negative impact on cash flow of $817,000. These changes include an increase in trade and other receivables of $4,969,000 as a result of higher sales and a $4,767,000 increase in accounts payable and accrued liabilities.

In the first nine months of fiscal 2018, changes in operating assets and liabilities negatively affected cash flow by $2,030,000 compared to a positive impact on cash flow of $6,359,000 in the comparable period of fiscal 2017. The most significant changes in 2018 were an increase in trade and other receivables of $5,338,000, an increase of inventory of $1,883,000 partially offset by an increase of accounts payable and accrued liabilities of $5,192,000.

On June 19, 2018, Theratechnologies closed a transaction of a note offering, or the Offering, which grossed US$57,500,000 including the full exercise of the over-allotment option.

The notes are direct, senior, unsecured obligations of Theratechnologies and bear interest at a rate of 5.75% per annum, payable semi-annually on June 30 and December 31 of each year, commencing on December 31, 2018. The notes are convertible into common shares of the Company. (See note 9 of the Interim Financial Statements).

Theratechnologies used a portion of the net proceeds of the Offering to fund payments totaling US$23,850,000 due under the third amendment to the Termination Agreement entered into on May 29, 2018 with EMD Serono, or the Renegotiated Agreement. (See note 6 of the Interim Financial Statements).

The Renegotiated Agreement signed with EMD Serono enabled Theratechnologies to realize savings from a reduction of future payment obligations and also to eliminate a royalty payment that was previously impacting the Company’s operating cash flow.

As a result of the aforementioned transactions, as at August 31, 2018, cash, cash equivalents and bonds amounted to $66,490,000 compared to $32,929,000 at November 30, 2017.

Quarterly Financial Information

The following table is a summary of our unaudited consolidated operating results for the last eight quarters.

(In thousands of dollars, except per share amounts)

	2018				2017			2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales	**17,714**	12,326	10,217	12,595	11,217	10,015	9,034	10,376
Royalties and license fees	**—**	—	1	1	—	1	1	1
Revenue	**17,714**	12,326	10,218	12,596	11,217	10,016	9,035	10,377
Net profit (loss)	**367**	(2,460)	(2,627)	(4,216)	(2,882)	(9,109)	(2,243)	173
Basic and diluted earnings per share (loss)	**—**	(0.03)	(0.04)	(0.06)	(0.04)	(0.12)	(0.03)	—

Results in the third quarter of 2018 reflect the contribution of Trogarzo™.

The issuance of common share purchase warrants in 2015 has had a significant effect on quarterly earnings. Variations in the fair value of the warrant liability, a non-cash item, resulted in the following gains and losses: 2017 – (Q1) a loss of $1,909,000, (Q2) a loss of $4,020,000, (Q3) a loss of $725,000, (Q4) no impact; 2016, (Q3) a gain of $782,000, (Q4) a loss of $805,000.

Factors Affecting the Variability of Quarterly Results

There are quarter-over-quarter variations in net sales revenue, principally due to changes in distributor inventory levels with some additional impact from time to time related to average net selling price, which is affected by changes in the mix of private payors versus government drug reimbursement plans.

CAD/USD currency fluctuations also have an effect when sales figures are converted to CAD for reporting purposes. Since regaining commercial rights to *EGRIFTA*®, sales have kept an overall upward trend as measured by unit sales and dollar value.

In the second quarter of fiscal 2017, the Company undertook a major expansion of its U.S. sales organization and added staffing to its medical science liaison and managed markets groups in order to cover additional territories and prepare for the potential launch of ibalizumab in the United States. As a result, *EGRIFTA*® patient numbers and, consequently, quarter over quarter sales have since been growing strongly. The Company views this initiative as a sound long-term investment in its future growth. However, in the short term, the related additional expenses have negatively affected earnings as illustrated above.

Recent Changes in Accounting Standards

Amendments Adopted

Amendments to IAS 7

On January 7, 2016, the IASB issued *Disclosure Initiative* (amendments to IAS 7). The amendments require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. One way to meet this new disclosure requirement is to provide reconciliation between the opening and closing balances for liabilities from financing activities. The required disclosures are provided in notes 8 and 9 to our Interim Financial Statements.

Outstanding Securities Data On October 2, 2018, the number of common shares issued and outstanding was 76,658,513 while outstanding options granted under our stock option plans were 2,391,871. We also had US$57,500,000 aggregate principal amount of 5.75% convertible unsecured senior notes due June 30, 2023 issued and outstanding as a result of the Offering. These notes are convertible into common shares at the option of the holder at a conversion price of US$14.85, representing a conversion rate of approximately 67.3401 common share per US$1,000 principal amount of notes. The conversion of all of the outstanding notes would result in the issuance of 3,872,055 common shares.

Contractual Obligations

There was no material change in contractual obligations during the three-month period ended August 31, 2018.

Economic and Industry Factors

Economic and industry factors were substantially unchanged from those reported in our MD&A for the fiscal year ended November 30, 2017.

Internal Control

No significant changes have occurred in our internal control over financial reporting during the period beginning on June 1, 2018 and ending on August 1, 2018.

Non-IFRS Financial Measures

Reconciliation of net profit or loss to adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA to net profit (loss) is presented in the table below. We use adjusted financial measures to assess our operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other

than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Adjusted EBITDA to measure operating performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our business, and because we believe it provides meaningful information on our financial condition and operating results.

We obtain our Adjusted EBITDA measurement by adding to net profit or loss, finance income and costs, depreciation and amortization, and income taxes. We also exclude the effects of certain non-monetary transactions recorded, such as share-based compensation for the stock option plan and write-downs (or related reversals) of inventories, for our Adjusted EBITDA calculation. We believe it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee remuneration and can vary significantly with changes in the market price of the Company's shares. In addition, other items that do not impact core operating performance of the Company may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of our operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other companies.

Adjusted EBITDA

(In thousands of Canadian dollars)

	Three-month periods ended August 31,		Nine-month periods ended August 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Net loss	367	(2,882)	(4,720)	(14,234)
Add (deduct):				
Depreciation and amortization	2,245	492	3,263	1,512
Finance costs	1,631	80	2,194	6,977
Finance income	(229)	(95)	(429)	(244)
Income tax recovery	(1,662)	—	(1,662)	—
Share-based compensation for stock option plan	239	204	872	821
Write-down of inventories	144	155	142	108
Adjusted EBITDA	2,735	(2,046)	(340)	(5,060)

Forward-Looking Information

This MD&A contains forward-looking statements and forward-looking information, or collectively, forward-looking statement, within the meaning of applicable securities laws, that are based on our management's beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as "may", "will", "should", "could, "would", "outlook", "believe", "plan", "envisage", "anticipate", "expect", and "estimate, or the negative of these terms, or variations of them. The forward-looking statements contained in this MD&A include, but are not limited to, statements regarding the growth of our revenue and cash flow, the timeline regarding the review of the marketing authorisation application filed with the EMA and the sNDA filed with the FDA, and the addition of Trogarzo™ on reimbursement formularies of public and private payers in the United States.

Forward-looking statement are based upon a number of assumptions and include, but are not limited to, the following: sales of *EGRIFTA*® and Trogarzo™ will continue to grow, the EMA will issue a marketing authorization to commercialize Trogarzo™, private and public payers in the United States will continue adding Trogarzo™ on their reimbursement formularies and the FDA will approve the sNDA .

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statement contained in this MD&A. These risks and uncertainties include, among others, the risk that sale of *EGRIFTA*® and/or Trogarzo™ decrease or cease to progress, that a recall of any of those products occur, that the EMA does not approve our marketing authorization application or seek additional studies, that the FDA does not approve the sNDA and that private and public payers in the United States cease to include Trogarzo™ as a reimbursed drug, or, even if reimbursed, that they include conditions that we are unaware of that must be met prior to reimbursing Trogarzo™.

We refer potential investors to the “Risk Factors” section of our annual information form dated February 6, 2018 for additional risks regarding the conduct of our business and Theratechnologies. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this MD&A and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this MD&A, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

Exhibit 99.33

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Philippe Dubuc, Senior Vice President and Chief Financial Officer of Theratechnologies Inc., certify the following:

1. ***Review***: I have reviewed the interim financial statements and interim MD&A, (together, the "interim filings") of Theratechnologies Inc. (the "issuer") for the interim period ended August 31, 2018.

2. ***No misrepresentations***: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation***: Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility***: The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. ***Design***: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officers(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework***: The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control over Financial Reporting – Guidance for Smaller Public Companies (COSO).

5.2 N/A

5.3 N/A

6. ***Reporting changes in ICFR***: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on June 1, 2018 and ended on August 31, 2018 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: October 4, 2018

(Signed) Philippe Dubuc

Philippe Dubuc
Senior Vice President and Chief Financial Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Luc Tanguay, President and Chief Executive Officer of Theratechnologies Inc., certify the following:

1. ***Review***: I have reviewed the interim financial statements and interim MD&A, (together, the "interim filings") of Theratechnologies Inc. (the "issuer") for the interim period ended August 31, 2018.

2. ***No misrepresentations***: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation***: Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility***: The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. ***Design***: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officers(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework***: The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control over Financial Reporting – Guidance for Smaller Public Companies (COSO).

5.2 N/A

5.3 N/A

6. ***Reporting changes in ICFR***: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on June 1, 2018 and ended on August 31, 2018 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: October 4, 2018

(Signed) Luc Tanguay

Luc Tanguay
President and Chief Executive Officer

News Release

THERATECHNOLOGIES ANNOUNCES FINANCIAL RESULTS

FOR FISCAL YEAR 2018

Montreal, Canada – February 21, 2019 – Theratechnologies Inc. (Theratechnologies) (TSX: TH) today announced its financial results for the year ended November 30, 2018.

Fiscal Year 2018 Financial Highlights

- Record revenue with net sales of $58,553,000, up 36.6% from previous year
- *EGRIFTA*® sales reach $46,941,000, up 10% from previous year
- Trogarzo® sales reach $11,611,000
- Adjusted EBITDA of 2,259,000[1] in 2018
- Strong cash position of $71,637,000

"We have every reason to rejoice at what was accomplished during our last fiscal year. The launch of Trogarzo® is proving to be the game changer we thought it would become once launched in the United States while *EGRIFTA*® continues to deliver growth and leverage. We will continue to build and develop our two assets in the United States while we keep on preparing for the potential launch of Trogarzo® in Europe and the launch of the new formulation of *EGRIFTA*® in the United States," said Luc Tanguay, President and CEO, Theratechnologies Inc.

Fiscal Year 2018 Financial Results

The financial results presented in this press release are taken from the Company's Management's Discussion and Analysis, or MD&A, and audited consolidated financial statements for the twelve-month period ended November 30, 2018, which have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. The MD&A and the audited consolidated financial statements can be found at www.sedar.com and www.theratech.com. Unless specified otherwise, all amounts in this press release are in Canadian dollars and all capitalized terms have the meaning ascribed thereto in our MD&A. As used herein, *EGRIFTA*® refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. Trogarzo® refers to ibalizumab for the treatment of multidrug resistant HIV-1 patients

For the year ended November 30, 2018

Consolidated revenue for the year ended November 30, 2018 was $58,553,000 compared to $42,864,000 for the same period ended November 30, 2017, an increase of 36.6%. Revenue growth reflects the added contribution of Trogarzo® as well as the continued progression of *EGRIFTA*® sales.

1 See "Non-IFRS Financial Measures" below

Annual net sales of *EGRIFTA*® were our strongest ever. For the year ended November 30, 2018, sales of *EGRIFTA*® were $46,941,000 or US$36,329,000 compared to $42,861,000 or US$33,020,000 for the same period last year, representing an increase of 10% in US.

Sales of Trogarzo® reached $11,611,000 or US$8,887,000 as at November 30, 2018. Approved in the United States on March 6, 2018, Trogarzo® has been commercially available since April 30, 2018. Trogarzo® is increasingly contributing to revenue growth and financial results.

For the year ended November 30, 2018, **cost of sales** was $17,225,000 compared to $10,273,000 in the comparable period of Fiscal 2017. Cost of sales includes the cost of goods sold which amounted to $12,188,000 in Fiscal 2018 compared to $4,991,000 in Fiscal 2017. The increase in cost of goods sold is mainly due to the introduction of Trogarzo® and higher sales of *EGRIFTA*®.

In Fiscal 2017, the cost of sales also included other production-related costs of $1,296,000, which was principally due to the write-down of inventories as a result of losses incurred during conversion of raw materials to finished goods and losses associated with expired goods.

Prior to the third quarter of 2018, cost of sales included royalties due under the terms of an agreement terminating our collaboration and licensing agreement with EMD Serono, or EMD Serono Termination Agreement. Following the closing of a note offering, we used a portion of the net proceeds to make a full and final payment of US$23,850,000 to EMD Serono which enabled Theratechnologies to realize savings from a reduction of future payment obligations including royalty payments.

The payment in connection with the settlement of the future royalty obligation has been accounted as “Other asset” on the consolidated statement of the financial position. Consequently, during Fiscal 2018, an amortization of $3,196,000 has been recorded in relation to this transaction.

R&D expenses amounted to $10,324,000 for Fiscal 2018 compared to $11,856,000 in Fiscal 2017.

Several factors contributed to the lowering of R&D expenses in Fiscal 2018, including lower costs associated with two Phase 4 clinical trials. On May 1, 2018, Theratechnologies announced that it had been released from its last post-approval commitments by the FDA.

R&D expenses include costs associated with the regulatory submission of Trogarzo® in Europe, the filing of the F4 formulation of *EGRIFTA*® in the United States and the medical science liaison and field medical education teams in the US.

Selling and market development expenses for the year ended November 30, 2018 amounted to $27,990,000 compared to $26,017,000 for the same period last year.

Activities for the launch and marketing of Trogarzo® in the United States are mostly responsible for the increase in selling and market development costs.

The amortization of the intangible asset value established for the *EGRIFTA*® and Trogarzo® commercialization rights is also included in selling and market development expenses. We recorded an expense of $2,285,000 in Fiscal 2018 compared to $1,968,000 for Fiscal 2017.

General and administrative expenses for the year ended November 30, 2018 amounted to $7,549,000 compared to $5,816,000 for the same period in Fiscal 2017. The increase is mainly due to the growth and development of the Company and to professional fees associated with business development initiatives, our preparatory work in Europe and other projects.

Finance income, consisting of interest income, for the year ended November 30, 2018 amounted to $791,000 compared to $338,000 in Fiscal 2017. Higher finance income is related to the interest on our higher liquidity position following the closing of the Offering.

Finance costs for the year ended November 30, 2018 came to $3,931,000 compared to $7,690,000 for the same period last year. In 2018, finance costs include the interest on the Notes representing $1,945,000 and a loss of $375,000 on the repayment of the long-term obligation.

Finance costs no longer include losses related to the change in the fair value of warrant liability ($6,654,000 in Fiscal 2017) as the last outstanding warrants were exercised in the third quarter of 2017.

Accretion expense in Fiscal 2018 was $1,347,000 compared to $1,371,000 in Fiscal 2017. Accretion expense is mainly associated with the Notes issued in June 2018. Previously, accretion expense related to the long-term obligation with EMD Serono, which was settled in the third quarter of Fiscal 2018.

Adjusted EBITDA for Fiscal 2018 was $2,259,000 compared to $(6,947,000) in Fiscal 2017, reflecting increased sales and margins, including the growing contribution of Trogarzo® while maintaining expenses relatively stable. See “Non-IFRS Financial Measures” below.

Taking into account the revenue and expense variations described above, we recorded a **net loss** of $6,013,000 or $0.08 per share in Fiscal 2018 compared to a net loss of $18,450,000 or $0.25 in Fiscal 2017.

For Fiscal 2018, cash flow used in operating activities was $444,000 compared to cash flow generated of $2,455,000 in Fiscal 2017.

In Fiscal 2018, changes in operating assets and liabilities negatively affected cash flow by $84,000 compared to a positive impact on cash flow of $10,989,000 in Fiscal 2017. The most significant changes in 2018 were an increase in trade and other receivables of $4,523,000, an increase of inventory of $5,180,000 offset by an increase of accounts payable and accrued liabilities of $10,125,000. Those changes are directly related to the increase in our commercial activities.

As at November 30, 2018, **cash, bonds and money market funds** amounted to $71,637,000.

Fourth Quarter 2018 Financial Results

Consolidated revenue for the three months ended November 30, 2018 amounted to $18,295,000 compared to $12,596,000 for the same period last year, representing an increase of 45%.

For the fourth quarter of Fiscal 2018, sales of *EGRIFTA*® reached $12,734,000 or US$9,732,000 compared to $12,595,000 or US$10,033,000 in the fourth quarter of the prior year. In Q4 2018, *EGRIFTA*® unit sales were negatively impacted by inventory adjustments at the distributor level. This was offset by a higher selling price, the reversal of an accrued liability and a favourable variation in the exchange rate.

In the fourth quarter of 2018, Trogarzo® sales amounted to $5,561,000 or US$4,250,000, representing an increase of 14.3% from the previous quarter of 2018.

For the three-month period ended November 30, 2018, **cost of sales** was $6,216,000 compared to $3,523,000 in the comparable period of Fiscal 2017. Cost of goods sold was $4,599,000 compared to $1,393,000 for the same period last year. The increase in cost of goods sold is mainly due to the introduction of Trogarzo®. For the same quarter of Fiscal 2017, cost of sales included production-related costs of $1,024,000 which were mainly due to inventory write-downs. Other components of cost of sales include amortization of $1,597,000 in 2018 and royalty payments to EMD Serono Inc. of $1,106,000 in 2017.

R&D expenses in the three-month period ended November 30, 2018 amounted to $2,700,000 compared to $3,094,000 in the comparable period of Fiscal 2017. As previously explained, this decrease is largely due to the FDA decision to release Theratechnologies from its last post-approval commitments relating to *EGRIFTA*®.

Selling and market development expenses in the three-month period ended November 30, 2018 amounted to $6,848,000 compared to $7,985,000 in the comparable period of Fiscal 2017.

The reduction in selling and marketing expenses from quarter to quarter is mainly due the upfront investments made in 2017 to prepare the launch of Trogarzo®.

The amortization of the intangible asset value established for the *EGRIFTA*® and Trogarzo® commercialization rights is also included in selling and market development expenses. We recorded an expense of $638,000 for the fourth quarter of Fiscal 2018 compared to $474,000 for the same quarter last year.

General and administrative expenses in fourth quarter of Fiscal 2018 amounted to $2,449,000 compared to $1,591,000 reported in the same period of Fiscal 2017. The increase is mainly associated with business growth and various business development initiatives related to our preparatory work in Europe and other projects.

Finance income, consisting of interest income, for the three-month period ended November 30, 2018 was $362,000 compared to $94,000 in the comparable quarter of Fiscal 2017. Higher finance income is related to the interest on our higher liquidity position following the closing of the Offering.

Finance costs for the fourth quarter of Fiscal 2018 were $1,737,000 compared to $713,000 for the same quarter of Fiscal 2017. As previously stated, finance costs include the interest on the Notes and a loss on the repayment of the long-term obligation.

Finance costs also include accretion expense, which was $471,000 for the fourth quarter of 2018 compared to $281,000 for the same period last year. In the fourth quarter of 2018, the accretion expense was mainly associated with the Notes issued in June 2018. Previously, accretion expense related to the long-term obligation with EMD Serono, which was settled during the third quarter.

Adjusted EBITDA for the fourth quarter of 2018 was $2,599,000 compared to $(1,887,000) in same period of Fiscal 2017. See “Non-IFRS Financial Measures” below.

Taking into account the revenue and expense variations described above, we recorded a **net loss** of $1,293,000 or $0.02 loss per share in the fourth quarter of Fiscal 2018 in comparison to a net loss of $4,216,000 or $0.06 loss per share in the fourth quarter of 2017.

For the three-month period ended November 30, 2018, **operating activities** generated cash of $3,678,000 compared to $1,958,000 in the comparable period of Fiscal 2017.

In the fourth quarter of Fiscal 2018, changes in operating assets and liabilities had a positive impact on cash flow of $1,946,000. These changes include an increase of $4,933,000 in accounts payable and accrued liabilities and a decrease in accounts receivable of $815,000, which were mainly offset by a $3,297,000 increase in inventories. These changes are related to the increase in our commercial activities.

Non-IFRS Financial Measures

Reconciliation of net profit or loss to adjusted earnings before interest, taxes, depreciation and amortization *(Adjusted EBITDA)*

Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA to net profit (loss) is presented in the table below. We use adjusted financial measures to assess our operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Adjusted EBITDA to measure operating performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our business, and because we believe it provides meaningful information on our financial condition and operating results.

We obtain our Adjusted EBITDA measurement by adding to net profit or loss, finance income and costs, depreciation and amortization, and income taxes. We also exclude the effects of certain non-monetary transactions recorded, such as share-based compensation for the stock option plan and write-downs (or related reversals) of inventories, for our Adjusted EBITDA calculation. We believe it is useful to exclude

these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee remuneration and can vary significantly with changes in the market price of the Company's shares. In addition, other items that do not impact core operating performance of the Company may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of our operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other companies.

Adjusted EBITDA
(In thousands of Canadian dollars)

	Three-month periods ended November 30		Year-ended November 30		
	2018	2017	**2018**	2017	2016
Net (loss) profit	**(1,293)**	(4,216)	**(6,013)**	(18,450)	410
Add (deduct)					
Depreciation and amortization	**2,244**	480	**5,507**	1,992	2,108
Finance costs	**1,737**	713	**3,931**	7,690	2,993
Finance income	**(362)**	(94)	**(791)**	(338)	(104)
Income tax (recovery) expense	**—**	—	**(1,662)**	—	639
Share-based compensation for stock option plan	**225**	194	**1,097**	1,015	563
Write-down of inventories	**48**	1,036	**190**	1,144	(36)
Adjusted EBITDA	**2,599**	(1,887)	**2,259**	(6,947)	6,573

Conference Call Details

A conference call will be held today at 8:30 a.m. (ET) to discuss the results. The conference call will be open to questions from financial analysts. Media and other interested individuals are invited to participate in the call on a "listen-only" basis.

The conference call can be accessed by dialling 1-877-223-4471 (North America) or 1-647-788-4922 (International). The conference call will also be accessible via webcast at http://www.gowebcasting.com/9872. Audio replay of the conference call will be available two hours after the call's completion until March 8, 2019, by dialling 1-800-585-8367 (North America) or 1-416-621-4642 (International) and by entering the playback code 9488739.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV. Further information about Theratechnologies is available on the Company's website at www.theratech.com and on SEDAR at www.sedar.com.

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management's beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or the negatives of these terms, or variations of them. The forward-looking statements contained in this press release include, but are not limited to, statements regarding the development of our products in the United States, the approval of Trogarzo® in Europe and the launch of a new formulation in the United States.

Forward-looking statements are based upon a number of assumptions and include, but are not limited to, the following: sales of *EGRIFTA*® and Trogarzo® will continue to grow in the United States, no untowards side-effects will be discovered from the long-term use of our products, the European Commission will approve Trogarzo® for commercialization in Europe, and, if approved, Trogarzo® will be accepted for use by healthcare professionals, patients and payors, and the manufacturing validation of the new formulation will be completed this year.

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statements contained in this press release. Some of those risks include a decrease in sales of *EGRIFTA*® or Trogarzo® during the 2019 fiscal year, a recall of a product, the issuance of an order or decision by a regulatory authority negatively affecting the commercialization of our products, the non-approval of Trogarzo® by the European Commission and our incapacity to complete the manufacturing validation of the new formulation.

We refer potential investors to the "Risk Factors" section of our Annual Information Form dated February 20, 2019 for additional risks and uncertainties regarding our business. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this press release and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this press release, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

Contact:
Denis Boucher
Vice President, Communications and Corporate Affairs
514-336-7800 ext. 236

Consolidated Financial Statements
(In thousands of Canadian dollars)

THERATECHNOLOGIES INC.

November 30, 2018 and 2017

THERATECHNOLOGIES INC.

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(In thousands of Canadian dollars)

KPMG LLP
600 de Maisonneuve Blvd. West
Suite 1500, Tour KPMG
Montréal (Québec) H3A 0A3
Canada

Telephone (514) 840-2100
Fax (514) 840-2187
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Theratechnologies Inc.

We have audited the accompanying consolidated financial statements of Theratechnologies Inc., which comprise the consolidated statements of financial position as at November 30, 2018 and November 30, 2017, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Theratechnologies Inc. as at November 30, 2018 and November 30, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

KPMG LLP*

February 20, 2019
Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A110592

THERATECHNOLOGIES INC.

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

November 30, 2018 and November 30, 2017

	Note	2018	2017
Assets			
Current assets:			
Cash		$ 51,842	$ 1,760
Bonds and money market funds	7	12,882	21,303
Trade and other receivables	8	14,560	9,737
Inventories	10	14,736	9,339
Prepaid expenses and deposits		2,121	1,012
Derivative financial assets	18(c)	1,710	1,444
Total current assets		97,851	44,595
Non-current assets:			
Bonds and money market funds	7	6,913	9,866
Property and equipment	11	135	62
Intangible assets	12	20,100	21,772
Other asset	13	22,718	–
Total non-current assets		49,866	31,700
Total assets		$ 147,717	$ 76,295
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	14	$ 34,338	$ 23,201
Provisions	15	1,348	753
Current portion of long-term obligation	16	–	4,676
Deferred revenue		36	–
Total current liabilities		35,722	28,630
Non-current liabilities:			
Long-term obligation	16	–	4,543
Convertible unsecured senior notes	17	65,451	–
Total non-current liabilities		65,451	4,543
Total liabilities		101,173	33,173
Equity			
Share capital	18	335,237	328,660
Equity component of convertible unsecured senior notes	17	5,838	–
Contributed surplus		10,455	15,115
Deficit		(306,295)	(300,725)
Accumulated other comprehensive income		1,309	72
Total equity		46,544	43,122
Commitments	24		
Total liabilities and equity		$ 147,717	$ 76,295

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

Approved by the Board of Directors

(signed) Paul Pommier Director

(signed) Jean-Denis Talon Director

THERATECHNOLOGIES INC.

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

Years ended November 30, 2018 and 2017

	Note	2018	2017
Revenue	4	$ 58,553	$ 42,864
Operating expenses:			
Cost of sales:			
Cost of goods sold		12,188	4,991
Other production related costs		142	1,296
Royalties		1,699	3,986
Amortization of other asset		3,196	–
Research and development expenses		10,324	11,856
Selling and market development expenses		27,990	26,017
General and administrative expenses		7,549	5,816
Total operating expenses		63,088	53,962
Loss from operating activities		(4,535)	(11,098)
Finance income	6	791	338
Finance costs	6	(3,931)	(7,690)
		(3,140)	(7,352)
Loss before income taxes		(7,675)	(18,450)
Income tax recovery	19	1,662	–
Net loss		(6,013)	(18,450)
Other comprehensive (loss) income, net of tax			
Items that may be reclassified to net profit in the future:			
Net change in fair value of available-for-sale financial assets, net of tax		(24)	(99)
Exchange difference on translation		1,261	(1,668)
		1,237	(1,767)
Total comprehensive loss		$ (4,776)	$ (20,217)
Loss per share:			
Basic and diluted	18(g)	$ (0.08)	$ (0.25)

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

THERATECHNOLOGIES INC.

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

Years ended November 30, 2018 and 2017

	Note	Share capital Number of shares	Share capital Amount	Equity component of convertible notes	Contributed surplus	Deficit	Accumulated other comprehensive income	Total
			$	$	$	$	$	$
Balance as at November 30, 2016		65,996,069	291,529	–	14,190	(280,667)	1,839	26,891
Total comprehensive loss								
Net loss for the year		–	–	–	–	(18,450)	–	(18,450)
Other comprehensive loss:								
Net change in fair value of available-for-sale financial assets, net of tax		–	–	–	–	–	(99)	(99)
Exchange differences on translation		–	–	–	–	–	(1,668)	(1,668)
Total comprehensive loss		–	–	–	–	(18,450)	(1,767)	(20,217)
Transactions with owners, recorded directly in equity								
Public issue of common shares	18(a)	5,323,000	16,501	–	–	–	–	16,501
Issuance of broker options	18(a)	–	–	–	183	–	–	183
Share issue costs	18(a)	–	–	–	–	(1,608)	–	(1,608)
Exercise of broker warrants	18(a)	124,000	360	–	(62)	–	–	298
Exercise of common share purchase warrants		2,380,900	15,531	–	(40)	–	–	15,491
Exercise of broker options	18(a)	173,530	687	–	(149)	–	–	538
Issuance of common shares - TaiMed	12	906,077	4,001	–	–	–	–	4,001
Share-based compensation plan:								
Share-based compensation for stock option plan	18(f)	–	–	–	1,015	–	–	1,015
Exercise of stock options:								
Monetary consideration		58,474	29	–	–	–	–	29
Attributed value		–	22	–	(22)	–	–	–
Total contributions by owners		8,965,981	37,131	–	925	(1,608)	–	36,448
Balance as at November 30, 2017		74,962,050	328,660	–	15,115	(300,725)	72	43,122
Total comprehensive loss								
Net loss		–	–	–	–	(6,013)	–	(6,013)
Other comprehensive income:								
Net change in fair value of available-for-sale financial assets, net of tax		–	–	–	–	–	(24)	(24)
Exchange differences on translation		–	–	–	–	–	1,261	1,261
Total comprehensive loss		–	–	–	–	(6,013)	1,237	(4,776)
Transactions with owners, recorded directly in equity								
Recognition of previously unrecognized tax assets from item originally recorded in equity	18	–	–	–	–	443	–	443
Equity component of convertible unsecured senior notes, net of income taxes of $2,105	17	–	–	5,838	–	–	–	5,838
Share-based compensation plan:								
Share-based compensation for stock option plan	18(f)	–	–	–	1,097	–	–	1,097
Exercise of stock options:								
Monetary consideration		412,734	698	–	–	–	–	698
Attributed value		–	508	–	(508)	–	–	–
Exercise of broker option		39,390	156	–	(34)	–	–	122
Issuance of common shares - TaiMed	18(b)	1,463,505	5,215	–	(5,215)	–	–	–
Total contributions by owners		1,915,629	6,577	5,838	(4,660)	443	–	8,198
Balance as at November 30, 2018		76,877,679	335,237	5,838	10,455	(306,295)	1,309	46,544

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

THERATECHNOLOGIES INC.

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

Years ended November 30, 2018 and 2017

	Note	2018	2017
Cash flows from (used in):			
Operating:			
Net loss		$ (6,013)	$ (18,450)
Adjustments for:			
Depreciation of property and equipment	11	26	24
Amortization of intangible assets and other asset	12 and 13	5,481	1,968
Change in deferred revenue		35	(96)
Share-based compensation for stock option plan		1,097	1,015
Deferred income tax recovery		(1,662)	–
Write-down of inventories	10	190	1,144
Change in fair value of derivative financial assets	18(e)	(253)	(770)
Change in fair value of liability related to deferred stock unit plan	18(e)	250	761
Change in fair value of warrant liability and related exchange loss		–	6,654
Interest income		(67)	(338)
Interest received		265	(105)
Accretion expense	6	1,347	1,371
Foreign exchange		(1,431)	(1,658)
Gain on expired common share purchase warrants		–	(54)
Loss on repayment of long-term obligation		375	–
		(360)	(8,534)
Changes in operating assets and liabilities:			
Trade and other receivables		(4,523)	(3,324)
Inventories		(5,180)	1,261
Prepaid expenses and deposits		(1,054)	79
Accounts payable and accrued liabilities		10,125	12,657
Provisions		548	316
		(84)	10,989
		(444)	2,455
Financing:			
Proceeds from issue on convertible unsecured senior notes		75,319	–
Convertible unsecured senior notes issue costs		(3,701)	–
Repayment of long-term obligation		(10,180)	(5,390)
Proceeds from issue of common shares		–	16,501
Share issue costs		–	(1,425)
Proceeds from exercise of stock options		698	29
Proceeds from exercise of broker warrants	18(a)	–	298
Proceeds from exercise of broker options	18(a)	122	538
Proceeds from exercise of common share purchase warrants		–	7,143
		62,258	17,694
Investing			
Acquisition of other asset	13	(25,582)	–
Acquisition of intangible assets	12	(21)	(53)
Acquisition of property and equipment	11	(31)	(42)
Proceeds from sale of bonds and money market funds		33,961	32,422
Acquisition of bonds and money market funds		(22,510)	(53,029)
Acquisition of derivative financial assets		(12)	(59)
		(14,195)	(20,761)
Net change in cash		47,619	(612)
Cash, beginning of year		1,760	1,059
Effect of foreign exchange on cash		2,463	1,313
Cash, end of year		$ 51,842	$ 1,760

See Note 20 for supplemental cash flow disclosures.

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

Theratechnologies Inc. is a specialty pharmaceutical company addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV.

The 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, Montréal, Québec, H3A 1T8.

1. Basis of preparation:

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on February 20, 2019.

Basis of measurement

The Company's consolidated financial statements have been prepared on a going concern and historical cost bases, except for available-for-sale financial assets, derivative financial assets, liabilities related to cash-settled share-based arrangements and derivative financial liabilities, which are measured at fair value. Equity-classified share-based payment arrangements are measured at fair value at grant date pursuant to IFRS 2, *Share-based payment*.

The methods used to measure fair value are discussed further in Note 23.

Functional and presentation currency

The Company's functional currency is the United States dollar ("USD"). These consolidated financial statements are presented in Canadian dollars ("CAD"). The exchange difference resulting from the translation of the consolidated financial statements from USD to CAD is included in "Accumulated other comprehensive income" presented in equity.

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

1. Basis of preparation (continued):

Use of estimates and judgments

The preparation of the Company's consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting year.

Judgments in applying accounting policies

Information about critical judgments in applying accounting policies and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements is noted below.

Milestone payments related to Trogarzo®

The commercialization rights related to Trogarzo® are subject to additional milestone payments based on the attainment of commercial milestones, including development, launch and sales milestones. Milestones payments will be accrued and recorded in the cost of intangible assets when it is probable that they will be paid. The determination of probability to pay the milestones is subject to judgment. In order to demonstrate that the commercial milestone payment is probable, the following will be taken into consideration: product approval, product launch and approved development plan. In addition, there should be a sufficient history of sales to have reasonable expectation that the commercial milestone payments related to sales milestone will be reached.

Convertible senior unsecured notes

The determination of the fair value of the liability component of a convertible instrument is based on the estimated interest rate that the Company could obtain for a similar debt instrument without a conversion option.

Key sources of estimation uncertainty

Key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Sales promotional programs

Management uses judgment in estimating provisions for sale deductions such as cash discounts, allowances, returns, rebates, chargebacks and distribution fees (see Notes 2 (Revenue recognition, Net sales) and 4 for additional information).

1. Basis of preparation (continued):

Use of estimates and judgments (continued)

Key sources of estimation uncertainty (continued)

Other

Other areas of judgment and uncertainty related to the estimation of accruals for clinical trial expenses, the recoverability of inventories, the measurement and recoverability of intangible assets, the measurement of derivative financial assets, and the measurement of share-based arrangements.

Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures management intends to take. Actual results could differ from those estimates.

The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2. Significant accounting policies:

The accounting policies have been applied consistently by the subsidiaries of the Company.

Basis of consolidation

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries are entities controlled by the Company. Control is present where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into consideration. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Company.

Intercompany balances and transactions, revenues and expenses resulting from transactions between subsidiaries and with the Company are eliminated in preparing the consolidated financial statements.

2. Significant accounting policies (continued):

Foreign currencies

Transactions in foreign currencies are translated to the functional currency at exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate in effect at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the reporting year, adjusted for effective interest and payments during the reporting year, and the amortized cost in foreign currency translated at the exchange rate in effect at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate in effect at the date on which the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate in effect at the date of the transaction. Foreign currency differences arising on translation are recognized in net profit, except for differences arising on the translation of available-for-sale equity instruments, which are recognized in other comprehensive income. The foreign exchange gain or loss arising from the conversion of the consolidated financial statements from USD, its functional currency, to CAD, its reporting currency, is recorded in accumulated other comprehensive income.

Revenue recognition

Net sales

Revenues from the sale of goods are recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue from the sale of goods is recognized net of estimated cash discounts, allowances, returns, rebates, chargebacks and distribution fees paid to its wholesalers at the time the related revenue is recorded or when the incentives are offered. The Company offers cash discounts for prompt payment to wholesalers. Cash discounts and allowances are estimated based on contractual sales terms with customers and historical payment experience. The Company allows customers to return product within a specified period of time before and after its expiration date. Provisions for returns are estimated based on historical return levels, taking into account additional available information on contract changes. The Company is subject to rebates on sales made under governmental and commercial rebate programs, and chargebacks on sales made to government agencies and retail pharmacies. Rebates and chargebacks are estimated based on historical experience, relevant statutes with respect to governmental pricing programs, and contractual sales terms. Distribution fees are estimated based on contractual terms with distributors.

2. Significant accounting policies (continued):

Cost of sales

Cost of goods sold

Cost of goods sold includes the cost of raw materials, supplies, direct labour and overhead charges allocated to goods sold.

Other production related costs

Other production related costs include unallocated indirect costs related to production as well as write-downs of inventories.

Royalties

Royalties include royalties payable under the 2013 Termination Agreement (Note 14). Amortization of the other asset The amortization of the other asset relates to the repurchase of the future royalty rights under the 2013 Termination Agreement (Note 13).

Employee benefits

Salaries and short-term employee benefits

Salaries and short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term profit-sharing or cash bonus plans if the Company has a legal or constructive obligation to pay an amount as a result of past services rendered by an employee and the obligation can be estimated reliably.

Post-employment benefits

Post-employment benefits include a defined contribution plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense when due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. The Company's defined contribution plan comprises the registered retirement savings plan, the Québec Pension Plan and employment insurance.

Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

2. Significant accounting policies (continued):

Finance income and finance costs

Finance income comprises interest income on available-for-sale financial assets and gains (losses) on the disposal of available-for-sale financial assets. Interest income is recognized as it accrues in net profit using the effective interest method.

Finance costs comprise bank charges, interest and accretion expense on convertible unsecured senior notes and the long-term obligation, impairment losses on financial assets recognized in net profit, changes in fair value of liabilities and derivatives, unrealized foreign currency gain or loss on long-term obligation and other foreign currency gains and losses which are reported on a net basis.

Inventories

Inventories are presented at the lower of cost, determined using the first in, first out method, and net realizable value. Inventory costs include the purchase price and other costs directly related to the acquisition of materials and other costs incurred in bringing the inventories to their present location and condition. The Company is responsible for coordinating the production and stability testing and for auditing suppliers at different times during the manufacturing process. Inventory costs also include the costs directly related to the conversion of materials into finished goods. Net realizable value is the estimated selling price in the Company's ordinary course of business less the estimated costs of completion and selling expenses.

Work in progress inventory appears from the moment third party suppliers use the material provided by the Company until the time the Company receives the finished product. The value of work in progress inventory is equal to the value of material provided by the Company plus all conversion work performed by third party suppliers.

Derivative financial instruments

Derivative financial instruments are recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. The changes in the fair value of derivatives are recognized through profit or loss in the year in which they occur.

Property and equipment

Recognition and measurement

Items of property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and the costs of dismantling and removing the item and restoring the site on which it is located, if any.

2. Significant accounting policies (continued):

Property and equipment (continued)

Recognition and measurement (continued)

Construction in progress assets are capitalized during construction and depreciation commences when the asset is available for use.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in net profit or loss.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of items of property and equipment are recognized in net profit or loss as incurred.

Depreciation

The estimated useful lives, methods of depreciation and depreciation rates and periods are as follows:

Asset	Method	Rate/period
Computer equipment	Declining balance	50%
Laboratory equipment	Declining balance	20%
	and straight-line	5 years
Office furniture and equipment	Declining balance	20%
Leasehold improvements	Straight-line	Lower of lease term and economic life

The method of depreciation is selected based on the most closely expected pattern of consumption of the future economic benefits embodied in the asset.

Estimates for depreciation methods, useful lives and residual values are reviewed at each year-end and adjusted if appropriate.

2. Significant accounting policies (continued):

Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. A development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria are usually met when a regulatory filing has been made in a major market and approval is considered highly probable. The expenditure capitalized includes the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are expensed as incurred. Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses.

During the years ended November 30, 2018 and 2017, no development expenditures were capitalized.

Commercialization rights

Commercialization rights acquired by the Company have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent changes in the fair value of the contingent considerations on the acquisition of intangible assets are recorded in the cost of the asset. Commercialization rights - *EGRIFTA*® are amortized at fixed rates based on their estimated useful life of 111 months on a straight-line basis. Commercialization rights - Trogarzo® North American Territory are amortized at fixed rates based on their useful life of 142 months on a straight-line basis. Commercialization rights - Trogarzo® - European Territory will be amortized after marketing approval of Trogarzo® is obtained for the European Territory.

The amortization method and useful life of intangible assets are reviewed every year and adjusted as required.

Other asset

Other asset, which comprises the amount disbursed in connection with the repurchase of the future royalty rights under the 2013 Termination Agreement (Note 13), is amortized over its estimated useful life of 48 months.

2. Significant accounting policies (continued):

Financial instruments

The Company's financial instruments are classified into one of three categories: loans and receivables, available-for-sale financial assets and other financial liabilities.

Loans and receivables and other financial liabilities are initially recognized on the date on which they originate at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company has classified cash and trade and other receivables as loans and receivables, and accounts payable and accrued liabilities, the convertible unsecured senior notes as well as the long-term obligation as other financial liabilities.

The Company has classified its bonds and money market funds as available-for-sale financial assets. The Company has presented its bonds with a maturity of less than 12 months as current assets.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. They are initially recognized on the date on which they originate at fair value. Transactions costs are recognized in profit or loss. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented within equity. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to net profit.

Compound financial instruments

Compound financial instruments are instruments that contain both liability component and an equity component, and the liability component can be converted into share capital at the option of the holder and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversation option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Any directly attributable transaction costs are allocated to the liability and equity component in proportion to their initial carrying amounts.

Leases

Operating lease payments are recognized in net profit on a straight-line basis over the term of the lease.

2. Significant accounting policies (continued):

Leases (continued)

Lease inducements arising from leasehold improvement allowances and rent-free periods form an integral part of the total lease cost and are deferred and recognized in net profit over the term of the lease on a straight-line basis.

Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each financial statement reporting date to determine whether there is objective evidence that it is impaired. The Company considers that a financial asset is impaired if objective evidence indicates that one or more loss events had a negative effect on the estimated future cash flows of that asset and if the effect can be estimated reliably.

An impairment test is performed on an individual basis for each material financial asset. Other individually non-material financial assets are tested as groups of financial assets with similar risk characteristics. Impairment losses are recognized in net profit.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net profit and reflected in an allowance account against the respective financial asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net profit.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in unrealized gains (losses) on available-for-sale financial assets in equity, to net profit. The cumulative loss that is removed from other comprehensive income and recognized in net profit is the difference between the acquisition cost, net of any principal repayment and amortization and the current fair value, less any impairment loss previously recognized in net profit. Changes in impairment provisions attributable to time value are reflected as a separate component of interest income.

If, in a subsequent year, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in net profit, then the impairment loss is reversed, with the amount of the reversal recognized in net profit. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

2. Significant accounting policies (continued):

Impairment (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows from other assets or groups of assets ("cash-generating unit"). The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, 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 or the cash-generating unit. Impairment losses recognized in prior years are determined by the Company at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An asset's carrying amount, increased through the reversal of an impairment loss, must not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are assessed by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in finance costs.

Chargebacks and rebates

Chargebacks and rebates are estimated based on historical experience, relevant statutes with respect to governmental pricing programs, and contractual sales terms.

Returns

Provisions for returns are estimated based on historical return levels, taking into account additional available information on contract changes. The Company reviews its methodology and adequacy of the provision for returns on a quarterly basis, adjusting for changes in assumptions, historical results and business practices, as necessary.

2. Significant accounting policies (continued):

Provisions (continued)

Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events (and therefore exists) but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or because the amount of the obligation cannot be estimated reliably.

Income taxes

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in net profit except to the extent that they relate to items recognized directly in other comprehensive income or in equity.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and deferred tax losses that can be used against taxable profit in future years. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse and to fiscal losses when they will be used, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax liability is generally recognized for all taxable temporary differences.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. Significant accounting policies (continued):

Share-based compensation

Share option plan

The Company records share-based compensation related to employee stock options granted using the fair-value-based method estimated using the Black-Scholes model. Under this method, compensation cost is measured at fair value at the date of grant and expensed, as employee benefits, over the period in which employees unconditionally become entitled to the options. The amount recognized as an expense is adjusted to reflect the number of options for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of options that do meet the related service conditions at the vesting date.

Share-based payment arrangements in which the Company receives services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

Deferred stock unit plan

The deferred stock units (“DSUs”) are totally vested on the date of grant and are settled in cash. In the case of the DSUs granted to officers for annual bonuses, a DSU liability is recorded on the date of grant at the market value of the common shares in place of the liability for the bonus payments. In the case of the directors, the expense related to DSUs and their liabilities are recognized on the date of grant. The liability is adjusted to reflect any change in the market value of common shares.

Cash-settled stock appreciation rights

The stock appreciation rights (“SARs”) entitle the grantee to a cash payment based on the increase in the share price of the Company’s common shares from the grant date to the settlement date.

A liability is recognized for the services acquired and is recorded at the fair value of the SARs in other non-current liabilities, with a corresponding expense recognized in selling and administrative expenses over the period that the employees become unconditionally entitled to the payment. The fair value of the employee benefits expense of the SARs is measured using the Black-Scholes model.

2. Significant accounting policies (continued):

Cash-settled stock appreciation rights (continued)

Estimating fair value requires determining the most appropriate inputs to the valuation model including the expected life of the SARs, volatility, risk-free interest rate and dividend yield and making assumptions about them. At the end of each reporting period until the liability is settled, the fair value of the liability is remeasured, with any changes in fair value recognized in the consolidated statements of earnings and comprehensive income of the current year.

Research and development

The Company elected to account for non-refundable research and development tax credits under IAS 20, *Accounting for Governmental Grants and Disclosures of Governmental Assistance*. Non-refundable research and development tax credits are included in earnings against gross research and development expenses or deducted from the related assets, provided there is reasonable assurance that the Company has complied and will comply with the conditions related to the tax credits and that the credits will be received.

Share capital

(i) Common shares

Common shares are classified as equity.

(ii) Transaction costs

Costs directly attributable to the issue of common shares are recognized in equity, net of any tax effects.

Earnings per share

The Company presents basic and diluted earnings per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the net profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders by taking the weighted average number of common shares outstanding and taking into consideration all dilutive potential common shares, which consist of the outstanding stock options and convertible unsecured senior notes.

3. Recent changes in accounting standards:

Amendments adopted

Amendments to IAS 7

On January 7, 2016, the IASB issued *Disclosure Initiative* (amendments to IAS 7). The amendments require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities from financing activities. The required disclosures are provided in Notes 17 and 18.

New or revised standards and interpretations issued but not yet adopted

Amendments to IFRS 2

On June 20, 2016, the IASB issued amendments to IFRS 2, *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions.

The amendments apply for annual periods beginning on or after January 1, 2018. As a practical expedient, the amendments can be applied prospectively. Retrospective application is permitted if information is available without the use of hindsight.

The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholdings tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Company will adopt the amendments to IFRS 2 in its financial statements for the annual period beginning on December 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 15, *Revenue from Contracts with Customers*

On May 28, 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. The new standard is effective for annual periods beginning on or after January 1, 2018. IFRS 15 will replace IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRS 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers*, and SIC 31, *Revenue - Barter Transactions Involving Advertising Services*.

3. Recent changes in accounting standards (continued):

New or revised standards and interpretations issued but not yet adopted (continued)

IFRS 15, *Revenue from Contracts with Customers* (continued)

On April 12, 2017, the IASB issued *Clarification to IFRS 15*, *Revenue from Contracts with Customers*, which is effective at the same time as IFRS 15.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgments have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and the application of the standard to licenses of intellectual property.

The Company will adopt IFRS 15 and the clarification in its financial statements for the annual period beginning on December 1, 2018. using the modified retrospective method. The adoption of the standard will have no material impact on the financial statements .

IFRS 9, *Financial Instruments*

On July 24, 2014, the IASB issued the complete IFRS 9 standard.

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new “expected credit loss” model for calculating impairment.

The Company will adopt IFRS 9 in its financial statements for the annual period beginning on December 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

3. Recent changes in accounting standards (continued):

New or revised standards and interpretations issued but not yet adopted (continued)

IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

On December 8, 2016, the IASB issued IFRIC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*.

The Interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt.

The Interpretation is applicable for annual periods beginning on or after January 1, 2018.

The Interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The Company will adopt the Interpretation in its financial statements for the annual period beginning on December 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 16, *Leases*

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

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 IAS 17, *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.

3. Recent changes in accounting standards (continued):

IFRS 16, *Leases* (continued)

The Company intends to adopt IFRS 16 in its consolidated 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, but the Company expects the majority of its operating leases will need to be recognized in the consolidated statement of financial position on initial adoption.

4. Revenue and deferred revenue:

On May 12, 2014, the Company entered into a master services agreement with RxC Acquisition Company ("RxCrossroads"), along with two statements of work ("RxCrossroads Agreements"). Under the terms of the RxCrossroads Agreements, RxCrossroads acts as the Company's exclusive third-party logistic service provider for all of the Company's products in the United States and, as such, provides warehousing and logistical support services to the Company, including inventory control, account management, customer support, product return management and fulfillment of orders.

Under the RxCrossroads Agreements, RxCrossroads also acts as the Company's exclusive third-party distributor of *EGRIFTA*® in the United States. In such roles, RxCrossroads purchases *EGRIFTA*® from the Company and takes title thereto, when the goods arrive in their warehouse. RxCrossroads' purchases of *EGRIFTA*® are triggered by its expectations of market demand over a certain period of time. With respect to *EGRIFTA*®, RxCrossroads fulfills orders received from authorized wholesalers and delivers *EGRIFTA*® directly to that authorized wholesaler's client, namely, a specialty pharmacy forming part of our network of specialty pharmacies. See Note 25.

On November 1, 2017, the Company entered into amended and restated RxCrossroads Agreements to add Trogarzo® as a new product sold in the United States. These amended and restated RxCrossroads Agreements replaced the RxCrossroads Agreements entered into in May 2014.

The Company commercializes *EGRIFTA*® directly in Canada using a distributor and also has agreements in place for the distribution and commercialization of *EGRIFTA*® in markets outside of the United States and Canada. In each case, the commercial partner is responsible for the distribution and marketing of *EGRIFTA*®.

(In thousands of Canadian dollars)

5. Personnel expenses:

	Note	2018	2017
Salaries and short-term employee benefits		$ 5,566	$ 4,771
Post-employment benefits		297	256
Share-based compensation	18(f)	1,097	1,015
		$ 6,960	$ 6,042

6. Finance income and finance costs:

	Note	2018	2017
Interest income		$ 791	$ 338
Accretion expense	16, 17	(1,347)	(1,371)
Interest on convertible unsecured senior notes		(1,945)	–
Loss on repayment of long-term obligation		(375)	–
Bank charges		(49)	(42)
Net foreign currency (loss) gain		(218)	466
Gain (loss) on financial instruments carried at fair value		3	(6,797)
Gain on expired common share purchase warrants		–	54
Finance costs		(3,931)	(7,690)
Net finance cost recognized in net profit or loss		$ (3,140)	$ (7,352)

(In thousands of Canadian dollars)

7. Bonds and money market funds:

	2018	2017
Bonds	$ 10,297	$ 16,602
Money market funds	9,498	14,567
	19,795	31,169
Current portion	(12,882)	(21,303)
Non-current portion	$ 6,913	$ 9,866

As at November 30, 2018, bonds were interest-bearing available-for-sale financial assets with stated interest rates from 1.6% to 4.8% (2017 - 1.3% to 4.8%) and had an average maturity of 1.2 years (2017 - 1.5 year).

8. Trade and other receivables:

	2018	2017
Trade receivables	$ 14,251	$ 9,617
Sales tax receivable	131	92
Other receivables	178	28
	$ 14,560	$ 9,737

9. Tax credits receivable:

Tax credits receivable comprise research and development investment tax credits receivable from the Québec government which relate to eligible research and development expenditures under the applicable tax laws. The amounts recorded as receivables are subject to a government tax audit and the final amounts received may differ from those recorded. There are no unfulfilled conditions or contingencies associated with the government assistance received.

(In thousands of Canadian dollars)

9. Tax credits receivable (continued):

The Company has unused and unrecorded non-refundable federal tax credits which may be used to reduce future income tax and expire as follows:

2024	$ 595
2025	1,774
2026	2,178
2027	3,001
2028	3,329
2029	2,243
2030	1,111
2031	777
2032	407
2033	269
	$ 15,684

10. Inventories:

	2018	2017
Raw materials	$ 5,615	$ 6,765
Work in progress	389	–
Finished goods	8,732	2,574
	$ 14,736	$ 9,339

Inventories were written down to net realizable value by an amount of $190 in 2018 (2017 - $1,144), of which $144 (2017 - $1,170) is recorded in cost of sales as other production-related (income) costs and $46 (2017 - $26) was recorded in cost of goods sold.

The write-downs in 2018 and 2017 related to losses incurred during the conversion of raw materials to finished goods and losses associated with expired goods.

(In thousands of Canadian dollars)

11. Property and equipment:

	Computer equipment	Laboratory equipment	Office furniture and equipment	Leasehold improvements	Total
	$	$	$	$	$
Cost					
Balance as at November 30, 2016	105	21	95	–	221
Additions	–	42	–	–	42
Effect of changes in exchange rates	(4)	(2)	(4)	–	(10)
Balance as at November 30, 2017	101	61	91	–	253
Additions	23	–	5	69	97
Disposals	(17)	–	–	–	(17)
Effect of changes in exchange rates	3	2	3	–	8
Balance as at November 30, 2018	110	63	99	69	341
Accumulated depreciation					
Balance as at November 30, 2016	78	17	79	–	174
Depreciation	13	8	3	–	24
Effect of change in exchange rates	(3)	(1)	(3)	–	(7)
Balance as at November 30, 2017	88	24	79	–	191
Depreciation	14	9	3	–	26
Disposals	(17)	–	–	–	(17)
Effect of change in exchange rates	2	1	3	–	6
Balance as at November 30, 2018	87	34	85	–	206
Net carrying amounts					
November 30, 2017	13	37	12	–	62
November 30, 2018	23	29	14	69	135

(In thousands of Canadian dollars)

12. Intangible assets:

	Commercialization rights - Trogarzo® North American Territory	Commercialization rights - Trogarzo® European Territory	Commercialization rights - EGRIFTA ®	Total
Cost				
Balance as at November 30, 2016	$ 6,991	$ –	$ 18,856	$ 25,847
Additions	–	4,075	–	4,075
Effect of changes in exchange rates	(280)	(136)	(754)	(1,170)
Balance as at November 30, 2017	6,711	3,939	18,102	28,752
Effect of changes in exchange rates	210	123	564	897
Balance as at November 30, 2018	$ 6,921	$ 4,062	$ 18,666	$ 29,649
Accumulated amortization				
Balance as at November 30, 2016	$ –	$ –	$ 5,242	$ 5,242
Additions	–	–	1,968	1,968
Effect of changes in exchange rates	–	–	(230)	(230)
Balance as at November 30, 2017	–	–	6,980	6,980
Amortization	335	–	1,950	2,285
Effect of changes in exchange rates	7	–	277	284
Balance as at November 30, 2018	$ 342	$ –	$ 9,207	$ 9,549
Carrying amounts				
November 30, 2018	$ 6,579	$ 4,062	$ 9,459	$ 20,100
November 30, 2017	6,711	3,939	11,122	21,772

The amortization expense of $2,285 (2017 - $1,968) is included in selling and market development expenses.

12. Intangible assets (continued):

Commercialization rights - Trogarzo®

On March 18, 2016, the Company entered into a distribution and marketing agreement with TaiMed Biologics, Inc. ("TaiMed"). On March 6, 2017, the Company entered into an amended and restated distribution and marketing agreement with TaiMed ("TaiMed Agreement") granting the Company the exclusive right to market and distribute Trogarzo® in Canada and in the United States (collectively, the "North American Territory") as well as in European Union countries and other countries such as Israel, Norway, Russia and Switzerland (collectively, the "European Territory"). The TaiMed Agreement has a 12-year term that will expire on a country-by-country basis calculated from the date of approval of Trogarzo® in each of the countries covered under the TaiMed Agreement. TaiMed is responsible to manufacture and supply Trogarzo® under the TaiMed Agreement.

Commercialization rights - Trogarzo® in the North American Territory

Under the terms of the TaiMed Agreement, TaiMed is responsible to develop Trogarzo® and to seek its approval from the FDA, whereas the Company is responsible, but has no obligation, to seek approval of Trogarzo® from Health Canada. The purchase price of Trogarzo® has been determined at 52% of its net selling price with an additional amount equal to 10% of its net selling price in the relevant country payable to TaiMed until such aggregates additional amount equals US$5,500.

Initial payments

Under the TaiMed Agreement, the Company agreed to make an initial payment of US$5,000 and will make further several milestone payments in exchange for the right to commercialize Trogarzo® and the right to use TaiMed's trademark in the North American Territory.

The initial payment of US$5,000 was made in accordance with the following:

(i) US$1,000 was paid in cash at the signature of the TaiMed Agreement entered into in March 2016;

(ii) US$4,000 through the issuance of the Company's common shares, payable after the first commercial sale of Trogarzo® in the United States. The US$4,000 payment was made on May 15, 2018 and resulted in the issuance of 1,463,505 common shares to TaiMed.

The Company recorded as additions to intangible assets during 2016 related to the TaiMed Agreement an amount of $6,788, which is represented by the cash payment of $1,304 (US$1,000) at the signature of the agreement, the share-based payment of $5,215 (US$4,000) and $269 of acquisition costs.

(In thousands of Canadian dollars)

12. Intangible assets (continued):

Commercial milestone payments

As further consideration under the TaiMed Agreement, the Company shall make the following one-time payment upon the first occurrence of the following commercial events:

Commercial milestone		Commercial milestone payment
(i)	Achieving aggregate net sales of US$20,000 over four consecutive quarters of the Company's financial year	US$7,000 payable in two equal annual installments of US$3,500
(ii)	Upon first achieving annual net sales of US$200,000	US$10,000
(iii)	Upon first achieving annual net sales of US$500,000	US$40,000
(iv)	Upon first achieving annual net sales of US$1,000,000	US$100,000

The Company will also pay TaiMed development milestones for Trogarzo®. A US$3,000 milestone (payable in two equal annual installments of US$1,500) is due upon the date of the first commercial sale of a once every two weeks or once every four weeks intramuscular, subcutaneous or intravenous-push (either fast or slow) injection formulation. TaiMed is also planning a larger Phase III trial using Trogarzo® with a 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 Trogarzo®.

Commercialization rights - Trogarzo® in the European Territory

Pursuant to the terms of the TaiMed Agreement, the Company will assume regulatory responsibilities and all costs related thereto to seek the approval of Trogarzo® in the European Territory. TaiMed will assume the conduct and all costs related to additional clinical trials which could be mandated by the European Medicines Agency (the "EMA") (or required under applicable law) in connection with seeking the marketing approval of Trogarzo® in the European Territory. However, the Company and TaiMed will share equally the costs of any clinical trials imposed by a regulatory authority in the European Territory after the approval of Trogarzo®.

12. Intangible assets (continued):

Commercial milestone payments (continued)

Commercialization rights - Trogarzo® in the European Territory (continued)

The purchase price of Trogarzo® has been determined at 52% of the net selling price of Trogarzo® in a country forming part of the European Territory on annual net sales of Trogarzo® in such country up to, or equal to US$50,000. If annual net sales of Trogarzo® in the European Territory exceed US$50,000, the purchase price for sales occurring in a country forming part of the European Territory will be equal to 52% of the net selling price on sales of up to US$50,000 of Trogarzo® in such country, plus an amount equal to 57% of the net selling price of Trogarzo® in such country calculated on that portion of annual net sales in the European Territory that exceeds US$50,000.

Initial and milestone payments

The TaiMed Agreement also provides for the following development, launch and sales milestones paid or to be paid by the Company to TaiMed:

- An upfront payment of US$3,000, which was paid through the issuance of 906,077 common shares of the Company on March 17, 2017;

- An approval milestone payment representing 50% of the costs of the clinical trials and all associated development activities regulated by the EMA and incurred by TaiMed, if any, to obtain marketing approval of Trogarzo® in the European Union countries, payable quarterly and equal to 5% of net sales recorded in each quarter;

- A launch milestone payment of US$10,000 payable to TaiMed as follows:

    - US$5,000 one year after the first commercial sale of Trogarzo®; and

    - US$5,000 one year after reaching net sales in the European Territory aggregating US$50,000 over four consecutive quarters;

- A milestone of US$10,000 upon net sales in the European Territory aggregating US$150,000 over four consecutive quarters;

- A milestone of US$20,000 upon net sales in the European Territory aggregating US$500,000 over four consecutive quarters; and

- A milestone of US$50,000 upon net sales in the European Territory aggregating US$1,000,000 over four consecutive quarters.

(In thousands of Canadian dollars)

12. Intangible assets (continued):

Initial and milestone payments (continued)

As a result of the TaiMed Agreement, the Company recorded as additions to intangible assets during 2017 an amount of $4,075, which is represented by the payment of $4,001 (US$3,000) paid through the issuance of 906,077 common shares of the Company and $74 of acquisition costs. The intangible assets will be amortized after the product launch of Trogarzo® in the first country within the European Territory.

The commercial milestone payments are accrued and recorded in the cost of the intangible asset when it is probable that they will be paid. The commercial milestone payments represent licence fee consideration and, therefore, will be added to the cost of the intangible asset. In order to demonstrate that the commercial milestone payment is probable, the product will need to have been launched and there should be a sufficient history of sales to have a reasonable expectation that the commercial milestone payments will be reached. As at November 30, 2018, no commercial milestone payments were recognized.

13. Other asset:

Cost:		
Balance as at November 30, 2017	$	–
Additions		25,582
Effect of changes in exchange rates		381
Balance as at November 30, 2018	$	25,963
Accumulated amortization:		
Balance as at November 30, 2017	$	–
Amortization		3,196
Effect of changes in exchange rates		49
Balance as at August 31, 2018	$	3,245
Net carrying amount:		
November 30, 2018	$	22,718
November 30, 2017		–

(In thousands of Canadian dollars)

13. Other asset (continued):

On May 29, 2018, the Company entered into an agreement (the "Renegotiated Agreement") with EMD Serono, Inc. to settle all outstanding cash payment obligations stemming from a termination and transfer agreement dated December 13, 2013, as amended (the "2013 Termination Agreement"). The remaining contractual obligations under the 2013 Termination Agreement totalled approximately US$28,200, which was comprised of a US$4,000 payment due in May 2019 and US$24,200 in estimated royalties on future sales of *EGRIFTA*® payable over the next four to five years. The Renegotiated Agreement allowed the Company to make one lump sum payment of US$23,850 in settlement of the long-term obligation of US$4,000 and to eliminate all of the royalty payments due on sales of *EGRIFTA*® in the United States. The payment in connection with the settlement of the future royalty obligation has been accounted for as another asset on the consolidated statement of financial position.

14. Accounts payable and accrued liabilities:

	Note	2018	2017
Trade payables		$ 20,718	$ 6,968
Accrued liabilities and other payables		8,741	13,642
Salaries and benefits due to related parties	26	644	660
Employee salaries and benefits payable		575	509
Liability related to deferred stock unit plan	18(c)	1,685	1,422
Accrued interest payable on convertible unsecured senior notes	17	1,975	–
		$ 34,338	$ 23,201

(In thousands of Canadian dollars)

15. Provisions:

	Chargebacks and rebates	Returns	Total
Balance as at November 30, 2016	$ 433	$ 20	$ 453
Provisions made	5,403	103	5,506
Provisions used	(5,182)	(7)	(5,189)
Effect of changes in exchange rate	(15)	(2)	(17)
Balance as at November 30, 2017	639	114	753
Provisions made	9,230	858	10,088
Provisions used	(8,720)	(821)	(9,541)
Effect of changes in exchange rate	42	6	48
Balance as at November 30, 2018	$ 1,191	$ 157	$ 1,348

16. Long-term obligation:

	2018	2017
Early Termination Fee	$ –	$ 9,219
Current portion	–	(4,676)
	$ –	$ 4,543

(In thousands of Canadian dollars)

16. Long-term obligation (continued):

The movement in the long-term obligation for the current periods is as follows:

Balance as at November 30, 2016	$	13,567
Payment, as originally contemplated in 2013 Termination Agreement		(5,390)
Accretion expense		1,371
Effect of changes in exchange rate		(329)
Balance as at November 30, 2017		9,219
Payment, as originally contemplated in 2013 Termination Agreement		(5,137)
Payment, as per 2018 Renegotiated Agreement (note 13)		(5,043)
Accretion expense		524
Loss on repayment of long-term obligation		375
Effect of changes in exchange rate		62
Balance as at November 30, 2018	$	–

Under the Renegotiated Agreement (Note 13), the Company paid US$3,850 to reimburse the remaining amount payable of US$4,000 due in May 2019.

The difference of $375 between the consideration transferred of CA$5,043 (US$3,850) and the carrying amount of the long-term obligation of CA$4,668 (on date of settlement) was recognized as a loss on repayment of long-term obligation and included in “Finance costs” on the statement of comprehensive loss for the year ended November 30, 2018.

(In thousands of Canadian dollars)

17. Convertible unsecured senior notes:

On June 19, 2018, the Company closed a notes offering of convertible unsecured senior notes having an aggregate principal amount of $75,319 (US$57,500). The notes bear interest at an annual rate of 5.75% (effective interest rate of 9.95%) and are convertible into common shares at the option of the holder at any time at a conversion price of US$14.85 per common share, representing 3,872,053 common shares. The maturity date of the notes is June 30, 2023. The Company may redeem the notes prior to maturity at any time on or after June 30, 2021 if the current market price of the common shares is at least 130% of the conversion price. The notes are repayable at par value plus accrued and unpaid interest. The allocation of the aggregate principal amount between the liability and equity components was as follows at the date of issuance:

Proceeds from issue of notes	$	75,319
Transaction costs		(3,709)
Net cash proceeds on issuance		71,610
Proceeds allocated to the liability component		66,965
Transactions costs related to the liability component		(3,298)
Convertible unsecured senior notes		63,667
Proceeds allocated to the equity component		8,354
Transaction costs related to the equity component		(411)
Deferred income tax (i)		(2,105)
Equity component of convertible unsecured senior notes	$	5,838

(i) The temporary difference between the carrying amount of the liability component and its tax base on initial recognition gave rise to a deferred income tax liability of $2,105, which is recognized in equity. The deferred tax liability was offset by the recognition of previously unrecognized tax assets from items:

Previously recorded in equity	$	443
Previously recognized in profit and loss		1,662
Total deferred income tax assets recognized	$	2,105

(In thousands of Canadian dollars)

17. Convertible unsecured senior notes (continued):

The movement in the carrying value of the convertible unsecured senior notes is as follows for the year ended November 30, 2018:

Proceeds allocated to liability component	$	66,965
Transaction costs related to liability		(3,298)
At date of issuance (June 19, 2018)		63,667
Accretion expense		823
Effect of changes in exchange rate		961
Convertible unsecured senior notes as at November 30, 2018	$	65,451

		November 30, 2018
Interest accrued (note 14)	$	1,975
Interest paid		–

18. Share capital:

Authorizedin unlimited number and without par value:

Common shares;

Preferred shares are issuable in one or more series.

All issued shares were fully paid on November 30, 2018 and 2017.

Common shareholders are entitled to receive dividends as declared by the Company at its discretion and are entitled to one vote per share at the Company's annual general meeting.

No preferred shares are outstanding.

(In thousands of Canadian dollars)

18. Share capital (continued):

(a) Public offering

On December 5, 2016, the Company completed a public offering for the sale and issuance of 5,323,000 common shares for a gross cash consideration of $16,501. The Company also issued broker options for the sale and issue of 212,920 common shares at an issue price of $3.10 per share, exercisable for a period of 18 months from the date of the closing. As at November 30, 2018, all broker options were exercised for a cash consideration of $660. The fair value of the broker options amounted to $183 and has been recorded in the share issue costs, which totaled $1,608. The fair value of the broker options was determined using the Black-Scholes model and the following assumptions:

Risk-free interest rate	0.73%
Expected volatility	64.1%
Estimated life in years	1.5 years
Grant-date share price	$ 2.95
Broker option exercise price	$ 3.10

In January 2017, the remaining 124,000 broker warrants, issued in 2015, were exercised and 124,000 common shares and 62,000 common share purchase warrants were issued for a cash consideration of $298.

As at November 30, 2017, all of the 92,000 common share purchase warrants issued to brokers following the exercise of broker warrants were exercised for a cash consideration of $276.

18. Share capital (continued):

(b) Issuance of common shares - TaiMed

On May 15, 2018, the Company issued 1,463,505 common shares with a value of US$4 million, in connection with an initial payment and milestone payment under the TaiMed Agreement. The share-based payment of $5.215 million (US$4 million) was initially recognized as contributed surplus, pending the issuance of the common shares. As the common shares have been issued, the Company has reclassified the amount within its equity accounts, from contributed surplus to common shares.

(c) Deferred stock unit plan

On December 10, 2010, the Board of Directors adopted a deferred stock unit plan (the “DSU Plan”) for the benefit of its directors and officers (the “Beneficiaries”) and, in April 2013, the Board of Directors suspended the issuance of deferred stock units (“DSUs”). In May 2018, the Board of Directors decided to resume the granting of deferred DSUs. The goal of the DSU Plan is to increase the Company’s ability to attract and retain high-quality individuals to act as directors or officers and to better align their interests with those of the shareholders of the Company in the creation of long-term value. Under the terms of the DSU Plan, Beneficiaries who are directors are entitled to elect to receive all or part of their annual retainer to act as directors and Chair of the Board in DSUs. Beneficiaries who act as officers are entitled to elect to receive all or part of their annual bonus, if any, in DSUs. The value of a DSU is used to determine the number of DSUs a Beneficiary may be granted or the value to be paid to a Beneficiary upon redemption. This value is equal to the average closing price of the common shares on the Toronto Stock Exchange on the date on which the Company is entitled to grant DSUs, or on the date on which a Beneficiary redeems them, and during the four previous trading days.

DSUs may only be redeemed when a Beneficiary ceases to act as a director or an officer of the Company. Upon redemption, the Company must provide a Beneficiary with an amount in cash equal to the DSU value on the redemption date. Beneficiaries may not sell, transfer or otherwise assign their DSU or any rights associated therewith other than by will or in accordance with legislation regarding the vesting and partition of successions.

18. Share capital (continued):

(c) Deferred stock unit plan (continued)

DSUs are totally vested at the grant date. In the case of DSUs granted to officers for annual bonuses, a DSU liability is recorded at the grant date in place of the liability for the bonus payments. In the case of directors, the expense related to DSUs and their liabilities is recognized at the grant date. During the year ended November 30, 2018, $45 (2017 - $60) was recorded as an expense and is included in general and administrative expenses. The liability related to DSUs is adjusted periodically to reflect any change in the market value of the common shares. As at November 30, 2018, a charge of $250 (2017 - charge of $761) was recognized within finance costs (Note 6). As at November 30, 2018, the Company had a total of 205,522 DSUs outstanding (2017 - 204,591 DSUs) and a liability related to the DSUs of $1,685 (2017 - liability of $1,422).

Cash-settled forward stock contracts

To protect against fluctuations in the value of DSUs, the Company entered into cash-settled forward stock contracts. They were not designated as hedging instruments for accounting purposes. As at November 30, 2018, the cash-settled forward stock contracts outstanding correspond to a total of 205,522 common shares (2017 - 204,591 common shares) at a price of $7.85 per share (2017 - $7.82 per share) expiring on December 17, 2019 (2017 - December 17, 2018). As at November 30, 2018, the fair value of cash-settled forward stock contracts was $1,710 (2017 - $1,444) and is recorded in derivative financial assets. During the year ended November 30, 2018, a gain of $253 (2017 - gain of $770) related to the change in fair value of derivative financial assets was recognized within finance costs (Note 6).

(d) Stock appreciation rights (“SAR”)

On October 4, 2018, the Company’s Board of Directors approved a SAR plan that entitles the grantee to a cash payment based on the increase in the stock price of the Company’s common shares from the grant date to the settlement date. On November 30, 2018, no SAR were granted.

18. Share capital (continued):

(e) Shareholder rights plan

On April 15, 2016, the Company's Board of Directors approved the amendment and renewal of the shareholder rights plan and, on the same date, the Company and Computershare Trust Services of Canada entered into an amended and restated shareholder rights plan agreement (the "Plan"). The Plan was approved by the shareholders on May 17, 2016. The Plan is designed to provide adequate time for the Board and the shareholders to assess an unsolicited takeover bid for the Company. In addition, the Plan provides the Board with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares. The Plan will expire at the closure of the Company's annual meeting of shareholders in 2019 unless the Plan is reconfirmed and approved by shareholders at such meeting.

The rights issued under the Plan will initially attach to and trade with the common shares, and no separate certificates will be issued unless a triggering event occurs. The rights will become exercisable only when an acquiring person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding shares without complying with the "Permitted Bid" provisions of the Plan or without approval of the Board of Directors. Subject to the terms and conditions set out in the Plan, each right would, upon exercise and payment of $5.00 per right, entitle a rights holder, other than the acquiring person and related parties, to purchase a number of common shares at twice the exercise price of $5.00 per right based on the average weighted market price of the common shares for the last 20 trading days preceding the common share acquisition date (as defined in the Plan's rights).

Under the Plan, a Permitted Bid is a bid made to all holders of common shares and which is open for acceptance for no less than 105 days. If, at the end of 105 days, at least 50% of the outstanding common shares, other than those owned by the offeror and certain related parties, has been tendered, the offeror may take up and pay for the common shares, but must extend the bid for a further 10 days to allow other shareholders to tender.

(f) Stock option plan

The Company has established a stock option plan under which it can 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 10 years after the grant date. A maximum number of 6,580,000 options can be granted under the Plan. Generally, the options vest at the grant date or over a period of up to three years. As at November 30, 2018, 1,950,762 options could still be granted by the Company (2017 - 2,200,306).

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

(In thousands of Canadian dollars)

18. Share capital (continued):

(f) Stock option plan (continued)

Changes in the number of options outstanding during the past two years were as follows:

	Number of options	Weighted average exercise price per option
Options as at November 30, 2016	2,242,369	$ 2.17
Granted	350,000	6.13
Expired	(198,000)	9.25
Exercised (share price: $5.85)	(58,474)	0.50
Options as at November 30, 2017	2,335,895	$ 2.21
Granted	251,544	9.56
Expired	(2,000)	8.50
Exercised (share price: $9.14)	(412,734)	1.69
Options outstanding as at November 30, 2018	2,172,705	$ 3.15
Options exercisable as at November 30, 2018	1,676,057	$ 2.09

(In thousands of Canadian dollars)

18. Share capital (continued):

(f) Stock option plan (continued)

The following table provides stock option information as at November 30, 2018:

Price range	Number of options outstanding	Weighted average remaining life	Weighted average exercise price
$		(years)	$
0.25 - 1.19	814,660	4.95	0.64
1.20 - 2.00	66,500	0.13	1.81
2.00 - 3.75	563,334	7.39	2.07
3.76 - 4.60	110,000	1.02	3.84
4.61 - 6.00	291,667	7.65	5.84
6.01 - 9.00	75,000	8.46	6.73
9.01 - 10.00	251,544	9.36	9.56
	2,172,705	6.23	3.15

During the year ended November 30, 2018, $1,097 (2017 - $1,015) was recorded as share-based compensation expense for the stock option plan. The fair value of options granted in 2018 and 2017 was estimated at the grant date using the Black-Scholes model and the following weighted average assumptions:

	2018	2017
Risk-free interest rate	2.14%	1.52%
Expected volatility	47%	55%
Average option life in years	7 years	8 years
Grant-date share price	$ 9.56	$ 6.13
Option exercise price	$ 9.56	$ 6.13

(In thousands of Canadian dollars)

18. Share capital (continued):

(f) Stock option plan (continued)

The risk-free interest rate is based on the implied yield on a Canadian government zero-coupon issue, with a remaining term equal to the expected term of the option. The volatility is based on weighted average historical volatility adjusted for changes expected due to publicly available information. The life of the options is estimated taking into consideration the vesting period at the grant date, the life of the option and the average length of time similar grants have remained outstanding in the past. The dividend yield was excluded from the calculation since it is the present policy of the Company to retain all earnings to finance operations and future growth.

The following table summarizes the measurement date weighted average fair value of stock options granted during the years ended November 30, 2018 and 2017:

	Number of options	Weighted average grant date fair value
2018	251,544	$ 4.63
2017	350,000	3.43

The Black-Scholes model used by the Company to calculate option values was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company's stock option awards. This model also requires four highly subjective assumptions, including future stock price volatility and average option life, which greatly affect the calculated values.

(In thousands of Canadian dollars)

18. Share capital (continued):

(g) Earnings per share

The calculation of basic earnings per share was based on the net loss attributable to common shareholders of the Company of $6,013 (2017 - $18,450) and a weighted average number of common shares outstanding of 75,942,385 (2017 - 73,468,903), calculated as follows:

	2018	2017
Issued common shares as at December 1	74,962,050	65,996,069
Effect of share options exercised	153,325	33,713
Effect of public issue of common shares	–	5,264,666
Effect of broker warrants exercised	–	111,391
Effect of broker options exercised	25,089	86,572
Effect of common shares purchase warrants exercised	–	1,333,550
Effect of issue of common shares - TaiMed	801,921	642,942
Weighted average number of common shares, basic and diluted	75,942,385	73,468,903

For the year ended November 30, 2018, a number of 2,172,705 (2,335,895 in 2017) share options, nil (39,390 in 2017) broker options and 3,872,053 common shares potentially issuable from the conversion of the US$57,500 aggregate principal amount of notes (Note 17), 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.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

(In thousands of Canadian dollars)

19. Income taxes:

The following table presents the components of the current and deferred tax expenses:

		2018		2017
Current tax expense	$	–	$	–
Deferred tax expense				
Origination and reversal of temporary differences	$	(1,145)	$	(2,957)
Change in unrecognized deductible temporary differences		(517)		2,957
Total deferred tax recovery	$	(1,662)	$	–
Total current and deferred tax recovery	$	(1,662)	$	–

Reconciliation between effective and applicable tax amounts:

		2018		2017
Income taxes at domestic tax statutory rate	$	(2,049)	$	(4,945)
Change in unrecognized deductible temporary differences		(517)		2,957
Non-deductible expenses and other		904		1,988
	$	(1,662)	$	–

The applicable statutory tax rates were 26.7% in 2018 and 26.8% in 2017. The Company's applicable tax rate is the Canadian combined rates applicable in the jurisdictions in which the Company operates.

(In thousands of Canadian dollars)

19. Income taxes (continued):

Unrecognized deferred tax assets

As at November 30, unrecognized deferred tax assets were as follows:

	2018	2017
Long term		
Research and development expenses	$ 30,891	$ 30,891
Non-capital losses	36,500	36,612
Property and equipment	474	507
Intellectual property and patent fees	3,836	3,836
Available deductions and other	4,447	4,819
	$ 76,148	$ 76,665

Given the Company's past losses, management does not believe that it is probable that the Company can realize its deferred tax assets and, therefore, it has not recognized any amount in the consolidated statements of financial position.

The generation of future taxable profit is dependent on the successful commercialization of the Company's products and technologies.

(In thousands of Canadian dollars)

19. Income taxes (continued):

As at November 30, 2018 and 2017, the amounts and expiry dates of tax attributes for which no deferred tax asset was recognized were as follows:

	2018		2017	
	Federal	Provincial	Federal	Provincial
Research and development expenses, without time limitation	$ 105,841	$ 130,571	$ 105,841	$ 130,571
Losses carried forward:				
2027	550	540	3,529	3,519
2028	46,316	22,543	46,316	22,770
2029	19,484	16,467	19,484	16,467
2030	11,440	11,436	11,440	11,436
2031	23,559	20,913	23,559	20,913
2032	15,962	14,656	15,962	14,656
2033	11,469	11,361	11,469	11,361
2034	10,503	10,411	10,503	10,411
2037	9,372	9,260	9,335	9,322
2038	2,608	2,505	–	–
Other temporary differences, without time limitation				
Excess of tax value of property and equipment over carrying value	1,914	1,649	2,080	1,718
Excess of tax value of intellectual property and patent fees over carrying value	14,471	14,465	14,471	14,465
Available deductions and other	57,682	2,090	58,849	3,201

As at November 30, 2018, deferred tax assets relating to loss carried forward and financing costs of $1,662 and $443, respectively, were recognized to offset deferred tax liabilities for an amount of $2,105 resulting from the issuance of the convertible unsecured senior notes.

(In thousands of Canadian dollars)

20. Supplemental cash flow disclosures:

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

	2018	2017
Additions to property and equipment included in accounts payable and accrued liabilities	$ 64	$ –
Additions to intangible assets included in accounts payable and accrued liabilities	–	20
Share issue costs included in contributed surplus	–	183
Reclassification of contributed surplus upon issuance of common shares to TaiMed	5,215	4,001
Reclassification of warrant liability to share capital upon exercise of common share purchase warrants	–	8,348
Notes issue costs included in accounts payable and accrued liabilities	8	–
Recognition of previously unrecognized tax assets from item originally recorded in equity	443	–

21. Financial instruments:

Overview

This note provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, currency risk and interest rate risk, and how the Company manages those risks.

(a) Credit risk

Credit risk is the risk of a 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.

21. Financial instruments (continued):

Overview (continued)

(a) Credit risk (continued)

The Company's exposure to credit risk currently relates to accounts receivable with one major customer (see Note 25) and derivative financial assets which it manages by dealing only with highly rated Canadian financial institutions. Included in the consolidated statements of financial position are trade receivables of $14,251 (2017 - $9,617), all of which were aged under 60 days. There was nil recorded as bad debt expense for the years ended November 30, 2018 and 2017. Financial instruments other than cash and trade and other receivables that potentially subject the Company to significant credit risk consist principally of bonds and money market funds. The Company invests its available cash in highly liquid fixed income instruments from governmental, paragovernmental, municipal and high-grade corporate bodies and money market funds (2018 - $19,795; 2017 - $31,169). As at November 30, 2018, the Company believes it was not exposed to any significant credit risk. The Company's maximum credit exposure corresponded to the carrying amount of these financial assets.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As indicated in Note 23, the Company manages this risk through the management of its capital structure. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors and/or the Audit Committee reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

The Company has adopted an investment policy in respect of the safety and preservation of its capital designed to ensure that the Company's liquidity needs are met. The instruments are selected with regard to the expected timing of expenditures and prevailing interest rates.

(In thousands of Canadian dollars)

21. Financial instruments (continued):

Overview (continued)

(b) Liquidity risk (continued)

The following are amounts due on the contractual maturities of financial liabilities as at November 30, 2018 and 2017:

				2018
	Carrying amount	Total contractual amount	Less than 1 year	From 1 to 2 years	More than 3 years
Accounts payable and accrued liabilities	$ 34,338	$ 34,338	$ 34,338	$ –	$ –
Convertible unsecured senior notes including interest	65,451	98,550	4,528	8,791	85,231
	$ 99,789	$ 132,888	$ 38,866	$ 8,791	$ 85,231

				2017
	Carrying amount	Total contractual amount	Less than 1 year	From 1 to 2 years	More than 3 years
Accounts payable and accrued liabilities	$ 23,201	$ 23,201	$ 23,201	$ –	$ –
Long-term obligation	9,219	10,314	5,157	5,157	–
	$ 32,420	$ 33,515	$ 28,358	$ 5,157	$ –

(c) Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions denominated in currencies other than USD, primarily cash, sale of goods and expenses incurred in CAD.

(In thousands of Canadian dollars)

21. Financial instruments (continued):

Overview (continued)

(c) Currency risk (continued)

Exchange rate fluctuations for foreign currency transactions can cause cash flows as well as amounts recorded in the consolidated statements of comprehensive income to vary from period to period and not necessarily correspond to those forecasted in operating budgets and projections. Additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the USD at the rates of exchange at each consolidated statement of financial position date, the impact of which is reported as foreign exchange gain or loss in the consolidated statements of comprehensive income. The Company does not believe a sudden change in foreign exchange rates would impair or enhance its ability to pay its CAD denominated obligations.

The following table presents the significant items in the original currencies exposed to currency risk as at November 30, 2018 and 2017:

		2018		2017
Cash	CAD	1,869	CAD	297
Bonds and money market funds		9,754		14,239
Trade and other receivables		470		253
Accounts payable and accrued liabilities		(6,437)		(5,229)
Total exposure	CAD	5,656	CAD	9,560

The following exchange rates are those applicable as at November 30, 2018 and 2017 to:

	2018		2017	
	Average rate	Reporting date rate	Average rate	Reporting date rate
CAD - USD	0.7752	0.7522	0.7684	0.7757

21. Financial instruments (continued):

Overview (continued)

(c) Currency risk (continued)

Based on the Company's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the CAD would have a positive or (negative) impact on net earnings as follows, assuming that all other variables remained constant:

	2018		2017	
Positive impact	CAD	283	CAD	478

An assumed 5% weakening of the CAD would have had an equal but opposite effect on the above currencies to the amounts shown above, assuming that all other variables remain constant.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Short-term bonds held by the Company are invested at fixed interest rates and/or mature in the short term. Long-term bonds are also instruments that bear interest at fixed rates. The risk that the Company will realize a loss as a result of a decline in the fair value of its bonds is limited because these investments, although they are classified as available for sale, are generally held until close to maturity. The unrealized gains or losses on bonds are recorded in accumulated other comprehensive income.

21. Financial instruments (continued):

Overview (continued)

(d) Interest rate risk (continued)

Based on the value of the Company's short- and long-term bonds as at November 30, 2018, an assumed 0.5% decrease in market interest rates would have increased the fair value of these bonds and the accumulated other comprehensive income by approximately $61 (2017 - $124); an assumed increase in the interest rate of 0.5% would have an equal but opposite effect, assuming that all other variables remained constant.

Cash and money market funds bear interest at a variable rate. Trade and other receivables, accounts payable and accrued liabilities and provisions bear no interest.

Based on the average value of variable interest-bearing cash and money market funds during the year ended November 30, 2018 of $31,644 (2017 - $16,518), an assumed 0.5% increase in interest rates during such year would have increased future cash flows and net profit by approximately $158 (2017 - $83); an assumed decrease of 0.5% would have had an equal but opposite effect.

As the Company's convertible unsecured senior notes bear interest at a fixed rate of 5.75%, the Company does not face significant interest rate risk.

22. Capital management:

The Company's objective in managing its capital is to ensure a liquidity position sufficient to finance its business activities. The Company depends primarily on revenue generated by sales of *EGRIFTA*® and Trogarzo® in the United States and, from time to time, on public offerings of securities in North America to finance its activities.

The capital management objectives remain the same as for the previous year.

As at November 30, 2018, cash, bonds and money market funds amounted to $71,637 (2017 - $32,929). The Company believes that its cash position and future operating cash flows will be sufficient to finance its operations and capital needs.

Currently, the Company's general policy on dividends is to retain cash to keep funds available to finance its growth.

The Company defines capital to include total shareholders' equity and convertible unsecured senior notes.

The Company is not subject to any externally imposed capital requirements.

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

The fair value of the convertible unsecured notes, including the equity portion, as at November 30, 2018 were approximately $69,561 (Level 1) based on market quotes.

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.

(In thousands of Canadian dollars)

23. Determination of fair values (continued):

Share-based payment transactions (continued)

The DSU 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 of the common shares of the Company.

24. Commitments:

(a) Leases

On November 20, 2018, the Company entered into a new lease agreement with the current landlord.

As at November 30, 2018, the minimum payments required under the terms of the non-cancellable leases are as follows:

Less than one year	$	368
One to five years		2,014
More than five years		995
	$	3,377

(b) Long-term procurement agreements

The Company has long-term procurement agreements with third party suppliers in connection with the commercialization of *EGRIFTA*® and Trogarzo®. As at November 30, 2018, the Company had outstanding purchase orders and minimum payments required under these agreements amounting to $8,446 (2017 - $4,945) for the manufacture of Trogarzo® and for various services.

(In thousands of Canadian dollars)

24. Commitments (continued):

(c) Credit facilities

The Company has a CA$1,500 revolving credit facility bearing interest at Canadian prime plus 1% and a US$1,000 revolving credit facility bearing interest at U.S. prime plus 1%. The Company's assets have been given as collateral to secure these credit facilities. As at November 30, 2018, the Company did not have any borrowings outstanding under these facilities.

25. Operating segments:

The Company has a single operating segment. As described in Note 4, almost all of the Company's revenues are generated from one customer from the United States, RxCrossroads, which is domiciled in the United States.

	2018	2017
RxCrossroads	$ 57,686	$ 42,183
Others	867	681
	$ 58,553	$ 42,864

All of the Company's non-current assets are located in Canada as is the Company's head office.

26. Related parties:

The key management personnel of the Company are the directors, the President and Chief Executive Officer and all of the Senior Vice Presidents.

Key management personnel compensation comprises:

	2018	2017
Short-term employee benefits	$ 2,646	$ 2,483
Post-employment benefits	99	93
Share-based compensation	962	945
	$ 3,707	$ 3,521

26. Related parties (continued):

As at November 30, 2018, the key management personnel controlled 1.5% (2017 - 1.4%) of the voting shares of the Company and held 0.3% of the convertible unsecured senior notes.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis, or MD&A, provides Management's point of view on the financial position of Theratechnologies Inc., on a consolidated basis, as at November 30, 2018. It also provides a review of our performance by comparing the Company's results of operations, on a consolidated basis, for the year ended November 30, 2018, or Fiscal 2018, with the year ended November 30 2017, or Fiscal 2017. Unless otherwise indicated or unless the context requires otherwise, all references in this MD&A to "Theratechnologies", the "Company", the "Corporation", "we", "our", "us" or similar terms refer to Theratechnologies Inc. and its subsidiaries on a consolidated basis. This MD&A is dated February 20, 2019 and should be read in conjunction with the audited consolidated financial statements, or Audited Financial Statements, and the notes thereto.

Except as otherwise indicated, the financial information contained in this MD&A and in our Audited Financial Statements has been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. IFRIC refers to International Financial Reporting Interpretation Committee. The Audited Financial Statements and MD&A have been reviewed by our Audit Committee and approved by our Board of Directors.

The Company's functional currency is the United States dollar, or USD, because the vast majority of our operational activities and sales occur in the United States. Except where otherwise indicated, all monetary amounts set forth in this MD&A and the Audited Financial Statements and the notes thereto are expressed in CAD for reporting purposes. The exchange rates used to convert the currencies are disclosed in note 21(c) of the Audited Financial Statements. In accordance with IFRS, the exchange difference resulting from the translation of the consolidated financial statements to CAD for reporting purposes is included in accumulated other comprehensive income. References to $ and C$ are to CAD and references to US$ are to USD. As of the first quarter of 2019, the Company will begin reporting its financial results in USD.

In this MD&A, the use of *EGRIFTA*® refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy and Trogarzo® (ibalizumab-uiyk) injection refers to ibalizumab for the treatment of multidrug resistant HIV-1 infected patients.

Forward-Looking Information

This MD&A contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management's beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or the negatives of these terms, or variations of them. The forward-looking statements contained in this MD&A include, but are not limited to, statements regarding the growth of our revenues from sales of *EGRIFTA*® and Trogarzo® in both North America and in Europe, the approval of Trogarzo® in Europe and our capacity to commercialize same in this territory, including building a commercial infrastructure therein, the launch of the F4 Formulation and our capacity to acquire or in-license new products.

Theratechnologies Inc.
2015 Peel, 5th Floor
Montreal, Quebec H3A 1T8

Forward-looking statements are based upon a number of assumptions and include, but are not limited to, the following: sales of *EGRIFTA*® and Trogarzo® will continue to grow in the United States, Trogarzo® will be approved for commercialization in Europe and we will successfully launch same in this territory, we will succeed in launching the F4 Formulation and healthcare practitioners and patients will adopt such new formulation,, no untowards side effects will be discovered through the long term use of both EGRIFTA® and Trogarzo®, and we will succeed in finding products and entering into agreements to acquire or in-license products upon terms and conditions satisfactory to us.

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statements contained in this MD&A. We refer potential investors to the "Risks and Uncertainties" section of this MD&A. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this MD&A and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this MD&A, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

Business Overview

We are a specialty pharmaceutical company addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV.

Our business strategy is to grow revenues from our existing and future assets in North America and Europe and to build a portfolio of complementary products, compatible with our expertise and the commercial platform already in place for *EGRIFTA*® and Trogarzo® injection.

Our first product**,** *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration, or FDA, in November 2010, by Health Canada in March 2015, and by COFEPRIS, Mexico's health agency, in March 2016. It is, to date, the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. We have established an integrated commercial platform to market *EGRIFTA*® in the United States and Canada.

In March 2016, we entered into an agreement with TaiMed Biologics, Inc., or TaiMed, to acquire the commercial rights to Trogarzo® for the United States and Canada, or TaiMed Agreement. In March 2017, the TaiMed Agreement was amended to include the commercial rights to ibalizumab in the European Union countries and in other countries such as Israel, Norway, Russia and Switzerland.

Trogarzo® is a humanized monoclonal antibody and is indicated for the treatment of human immunodeficiency virus type 1, or HIV-1, infection in heavily treatment-experienced adults with multidrug resistant, or MDR, HIV-1 infection failing their current antiretroviral regimen. Trogarzo® was approved by the FDA on March 6, 2018 and has been commercially available since April 30, 2018 in the United States.

Since the second half of Fiscal 2017, we have been working on building the foundation for ibalizumab in Europe to achieve marketing approval. The application for marketing authorization was filed with the European Medicines Agency, or EMA, on August 27, 2018.

Fiscal 2018 Highlights

Consolidated revenue for the year ended November 30, 2018 was $58,553,000 compared to $42,864,000 for the same period ended November 30, 2017, representing an increase of 36.6%.

For the year ended November 30, 2018, sales of *EGRIFTA*® were $46,941,000 or US$36,329,000 compared to $42,861,000 or US$33,020,000 for the same period last year, representing an increase of 10% in USD.

Sales of Trogarzo® reached $11,611,000 or US$8,887,000 for the year ended November 30, 2018. Approved in the United States on March 6, 2018, Trogarzo® has been commercially available since April 30, 2018. Trogarzo® is increasingly contributing to revenue growth and financial results.

Access to Trogarzo® is, as of the date hereof, available to the vast majority of covered lives in the United States. Some 83% of covered lives in the United States have access to Trogarzo® compared to 70% at the end of the previous quarter. This is primarily a reflection of increased ADAP (Aids Drug Assistance Programs) coverage which is now available in 48 out of 52 states and territories and Medicaid, which now covers 100% of eligible patients.

In October 2018, the United States Department of Health and Human Services, or DHHS, included Trogarzo® in its guidelines. The DHHS guidelines state that “Patients with ongoing detectable viremia who lack sufficient treatment options to construct a fully suppressive regimen may be candidates for the recently approved CD4 post-attachment inhibitor ibalizumab.”

In addition, a specific “J-Code” was issued by the Centers for Medicare and Medicaid Services as part of the Healthcare Common Procedure Coding System (HCPCS) for reporting medical procedures and services. The new J-1746 code came into effect on January 1st, 2019.

As the organization continues to build the United States market for Trogarzo®, the European filing continues to progress. Based on technical meetings held with representatives from the rapporteur and co-rapporteur countries in April 2018, Theratechnologies was permitted to seek regulatory approval in Europe for Trogarzo® using efficacy and safety data from the clinical trials submitted to the FDA.

The marketing authorization application to the EMA was filed on August 27, 2018 after being informed by the EMA that the Pediatric Investigation Plan for Trogarzo® was not required before filing. On September 13, 2018, the EMA confirmed the validity of the application. Trogarzo® is being reviewed under the accelerated assessment procedure with a timeframe of 150 review days, which does not include the time required to answer questions which might be asked by the EMA. The Company did receive questions from the EMA on December 14, 2018 and submitted answers on January 25, 2019. The Company expects a decision from the European Commission in the second half of 2019.

In preparation for such a decision, the Company has announced the hiring of a General Manager for its wholly-owned subsidiary in Europe. The General Manager's role will be to create the infrastructure required to deliver on many key success factors including distribution, reimbursement, sales, marketing and relationships with key stakeholders. The General Manager will also work with our contract sales organization on building the right presence in key European countries and on hiring key internal strategic positions.

As for *EGRIFTA*®, the Company announced in September 2016 that it was moving forward with the development of a single-vial formulation of *EGRIFTA*®, or F4 Formulation. In addition to being presented in a single vial instead of the current two-vial formulation, the F4 Formulation has the advantage of being four times more concentrated, thus significantly reducing the volume of administration. It also uses a smaller needle and is stable at room temperature. This last feature represents a significant improvement as refrigeration by pharmacies and patients will no longer be required. The supplemental New Drug Application, or sNDA, for the new formulation was submitted to the FDA on July 3, 2018. On November 5, 2018, the FDA approved the F4 Formulation. It is expected to be launched later this year once manufacturing validation is completed.

On May 1, 2018, Theratechnologies announced that the FDA had released the Company from its last post-approval commitments relating to *EGRIFTA*®. The FDA determined that these two large-scale post-approval clinical trials were no longer required as the current labeling adequately reflects the safety profile of *EGRIFTA*®. The FDA also concluded that the size of the HIV patient population with lipodystrophy did not make such a requirement feasible.

On June 19, 2018, the Company announced the closing of a "bought deal" offering of 5.75% convertible unsecured senior notes, or Notes, in an aggregate principal amount of US$57,500,000, or Offering, including the exercise in full of the underwriters' over-allotment option.

The Company used a portion of the proceeds to fund the payment of future obligations arising from the repurchase of the commercial rights to *EGRIFTA*® from EMD Serono Inc, or EMD Serono. The Company made a lump sum payment of US$23,850,000 to repay future obligations, totalling US$28,200,000, owed to EMD Serono. The early repayment eliminated royalty payments on future sales of *EGRIFTA*® that was previously impacting the Company's operating cash flow.

Adjusted EBITDA for Fiscal 2018 was $2,259,000 compared to $(6,947,000) in Fiscal 2017. We use adjusted EBITDA to measure cash flow generation. See "Non-IFRS Financial Measures" below.

As at November 30, 2018, cash, bonds and money market funds amounted to $71,637,000.

Outlook

Our strategy to generate growth in 2019 will involve increasing sales of *EGRIFTA*® and Trogarzo® in the United States, launching the F4 formulation of *EGRIFTA*® in the United States and launching Trogarzo® in Europe, if approved. It will also include pursuing potential product acquisitions, in-licensing transactions that would be complementary to our Company's infrastructure or other opportunities to begin rebuilding our early-stage pipeline.

Selected Annual Information

Years ended November 30 (in thousands of Canadian dollars, except per share amounts)	2018	2017	2016
Revenue	**$ 58,553**	**$ 42,864**	**$37,072**
Selling and market development expenses	**$ 27,990**	**$ 26,017**	**$14,658**
Royalty expense	**$ 1,699**	**$ 3,986**	**$ 2,430**
Adjusted EBITDA[1]	**$ 2,259**	**$ (6,947)**	**$ 6,573**
Net (loss) profit	**$ (6,013)**	**$(18,450)**	**$ 410**
(Loss) earnings per share:			
Basic and diluted	**$ (0.08)**	**$ (0.25)**	**$ 0.01**
Cash, bonds and money market funds	**$ 71,637**	**$ 32,929**	**$11,603**
Total assets	**$147,717**	**$ 76,295**	**$52,974**
Long-term obligation (including current portion)	**—**	**$ 9,219**	**$13,567**
Convertible unsecured senior notes	**$ 65,451**	**—**	**—**

1. See "Non-IFRS Financial Measures" below.

The increase in revenues in 2018 is due to increased *EGRIFTA*® sales in addition to the launch of Trogarzo® in the United States.

Selling and market development expenses stabilized during Fiscal 2018. The 2017 increases in selling and market development expenses were reflective of the cost associated with a major expansion of our U.S. sales and marketing organization in order to prepare the launch of Trogarzo® in the United States and to cover additional territories for *EGRIFTA*®.

The significant positive change in Adjusted EBITDA and in net loss is a reflection of increased revenues stemming from steadily growing *EGRIFTA*® and Trogarzo® sales in the United States and a responsible approach in the management of expenses.

The significant increase in total assets is a result of the Offering.

Operating results – Year ended November 30, 2018 compared to Year ended November 30, 2017

(in thousands of Canadian dollars)	2018	2017
EGRIFTA® net sales	**46,941**	42,861
Trogarzo® net sales	**11,611**	—
Royalties	**1**	3
Revenue	**58,553**	42,864

Consolidated revenue for the year ended November 30, 2018 was $58,553,000 compared to $42,864,000 for the same period ended November 30, 2017, an increase of 36.6%. Revenue growth reflects the added contribution of Trogarzo® as well as the continued progression of *EGRIFTA*® sales.

Annual net sales of *EGRIFTA*® were our strongest ever. For the year ended November 30, 2018, sales of EGRIFTA® were $46,941,000 or US$36,329,000 compared to $42,861,000 or US$33,020,000 for the same period last year, representing an increase of 10% in US.

Sales of Trogarzo® reached $11,611,000 or US$8,887,000 as at November 30, 2018. Approved in the United States on March 6, 2018, Trogarzo® has been commercially available since April 30, 2018. Trogarzo® is increasingly contributing to revenue growth and financial results.

Cost of Sales

For the year ended November 30, 2018, cost of sales was $17,225,000 compared to $10,273,000 in the comparable period of Fiscal 2017. Cost of sales includes the cost of goods sold which amounted to $12,188,000 in Fiscal 2018 compared to $4,991,000 in Fiscal 2017. The increase in cost of goods sold is mainly due to the introduction of Trogarzo® and higher sales of *EGRIFTA*®.

In Fiscal 2017, the cost of sales also included other production-related costs of $1,296,000, which was principally due to the write-down of inventories as a result of losses incurred during conversion of raw materials to finished goods and losses associated with expired goods.

Prior to the third quarter of 2018, cost of sales included royalties due under the terms of an agreement terminating our collaboration and licensing agreement with EMD Serono, or EMD Serono Termination Agreement. Following the closing of the Offering, we used a portion of the net proceeds to make a full and final payment of US$23,850,000 to EMD Serono which enabled Theratechnologies to realize savings from a reduction of future payment obligations including royalty payments.

The payment in connection with the settlement of the future royalty obligation has been accounted as “Other asset” on the consolidated statement of the financial position. Consequently, during Fiscal 2018, an amortization of $3,196,000 has been recorded in relation to this transaction.

R&D Expenses

R&D expenses amounted to $10,324,000 for Fiscal 2018 compared to $11,856,000 in Fiscal 2017.

Several factors contributed to the lowering of R&D expenses in Fiscal 2018, including lower costs associated with two Phase 4 clinical trials. On May 1, 2018, Theratechnologies announced that it had been released from its last post-approval commitments by the FDA.

R&D expenses include costs associated with the regulatory submission of Trogarzo® in Europe, the filing of the F4 Formulation of *EGRIFTA*® in the United States and the medical science liaison and field medical education teams in the US.

Selling and Market Development Expenses

Selling and market development expenses for the year ended November 30, 2018 amounted to $27,990,000 compared to $26,017,000 for the same period last year.

Activities for the launch and marketing of Trogarzo® in the United States are mostly responsible for the increase in selling and market development costs.

The amortization of the intangible asset value established for the *EGRIFTA*® and Trogarzo® commercialization rights is also included in selling and market development expenses. We recorded an expense of $2,285,000 in Fiscal 2018 compared to $1,968,000 for Fiscal 2017.

General and Administrative Expenses

General and administrative expenses for the year ended November 30, 2018 amounted to $7,549,000 compared to $5,816,000 for the same period in Fiscal 2017. The increase is mainly due to the growth and development of the Company and to professional fees associated with business development initiatives, our preparatory work in Europe and other projects.

Finance Income

Finance income, consisting of interest income, for the year ended November 30, 2018 amounted to $791,000 compared to $338,000 in Fiscal 2017. Higher finance income is related to the interest on our higher liquidity position following the closing of the Offering.

Finance Costs

Finance costs for the year ended November 30, 2018 came to $3,931,000 compared to $7,690,000 for the same period last year. In 2018, finance costs include the interest on the Notes representing $1,945,000 and a loss of $375,000 on the repayment of the long-term obligation.

Finance costs no longer include losses related to the change in the fair value of warrant liability ($6,654,000 in Fiscal 2017) as the last outstanding warrants were exercised in the third quarter of 2017.

Accretion expense in Fiscal 2018 was $1,347,000 compared to $1,371,000 in Fiscal 2017. Accretion expense is mainly associated with the Notes issued in June 2018. Previously, accretion expense related to the long-term obligation with EMD Serono, which was settled in the third quarter of Fiscal 2018.

Adjusted EBITDA

Adjusted EBITDA for Fiscal 2018 was $2,259,000 compared to $(6,947,000) in Fiscal 2017, reflecting increased sales and margins, including the growing contribution of Trogarzo® while maintaining expenses relatively stable. See “Non-IFRS Financial Measures” below.

Net loss

Taking into account the revenue and expense variations described above, we recorded a net loss of $6,013,000 or $0.08 per share in Fiscal 2018 compared to a net loss of $18,450,000 or $0.25 in Fiscal 2017.

Fourth quarter comparison

(in thousands of Canadian dollars)	Q4 2018	Q4 2017
EGRIFTA® net sales	**12,734**	12,595
Trogarzo® net sales	**5,561**	—
Royalties	**—**	1
Revenue	**18,295**	12,596

Consolidated revenue for the three months ended November 30, 2018 amounted to $18,295,000 compared to $12,596,000 for the same period last year, representing an increase of 45%.

For the fourth quarter of Fiscal 2018, sales of *EGRIFTA*® reached $12,734,000 or US$9,732,000 compared to $12,595,000 or US$10,033,000 in the fourth quarter of the prior year. In Q4 2018, *EGRIFTA*® unit sales were negatively impacted by inventory adjustments at the distributor level. This was offset by a higher selling price, the reversal of an accrued liability and a favourable variation in the exchange rate.

In the fourth quarter of 2018, Trogarzo® sales amounted to $5,561,000 or US$4,250,000, representing an increase of 14.3% from the previous quarter of 2018.

Cost of Sales

For the three-month period ended November 30, 2018, cost of sales was $6,216,000 compared to $3,523,000 in the comparable period of Fiscal 2017. Cost of goods sold was $4,599,000 compared to $1,393,000 for the same period last year. The increase in cost of goods sold is mainly due to the introduction of Trogarzo®. For the same quarter of Fiscal 2017, cost of sales included production-related costs of $1,024,000 which were mainly due to inventory write-downs. Other components of cost of sales include amortization of $1,597,000 in 2018 and royalty payments to EMD Serono Inc. of $1,106,000 in 2017.

R&D Expenses

R&D expenses in the three-month period ended November 30, 2018 amounted to $2,700,000 compared to $3,094,000 in the comparable period of Fiscal 2017. As previously explained, this decrease is largely due to the FDA decision to release Theratechnologies from its last post-approval commitments relating to *EGRIFTA*®.

Selling and Market Development Expenses

Selling and market development expenses in the three-month period ended November 30, 2018 amounted to $6,848,000 compared to $7,985,000 in the comparable period of Fiscal 2017.

The reduction in selling and marketing expenses from quarter to quarter is mainly due the upfront investments made in 2017 to prepare the launch of Trogarzo®.

The amortization of the intangible asset value established for the *EGRIFTA*® and Trogarzo® commercialization rights is also included in selling and market development expenses. We recorded an expense of $638,000 for the fourth quarter of Fiscal 2018 compared to $474,000 for the same quarter last year.

General and Administrative Expenses

General and administrative expenses in fourth quarter of Fiscal 2018 amounted to $2,449,000 compared to $1,591,000 reported in the same period of Fiscal 2017. The increase is mainly associated with business growth and various business development initiatives related to our preparatory work in Europe and other projects.

Finance Income

Finance income, consisting of interest income, for the three-month period ended November 30, 2018 was $362,000 compared to $94,000 in the comparable quarter of Fiscal 2017. Higher finance income is related to the interest on our higher liquidity position following the closing of the Offering.

Finance Costs

Finance costs for the fourth quarter of Fiscal 2018 were $1,737,000 compared to $713,000 for the same quarter of Fiscal 2017. As previously stated, finance costs include the interest on the Notes and a loss on the repayment of the long-term obligation.

Finance costs also include accretion expense, which was $471,000 for the fourth quarter of 2018 compared to $281,000 for the same period last year. In the fourth quarter of 2018, the accretion expense was mainly associated with the Notes issued in June 2018. Previously, accretion expense related to the long-term obligation with EMD Serono, which was settled during the third quarter.

Adjusted EBITDA

Adjusted EBITDA for the fourth quarter of 2018 was $2,599,000 compared to $(1,887,000) in same period of Fiscal 2017. See “Non-IFRS Financial Measures” below.

Net loss

Taking into account the revenue and expense variations described above, we recorded a net loss of $1,293,000 or $0.02 loss per share in the fourth quarter of Fiscal 2018 in comparison to a net loss of $4,216,000 or $0.06 loss per share in the fourth quarter of 2017.

Financial Position

For the three-month period ended November 30, 2018, operating activities generated cash of $3,678,000 compared to $1,958,000 in the comparable period of Fiscal 2017.

In the fourth quarter of Fiscal 2018, changes in operating assets and liabilities had a positive impact on cash flow of $1,946,000. These changes include an increase of $4,933,000 in accounts payable and accrued liabilities and a decrease in accounts receivable of $815,000, which were mainly offset by a $3,297,000 increase in inventories. These changes are related to the increase in our commercial activities.

Quarterly Financial Information

The following table is a summary of our unaudited consolidated operating results for the last eight quarters.

(In thousands of dollars, except per share amounts)

	2018				2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**18,295**	17,714	12,326	10,218	12,596	11,217	10,016	9,035
Net (loss) profit	**(1,293)**	367	(2,460)	(2,627)	(4,216)	(2,882)	(9,109)	(2,243)
Basic and diluted (loss) earnings per share	**(0.02)**	—	(0.03)	(0.04)	(0.06)	(0.04)	(0.13)	(0.03)

Factors Affecting the Variability of Quarterly Results

Results for Fiscal 2018 reflect the increasing contribution of Trogarzo® beginning May 2018.

The issuance of common share purchase warrants in 2015 had a significant effect on quarterly earnings. Variations in the fair value of the warrant liability, a non-cash item, resulted in the following gains and losses: 2018 – No impact as all broker warrants were exercised in Q3 2017; in 2017 – (Q1) a loss of $1,909,000, (Q2) a loss of $4,020,000, (Q3) a loss of $725,000, (Q4) no impact.

There are quarter-over-quarter variations in net sales revenue, principally due to changes in distributor inventory levels with some additional impact from time to time related to average net selling price, which is affected by changes in the mix of private payors versus government drug reimbursement plans.

CAD/USD currency fluctuations also have an effect when sales figures are converted to CAD for reporting purposes. Since regaining commercial rights to *EGRIFTA*®, sales have kept an overall upward trend as measured by unit sales and dollar value.

In the second quarter of Fiscal 2017, the Company undertook a major expansion of its U.S. sales organization and added staffing to its medical science liaison and managed markets groups in order to cover additional territories and prepare the launch of Trogarzo® in the United States. The expanded sales team has had a lasting positive impact on sales of *EGRIFTA*®.

Liquidity and Capital Resources

Our objective in managing capital is to ensure a sufficient liquidity position to finance our business activities. We depend primarily on revenue generated by sales of *EGRIFTA*® and Trogarzo® in the United States and, from time to time, on public offerings of securities in North America. Currently, our general policy on dividends is to retain cash to keep funds available to finance our growth.

For Fiscal 2018, cash flow used in operating activities was $444,000 compared to cash flow generated of $2,455,000 in Fiscal 2017.

In Fiscal 2018, changes in operating assets and liabilities negatively affected cash flow by $84,000 compared to a positive impact on cash flow of $10,989,000 in Fiscal 2017. The most significant changes in 2018 were an increase in trade and other receivables of $4,523,000, an increase of inventory of $5,180,000 offset by an increase of accounts payable and accrued liabilities of $10,125,000. Those changes are directly related to the increase in our commercial activities.

On June 19, 2018, Theratechnologies closed the Offering. The Notes issued as a result of the Offering are direct, senior, unsecured obligations of Theratechnologies and bear interest at a rate of 5.75% per annum, payable semi-annually on June 30 and December 31 of each year, commencing on December 31, 2018. The notes are convertible into common shares of the Company. (See note 17 of the Audited Financial Statements).

Theratechnologies used a portion of the net proceeds of the Offering to fund payments totaling US$23,850,000 due under an amendment to the Termination Agreement entered into on May 29, 2018 with EMD Serono, or the Renegotiated Agreement. (See notes 13 and 16 of the Audited Financial Statements). The Renegotiated Agreement signed with EMD Serono enabled Theratechnologies to realize savings from a reduction of future payment obligations and also to eliminate a royalty payment that was previously impacting the Company's operating cash flow.

As at November 30, 2018, cash, bonds and money market funds amounted to $71,637,000 compared to $32,929,000 in November 30, 2017. Available cash is invested in highly liquid fixed income instruments including governmental, municipal and paragovernmental organizations, high-grade corporate bonds and money market funds.

The Company believes that it will be able to adequately fund its operations and meet its cash flow requirements at least for the next twelve months.

Contractual Obligations

The following are amounts due on the contractual maturities of financial liabilities as at November 30, 2018:

(In thousands of Canadian dollars)

					2018
	TOTAL	Less than 1 Year	Between 1 Year and 3 Years	Between 4 Year and 5 Years	More than 5 Years
Convertible unsecured senior notes including interest	98,550	4,528	8,791	85,231	—
Operating lease obligations	3,377	368	970	1,044	995
Total	**101,927**	**4,896**	**9,761**	**86,275**	**995**

Long-Term Procurement Agreements

The Company has long-term procurement agreements with third party suppliers in connection with the commercialization of *EGRIFTA*® and Trogarzo®. As at November 30, 2018, the Company had outstanding purchase orders and minimum payments required under these agreements amounting to $8,446,000 (2017 - $4,945,000) for the manufacture of *EGRIFTA*® and for various services.

TaiMed Agreement

Under the terms of the TaiMed Agreement, the Company is subject to commercial milestone payments based primarily on the attainment of sales of the Trogarzo®. See note 12 to the Audited Financial Statements for additional details.

Financial Risk Management

This section provides disclosure relating to the nature and extent of our exposure to risks arising from financial instruments, including credit risk, liquidity risk, currency risk and interest rate risk, and how we manage those risks.

Credit Risk

Credit risk is the risk of a 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 accounts receivable with one major customer (see Note 25 of the Audited Financial Statements) and derivative financial assets which it manages by dealing only with highly rated Canadian financial institutions. Included in the consolidated statements of financial position are trade receivables of $14,251,000 (2017—$9,617,000), all of which were aged under 60 days. There was no bad debt expense for the years ended November 30, 2018 and 2017. Financial instruments other than cash and trade and other receivables that potentially subject the Company to significant credit risk consist principally of bonds and money market funds. The Company invests its available cash in highly liquid fixed income instruments from governmental, paragovernmental, municipal, high grade corporate bodies and money market funds (2018—$19,795,000; 2017—$31,169,000). As at November 30, 2018, the Company believes it was not exposed to any significant credit risk. The Company's maximum credit exposure corresponded to the carrying amount of these financial assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. We manage this risk through the management of our capital structure as outlined under "Liquidity and Capital Resources". We also manage liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors and/or the Audit Committee reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

We have adopted an investment policy in respect of the safety and preservation of its capital designed to ensure that our liquidity needs are met. The instruments are selected with regard to the expected timing of expenditures and prevailing interest rates.

The required payments on the contractual maturities of financial liabilities, as well as the payments required under the terms of the operating lease and the long-term obligation, as at November 30, 2018, are presented in Note 21(b) of the Audited Financial Statements**.**

Currency Risk

We are exposed to financial risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions denominated in currencies other than US dollars, primarily cash, sale of goods and expenses incurred in Canadian dollars.

Exchange rate fluctuations for foreign currency transactions can cause cash flows as well as amounts recorded in the consolidated statement of comprehensive income to vary from period to period and not necessarily correspond to those forecasted in operating budgets and projections. Additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the US dollars at the rates of exchange at each consolidated statement of financial position date, the impact of which is reported as foreign exchange gain or loss in the consolidated statement of comprehensive income. We do not believe a sudden change in foreign exchange rates would impair or enhance our ability to pay our Canadian dollar denominated obligations.

The following table presents the significant items in the original currencies exposed to currency risk as at November 30, 2018 and 2017:

(In thousands of dollars)		2018
Cash	CAD	1,869
Bonds and money market funds		9,754
Trade and other receivables		470
Accounts payable and accrued liabilities		(6,437)
Total exposure	CAD	5,656

(In thousands of dollars)		2017
Cash	CAD	297
Bonds and money market funds		14,239
Trade and other receivables		253
Accounts payable and accrued liabilities		(5,229)
Total exposure	CAD	9,560

The following exchange rates are those applicable as at November 30, 2018 and 2017 to:

	2018		2017	
	Average rate	Reporting date rate	Average rate	Reporting date rate
CAD-USD	0.7752	0.7522	0.7684	0.7757

Based on the Company's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the Canadian dollar would have a positive or (negative) impact on the net loss as follows, assuming that all other variables remain constant:

(In thousands of dollars)	2018	2017
Positive impact	CAD 283	CAD 478

An assumed 5% weakening of the Canadian dollar would have had an equal but opposite effect on the above currencies to the amounts shown above, assuming that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Short-term bonds held by the Company are invested at fixed interest rates and/or mature in the short term. Long-term bonds are also instruments that bear interest at fixed rates. The risk that the Company will realize a loss as a result of a decline in the fair value of its bonds is limited because these investments, although they are classified as available for sale, are generally held until close to maturity. The unrealized gains or losses on bonds are recorded in accumulated other comprehensive income.

Based on the value of the Company's short- and long-term bonds as at November 30, 2018, an assumed 0.5% decrease in market interest rates would have increased the fair value of these bonds and the accumulated other comprehensive income by approximately $61,000 (2017 - $124,000); an assumed increase in the interest rate of 0.5% would have an equal but opposite effect, assuming that all other variables remained constant.

Cash and money market funds bear interest at a variable rate. Trade and other receivables, accounts payable and accrued liabilities and provisions bear no interest.

Based on the average value of variable interest-bearing cash and money market funds during the year ended November 30, 2018 of $31,644,000 (2017—$16,518,000), an assumed 0.5% increase in interest rates during such year would have increased future cash flows and net profit by approximately $158 (2017—$83,000); an assumed decrease of 0.5% would have had an equal but opposite effect.

As the Company's convertible unsecured senior notes bear interest at a fixed rate of 5.75%, the Company does not face significant interest rate risk.

Fair Values of Financial Instruments

We have determined that the carrying values of its short-term financial assets and financial liabilities, including cash, 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 money market funds 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.

The fair value of the convertible unsecured notes as at November 30, 2018 was approximately $69,561,000.

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.

The DSU liability is recognized at fair value is determined using the quoted price of the common shares of the Company.

Critical Accounting Estimates

Use of estimates and judgments

The preparation of the Company's consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting year.

Judgments in applying accounting policies

Information about critical judgments in applying accounting policies and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements is noted below.

Milestone payments related to Trogarzo®

The commercialization rights related to Trogarzo® are subject to additional milestone payments based on the attainment of commercial milestones, including development, launch and sales milestones. Milestones payments will be accrued and recorded in the cost of intangible assets when it is probable that they will be paid. The determination of probability to pay the milestones is subject to judgment. In order to demonstrate that the commercial milestone payment is probable, the following will be taken into consideration: product approval, product launch and approved development plan. In addition, there should be a sufficient history of sales to have reasonable expectation that the commercial milestone payments, related to sales milestones, will be reached.

Convertible senior unsecured notes

The determination of the fair value of the liability component of a convertible instrument requires judgment as it is based on the estimated interest rate that the Company could obtain for a similar debt instrument without a conversion option.

Key sources of estimation uncertainty

Key sources or estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Sales promotional programs

Management uses judgment in estimating provisions for sale deductions such as cash discounts, allowances, returns, rebates, chargebacks and distribution fees (see Note 2 (Revenue recognition-Net sales and Note 4 for additional information).

Other

Other areas of judgment and uncertainty relate to the estimation of accruals for clinical trial expenses, the recoverability of inventories, the measurement and recoverability of intangible assets, the measurement of derivative financial assets, the measurement of the long-term obligation and share-based arrangements.

Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures management intends to take. Actual results could differ from those estimates.

The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Recent Changes in Accounting Standards

Please refer to Note 3 of the Audited Financial Statements

Outstanding Securities Data As at February 19, 2019, the number of common shares issued and outstanding was 76,877,679 while outstanding options granted under our stock option plans were 2,172,705. We also had US$57,500,000 aggregate principal amount of 5.75% convertible unsecured senior notes due June 30, 2023 issued and outstanding as a result of the Offering. These notes are convertible into common shares at the option of the holder at a conversion price of US$14.85, representing a conversion rate of approximately 67.3401 common share per US$1,000 principal amount of notes. The conversion of all of the outstanding notes would result in the issuance of 3,872,055 common shares.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the annual filings, interim filings or other reports filed under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to management, including our President and Chief Executive Officer, and our Senior Vice President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer, have evaluated, or caused the evaluation of, under their direct supervision, the design and operating effectiveness of the Company's disclosure controls and procedures, as defined under National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings as at November 30, 2018. Based upon that evaluation, our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer, have concluded that, as of November 30, 2018, our disclosure controls and procedures were designed and operating effectively.

Internal Control over Financial Reporting

Our management, including our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined under National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings. Our internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, as issued by the IASB. Internal controls over financial reporting include those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, as issued by the IASB, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements on a timely basis. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to consolidated financial statements preparation and presentation. 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, including our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer, assessed the design and operating effectiveness of our internal controls over financial reporting as of the end of Fiscal 2018 based on the criteria established in the "*Internal Control—Integrated Framework*" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Management's assessment included an evaluation of the design of our internal controls over financial reporting and testing of the operational effectiveness of

our internal control over financial reporting. Based on that assessment, our management, including our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer, concluded that as of November 30, 2018, our internal controls over financial reporting were appropriately designed and operating effectively.

Changes in Internal Control over Financial Reporting

There was no change in our internal controls over financial reporting that occurred during the period from September 1, 2018 to November 30, 2018 that materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Non-IFRS Financial Measures

Reconciliation of net profit or loss to adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA to net profit (loss) is presented in the table below. We use adjusted financial measures to assess our operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Adjusted EBITDA to measure operating performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our business, and because we believe it provides meaningful information on our financial condition and operating results.

We obtain our Adjusted EBITDA measurement by adding to net profit or loss, finance income and costs, depreciation and amortization, and income taxes. We also exclude the effects of certain non-monetary transactions recorded, such as share-based compensation for the stock option plan and write-downs (or related reversals) of inventories, for our Adjusted EBITDA calculation. We believe it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee remuneration and can vary significantly with changes in the market price of the Company’s shares. In addition, other items that do not impact core operating performance of the Company may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of our operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other companies.

Adjusted EBITDA

(In thousands of Canadian dollars)

	Three-month periods ended November 30		Year-ended November 30		
	2018	2017	**2018**	2017	2016
Net (loss) profit	(1,293)	(4,216)	(6,013)	(18,450)	410
Add (deduct)					
Depreciation and amortization	2,244	480	5,507	1,992	2,108
Finance costs	1,737	713	3,931	7,690	2,993
Finance income	(362)	(94)	(791)	(338)	(104)
Income tax (recovery) expense	—	—	(1,662)	—	639
Share-based compensation for stock option plan	225	194	1,097	1,015	563
Write-down of inventories	48	1,036	190	1,144	(36)
Adjusted EBITDA	2,599	(1,887)	2,259	(6,947)	6,573

Risks and Uncertainties

Before you invest in our securities, you should understand the high degree of risk involved and consider carefully the risks and uncertainties described below. The following risks may adversely impact our business, financial condition, operating results and prospects. Additional risks and uncertainties, including those that we do not know about or that we currently believe are immaterial, may also develop as our operations evolve and, therefore, may adversely affect our business, financial condition, operating results or prospects. As a result, the trading price of our securities, including our common shares, could decline and you could lose all or part of your investment.

RISKS RELATED TO THE COMMERCIALIZATION OF OUR PRODUCTS

Our commercial success and revenue growth depend mainly on the commercialization of EGRIFTA® and Trogarzo® in the United States; unsatisfactory future sales levels of EGRIFTA® and Trogarzo® in the United States will have a material adverse effect on us.

Our ability to generate revenue and sustain growth is currently based on the commercialization of *EGRIFTA*® and Trogarzo® in the United States.

Our success in generating sales revenue from *EGRIFTA*® and Trogarzo® in the United States will depend on our capacity:

- to pursue the deployment of a commercialization strategy that will be accepted by patients, healthcare professionals and third-party payors;
- to maintain reimbursement coverage for *EGRIFTA*® and Trogarzo® by third-party payors;
- to maintain the registration of *EGRIFTA*® and Trogarzo® on U.S. governmental forms as drugs available for purchase in the United States;
- to ensure that adequate supplies of *EGRIFTA*® and Trogarzo® are available;
- to maintain conflict-free relationships with our principal third-party suppliers of services, namely our agent in the United States (Syneos), our manufacturers, (TaiMed and Jubilant), our distributor (RxCrossroads), as well as other specialized third-parties; and
- to defend our intellectual property rights regarding *EGRIFTA*® against third-parties.

Our success in commercializing *EGRIFTA*® and Trogarzo® in the United States will also depend on:

- the capacity of Syneos, in collaboration with us, to retain qualified, motivated and talented sales representatives and other key individuals instrumental in the commercialization of our products in the United States; and
- the capacity of our third-party suppliers to comply with all laws and regulations applicable to the conduct of their respective businesses.

There can be no assurance that sales of *EGRIFTA*® and Trogarzo® to customers in the United States will increase in the future or that we will generate sales at a profitable level. If sales of these products decrease, our revenue would be adversely affected which, in turn, could materially adversely affect our business, financial condition and operating results.

Because we expect to be dependent on revenues from *EGRIFTA*® and Trogarzo® for the foreseeable future, any negative developments relating to these products, such as safety or efficacy issues, manufacturing issues, the introduction or greater acceptance of competing products, or adverse regulatory or legislative developments, or our inability to successfully manage any of the abovementioned factors, will have a material adverse effect on our business and our future business prospects.

We rely on third parties for the manufacture, distribution and commercialization of our products and such reliance may adversely affect our revenues, business and future business prospects if the third parties are unable or unwilling to fulfill their obligations.

We have a single third-party service provider for each of our core business activities pertaining to the commercialization of our products, namely their manufacturing, distribution and commercialization. Any material issues such third-party service providers may encounter that relate to the provision of services to us would have a material adverse effect on our revenues, business and future business prospects since these third-party service providers may not be easily or rapidly replaced.

We do not own or operate manufacturing facilities for the production of *EGRIFTA®* and tesamorelin, nor do we have plans to develop our own manufacturing operations in the foreseeable future. We currently rely on Bachem and Jubilant to manufacture and supply all of our required raw materials, drug substance and drug product for sales of *EGRIFTA®*. Although potential alternative suppliers and manufacturers have been identified, we have not entered into any agreements with them nor have we qualified these vendors to date and no assurance can be given that such suppliers will be qualified in the future or receive necessary regulatory approvals. The replacement of a third-party manufacturer is time-consuming and costly due to the required validation of their capabilities. The validation process includes an assessment of the capacity of such third-party manufacturer to produce the quantities that we may request from time to time, the manufacturing process and its compliance with current good manufacturing practice, or GMP, regulations. In addition, the third-party manufacturer would have to familiarize itself with our technology. Validation of an additional third-party manufacturer takes at least twenty-four (24) months and could take as long as thirty-six (36) months or more.

TaiMed is our sole supplier of Trogarzo®. TaiMed does not currently own or operate any manufacturing facilities for the production of Trogarzo® and must rely on its sole supplier, WuXi. We are not in a contractual relationship with WuXi and, therefore, we may not be able to interact with Wuxi in the event they encounter issues which could adversely affect the supply of Trogarzo®. In such circumstances, we will need to rely on TaiMed to address any of those issues. We have no control over the time and efforts that TaiMed will devote in finding solutions to supply issues if such were to occur, or any say on the solution itself. Any delay in addressing manufacturing issues or any solution to address a manufacturing problem that is not to our liking could have a material adverse effect on the supply and sale of Trogarzo® and, accordingly, materially adversely affect our revenues.

We do not have state licensure in the United States to distribute *EGRIFTA*®, Trogarzo® or any other product we may acquire or in-license and we do not currently intend to pursue applications to obtain the licenses required in order to distribute a drug product in the United States. Our supply chain model is based upon that fact and the distribution of *EGRIFTA*® and Trogarzo® in the United States is done through RxCrossroads which currently holds all state licensure required to distribute a drug product in every American state. Although potential alternative third-party service providers have been identified to replace RxCrossroads in the event that it becomes unable to distribute *EGRIFTA*® and Trogarzo®, we have not entered into any agreements with them and no assurance can be given that such providers would enter into any agreement with us on terms satisfactory to us.

We do not employ sales, medical service liaison and reimbursement personnel in the United States in connection with the commercialization of our products in this territory. We rely on Syneos to provide us with all of the services related to the commercialization of our products, namely sales personnel, medical science liaison personnel, reimbursement specialists and other individuals whose roles and functions pertain to the commercialization of our products. Although we are aware that there exists other third-party services providers that could provide the same services as Syneos, we have not entered into any agreements with them nor conducted any audit on them. If we need to find another third-party service provider for some or all of the services provided by Syneos, it will be time-consuming and will be disruptive to our business. In addition, there can be no assurance that we will be able to find such third-party service provider if we are unable to agree on the terms and conditions of an agreement with them.

Our reliance on one third-party service provider for each of our core business activities exposes us to a number of risks. For instance, we may be subject to delays in, or suspension of, the manufacturing of *EGRIFTA*® and Trogarzo® if a third-party manufacturer:

- becomes unavailable to us, or to TaiMed, for any reason, including as a result of the failure to comply with GMP regulations;
- experiences manufacturing problems or other operational failures, such as labour disputes, equipment failures or unplanned facility shutdowns required to comply with GMP, or damage from any event, including fire, flood, earthquake, business restructuring, labour disputes or insolvency; or
- fails to perform its contractual obligations under our agreement, such as failing to deliver the quantities requested on a timely basis or not meeting product specifications.

We may also be subject to distribution disruption and interrupted sales of *EGRIFTA*® and Trogarzo® in the United States if RxCrossroads:

- becomes unavailable to us for any reason, including as a result of its failure to meet applicable laws;
- experiences warehousing problems or other operational failure, such as unplanned facility shutdown or damage from any event, including fire, flood, earthquake, business restructuring or insolvency; or
- fails to perform its contractual obligations under our agreement.

We may be subject to a decrease in sales of *EGRIFTA®* and Trogarzo® in the United States or may face reimbursement challenges if Syneos:

- becomes unavailable to us for any reason, including as a result of its incapacity to motivate and retain the employees working on the commercialization of *EGRIFTA®* and/or Trogarzo®;
- experiences compliance issues with the FDA; or
- fails to perform its contractual obligations under our agreement.

Significant safety problems may arise with respect to EGRIFTA® and Trogarzo® which could result in restrictions in EGRIFTA®'s or Trogarzo®'s label, product recall or withdrawal of any of our products from the market, any of which would materially adversely impact our business and our future business prospects.

New safety issues may arise as *EGRIFTA®* and Trogarzo® are used over longer periods of time by a wider group of patients, some of whom may be taking numerous other medicines, or may suffer from additional underlying health problems. Such safety issues could include an increase in the severity or frequency of known problems or the discovery of previously unknown problems, and may result in a variety of adverse regulatory actions. Under U.S. laws, the FDA has broad authority over drug manufacturers to compel any number of actions if safety problems arise, including, but not limited to: (i) requiring manufacturers to conduct post-approval clinical studies to assess known risks or signals of serious risks, or to identify unexpected serious risks; (ii) mandating labeling changes to a product based on new safety information; or (iii) requiring manufacturers to implement a risk evaluation mitigation strategy where necessary to assure safe use of the drug. Similar laws and regulations exist in countries outside of the United States. Previously unknown safety problems could also result in product recalls, restrictions on the products' permissible uses, or withdrawal of the products from the territory(ies) where they are approved for commercialization. If new safety issues are discovered, sales of *EGRIFTA®* and/or Trogarzo® may decrease and result in a material adverse effect on our business, financial condition and operating results.

Our levels of revenues are highly dependent on obtaining and maintaining patient reimbursement for EGRIFTA® and Trogarzo®.

Market acceptance and sales of *EGRIFTA®* and Trogarzo® substantially depend on the availability of reimbursement from third-party payors such as governmental authorities, including U.S. Medicare and Medicaid, managed care providers, and private insurance plans and may be affected by healthcare reform measures in the United States and elsewhere. Third-party payors decide which medications they will pay for and establish

reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and these third-party payors are attempting to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors have been challenging the prices charged for products. Third-party payors may decrease the level of reimbursement of a product or cease such reimbursement and the occurrence of any of these events could materially adversely affect the sales of *EGRIFTA*® and Trogarzo®.

Sales of *EGRIFTA*® and Trogarzo® to patients benefitting from U.S. funded reimbursement programs represent the most important part of all sales of our products. Denial of coverage for any of those two products under any of the current programs would materially adversely affect our revenues.

If Trogarzo® is approved for commercialization in the European Union, sales will be highly dependent on obtaining reimbursement. The process of seeking reimbursement for a new drug is complex and varies from one EU Member State to an other. In many EU Member States, pricing plays an important role in the evaluation of prescription drugs for reimbursement. There can be no assurance that Trogarzo®, if approved in the European Union, will be reimbursed by all or any EU Member State.

Even if Trogarzo® is reimbursed, in EU Member States, legislators, policymakers and healthcare insurance funds continue to propose and implement cost-containing measures to keep healthcare costs down, due in part to the attention being paid to healthcare cost containment in the European Union. Certain of these changes could impose limitations on the prices we will be able to charge for Trogarzo® or the amounts of reimbursement available for Trogarzo® from governmental agencies or third party payors, may increase the tax obligations on pharmaceutical companies such as ours, or may facilitate the introduction of generic competition. Further, an increasing number of EU Member States and other foreign countries use prices for medicinal products established in other countries as “ reference prices ” to help determine the price of the product in their own territory. Consequently, a downward trend in prices of medicinal products in some countries could contribute to similar downward trends elsewhere. In addition, the ongoing budgetary difficulties faced by a number of EU Member States, including Greece and Spain, have led and may continue to lead to substantial delays in payment and payment partially with government bonds rather than cash for medicinal drug products, which could negatively impact our potential revenues and profitability from Trogarzo®. Moreover, in order to obtain reimbursement for Trogarzo® in some EU Member States, we may be required to conduct clinical trials that compare the cost-effectiveness of Trogarzo® to other available therapies. There can be no assurance that Trogarzo®, if approved by rthe EMA, will obtain favorable reimbursement status in any EU Member States.

Even though EGRIFTA® and Trogarzo® are approved for sale in one or more territories, revenue that we generate from their sales may be limited.

Sales of *EGRIFTA®* and Trogarzo® will depend upon the acceptance of such products by the medical community, including physicians, patients and third-party payors. The degree of market acceptance of any of our products will depend on a number of factors, including:

- demonstrated product safety, including the prevalence and severity of side effects, and effectiveness as a treatment that addresses a significant unmet medical need;
- storage requirements, dosing regimen and ease of administration;
- the availability of competitive alternatives;
- our ability to obtain and maintain sufficient third-party coverage for reimbursement from government health care programs, including U.S. Medicare and Medicaid, private health insurers and other third-party payors;
- the willingness and ability of patients to pay out-of-pocket for medications;
- the product price; and
- the effectiveness of sales and marketing efforts.

If our products do not achieve adequate sales, we may not generate sufficient revenue in order to become profitable.

If we do not obtain marketing approval for Trogarzo® in Europe, our future revenues and our operating results would be adversely impacted.

In August 2018, we filed a MAA with the EMA seeking the approval of Trogarzo®. The MAA was filed using the same data as those used when we submitted our NDA with the FDA. The file is currently under review by the EMA and we expect a decision by the second half of this year.

There can be no guarantee that the EMA will approve Trogarzo®, or that the EMA will approve Trogarzo® for the proposed indication sought. The EMA could reject the MAA for various reasons, including due to a finding of inadequate safety, tolerability, potency, efficacy profiles or due to the size of the population in the clinical trials conducted by TaiMed. Additionally, the EMA could request that we provide additional safety or efficacy data which could require the conduct of additional clinical trials. Since clinical trials are time-consuming, the assessment of our MAA by the EMA could be delayed by many months or years if the conduct of clinical trials is required as a pre-requisite to obtaining a final assessment of our MAA from the EMA.

Even if Trogarzo® is approved by the European Commission, significant restrictions could be imposed on the indicated use or its marketing, or there could be imposed requirements for burdensome post-approval clinical studies. The terms of the Trogarzo® labeling may be more restrictive than we desire and could affect its commercial potential.

Market acceptability of Trogarzo® by physicians, patients and payors could be harmed if restrictions on its use are imposed by the EMA. The potential market size of Trogarzo® could also be reduced if those restrictions have the effect of limiting the number of patients eligible to be prescribed the drug.

If Trogarzo® is not approved by the European Commission or, if its approval is delayed, or if limitations of use or the conduct of clinical trials are mandated, this would adversely affect our business, financial condition and operating results.

The commercialization of the F4 Formulation for EGRIFTA® remains uncertain since validation of the commercial batches has yet to be completed. The non-commercialization of the F4 Formulation, or a delay in commercializing the F4 Formulation, could impact our revenue growth and operating results.

Since the approval of the F4 Formulation by the FDA, we have begun the manufacturing process of the F4 Formulation. In order to bring to market a new formulation of an approved drug product, a manufacturer must manufacture three consecutive batches of the product, also called validation batches, all of which must meet the specifications described in the submission filed with the regulatory agency. To date, we have manufactured one validation batch of the F4 Formulation and such batch is within the specifications approved by the FDA.

There can be no guarantee that any of the other two validation batches will meet the specifications approved by the FDA. If any of those batches does not meet the approved specifications, we will have to conduct an audit on the manufacturing process to determine the cause of the failure.

The conduct of an audit may take time and delay the launch of the F4 Formulation. Because the regulation requires that three consecutive validation batches of a drug product meet the specifications, the failure of one such batch in meeting the specifications will require that we resume anew the manufacture of three validation batches.

Any delay in the launch of the F4 Formulation or any decision not to launch the F4 Formulation as a result of manufacturing issues could impact revenue growth derived from the sale of *EGRIFTA*® and our operating results.

We are dependent on collaboration and licensing agreements for the commercialization of EGRIFTA® in Latin America, Africa and the Middle East, certain European countries and South Korea. These agreements place the commercialization of EGRIFTA® in these markets outside of our control.

Although each of our collaboration and licensing agreements with Sanofi, AOP, BL&H, PRX and Praxis contain provisions governing their responsibilities as partners for the commercialization of *EGRIFTA*® in their respective territories, our dependence on these commercial partners is subject to a number of risks, including:

- our limited control of the amount and timing of resources that they will be devoting to the commercialization, marketing and distribution of *EGRIFTA®*, including obtaining third-party patient reimbursement coverage, which could adversely affect our ability to obtain or maximize revenues;
- disputes or litigation that may arise between us and them, which could adversely affect the commercialization of *EGRIFTA®*, all of which would divert our management's attention and our resources;
- Sanofi, AOP, BL&H, PRX or Praxis not properly defending our intellectual property rights or using them in such a way as to expose us to potential litigation, which could, in both cases, adversely affect the value of our intellectual property rights;
- corporate reorganizations or changes in business strategies of Sanofi, AOP, BL&H, PRX or Praxis which could adversely affect their willingness or ability to fulfill their obligations under our agreement; and
- Sanofi, AOP, BL&H, PRX or Praxis being found in breach of local laws.

Our collaboration and licensing agreements may be terminated by Sanofi, AOP, BL&H, PRX and Praxis in the event of a breach by us of our obligations under such agreement, including our obligation to supply *EGRIFTA®*, for which we rely on third parties. If any of Sanofi, AOP, BL&H, PRX and Praxis terminates its agreement with us or fails to effectively commercialize *EGRIFTA®*, for any of the foregoing or other reasons, we may not be able to replace any of them in those markets and the occurrence of any of the abovementioned events would affect our operating results.

We face competition and the development of new products by other companies could materially adversely affect our business and operating results.

The biopharmaceutical and pharmaceutical industries are highly competitive and we must compete with pharmaceutical companies, biotechnology companies, academic and research institutions as well as governmental agencies for the development and commercialization of products, most of which have substantially greater financial, technical and personnel resources than us. We believe there is no approved drug product competing directly with our approved products. However, with respect to *EGRIFTA®*, we face competition from companies selling human growth hormone, testosterone, insulin sensitizing agents, GLP-1 receptor agonists and termorelin as those products may be prescribed by physicians. In addition, other approaches to reduce visceral adipose tissue in the abdominal area include coping mechanisms such as lifestyle modification (diet and exercise), switching ARTs or liposuction. With respect to Trogarzo®, we are aware that dolutegravir and darunavir are being used in regimens to treat MDR HIV-1 and that attachment inhibitors, long-acting ARTs and broadly working antibody products are under development.

RISKS RELATED TO RESEARCH AND DEVELOPMENT ACTIVITIES

The conduct of research and development activities is risky and results obtained therefrom may not be those anticipated. As a result, there can be no assurance that any research and development plan on a product candidate will result in an approved drug.

Research and development activities are highly risky and the results obtained therefrom may not yield any of the anticipated benefits. The development of a product candidate into a new drug requires the conduct of many tests on animals and humans, all of which must comply with stringent regulation. If we were to resume research and development activities, there can be no assurance that any research and development program designed to develop a new drug, or provide a new treatment, would end up generating positive results leading up to an approved product by a regulatory authority.

The conduct of clinical trials requires the enrolment of patients and difficulties in enrolling patients could delay the conduct of our clinical trials or result in their non-completion.

In connection with the development of a new drug, we must conduct clinical trials. Clinical trials require the enrolment of patients and we may have difficulties enrolling patients for future clinical trials. These difficulties may arise as a result of design protocol, the size of the patient population, the eligibility criteria to participate in the clinical trials, the availability of competing therapies, the patient referral practices of physicians and the availability of clinical trial sites. Difficulty in enrolling patients in connection with the conduct of clinical trials could result in their cancellation or delays in completing them. Once patients are enrolled in a clinical trial, the occurrence of any adverse drug effects or side effects observed during the trial could also result in the clinical trial being cancelled. The cancellation of clinical trials for the foregoing reasons could lead to our forfeiting the development of the product candidate tested in those clinical trials.

RISKS RELATED TO OUR INTELLECTUAL PROPERTY

Our failure to protect our intellectual property may have a material adverse effect on our ability to develop and commercialize our products.

We will be able to protect our intellectual property rights from unauthorized use by third parties only to the extent that our intellectual property rights are covered and protected by valid and enforceable patents, trademarks and copyrights or are effectively maintained as trade secrets. We try to protect our intellectual property position by, among other things, filing patent applications and trademark applications related to our proprietary technologies, inventions, improvements and tradenames that are important to the development of our business.

Because the patent and trademark position of pharmaceutical companies involves complex legal and factual questions, the issuance, scope, validity, and enforceability of patents and trademarks cannot be predicted with certainty. Patents and trademarks, if issued, may be challenged, invalidated or circumvented. For example, if our patents are invalidated or found to be unenforceable, we would lose the ability to exclude others from making, using or selling the inventions claimed. Moreover, an issued patent does not guarantee us the right to use the patented technology or commercialize a product using that technology. Third parties may have blocking patents that could be used to prevent us from developing our compounds, selling our products or commercializing our patented technology. Thus, patents that we own may not allow us to exploit the rights conferred by our intellectual property protection.

Our pending patent applications may not be issued or granted as patents. Even if issued, they may not be issued with claims of sufficient breadth to protect our product candidates and technologies or may not provide us with a competitive advantage against competitors with similar products or technologies. Furthermore, others may independently develop products or technologies similar to those that we have developed or may reverse engineer or discover our trade secrets through proper means. In addition, the laws of many countries do not protect intellectual property rights to the same extent as the laws of Canada, the United States and the European Patent Convention, and those countries may also lack adequate rules and procedures for defending intellectual property rights effectively.

We also rely on trade secrets, know-how and technology, which are not protected by patents, to maintain our competitive position. We try to protect this information by entering into confidentiality agreements with parties who have access to such confidential information, such as our current and prospective suppliers, distributors, manufacturers, commercial partners, employees and consultants. Any of these parties may breach the agreements and disclose confidential information to our competitors. It is possible that a competitor will make use of such information, and that our competitive position could be disadvantaged.

Enforcing a claim that a third party infringes on, has illegally obtained or is using an intellectual property right, including a trade secret or know-how, is expensive and time-consuming and the outcome is unpredictable. In addition, enforcing such a claim could divert management’s attention from our business. If any intellectual property right were to be infringed, disclosed to or independently developed by a competitor, our competitive position could be harmed. Any adverse outcome of such litigation or settlement of such a dispute could subject us to significant liabilities, could put one or more of our pending patent applications at risk of being invalidated or interpreted narrowly, could put one or more of our patents at risk of not issuing, or could facilitate the entry of generic products.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. For example, confidential information may be disclosed, inadvertently or as ordered by the court, in the form of documents or testimony in connection with discovery requests, depositions or trial testimony. This disclosure would provide our competitors with access to our proprietary information and may harm our competitive position.

Our commercial success depends, in part, on our ability not to infringe on third party patents and other intellectual property rights.

Our capacity to commercialize *EGRIFTA*® and Trogarzo® will depend, in part, upon our ability to avoid infringing third party patents and other third-party intellectual property rights. The biopharmaceutical and pharmaceutical industries have produced a multitude of patents and it is not always easy for participants, including us, to determine which patents cover various types of products, processes of manufacture or methods of use. The scope and breadth of patents is subject to interpretation by the courts and such interpretation may vary depending on the jurisdiction where the claim is filed and the court where such claim is litigated. The fact that we own patents for tesamorelin and for the treatment of HIV-related lipodystrophy in certain jurisdictions does not guarantee that we are not infringing one or more third-party patents in such jurisdictions and there can be no guarantee that we will not infringe or violate third-party patents and other third-party intellectual property rights in the United States or other jurisdictions.

For example, EMD Serono has listed a patent held by one of its affiliates in the Orange Book under the *Hatch-Waxman Act* with respect to *EGRIFTA*® in HIV-associated lipodystrophy. With the termination of the EMD Serono Agreement, EMD Serono could assert that such patent would be infringed by our continued sale of *EGRIFTA*® in the United States. To counter that risk, we have obtained a non-exclusive license from EMD Serono's affiliate under the EMD Serono Termination Agreement in order to continue selling *EGRIFTA*® in the United States. If we are in default under the EMD Serono Termination Agreement and such default is not cured within the agreed upon time, EMD Serono's affiliate could terminate our non-exclusive license. The termination of that license could prevent us from selling *EGRIFTA*® in the United States if we were found to infringe the patent listed by one of EMD Serono's affiliates in the Orange Book and this could have a material adverse effect on our business, financial condition and operating results.

Patent analysis for non-infringement is based in part on a review of publicly available databases. Although we review from time to time certain databases to conduct patent searches, we do not have access to all databases. It is also possible that we will not have reviewed some of the information contained in the databases or we found it to be irrelevant at the time we conducted the searches. In addition, because patents take years to issue, there may be currently pending applications that have not yet been published or that we are unaware of, which may issue later as patents. As a result, there can be no guarantee that we will not violate third-party patents.

Because of the difficulty in analyzing and interpreting patents, there can be no guarantee that a third party will not assert that we infringe such third-party's patents or any of its other intellectual property rights. Under such circumstances, there is no guarantee that we would not become involved in litigation. Litigation with any third party, even if the allegations are without merit, is expensive, time-consuming and would divert management's attention from the daily execution of our business plan. Litigation implies that a portion of our financial assets would be used to sustain the costs of litigation instead of being allocated to further the development of our business.

If we are involved in patent infringement litigation, we would need to prevail in demonstrating that our products do not infringe the asserted patent claims of the relevant patent, that the patent claims are invalid or that the patent is unenforceable. If we are found to infringe a third-party patent or other intellectual property right, we could be required to enter into royalty or licensing agreements on terms and conditions that may not be favorable to us, and/or pay damages, including up to treble damages in the United States (for example, if found liable of willful infringement) and/or cease the development and commercialization of our product candidates. Even if we were able to obtain a license, the rights may be non-exclusive, which could result in our competitors gaining access to the same intellectual property and to compete with us.

We have not been served with any notice alleging that we infringe a third-party patent, but there may be issued patents that we are unaware of that our products may infringe, or patents that we believe we do not infringe but ultimately could be found to infringe. If we were to challenge the validity of a competitor's issued United States patent in a United States court, we would need to overcome a statutory presumption of validity that attaches to every United States patent. This means that, in order to prevail, we would have to present clear and convincing evidence as to the invalidity of the patent's claims. We cannot guarantee that a court would find in our favour on questions of infringement and validity. Any finding that we infringe or violate a third-party patent or other intellectual property right could materially adversely affect our business, financial condition and operating results.

REGULATORY RISKS

We may be subject to enforcement action if we engage in the off-label promotion of EGRIFTA® or Trogarzo®.

Our promotional materials and training methods must comply with the *Federal Food, Drug and Cosmetic Act*, as amended, of the United States, or FFDCA, as well as with laws in the European Union, including EU Member States laws, and other applicable laws and regulations, including restraints and prohibitions on the promotion of off-label, or unapproved, use. Physicians may prescribe our products for off-label use without regard to these prohibitions, as the FFDCA does not restrict or regulate a physician's choice of treatment within the practice of medicine. However, if the FDA determines that our promotional materials or training of company employees or agents constitutes promotion of an off-label use, it could request that we modify our training or promotional materials, issue corrective action, or subject us to regulatory or enforcement actions, including but not limited to the issuance of an untitled letter or warning letter, and a judicial action seeking injunction, product seizure and civil or criminal penalties. It is also

possible that other federal, state or non-U.S. enforcement authorities might take action if they consider our promotional or training materials to constitute promotion of an unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. Our reputation would also be damaged. Although our policy is to refrain from written or oral statements that could be considered off-label promotion of our products, the FDA or other regulatory agencies, such as Health Canada and the EMA, could disagree and conclude that we have engaged in off-label promotion. In addition, the off-label use of our products may increase the risk of product liability claims. Product liability claims are expensive to defend and could divert our management's attention, result in substantial damage awards against us and harm our reputation.

We are not allowed to conduct promotional activities related to Trogarzo® in Canada and Europe prior to obtaining regulatory approval in each of those territories since it is an investigational drug. Promotional activities may begin in one of those territories once a drug is approved by Health Canada, in Canada, and the EMA, in certain European countries. We are only allowed to conduct certain medical activities surrounding the disease aimed to be treated with ibalizumab in those territories. If we are found to violate these rules, we could be subject to fines or other penalties.

The pharmaceutical industry is highly regulated and pharmaceutical companies are subject to various federal and state fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute and the federal False Claims Act.

Healthcare fraud and abuse regulations are complex, and even minor irregularities can potentially give rise to claims that a statute or prohibition has been violated. The laws that may affect our ability to operate include:

- the federal healthcare program's anti-kickback law, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs;
- federal false claims laws which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payors that are false or fraudulent;
- the federal Health Insurance Portability and Accountability Act of 1996, which created federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- the FFDCA and similar laws regulating advertisement and labeling; and
- European Union's, EU Member States' and U.S. States' law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers.

In the United States, the federal anti-kickback law has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers or formulary managers on the other. Although there are several statutory exemptions and regulatory safe harbors protecting certain common activities from prosecution, the exemptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce or reward prescribing, purchasing or recommending may be subject to scrutiny if they do not qualify for an exemption or safe harbor. Most American states also have statutes or regulations similar to the federal anti-kickback law and federal false claims laws, which apply to items and services covered by Medicaid and other state programs, or, in several states, apply regardless of the payor. Administrative, civil and criminal sanctions may be imposed under these federal and state laws. Further, the Health Care Reform Law, among other things, amends the intent requirement of the U.S. federal anti-kickback and criminal healthcare fraud statutes. A person or entity can now be found guilty under the federal anti-kickback law without actual knowledge of the statute or specific intent to violate it. In addition, the Health Care Reform Law provides that the U.S. 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. Possible sanctions for violation of these anti-kickback laws include monetary fines, civil and criminal penalties, exclusion from Medicare and Medicaid programs and forfeiture of amounts collected in violation of such prohibitions. Any violations of these laws, or any action against us for violation of these laws, even if we successfully defend against it, could result in a material adverse effect on our reputation, business, financial condition and operating results.

To enforce compliance with the federal laws, the U.S. Department of Justice, or DOJ, scrutinizes interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Dealing with investigations can be time and resource consuming and can divert management’s attention from the business. Additionally, if a healthcare provider settles an investigation with the DOJ or other law enforcement agencies, we may be forced to agree to additional onerous compliance and reporting requirements as part of a consent decree or corporate integrity agreement. Any such investigation or settlement could increase our costs or otherwise have an adverse effect on our business. Over the past few years, a number of pharmaceutical and other healthcare companies have been prosecuted under these laws for a variety of promotional and marketing activities, such as: providing free trips or items and gifts of value to prescribers, “sham” consulting fees and grants and other monetary benefits to prescribers; reporting inflated average wholesale prices that were then used by federal programs to set reimbursement rates; engaging in off-label promotion; and submitting inflated best price information to the Medicaid Rebate Program to reduce liability for Medicaid rebates.

In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians for marketing. Some states, such as California, Massachusetts and Vermont, mandate implementation of commercial compliance programs, along with the tracking and reporting of gifts, compensation and other remuneration to certain healthcare professionals. The shifting commercial compliance environment and the need to build and maintain robust and expandable systems to comply with different compliance and/or reporting requirements in multiple jurisdictions increase the possibility that a healthcare company may run afoul of one or more of the requirements.

If our activities are found to be in violation of these laws or any other federal and state fraud and abuse laws, we may be subject to penalties, including civil and criminal penalties, damages, fines and the curtailment or restructuring of our activities with regard to the commercialization of our products in the United States, which could harm the commercial sales of our products and materially affect our business, financial condition and results of operations. We cannot guarantee that we will be able to mitigate all operational risks. In addition, we cannot guarantee that we, our employees, our consultants or our contractors are or will be in compliance with all potentially applicable U.S. federal and state regulations and/or laws. Because of the far-reaching nature of these laws, we may be required to alter or discontinue one or more of our business practices to be in compliance with these laws. If we fail to adequately mitigate our operational risks or if we or our agents fail to comply with any of those regulations, laws and/or requirements, a range of actions could result, including, but not limited to, the termination of clinical trials, the failure to approve a product candidate, restrictions on *EGRIFTA*®, Trogarzo® or their respective manufacturing processes, withdrawal of *EGRIFTA*® or Trogarzo® from the market, significant fines, exclusion from government healthcare programs or other sanctions or litigation. Such occurrences could have a material adverse effect on our product sales, business and results of operations.

The scope and enforcement of these laws is uncertain and subject to rapid change in the current environment of healthcare reform. U.S. federal or state regulatory authorities might challenge our current of future activities under these laws. Any such challenge could have a material adverse effect on our reputation, business, results of operations and financial condition. Any state or federal regulatory review of us or the third parties with whom we contract, regardless of the outcome, would be costly and time-consuming.

LITIGATION RISKS

If we fail to comply with our contractual obligations, undertakings and covenants under our agreements with our commercial partners and third-party service providers, we may be exposed to claims for damages and/or termination of these agreements, all of which could materially adversely affect the commercialization of EGRIFTA® and Trogarzo®, our capacity to generate revenues and management's attention to the development of our business.

We rely on third-party service providers for sales, marketing, distribution and manufacturing activities related to *EGRIFTA®* and Trogarzo® in the United States. Under our agreements with our third-party service providers, we have assumed certain obligations, undertakings and covenants which, if breached by us and not remedied within the agreed upon periods, could expose us to claims for damages and/or termination of these agreements. If we are unable to meet our obligations under any of our agreements with TaiMed as well as with third-party service providers which results in termination of such agreements, this will materially adversely affect our business, financial condition and operating results since we rely on single third-party service providers, each of whom performing key services for the success of our business plan.

If product liability lawsuits are brought against us, they could result in costly and time-consuming litigation and significant liabilities.

Despite all reasonable efforts to ensure the safety of our products we may be commercializing, it is possible that we or our commercial partners will sell products which are defective, to which patients react in an unexpected manner, or which are alleged to have side effects. The development, manufacture and sale of such products may expose us to potential liability, and the pharmaceutical industry has been subject to significant product liability litigation. Any claims, with or without merit, could result in costly litigation, reduced sales, significant liabilities and diversion of our management's time and attention and could have a material adverse effect on our financial condition, business and operating results. A product liability claim could also tarnish our reputation, whether or not such claims are with or without merit.

If a product liability claim is brought against us, we may be required to pay legal and other expenses to defend the claim and, if the claim is successful, damage awards may be substantial and/or may not be covered, in whole or in part, by our insurance. We may not have sufficient capital resources to pay a judgment, in which case our creditors could levy against our assets. We may also be obligated to indemnify our commercial partners and third-party service providers as well as make payments to other parties with respect to product liability damages and claims. Defending any product liability claims, or indemnifying others against those claims, could require us to expend significant financial and managerial resources and would have a material adverse effect on our reputation and our financial condition.

GEO-POLITICAL RISKS

A variety of risks associated with our international business relationships could materially adversely affect our business.

International business relationships in the United States, Latin America, Africa, the Middle East, Europe, South Korea, China, Taiwan and elsewhere subject us to additional risks, including:

- disruptions of important government services;
- differing regulatory requirements for drug approvals in foreign countries;
- potentially reduced protection for intellectual property rights, including unexpected changes in the rules governing patents and their enforcement;
- potential third-party patent rights in foreign countries;
- the potential for so-called parallel importing, which is what happens when a local seller, faced with high or higher local prices, opts to import goods from a foreign market, with low or lower prices, rather than buying them locally;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation, or political instability, particularly in foreign economies and markets;
- compliance with tax, employment, immigration and labour laws for employees traveling abroad;
- foreign taxes;
- foreign exchange contracts and foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labour unrest is more common than in the United States and Canada;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

On June 23, 2016, the United Kingdom held a referendum in which voters approved an exit from the European Union, commonly referred to as “Brexit.” As a result of the referendum, the British government negotiated the terms of the United Kingdom’s future relationship with the European Union but those terms were rejected by the British Parliament. The United Kingdom is scheduled to leave the European Union on March 29, 2019 and, to date, no deal has been struck between the United Kingdom and the European Union on various trade and commercial matters resulting from Brexit. We do not know to what extent Brexit will impact the business and regulatory environment in

the United Kingdom, the rest of the European Union, or other countries. Changes impacting our ability to conduct business in the United Kingdom or other European Union countries, or changes to the regulatory regime applicable to our anticipated operations in those countries (such as with respect to the potential approval of Trogarzo®), may materially and adversely impact our business, prospects, operating results, and financial condition.

These and other risks of international business relationships may materially adversely affect our business, financial condition and operating results.

OTHER RISKS RELATED TO OUR BUSINESS

We rely extensively on the information technology systems of third-party service providers to store data, such as personal identifiable information, regarding our commercial activities for EGRIFTA® and Trogarzo®. Security breaches and other disruptions to those information technology systems could cause a violation of privacy laws, exposing us to liability which could cause our business and reputation to suffer.

In the ordinary course of business, we rely upon information technology and networks, most of which are managed by third parties, to process, transmit and store electronic information to manage and support our business decisions and strategy. We have no control and access over the information technology systems of third party service providers where most of this information is stored and we are unable to assess whether appropriate measures have been implemented to prevent or limit a security breach of their information technology systems.

We also use our information technology systems to collect and store proprietary data, such as those related to our intellectual property, customers, employees and suppliers.

In connection with the conduct of activities in Europe, we will have to comply with the European Union General Data Protection Regulation, or GDPR. The GDPR introduced data protection requirements in the European Union relating to the consent of individuals to whom the personnel data relates, the information provided to the individuals, the security we must retain, the security and confidentiality of the personal data, data breach notification and the use of third party processors in connection with the processing of personal data. The GDPR has increased the responsibility of all parties collecting personal data. As we are building our infrastructure in Europe, we will have to put in place mechanisms to ensure compliance with the GDPR. However, our efforts to comply with the GDPR may not be successful and could increase our costs of doing business. In addition, data protection authorities of the various EU Member States may interpret the GDPR differently adding a layer of complexity in implementing adequate compliance measures.

The secure and uninterrupted operation of third party information technology systems and of ours is material to our business operations and strategy. Unauthorized access to data files held in our information technology systems or those of third parties could result in inappropriate use, change or disclosure of sensitive and/or personal data of our customers, employees, suppliers and patients. Any such access, disclosure or other loss of information could subject us to litigation, regulatory fines, penalties or reputational damages, any of which could have a material adverse effect on our competitive position, reputation, business, financial condition and operating results.

We did not generate a profit from our operation in the last fiscal year and there can be no guarantee that we will achieve consistent profitability.

We did not generate a profit in the fiscal year ended November 30, 2018. Our profitability will mainly depend on our capacity to maintain the commercialization of *EGRIFTA*® and Trogarzo® successfully in the United States through a low-cost and effective distribution network, the recruitment and retention of talented personnel by Syneos, the deployment of an effective marketing campaign and through continued reimbursement coverage for *EGRIFTA*® and Trogarzo® under U.S. Medicare and Medicaid programs and under private-health insurers programs.

There is no guarantee that we will continue succeeding in growing sales of *EGRIFTA*® and Trogarzo® in the United States. In addition, there is no guarantee that we will be able to successfully launch and commercialize Trogarzo®, if approved, in the European Territory. If revenues grow more slowly than we anticipate or if our operating expenses exceed our expectations, our business, financial condition and operating results could be materially adversely affected and we may never sustain profitability.

We may not be able to generate sufficient cash from our operating activities to service our debt obligations.

Our ability to make payment on the Notes and our overall indebtedness will depend on future financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may be unable to maintain a level of positive cash flows from operating activities sufficient to pay the principal and interest on our Notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, seek additional capital or restructure or refinance our debt. These measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such cash flows and resources, we could face substantial liquidity problems and we could have to resort to insolvency laws to seek protection from our creditors.

We may require additional funding and may not be able to raise the capital necessary to fund all or part of our capital requirements.

We may need financing in order to fund all or part of our capital requirements to sustain our growth, to develop our marketing and commercial capabilities, to meet our compliance obligations with various rules and regulations to which we are subject, and to in-license or acquire new molecules or approved products. However, our business performance may prevent us from generating enough cash-flow to meet our obligations and the market conditions may also prevent us from having access to the public market in the future at the times or in the amounts necessary. Therefore, there can be no guarantee that we will be able to continue to raise additional capital by way of public or private offerings in the future. In such a case, we would have to use other means of financing, such as entering into private financing or credit agreements, the terms and conditions of which may not be favorable to us. In addition, the issuance and sale of substantial amounts of equity, or other securities, or the perception that such issuances and sales may occur could adversely affect the market price of our common shares.

We depend on our current personnel to pursue our business plan and the loss of our key employees and the inability to attract and hire highly qualified individuals to replace the loss of our current key employees could have a material adverse effect on our business and growth potential.

Because of the specialized nature of our business, our success depends to a significant extent on the continued service of our key employees and on our ability to be able to attract, retain and motivate qualified manufacturing, managerial and scientific personnel. We have entered into employment agreements with our executive officers and provided them with long-term incentives as a retention mechanism, but such agreements and incentives do not guarantee that our executive officers will remain employed by us for any significant period of time, or at all. In addition, we have a limited workforce to pursue our business plan and the loss of any of our key employees could materially adversely affect our business. Our third-party service provider, Syneos, has hired sales representatives and other qualified individuals to assist us with the commercialization of *EGRIFTA®* and Trogarzo® in the United States. Although these individuals are not our employees, the loss of any of those individuals and the inability of Syneos to attract and retain these individuals could have a material adverse effect on the commercialization of *EGRIFTA®* and Trogarzo®, and, accordingly, our business, financial condition and operating results. In addition, it could adversely affect the market price of our common shares.

There is intense competition for qualified personnel in the areas of our activities, and we and our third-party service providers may not be able to continue to attract and retain the qualified personnel necessary for the development of our business. Our failure and the failure of our third-party service providers to attract and retain such personnel could impose significant limits on our business operations and hinder our ability to successfully and efficiently realize our business plan.

We may not achieve our publicly announced milestones or our commercial objectives on time.

From time to time, we publicly announce the timing of certain events to occur or the attainment of certain commercial objectives. These statements are forward-looking and are based on the best estimate of management at the time, relating to the occurrence of such events. However, the actual timing of such events or our ability to achieve these objectives may differ from what has been publicly disclosed. Events such as beginning of commercialization of a product, levels of sales, revenues and other financial metrics may vary from what is publicly disclosed. These variations may occur as a result of a series of events, including problems with a supplier or a commercial partner, change in the procurement policy of a commercial partner or any other event having the effect of delaying the publicly announced timeline or reducing the publicly announced commercial objective. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of certain events having the effect of postponing such events or any variation in the occurrence of certain events having the effect of altering publicly announced commercial objectives could have a material adverse effect on our business, financial condition and operating results. In addition, it could adversely affect the market price of our common shares.

In connection with the reporting of our financial results, we are required to make estimates and assumptions, which involve uncertainties and any significant differences between our estimates and actual results could have an adverse impact on our reported financial position, operating results and cash flows.

The preparation of our consolidated financial statements requires that we 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 financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, our management evaluates our critical and other significant estimates and assumptions, including among others, those associated with revenue and deferred revenue, stock option plan, income taxes, onerous lease provision and contingent liabilities such as clinical trial expenses, recoverability of inventories, recoverability of tax credits and grants receivable and capitalization of development expenditures. Any significant differences between our actual results and our estimates and assumptions could negatively impact our reported financial position, operating results and cash flows.

If we identify a material weakness in our internal controls over financial reporting, our ability to meet our reporting obligations and the trading price of our common shares could be negatively affected.

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 financial statements will not be prevented or detected on a timely basis. Accordingly, a material weakness increases the risk that the financial information we report contains material errors.

We regularly review and update our internal controls, disclosure controls and procedures, and corporate governance policies. In addition, we are required under Canadian securities laws to report annually on our internal control over financial reporting. Any system of internal controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. If we determine that our internal controls over our financial reporting are not effective, or we discover areas that need improvement in the future, these shortcomings could have an adverse effect on our business and financial results, and the price of our common shares could be negatively affected.

If we cannot conclude that we have effective internal controls over our financial reporting, investors could lose confidence in the reliability of our financial statements, which could lead to a decline in our stock price. Failure to comply with reporting requirements could also subject us to sanctions and/or investigations by the Canadian regulatory authorities.

RISKS RELATED TO OUR COMMON SHARES

Our share price has been volatile, and an investment in our common shares could suffer a decline in value.

Since our initial public offering in Canada, our valuation and share price have fluctuated immensely and 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 common shares. In the past, the market price of our common shares has fluctuated and will continue to fluctuate due to various factors including the risk factors described herein and other circumstances beyond our control. An investment in our common shares could decline in value or fluctuate significantly.

Our revenues and expenses may fluctuate significantly and any failure to meet financial expectations and/or our own financial guidance, if any, may disappoint securities analysts or investors and result in a decline in the price of our common shares.

Our revenues and expenses have fluctuated in the past and are likely to do so in the future. These fluctuations could cause our share price to decline. Some of the factors that could cause revenues and expenses to fluctuate include the following:

- the level of sales of *EGRIFTA*® in the United States and Canada;
- the level of sales of Trogarzo® in the United States;
- the level of sales of Trogarzo® in the European Territory, if approved;
- supply issues with *EGRIFTA*® or Trogarzo®;
- default under the terms of our Notes;
- the inability to complete product development in a timely manner that results in a failure or delay in receiving the required regulatory approvals or allowances to commercialize product candidates;

- the timing and willingness of any current or future collaborators to invest the resources necessary to commercialize our product candidates;
- the outcome of any litigation;
- payment of fines or penalties for violations of laws;
- foreign currency fluctuations;
- the timing of achievement and the receipt of milestone or royalty payments from future third parties; and
- failure to enter into new or the expiration or termination of current agreements with third parties.

If our quarterly or annual operating results fall below the expectations of investors or securities analysts, or if we need to reduce our financial guidance, if any, the price of our common shares could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially.

We do not intend to pay dividends on our common shares and, consequently, the ability of investors to achieve a return on their investment will depend on appreciation in the price of our common shares.

We have never declared or paid any cash dividend on our common shares and we do not currently intend to do so in the foreseeable future. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business. Therefore, the success of an investment in our common shares will depend upon any future appreciation in their value. There is no guarantee that our common shares will appreciate in value or even maintain the price at which our shareholders have purchased their shares.

Our shareholder rights plan and certain Canadian laws could delay or deter a change of control.

Our shareholder rights plan entitles a rights holder, other than a person or group holding 20% or more of our common shares, to subscribe for our common shares at a discount of 50% to the market price at that time, subject to certain exceptions.

The Investment Canada Act (Canada) subjects an acquisition of control of a company by a non-Canadian to government review if the value of the assets as calculated pursuant to the legislation exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant minister is satisfied that the investment is likely to be a net benefit to Canada.

Any of the foregoing could prevent or delay a change of control and may deprive or limit strategic opportunities for our shareholders to sell their shares.

ANNUAL INFORMATION FORM
Financial Year Ended November 30, 2018

February 20 , 2019

BASIS OF PRESENTATION

In this Annual Information Form, or AIF:

- references to “Theratechnologies”, the “Company”, the “Corporation”, “we”, “our” and “us” or similar terms refer to Theratechnologies Inc. and its subsidiaries on a consolidated basis, unless otherwise indicated or unless the context requires otherwise;
- *EGRIFTA*® (tesamorelin for injection) refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. *EGRIFTA* is our registered trademark in the United States and in Canada and it is used in those countries to commercialize tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.
- Tesamorelin refers to the use of our tesamorelin compound for the potential treatment of other diseases;
- Trogarzo® (Ibalizumab-uiyk) refers to the humanized monoclonal antibody ibalizumab for the treatment of multidrug resistant HIV-1 infection; Trogarzo® is a registered trademark of TaiMed Biologics, Inc. and is under license to us for use in the United States, Canada and the European Union.
- all monetary amounts used herein are expressed in Canadian dollars, except where otherwise indicated. References to “$” and “C$” are to Canadian dollars and references to “US$” are to U.S. dollars;
- all information is provided as of February 20, 2019, except where otherwise stated.

FORWARD-LOOKING STATEMENTS

This AIF contains forward-looking statements and forward-looking information within the meaning of applicable securities laws that are based on our management’s belief and assumptions and on information currently available to our management, collectively, “forward-looking statements”. In some cases, you can identify forward-looking statements by terms such as “may”, “will”, “should”, “could”, “would”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “project”, “predict”, “intend”, “potential”, “continue” and similar expressions intended to identify forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- our expectations regarding the commercialization of *EGRIFTA*® and Trogarzo®;
- our ability and capacity to grow the sales of *EGRIFTA*® and Trogarzo® successfully in the United States;
- our capacity to meet supply and demand for our products;
- the commercialization of a new formulation of *EGRIFTA*® in the United States;
- the continuation of our collaborations and other significant agreements with our existing commercial partners and third-party suppliers and our ability to establish and maintain additional collaboration agreements;
- our success in continuing seeking and in maintaining reimbursement for *EGRIFTA*® and Trogarzo® by third-party payors in the United States;

- the success and pricing of other competing drugs or therapies that are or may become available;
- our ability to maintain intellectual property rights in *EGRIFTA*® and Tesamorelin;
- whether Trogarzo® will be approved for commercialization by the European Medicines Agency and the timing of such regulatory approval;
- our ability and capacity to launch Trogarzo®, if approved, in countries of the European Union;
- our success in obtaining reimbursement for Trogarzo®, if approved, in countries of the European Union;
- our capacity to acquire or in-license new products and/or compounds;
- our expectations regarding our financial performance, including revenues, expenses, gross margins, profitability, liquidity, capital expenditures and income taxes; and
- our estimates regarding our capital requirements.

Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. Certain assumptions made in preparing the forward-looking statements include that:

- sales of *EGRIFTA*® and Trogarzo® in the United States will increase over time;
- our commercial practices in the United States, Canada and the countries of the European Union will not be found to be in violation of applicable laws;
- the long-term use of *EGRIFTA*® and Trogarzo® will not change their respective current safety profile;
- no recall or market withdrawal of *EGRIFTA*® and Trogarzo® will occur;
- no laws, regulation, order, decree or judgment will be passed or issued by a governmental body negatively affecting the marketing, promotion or sale of *EGRIFTA*® and Trogarzo® in the United States;
- continuous supply of *EGRIFTA*® and Trogarzo® will be available;
- our relations with third-party suppliers of *EGRIFTA*® and Trogarzo® will be conflict-free and such third-party suppliers will have the capacity to manufacture and supply *EGRIFTA*® and Trogarzo® to meet market demand on a timely-basis;
- our intellectual property will prevent any generic company to commercialize a generic form of *EGRIFTA*® in the United States;
- ibalizumab will be approved for commercialization by the European Medicines Agency;
- ibalizumab will be commercialized under the tradename “ Trogarzo ” in the European Union;
- after approval, our commercial infrastructure will be in place to launch Trogarzo® in the European Union;
- Trogarzo® will be added to the list of reimbursed drugs by countries of the European Union;

- the data obtained from our market research on the potential market for Trogarzo® in the United States and in the European Union are accurate; and

- our business plan will not be substantially modified.

Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these risks and uncertainties, the forward-looking statements and circumstances discussed in this AIF may not occur, and you should not place undue reliance on these forward-looking statements. We discuss many of our risks in greater detail under “Item 3 - Risk Factors” (below) but additional risks and uncertainties, including those that we do not know about or that we currently believe are immaterial, may also adversely affect the forward-looking statements, our business, financial condition and prospects. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this AIF. We undertake no obligation and do not intend to update or revise these forward-looking statements, unless required by law. We qualify all of the information presented in this AIF, and particularly our forward-looking statements, with these cautionary statements.

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SELECTED EVENTS IN FISCAL YEAR 2018 AND 2019 OUTLOOK

The following summary highlights selected events that occurred in the fiscal year 2018 and our business objectives described elsewhere in this AIF for the fiscal year 2019. This summary does not contain all of the information about us and you should carefully read the entire AIF, including the section entitled "Risk Factors".

Commercial Events

- Trogarzo® became commercially available in the United States on April 30, 2018;
- We completed a US$57.5 million aggregate principal amount of 5.75% convertible unsecured senior notes due June 30, 2023 on June 19, 2018;
- We terminated our long-term payment obligations with EMD Serono, Inc., or EMD Serono, then valued at US$28.2 million pursuant to an amendment to our transfer and termination agreement with EMD Serono dated May 29, 2018 which resulted in our paying EMD Serono the amount of US$23,8 million; and
- We announced the appointment of a new Chief Commercial Officer, Mr. Jovan Antunovic, in early December, following the retirement of Ms. Lyne Fortin.

Regulatory Events

- In March 2018, the United States Food and Drug Administration approved Trogarzo® for the treatment of human immunodeficiency virus type 1 infection in heavily treatment-experienced adults with multidrug resistant HIV-1 infection failing their current antiretroviral regimes;
- In November 2018, the United States Food and Drug Administration approved our supplemental new drug application for a new single vial formulation of *EGRIFTA*® previously filed in July 2018;
- In August 2018, we filed a marketing authorization application with the European Medicines Agency seeking the approval of Trogarzo® and, on September 2018, the European Medicines Agency confirmed the validity of such marketing authorization application. This application is currently under review.

2019 Business Objectives

- We intend to successfully continue growing our revenues in the United States from sales of *EGRIFTA*® and Trogarzo®;
- We intend to successfully launch and market the new single vial formulation of *EGRIFTA*® in the United States;
- We intend to successfully launch and commercialize Trogarzo® in the European Union, if and when approved; and
- We intend to continue pursuing potential product acquisitions, in-licensing transactions complementary to our infrastructure, or other opportunities to begin rebuilding our early-stage pipeline.

1.1 NAME, ADDRESS AND INCORPORATION

We were incorporated under Part IA of the *Companies Act* (Québec), or CAQ, on October 19, 1993 under the name Theratechnologies Inc. We amended our articles on October 20, 1993 by repealing the restrictions applicable to private companies. On December 6, 1993, we again amended our articles to increase the number of directors and to modify our share capital. On March 26, 1997, we further modified our share capital to consist of an unlimited number of common shares and an unlimited number of preferred shares. Finally, on June 21, 2011, we amended our articles to give the power to our directors to appoint a number of additional directors equal to 33.33% of the number of directors elected at the last shareholders meeting preceding any appointment.

On February 14, 2011, the CAQ was abrogated and replaced by the *Business Corporations Act* (Québec), or BCA, and companies governed by Part IA of the CAQ such as us became business corporations governed by the BCA. Accordingly, we did not have to file articles of continuation or amend our existing corporate articles. The BCA was applicable immediately without having to complete any formalities.

Our common shares are listed on the Toronto Stock Exchange, or TSX, under the symbol “TH. See Item 6.1 for a complete description of our authorized share capital.

Our head office and principal place of business are located at 2015 Peel Street, 5th Floor, Montréal, Québec, Canada H3A 1T8. Our phone number is (514) 336-7800. Our website is www.theratech.com. The information contained on our website is not part of this AIF.

1.2 SUBSIDIARIES

As of February 20, 2019, Theratechnologies had the following four wholly-owned subsidiaries:

- **Theratechnologies International Limited,** a company governed by the *Companies Act 2014* (Ireland). Theratechnologies International Limited is mandated to manage the regulatory process for Trogarzo® in the European Union and, if approved, its commercialization;

- **Theratechnologies Intercontinental Inc.**, a company governed by the *Business Corporations Act* (Québec). Theratechnologies Intercontinental Inc., formerly Theratechnologies ME Inc., controls the worldwide rights to commercialize *EGRIFTA*®, except in the United States, Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries, and Canada;

- **Theratechnologies Europe Inc.**, a company governed by the *Business Corporations Act* (Québec). Theratechnologies Europe Inc., formerly 9176-5057 Québec Inc., controls the rights to commercialize *EGRIFTA*® in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries; and

- **Pharma-G Inc.**, a company governed by the *Business Corporations Act* (Québec). Pharma-G Inc. is no longer an active subsidiary.

Theratechnologies commercializes *EGRIFTA*® in Canada and in the United States, See “Item 2 – Section 2.5 – Commercialization Activities” below.

2.1 OVERVIEW

We are a specialty pharmaceutical company addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV.

Our vision is to grow our business to become a significant player in the pharma industry by making a difference in the lives of patients with special medical needs.

We currently commercialize two products: *EGRIFTA*® and Trogarzo®.

EGRIFTA® (tesamorelin for injection) was approved by the FDA in November 2010 and was launched in the United States in January 2011. *EGRIFTA*® was also approved by Health Canada in its 1 mg/vial presentation in March 2015 and was launched in Canada in June 2015. COFEPRIS, Mexico's health agency, also approved *EGRIFTA*® in its 1 mg/vial presentation in March 2016. *EGRIFTA*® is not commercialized in this country and it will not be until our commercial partner, Sanofi, obtains confirmation that *EGRIFTA*® will be reimbursed by Mexican regulatory authorities.

EGRIFTA® is currently the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

Since May 1, 2014, *EGRIFTA*® is marketed exclusively in the United States by us further to regaining all of the commercialization rights to *EGRIFTA*® in the United States from EMD Serono, Inc., or EMD Serono, pursuant to a transfer and termination agreement entered into by and between us and EMD Serono dated December 13, 2013, or the EMD Serono Termination Agreement. Before May 1, 2014, EMD Serono was solely responsible for the commercialization of *EGRIFTA*® in the United States under a collaboration and licensing agreement entered into by and between us and EMD Serono dated October 28, 2008, as amended, or the EMD Serono Agreement.

In Canada, *EGRIFTA*® is marketed exclusively by us.

Trogarzo® (ibalizumab-uiyk) injection was approved by the FDA in March 2018 and was made commercially available in the United States in April 2018. Trogarzo® is under license to us following our entering into an amended and restated distribution and marketing agreement, or TaiMed Agreement, with TaiMed Biologics, Inc., or TaiMed, pursuant to which we acquired the exclusive right to distribute and commercialize ibalizumab in Canada, in the United States, in Europe and in certain other additional countries.

In August 2018, we filed a marketing authorization application, or MAA, with the European Medicines Agency, or EMA, seeking the approval of Trogarzo®. The MAA is currently under review by the EMA and a decision is expected in the second half of the year.

2.2 THREE-YEAR HISTORY

2018

- *Appointment of New Chief Commercial Officer.* On December 3, 2018, we announced the appointment of Mr. Jovan Antunovic as our new Chief Commercial Officer further to the retirement of Ms. Lyne Fortin;

- *FDA Approves F4 Formulation for EGRIFTA®*. On November 5, 2018, we announced that the FDA approved the sNDA filed for the new single vial formulation, or F4 Formulation, of *EGRIFTA®*. The sNDA was filed in July 2018. The F4 Formulation is four times more concentrated than the 1mg/vial formulation currently being commercialized, thereby reducing the volume of injection, and is also stable at room temperature.

- *Trogarzo® Included in Treatment Issued by DHHS*. On October 29, 2018, we announced that Trogarzo® had been included in the most recent version of the treatment guidelines issued by the United States Department of Health and Human Services, or DHHS.

- *New Board Member at Theratechnologies*. On October 15, 2018, we announced that Mr. Gary Littlejohn was appointed as a new member of the board of directors of Theratechnologies.

- *Filing of MAA for Trogarzo® with EMA*. On August 28, 2018, we announced the filing of a MAA with the EMA to seek marketing approval of Trogarzo® in the European Union. Prior to filing the MAA, we obtained a decision from the EMA allowing us to defer the conduct of a pediatric investigation plan for Trogarzo® after the filing of the MAA. Prior to filing the MAA, we also obtained a decision from the Committee for Medicinal Products for Human Use, or CHMP, of the EMA that the MAA was eligible to be processed through the accelerated assessment procedure. The MAA is currently under review through the accelerated assessment procedure with a timeframe of 150 review days, which does not include the time required to answer questions which might be asked by the EMA. We received questions from the EMA on December 14, 2018 and submitted our answers on January 25, 2019. We expect a decision from the EMA in the second half of 2019.

- *Trogarzo® Included in Treatment Guidelines Issued by IAS*. On July 25, 2018, we announced that Trogarzo® was included in the most recent version of the treatment guidelines issued by the International Antiviral Society-USA Panel, or IAS. These guidelines state, among other things, that Trogarzo® may be useful as a fully active agent for patients with multi class-resistant virus. The full guidelines are available in the *Journal of the American Medical Association*, 2018; 320(4): 379-396.

- *US$57.5 Million Notes Offering*. On May 30, 2018, we announced that we had entered into an underwriting agreement with a syndicate of underwriters pursuant to which those underwriters agreed to purchase US$50 million aggregate principal amount of 5.75% convertible unsecured senior notes due June 30, 2023, or Notes, at a price of US$1,000 per Note, or Offering. We also granted the underwriters an option to purchase up to an additional US$7,500,000 aggregate principal amount of Notes. The closing of the Offering of the Notes occurred on June 19, 2018 and resulted in gross proceeds to us of US $57,500,000.

- *Repayment of Long-Term Obligation to EMD Serono*. On May 30, 2018, we announced the entering into of an amendment to the EMD Serono Termination Agreement to repay our long-

term obligations, then totaling US$28.2 million in consideration of one lump sum payment of US$23.8 million. The payment of US$23.8 million was sourced from the Offering.

- *EGRIFTA® to be Studied in NAFLD-NASH Independent Study*. On May 11, 2018, we announced that the National Institutes of Health, or NIH, in the United States awarded a grant to the Massachusetts General Hospital, or MGH, to conduct a study using *EGRIFTA®* in non-HIV patients suffering from Non-Alcoholic Liver Disease and Non-Alcoholic Steatosis Hepatosis, or NAFLD-NASH.

- *Release by FDA From Post-Approval Studies for EGRIFTA®*. On May 1, 2018, we announced that the FDA released us from the conduct of a long-term observational safety study and a Phase 4 clinical trial to assess whether *EGRIFTA®* increased the incidence or progression of diabetic retinopathy in diabetic HIV-infected patients with lipodystrophy and excess abdominal fat. These two studies were mandated by the FDA upon the approval of *EGRIFTA®* in November 2010;

- *Ibalizumab Approved by FDA*. On March 6, 2018, we announced that the FDA approved ibalizumab for the treatment of human immunodeficiency virus type 1, or HIV-1, infection in heavily treatment-experienced adults with multidrug resistant HIV-1 infection failing their current antiretroviral regimen. Ibalizumab is commercialized in the United States under the tradename " Trogarzo " and was made commercially available on April 30, 2018.

2017

- *Ibalizumab Efficacy and Safety Results Presented at IDWeek 2017.* On October 4, 2017, we announced that an oral presentation regarding the 48-week efficacy and safety results for ibalizumab in patients infected with MDR HIV-1 would be presented. The 27 patients who completed the 24-week treatment period using ibalizumab during the Phase III trial in the United States entered the expanded access program study where they continued to receive ibalizumab at 800 mg every 2 weeks for up to 48 weeks. The viral suppression observed at week 24 was sustained through week 48; median viral load reduction from baseline was 2.5 $\log_{10}$ at weeks 24 and 48. In the expanded access program study, 15 patients having an undetectable viral load at week 24 maintained suppression to week 48. In the expanded access program, ibalizumab plus optimized background regimen was well tolerated. The most common adverse reactions noted with respect to the use of ibalizumab in the expanded access program were diarrhea, dizziness, nausea and rash.

- *FDA Inspection of Ibalizumab Manufacturing Facility.* On August 2, 2017, we announced that we had been notified by our partner, TaiMed, that the FDA completed the pre-license inspection of WuXi AppTec Biopharmaceuticals Co., Ltd.'s facility, or WuXi, where ibalizumab is manufactured. The inspection was carried out from July 17, 2017 until August 2, 2017. We were informed by TaiMed that the FDA completed the inspection with no critical findings, although a series of observations were made requiring corrections by WuXi.

- *Results Presented at 9th IAS Conference on HIV Science.* On July 24, 2017, we announced that results on HIV susceptibility to ibalizumab and new findings for *EGRIFTA®* would be presented during poster sessions at the 9th IAS Conference on HIV Science in Paris, France. The data for ibalizumab showed no significant difference in susceptibility (measured by maximum percent inhibition or $IC_{HALF\ MAX}$ Fold Change) in patients HIV isolated that were either sensitive or resistant to other antiretroviral agents. With respect to *EGRIFTA®*, in a retrospective analysis of datasets from two, multicenter, randomized placebo-controlled trials

using *EGRIFTA*® among HIV-infected adults with lipodystrophy, fat in trunk muscles decreased and trunk muscle area increased over 26 weeks in patients with excess visceral adipose tissue who showed a clinical response to *EGRIFTA*®.

- *Priority Review for Ibalizumab.* On June 30, 2017, we announced that we had been notified by our partner, TaiMed, that the FDA had accepted for review the BLA filed by TaiMed for ibalizumab as a treatment for MDR HIV-1 and that the FDA had granted priority review status for this BLA.

- *New Board Member at Theratechnologies.* On May 16, 2017, we announced that Ms. Dale Weil was elected as a new member of the board of directors of Theratechnologies.

- *BLA Filed for Ibalizumab.* On May 3, 2017, we announced that our partner, TaiMed, had completed the filing of the BLA to the FDA for ibalizumab seeking the treatment of MDR HIV-1.

- *European Commercialization Rights Acquired by Us.* On March 6, 2017, we announced that we had reached an agreement with TaiMed for the acquisition of the commercial rights to ibalizumab in the European Union countries as well as for Albania, Iceland, Israel Liechtenstein, Norway, Russia, Switzerland and Turkey. These territories are in addition to the territories of Canada and the United States of America for which we have the exclusive commercialization rights to ibalizumab as well.

- *Holding of Investment Community Meeting.* On March 1, 2017, we announced that we had hosted a webcast meeting for the investment community, the purpose of which was to provide the investment community with our corporate strategy for the years to come and an updated guidance for the fiscal year 2017.

- *Additional Secondary Efficacy and Safety Endpoint Results for Ibalizumab.* On February 14, 2017, we announced that additional secondary efficacy and safety endpoint results from the 24-week ibalizumab Phase III trial were presented at a late-breaker session at the 2017 Conference on Retroviruses and Opportunistic Infections. The new data showed that patients with MDR-HIV-1 infection experienced a mean increase in CD4+ T cell of 48 cells/µL after 24 weeks of treatment with ibalizumab plus an optimized background regimen. These data supplemented previously reported findings, where 83% of patients achieved a ^{3} 0.5 $\log_{10}$ decrease in viral load from baseline seven days after the single loading dose of 2000 mg of ibalizumab (primary endpoint) and a mean reduction in viral load of 1.6 $\log_{10}$ over the 24 week treatment period with more than 48% of patients experiencing a viral load reduction of more than 2.0 $\log_{10}$. Patients enrolled in this Phase III trial experienced a significant decrease in viral load after receiving a single loading dose of ibalizumab 2,000 mg intravenously in addition to their failing antiretroviral therapy (or no therapy). Viral load decreases were maintained during the 24-week trial. At the end of the treatment period, the proportion of study participants with undetectable viral load (HIV-1 <50 copies/mL) was 43% (mean viral load reduction of 3.1 $\log_{10}$) and 50% of patients had a viral load lower than 200 copies/ml. The safety results in this Phase III trial were consistent with the ones previously observed in the Phase IIb trial. Other than for one case of immune reconstitution inflammatory syndrome, an inflammatory response in HIV-infected patients that may be triggered after changing to more active antiretroviral therapy, no serious adverse events were considered to be related to ibalizumab. Most treatment-emergent adverse events reported were mild to moderate in severity. No notable trends in laboratory abnormalities were observed. Additionally, no anti-ibalizumab antibodies were detected in blood samples from patients.

2016

- *Financing by Way of Prospectus.* On November 14, 2016, we announced the filing of a preliminary short-form prospectus and the execution of an underwriting agreement with a syndicate of underwriters led by Mackie Research Capital Corporation, or Underwriters, in connection with an offering of 5,323,000 common shares at a price of $3.10 per common share for gross proceeds of $16,501,300, or Offering. On December 5, 2016, we announced the closing of the Offering which resulted in gross proceeds to us of $16,501,300.

- *Results from Last Pivotal Phase III Trial Using Ibalizumab.* On May 24, 2016, we announced that the preliminary results for the primary endpoint of the Phase III trial using ibalizumab in patients with MDR HIV-1 indicated that 82.5% of patients enrolled in such Phase III trial had met the primary endpoint of a decrease of $\geq$ 0.5 $\log_{10}$ in viral load following a 7-day treatment period with ibalizumab. On October 28, 2016, we announced additional preliminary results related to the primary endpoint of the Phase III trial using ibalizumab. During that 7-day period, 60% of patients achieved a decrease of $\geq$ 1.0 log10 ($p<0.0001$). Finally, on November 10, 2016, we announced the preliminary results of the safety and efficacy secondary endpoints of the 24-week Phase III trial using ibalizumab in patients with MDR HIV-1. The Phase III trial confirmed the safety and efficacy results of ibalizumab observed in the previously completed Phase IIb trial despite the fact that the patient population in the Phase III trial had higher levels of MDR HIV-1 and more advance disease at time of enrollment.

- *Hosting of Analysts Day.* On November 1, 2016, we announced the hosting of a presentation held with healthcare securities analysts in Toronto to provide the healthcare analyst community with a summary of our corporate developments over the last few years, with an overview of our current activities with *EGRIFTA*® and with a detailed review of ibalizumab.

- *End of Patient Treatment for Phase III Trial Using Ibalizumab.* On October 24, 2016, we announced that the last patient infected with MDR HIV-1 enrolled in the Phase III trial using ibalizumab had completed the treatment phase of the study.

- *Development of New Single Vial Formulation for EGRIFTA®.* On September 28, 2016, we announced that we would pursue the development of an F4 single vial formulation instead of the 2 mg/vial presentation using the current formulation. The development of the F4 single vial formulation required the conduct of a bioequivalent program against the current formulation and additional stability testing.

- *Commercialization Agreement for Tesamorelin in Spain and Portugal.* On September 1, 2016, we announced the execution of a distribution and licencing agreement between Theratechnologies Europe Inc. and Praxis Pharmaceutical S.A., or Praxis, for the distribution and commercialization of *EGRIFTA*® in Spain, or Praxis Agreement. Under the terms of the Praxis Agreement, we granted Praxis the exclusive right to commercialize and distribute *EGRIFTA*® in Spain. On that same date, we also announced the execution of a distribution and licencing agreement between Theratechnologies Europe Inc. and PRX Pharma Produtos Farmacêuticos Unipessoal, LDA, or PRX, for the distribution and commercialization of *EGRIFTA*® in Portugal, or PRX Agreement. Under the terms of the PRX Agreement, we granted PRX the exclusive right to commercialize and distribute *EGRIFTA*® in Portugal.

- *EGRIFTA® Not Reimbursed in Québec.* On June 9, 2016, we announced that the Government of Québec decided not to include *EGRIFTA*® on the list of reimbursed medications. We sought

a review of this decision and, on December 2, 2016, we learned that the initial decision was maintained.

- *Withdrawal of Marketing Authorization Application in Brazil.* On May 6, 2016, we announced after consulting with our commercial partner, Sanofi, the withdrawal of the marketing authorization application for the registration of the 2 mg/vial presentation of tesamorelin in Brazil.

- *Completion of Enrollment for Phase III Trial Using Ibalizumab.* On April 27, 2016, we announced that the enrollment of patients infected with MDR HIV-1 for the Phase III trial using ibalizumab had been completed. The enrollment in the United States reached 36 patients which exceeded the minimum of 30 patients proposed by the FDA.

- *Commercialization Agreement for Ibalizumab in Canada and the United States.* On March 18, 2016, we announced the execution of a 12-year distribution and marketing agreement with TaiMed pursuant to which we acquired the exclusive right to distribute and commercialize ibalizumab, if and when approved, in Canada and in the United States of America. Under the terms of the TaiMed Agreement, TaiMed is responsible to conduct all regulatory activities up to obtaining the approval to commercialize ibalizumab in the United States. Thereafter, we will be responsible to conduct all regulatory and commercialization activities. We are also responsible to conduct all regulatory activities in Canada pre and post-approval of ibalizumab, as well as all commercialization activities in Canada.

- *EGRIFTA® Approved in 1 mg/vial Presentation in Mexico*. On March 8, 2016, we announced that COFEPRIS, Mexico health agency, approved the 1 mg/vial presentation of *EGRIFTA®*.

- *Appointment of Chief Financial Officer.* On February 24, 2016, we announced the appointment of Philippe Dubuc as Senior Vice President and Chief Financial Officer of the Corporation.

2.3 OUR 2019 STRATEGY AND OBJECTIVES

Our strategy for value creation in 2019 is focused on: increasing sales of *EGRIFTA®* and Trogarzo® in the United States; launching the F4 Formulation of *EGRIFTA®* in the United States; launching Trogarzo® in the European Union; and pursuing potential product acquisitions, in-licensing transactions that would be complementary to our infrastructure, or other opportunities to begin rebuilding our early-stage pipeline.

2.4 PRODUCTS

EGRIFTA® (tesamorelin for injection) - Our Approved Products

EGRIFTA® (tesamorelin for injection) induces the release of growth hormone which causes a reduction in excess abdominal fat (lipohypertrophy) in HIV-infected patients without reducing or interfering with subcutaneous fat, and, as such, has no clinically significant effect on undesired loss of subcutaneous fat (lipoatrophy).

EGRIFTA® is currently available in the United States as a once-daily two unit dose (two vials, each containing 1 mg of tesamorelin) of sterilized lyophilized powder to be reconstituted with sterile water for injection. To administer *EGRIFTA®*, 1 ml is retrieved from each vial into one syringe to prepare a single 2 ml patient self-administered subcutaneous injection. *EGRIFTA®* is injected under the skin into the abdomen once a day.

In connection with the approval of *EGRIFTA*®, the FDA required that the Corporation conducts two studies: a long-term observational safety study and a Phase 4 clinical trial to assess whether *EGRIFTA*® increased the chances of diabetic retinopathy in diabetic HIV-infected patients with lipodystrophy and excess abdominal fat. On May 1, 2018, we announced that the FDA was no longer requiring that those studies be pursued and we then terminated those two studies.

Lipodystrophy

Lipodystrophy is characterized by abnormalities in the production and storage of fat. It has two components: lipohypertrophy, abnormal and excessive fat accumulation, and lipoatrophy, the noticeable, localized loss of fat tissue under the skin. In patients with lipohypertrophy, fat accumulation occurs mostly around the waist and may also occur in other regions, including breast tissue and in dorsocervical tissues in the neck, resulting in a “buffalo hump”. Excess fat also appears as lipomas, or benign tumors composed of fat cells. In patients with lipoatrophy, the loss of fat tissue generally occurs in the limbs and facial area.

In HIV-infected patients, lipodystrophy may be caused by the viral infection itself, the use of antiretroviral therapy (not class-specific), or both. Recent data suggest that different pathophysiological mechanisms are involved in the development of lipohypertrophy and lipoatrophy. The most common statistically significant independent risk factors identified for lipohypertrophy are duration of antiretroviral therapy and markers of disease severity, including higher pre-antiretroviral treatment viral load. Other factors include age, genetics, and gender.

Tesamorelin

Tesamorelin is the active peptide comprising *EGRIFTA*®. Tesamorelin is a stabilized 44 amino acid human GRF analogue, which was synthesized in our laboratories in 1995 using our long-acting peptide method. Although natural peptides have significant therapeutic potential, they are subject to enzymatic degradation which severely limits their effectiveness in clinical use. Our long-acting peptide method is a peptide stabilization process which increases the target protein’s resistance to enzymatic degradation, while maintaining its natural specificity. This usually results in a more stable and efficient compound, which can thus prolong its duration of action. Tesamorelin induces growth hormone secretion in a natural and pulsatile way. The clinical results obtained to date using tesamorelin suggest a therapeutic potential in both anabolic and lipolytic indications.

Mechanism of Action

In vitro, tesamorelin binds and stimulates human GRF receptors with similar potency as the endogenous GRF. GRF is a hypothalamic peptide that acts on the pituitary somatotroph cells to stimulate the synthesis and pulsatile release of endogenous growth hormone, which is both anabolic and lipolytic. Growth hormone exerts its effects by interacting with specific receptors on a variety of target cells, including chondrocytes, osteoblasts, myocytes, hepatocytes, and adipocytes, resulting in a host of pharmacodynamic effects. Some, but not all these effects, are primarily mediated by insulin-like growth factor one, IGF-1, produced in the liver and in peripheral tissues.

The effects of recombinant human growth hormone, or rhGH, and tesamorelin have been the subject of several clinical trials in the area of HIV-associated lipodystrophy. Based on these clinical trials, the safety profiles of rhGH and tesamorelin appear to be very different. The natural synthesis of growth hormone is regulated by a feedback mechanism preventing its overproduction. Tesamorelin induces optimal activity of the somatotrope function and retains the natural rhythm (pulsatility) of the physiological secretion of growth hormone without interfering with the feedback mechanism

mentioned above. With the exogenous administration of rhGH, the feedback mechanisms are short-circuited, which gives rise to higher levels of growth hormone. The side effects associated with rhGH include nerve, muscle or joint pain, swelling due to fluid retention (edema), carpal tunnel syndrome, numbness and tingling of skin and increased risk of diabetes. These side effects are particularly frequent among older people. In addition, rhGH can cause hyperglycemia which makes it contraindicated for patients with diabetes or pre-diabetic conditions.

F4 Formulation

In connection with our continuous efforts to manage the lifecycle of *EGRIFTA*® and to improve patients' experience with the use of *EGRIFTA*®, we developed the F4 Formulation in the past years. The F4 Formulation is four times more concentrated than the current 1 mg/vial formulation, thereby reducing the volume of administration for patients. The F4 Formulation is also stable at room temperature and, therefore, *EGRIFTA*® will no longer require refrigeration. The F4 Formulation was approved for commercialization by the FDA on November 5, 2018 since it was found to be bioequivalent to the current 1mg/vial formulation. We expect to launch the F4 Formulation later this year once manufacturing validation is completed.

Third-Party Studies Evaluating Tesamorelin

On June 9, 2015, we announced a collaboration with the MGH evaluating the safety and efficacy of tesamorelin in the treatment of HIV-infected patients suffering from NAFLD - NASH. Funding for the clinical trial was awarded by the NIH. The 12 month-parallel, randomized, placebo-controlled study enrolled a total of 60 HIV-infected patients with NAFLD - NASH. Each patient received either tesamorelin (2 mg/day) or a placebo. The last patient has completed the double-blind period of the study and results are currently under analysis. The specific aims of the study are to determine the effects of tesamorelin on liver fat, inflammation, fibrosis, and hepatocellular damage seen in conjunction with NASH.

We are not currently developing tesamorelin in patients suffering from NAFLD or NASH.

Trogarzo® (ibalizumab-uiyk) Injection

Trogarzo® is a CD-4 directed post-attachment HIV-1 inhibitor which, when combined with other antiviral(s), is indicated for the treatment of HIV-1 infection in heavily treatment-experienced adults with multidrug resistant HIV-1 infection failing their current antiretroviral regimen. Trogarzo® was approved by the FDA on March 6, 2018 and was made commercially available to patients in the United States on April 30, 2018. Since its approval, Trogarzo® was included in the treatment guidelines issued by the IAS and the treatment guidelines issued by the DHHS. In addition, effective January 1, 2019, in order to facilitate the reimbursement of Trogarzo® for physicians, the Centers for Medicare and Medicaid Services assigned a specific J-Code to Trogarzo®: J-1746.

Trogarzo® is available in the United States as a single dose, 2 mg/vial containing 200 mg of ibalizumab-uiyk. Trogarzo® is administered intravenously after diluting the appropriate number of vials in 250 ml of 0.9% Sodium Chloride Injection, USP. Patients receive a single loading dose of 2,000 mg followed by a maintenance dose of 800 mg every two weeks.

Trogarzo® was developed by TaiMed and is under license to us. See "TaiMed Agreement" below.

Mechanism of Action

Unlike other antiretroviral agents, Trogarzo® binds primarily to the second extracellular domain of the CD4 receptor, away from major histocompatibility complex II molecule binding sites. It potentially prevents the HIV virus from infecting CD4+ immune cells while preserving normal immunological function. Trogarzo® is active across all major HIV clades and irrespective of tropism. No drug-drug interactions and no cross-resistance with other antiretroviral therapies, or ART, were noted during the clinical trials.

Phase III Trial (TMB-301) – Study Design

The Phase III trial was a single arm, 24-week study of Trogarzo® plus optimized background regimen, or OBR, in treatment-experienced patients infected with MDR HIV-1. Patients receiving their current failing ART, or no therapy, were monitored during a seven-day control period. Thereafter, a loading dose of 2,000 mg of intravenous Trogarzo® was the only ART added to their regimen. The primary efficacy endpoint was the proportion of patients achieving a ³ 0.5 $\log_{10}$ decrease in HIV-1 seven days after initiating Trogarzo® in therapy (Day 14 of study). Trogarzo® was continued at doses of 800 mg intravenously every two weeks through 24 weeks plus OBR. The OBR was required to include ³1 active drug other than Trogarzo®. An investigational agent could be included, if needed, to construct a viable regimen.

Baseline characteristics: A total of 40 patients were enrolled in the study with a median age of 53; most were males (85%) and white (55%). The median duration of HIV infection was 23 years and 28% were treated with ³10 ARTs. Patients had high pre-existing levels of drug resistance and advanced clinical disease. Patients had a median baseline HIV-1 viral load of 4.6 $\log_{10}$ (or 35,350) copies/ml, with 18% of patients having viral loads ³ 100,000 copies/ml. The median CD4+ count was 73 cells/µl, with 50% of patients with <100 cells/µl and 33% with <10 cells/µl. Close to 90% of patients had MDR HIV-1 with ³1 identified mutation conferring resistance to the Nucleoside Reverse Transcriptase Inhibitors (NRTIs), Non-Nucleoside Reverse Transcriptase Inhibitors (NNRTIs), or Protease Inhibitors (PIs), 68% had resistance to ³1 Integrase Inhibitor (INIs) and 88% of patients did not have a purely CCR5-tropic virus. Furthermore, 50% of patients had HIV-1 with resistance to all available drugs from ³3 classes of ARTs, 30% from 4 ART classes and 13% from all approved ARTs. To construct an OBR, 17 patients (43%) required addition of an investigational ART.

Phase III Trial - Efficacy and Safety Results

Seven days after the loading dose, 83% of patients achieved a ³ 0.5 $\log_{10}$ decrease from baseline compared with 3% during the seven-day control period. These results were statistically significant ($p<0.0001$). During the same period, 60% of patients achieved a decrease of ³ 1.0 $\log_{10}$ ($p<0.0001$). The mean viral load decrease for the total population was 1.1 $\log_{10}$.

After 24 weeks of treatment with Trogarzo® plus an OBR, the mean reduction in viral load was 1.6 $\log_{10}$ with 55% and 48% of patients having a ³1 $\log_{10}$ and ³2 $\log_{10}$ reduction, respectively. Viral load of <50 and <200 HIV RNA copies/ml was achieved in 43% and 50% of study participants, respectively. In all the viral load efficacy analyses performed at Week 24, the intent-to-treat – missing equals failure, or ITT-MEF, statistical methods was used. The ITT-MEF analysis methodology considers all patients enrolled in the study and any missing values are treated as failure (or no change) in the analysis of the results and represents the most stringent and most conservative data handling convention.

The mean increase in CD4+ T-cell count from baseline to Week 24 was 62 cells/µL. Changes in CD4+ T-cell counts were similar between patients with >200 or 50–200 CD4+ cells/µL at baseline and

numerically but not significantly lower in patients with <50 CD4+cells/µL at baseline (+81, +75, and +17 cells/µL, respectively).

With respect to safety, most treatment-emergent adverse events reported were mild to moderate in severity with no infusion-related adverse events. The most common side effects include diarrhea, dizziness, nausea and rash. Other than for one case of immune reconstitution inflammatory syndrome, an inflammatory response in HIV-infected patients that may be triggered after changing to more active ART, no serious adverse events were considered related to Trogarzo®. Nine patients discontinued the trial prior to completion of the 24-week study treatment (four non-drug related deaths, four drug withdrawals, and one lost to follow-up). No notable trends in laboratory abnormalities were observed and no anti-ibalizumab antibodies were detected in any patients.

The safety profile in this Phase III trial was consistent with the one previously observed in the Phase II study.

Expanded Access Program (TMB-311)

Patients completing the 24-week Phase III trial continued treatment in the expanded access program. Patients continued to receive Trogarzo® at 800 mg every two weeks along with their OBR for an additional 24 weeks.

Baseline characteristics: All patients who completed the 24-week treatment period in the Phase III trial in the United States were enrolled in the expanded access program (n=27). These patients were highly resistant - 59% of patients had exhausted at least three ART classes, 33% exhausted four ART classes and 15% were resistant to all approved ARTs.

Expanded Access Program - Efficacy and Safety Results

The potent viral load suppression observed at Week 24 was sustained through Week 48. Median viral load reduction from baseline was 2.5 $\log_{10}$ at Week 24 and 2.8 $\log_{10}$ at Week 48. Viral load of <50 and <200 HIV RNA copies/ml was achieved in 16 of 27 (59%) and 17 of 27 (63%) of study participants, respectively. All 15 patients with viral load <50 HIV RNA copies/ml at Week 24 maintained viral suppression to Week 48.

Similar to the Phase III trial, Trogarzo® plus OBR was well-tolerated in the expanded access program. Most treatment-emergent adverse events were mild to moderate in severity with no infusion-related adverse events. No new or unexpected safety concerns emerged between Week 24 and 48. Of the 27 patients, 24 (89%) continued to receive treatment until Week 48. The three patients discontinued early due to non ibalizumab-related reasons (two withdrawals and one adverse event).

2.5 COMMERCIALIZATION ACTIVITIES

EGRIFTA® - United States

General

Since May 1, 2014, we are responsible for the commercialization of *EGRIFTA*® (tesamorelin for injection) in the United States after regaining our commercialization rights to *EGRIFTA*® pursuant to the EMD Serono Termination Agreement. The EMD Serono Termination Agreement provided for the termination of the EMD Serono Agreement.

Under the terms of the EMD Serono Termination Agreement, we agreed to pay an early termination fee of US $20,000,000, or Early Termination Fee. We also agreed to pay EMD Serono an increasing

royalty, or Royalties, based on annual net sales. The Royalties were to be paid until a confidential cumulative aggregate amount was reached or until January 1, 2024, the first of these events to occur.

In order to secure the payment of the Early Termination Fee, the Corporation agreed to grant EMD Serono a security interest on its present and future worldwide corporeal and incorporeal movable property related to tesamorelin until such time as the Early Termination Fee was outstanding. Upon payment of the Early Termination Fee, the Corporation and EMD Serono had agreed to reduce the security interest to all present and future corporeal and incorporeal movable property related to tesamorelin in the United States only to secure the payment of the Royalties.

On May 29, 2018, we entered into an agreement with EMD Serono amending the EMD Serono Termination Agreement pursuant to which EMD Serono agreed to accept the payment of the amount of US$23,850,000 as full payment of the outstanding Early Termination Fee and of the Royalties, all of which were then valued at US$28.2 million. The payment of US$23,850,000 was made to EMD Serono on June 19, 2018. Further to the payment of such amount, EMD Serono released all of its security interests on our assets.

Manufacturing

We do not own or operate commercial scale manufacturing facilities for the production of *EGRIFTA*®, nor do we have plans to develop our own manufacturing operations in the foreseeable future. We currently depend on third-party service providers, Bachem Americas, Inc., or Bachem and Jubilant HollisterStier, General Partnership, or Jubilant, for all of our required raw materials, drug substance and finished product for commercial sale and clinical trials, if any, and we have entered into supply agreements with those two third-party service providers.

We are responsible for the manufacture and supply of tesamorelin to ensure the commercialization of *EGRIFTA*® in the territories covered under the Sanofi Agreement, the AOP Agreement, the BL&H Agreement, the Praxis Agreement and the PRX Agreement, if and when *EGRIFTA*® is approved and commercialized in those territories. See “Item 2 – Our Business – Section 2.5 – Commercialization Activities – *EGRIFTA*® – Other Territories” below.

We currently manufacture *EGRIFTA*® in a 1 mg/vial presentation.

Active Pharmaceutical Ingredient

We have an agreement with Bachem, Inc., an American subsidiary of Swiss-based Bachem AG, providing for the manufacture and supply of the active pharmaceutical ingredient of tesamorelin, or API, for *EGRIFTA*® for commercial sale in the United States and in Canada as well as for clinical programs, if any. Bachem is our only validated supplier of raw materials. The price of tesamorelin manufactured by Bachem has been set under our agreement and is not subject to volatility. The agreement is scheduled to terminate with the expiry of US patent 5,861,379, or May 2020, unless earlier terminated by the parties.

Finished Product

We have an agreement with Jubilant HollisterStier, General Partnership, providing for the manufacture and supply of the finished form of *EGRIFTA*® for commercial sale in the United States and in Canada and for tesamorelin in connection with clinical programs. Under our agreement, Jubilant must fill vials with tesamorelin, lyophilize it, label and package those vials and deliver them to locations in accordance with our instructions. The agreement is scheduled to terminate with the expiry

of US patent 5,861,379, or May 2020, unless earlier terminated by the parties. If the agreement is not terminated by the parties prior to its term, it will automatically renew for successive 12-month periods unless a party provides the other with a prior written notice within a confidential time period before the termination of the agreement.

Injection Tool Kit

In connection with the sale of *EGRIFTA*®, we decided to provide patients with the necessary devices to administer *EGRIFTA*®. These devices are comprised of syringes, needles and water for injection. We have entered into supply agreements with Becton Dickson Canada Inc. for the supply of syringes and hypodermic needles and with Hospira Worldwide, Inc. for the supply of sterile water for injection. The packaging of those devices is done through a third-party service provider, Almac Pharma Services. See “Item 9 – Material Contracts” below.

Distribution

In connection with the commercialization of *EGRIFTA*® in the United States, we have entered into various agreements with third-party service providers to distribute our products to patients. The distribution of *EGRIFTA*® is tightly controlled and is only available through certain selected pharmacies. Below is a summary of our agreements entered into with our third party service providers forming part of the supply chain of *EGRIFTA*®.

Logistic Service Provider and Distributor

On November 1, 2017, we entered into an amended and restated master services agreement with RxC Acquisition Company, LLC, or RxCrossroads, along with two amended and restated statements of work, or RxCrossroads Agreements. Under the terms of the RxCrossroads Agreements, RxCrossroads acts as our exclusive third-party logistic service provider for all of our products in the United States and as such, provides us with warehousing and logistical support services, including inventory control, account management, customers support, product return management and fulfillment of orders.

Under the RxCrossroads Agreements, RxCrossroads also acts as our exclusive third-party distributor of our products in the United States. In such role, RxCrossroads purchases products from us and takes title thereto. RxCrossroads’ purchases of our products are triggered by its expectations of market demand for them over a certain period of time. RxCrossroads fulfills orders received from authorized wholesalers and, with respect to *EGRIFTA*®, delivers it directly to that authorized wholesaler’s client, namely a specialty pharmacy forming part of our network of specialty pharmacies.

The RxCrossroads Agreements will expire in April 2020. The RxCrossroads Agreements contain customary representations and warranties from both parties, indemnification provisions, as well as termination provisions in the event of the occurrence of certain stated events.

Wholesalers

Our supply chain of *EGRIFTA*® in the United States is comprised of a limited number of wholesalers through which specialty pharmacies we have contracted with can order *EGRIFTA*®. These wholesalers accept purchase orders from those specialty pharmacies, purchase *EGRIFTA*® from RxCrossroads and resell it to these specialty pharmacies. Our wholesalers do not handle the physical delivery of *EGRIFTA*®. The shipping and delivery of *EGRIFTA*® to those specialty pharmacies is handled by RxCrossroads. To date, we have agreements in place with the following wholesalers: H.D.

Smith, LLC., Cardinal Health, McKesson Corporation, Morris & Dickson Co., LLC, and Cesar Castillo, Inc. For a description of these agreements, see “Item 9 - Material Contracts” below.

Specialty Pharmacies

We have entered into agreements with various specialty pharmacies across the United States providing them with the right to order *EGRIFTA®* from our authorized wholesalers and distribute *EGRIFTA®* to patients in the United States through their networks of local pharmacies.

In addition, a limited number of those specialty pharmacies are allowed to purchase *EGRIFTA®* directly from RxCrossroads for redistribution within their own retail specialty pharmacy stores.

EGRIFTA® - Canada

General

EGRIFTA® was approved for commercialization in Canada on April 30, 2014 in its 2 mg/vial presentation and, on March 30, 2015, in its 1 mg/vial presentation.

We have been commercializing *EGRIFTA®* in Canada since June 2015 using our internal team.

EGRIFTA® is not reimbursed in any of the provinces of Canada. However, *EGRIFTA®* is available in Canada to cash-paying patients and those with certain types of private insurance plans.

The supply chain and commercialization process of *EGRIFTA®* in Canada is described below.

Manufacturing

The manufacturing components of *EGRIFTA®* for commercialization in Canada are made by Bachem, Jubilant and Becton Dickinson as for the United States under the same agreements as those of the United States. The sterile water for injection is purchased off-the-shelf from a distributor. Since sterile water for injection is easily available in Canada, no formal agreement has been entered into with a third party supplier.

On March 30, 2015, we entered into a packaging agreement with Bellwyck Packaging Inc., or Bellwyck. Under this agreement, Bellwyck is responsible to label the vials of *EGRIFTA®* and place them in boxes ready for shipping and to package syringes, needles, sterile water for injection and patients inserts in the boxes ready for shipping. The agreement was scheduled to terminate on March 30, 2018 and was automatically renewed for a one-year term. This agreement renews automatically for one-year terms unless a party gives the other party written notice of its intent not to renew the agreement. Such written notice must be given to the other party at least 90 days prior to the expiration of the agreement. To date, we have not issued nor received any such notice.

Distribution

The distribution of *EGRIFTA®* in Canada is made through McKesson Specialized Distribution Inc., or McKesson Distribution, an affiliate of McKesson Canada Corporation, or McKesson Canada. McKesson Distribution purchases *EGRIFTA®* from us, resells and distributes it to Canadian pharmacies which form part of its network. McKesson Canada provides us with various other services related to the commercialization of *EGRIFTA®* in Canada.

EGRIFTA® - Other Territories

We have entered into distribution and licensing agreements with third parties granting those third parties the exclusive right to commercialize *EGRIFTA*® in territories covered by those respective agreements.

We have such agreements with Sanofi covering the territories of Latin America, Africa and the Middle East, or Sanofi Agreement; with AOP Orphan Pharmaceutical AG covering the countries of Austria, Albania, Belarus, Belgium, Bosnia & Hercegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Kazakhstan, Latvia, Lithuania, Luxembourg, Macedonia, Netherlands, Norway, Poland, Romania, Russian Federation, Serbia, Slovak Republic, Slovenia, Sweden, Switzerland, Ukraine, United Kingdom, or AOP Agreement; with BL&H Co., LTD. covering South Korea, or BLH Agreement; with PRX Pharma Produtos Farmaceuticos Unipessoal, LDA, covering Portugal, or PRX Agreement; and with Praxis Pharmaceutical S.A. covering Spain, or Praxis Agreement.

All of these agreements provide that each of Sanofi, AOP and BL&H are responsible to conduct regulatory activities to seek and obtain a marketing authorization for *EGRIFTA*® in each of the territories covered by their respective agreements. Under the terms of the PRX Agreement and Praxis Agreement, each of PRX and Praxis is responsible to assist us in conducting regulatory activities to seek and obtain a marketing authorization for *EGRIFTA*® in Portugal and Spain, respectively. We have not carried out any regulatory activity in those countries.

To date, *EGRIFTA*® has been approved in Mexico, but it is not commercialized there since it is not yet reimbursed by public payors. There is no marketing application pending in any of the territories covered by each of these agreements. Each of Sanofi, AOP, BL&H, PRX and Praxis have advised us that the regulatory and reimbursement dossier of *EGRIFTA*® represented a challenge in the territories covered by their respective agreements and we no longer view those territories as material to grow our revenues.

We have retained full commercial rights to *EGRIFTA*® in unpartnered territories and we could seek partners for the commercialization of *EGRIFTA*® in some of those unpartnered territories.

Trogarzo®

General

On March 18, 2016, we entered into a distribution and marketing agreement with TaiMed and, on March 6, 2017, we amended and restated the TaiMed Agreement, as further amended on November 6, 2018 to add an intravenous push formulation under the definition of “New Route of Administration”. Pursuant to the terms of the TaiMed Agreement, we have the exclusive rights to commercialize Trogarzo® in the United States, in Canada, in the European Union countries as well as in Albania, Iceland, Israel, Liechtenstein, Norway, Russia, Switzerland and Turkey, or, collectively, European Territory.

Under the TaiMed Agreement, TaiMed is responsible for all development activities regarding ibalizumab. TaiMed is also responsible to manufacture and supply Trogarzo® to us for each territory/country covered by the TaiMed Agreement. Since TaiMed has no manufacturing facility, TaiMed has subcontracted the manufacture of Trogarzo® to WuXi Apptec Biologics, Inc., or WuXi. However, we are aware that TaiMed has begun the construction of its own manufacturing facility with the aim of manufacturing Trogarzo®.

The TaiMed Agreement will expire on a country-by-country basis 12 years after marketing approval for ibalizumab has been obtained in each country, unless earlier terminated. The TaiMed Agreement contains customary representations and warranties, indemnification provisions and other provisions customarily found in agreements of this nature. Under the TaiMed Agreement, we must meet a certain level of minimum sales after a certain period of time following the approval of the drug in the United States.

North American Territory – Terms and Conditions

In Canada, we are responsible, but under no obligation, to seek the approval of Trogarzo® from Health Canada. No filing seeking the approval of Trogarzo® has been made in Canada and no decision has been taken yet regarding a filing in Canada.

In the United States, Trogarzo® was approved by the FDA on March 6, 2018.

We are responsible for all regulatory activities, regulatory filings and communications with Health Canada, if any, and with the FDA, in addition to all commercialization activities in the North American Territory.

The transfer price for sales of Trogarzo® in Canada and in the United States has been determined at 52% of its net selling price with an additional amount equal to 10% of its net selling price until such additional amount aggregates US$5,500,000.

Under the terms of the TaiMed Agreement, we agreed to make the following payments to TaiMed in consideration of the rights granted to us in the North American Territory:

- a cash payment of US$1,000,000, which cash payment was made on the execution of the TaiMed Agreement in March 2016; and

- a payment of US$4,000,000 through the issuance of common shares, such payment to be made after the first commercial sale of Trogarzo® in the United States.

The US$4,000,000 payment was made on May 15, 2018 and resulted in the issuance of 1,463,505 common shares to TaiMed.

Furthermore, we agreed to make the following one-time milestone payments to TaiMed based on the net sales of Trogarzo® in the North American Territory:

- US$7,000,000 in two annual equal installments once net sales will have reached an aggregate amount of US$20,000,000 over four consecutive Theratechnologies's financial quarters;

- US$10,000,000 once annual net sales will have reached US$200,000,000 in any of our financial year;

- US$40,000,000 once annual net sales will have reached US$500,000,000 in any of our financial year; and

- US$100,000,000 once annual net sales will have reached US$1,000,000,000 in any of our financial year.

We also agreed to pay TaiMed a development milestone of US$3,000,000 upon the first commercial sale in the North American Territory of a bi-weekly intramuscular, subcutaneous or intravenous-push (either fast or slow) injection formulation. This milestone will be payable in two annual equal installments of US$1,500,000 each, with the first one being paid 30 days after the first sale of such

new formulation in the North American Territory, while the second one will be paid 12 months thereafter.

We also agreed to pay to TaiMed an additional development milestone as a result of the potential conduct by TaiMed of a Phase III trial using Trogarzo® with a once every four week intramuscular, subcutaneous or intravenous-push (either fast or slow) injection formulation. This development milestone would be equal to 50% of all costs associated with the development and approval of such new formulation, subject, however, to a maximum of US$50,000,000. We need to agree with TaiMed on the amount of the milestone after taking into consideration the size of the market for this new formulation of Trogarzo® and the market exclusivity related thereto. The TaiMed Agreement contains a provision dealing with a disagreement between the parties on the determination of the amount of this development milestone. This development milestone would be paid quarterly, based on a percentage of net sales then generated by the sale of Trogarzo® using this new formulation, and would include a payment of interest on the principal.

Distribution

We began the distribution of Trogarzo® at the end of April 2018.

Logistic Service Provider and Distributor

RxCrossroads acts as our exclusive third party logistic service provider and exclusive third party distributor in the United States under the RxCrossroads Agreements.

Specialty Pharmacies

We have entered into agreements with specialty pharmacies and infusion therapy providers that had a large U.S. network capable of handling drug products whose administration is made intravenously. These specialty pharmacies have the capacity to deliver Trogarzo® to patients, physicians or infusion centers. Each of those specialty pharmacies purchase Trogarzo® from RxCrossroads and deliver it to infusion centers, physicians or patients for home-infusion. Patients are administered Trogarzo® at infusion centers, at physicians' offices or at home with the assistance of nurses.

To provide these services to patients, we entered into agreements with Accredo Health Group, Inc., or Accredo, Option Care Enterprises, Inc., or Option Care, Priority Healthcare Distribution, Inc., or Curascript, and Walgreen Co., or Walgreen. For a description of these agreements, see "Item 9 -Material Contracts" below.

Accredo and Option Care are specialty pharmacies that provide home-infusion services. Curascript is a specialty pharmacy that can deliver Trogarzo® to physicians and Walgreen is a specialty pharmacy.

European Territory – Terms and Conditions

In the European Territory, we are responsible to seek the approval of Trogarzo® and we undertook to use our commercially reasonable efforts to do so. A MAA was filed with the EMA in August 2018 and the MAA is currently under review under the accelerated assessment procedure with a timeframe of 150 review days. This timeframe does not include the time required to answer questions which might be asked by the EMA. Questions from the EMA were received on December 14, 2018 and answers to those questions were submitted to the EMA on January 25, 2019. We expect a decision from the European Commission in the second half of 2019.

We are responsible for all regulatory activities, regulatory filings and communications with the EMA, in addition to all commercialization activities in the European Territory.

The transfer price for sales occurring in a country forming part of the European Territory is determined at 52% of the net selling price of Trogarzo® in such country up to, or equal to, annual sales of US$50,000,000 in such country. If annual net sales of Trogarzo® in the European Territory exceed US$50,000,000, the transfer price of Trogarzo® for sales occurring in a country forming part of the European Territory will be equal to 52% of the net selling price of Trogarzo® on sales of up to US $50,000,000 in such country plus an amount equal to 57% of the net selling price of Trogarzo® in such country calculated on that portion of annual net sales of Trogarzo® in the European Territory that exceeds US$50,000,000.

Under the terms of the TaiMed Agreement, we agreed to issue to TaiMed 906,077 common shares in consideration of the rights granted to us in the European Territory. The common shares were issued on March 17, 2017.

Furthermore, we agreed to make the following one-time milestone payments to TaiMed based on the net sales of Trogarzo® in the European Territory:

- US$10,000,000 to be paid in two annual equal installments upon the date of the first commercial sale of Trogarzo® in the European Territory;

- US$10,000,000 upon achieving aggregate net sales of Trogarzo® of US$150,000,000 over four consecutive financial quarters (based on our fiscal year);

- US$20,000,000 upon achieving aggregate net sales of Trogarzo® of US$500,000,000 over four consecutive financial quarters (based on our fiscal year); and

- US$50,000,000 upon achieving aggregate net sales of Trogarzo® of US$1,000,000,000 over four consecutive financial quarters (based on our fiscal year).

The TaiMed Agreement also provides that we have certain milestone payment obligations in connection with activities occurring in the European Territory. We will reimburse TaiMed 50% of all direct out-of-pocket development costs mandated by the EMA that TaiMed will have incurred in order to obtain the marketing approval of Trogarzo® in the European Territory. Our payments will be made quarterly (based on our fiscal year) after marketing approval has been obtained and will equal 5% of the net sales of Trogarzo® in the European Territory during each quarter of our fiscal year, up to the outstanding capital amount.

Distribution

We intend to distribute Trogarzo® in the European Territory through one or more third parties. We are currently analyzing the distribution chain in the European Territory and no formal agreement(s) have been entered into with any such third party(ies).

Marketing and Sales of Our Products

North American Territory

Our marketing and sales activities in the United States for *EGRIFTA*® and Trogarzo® are conducted from our head office in Montreal, Québec, Canada. We have also retained the services of Syneos Health (formerly inVentiv Commercial Services, LLC), or Syneos, to assist us with sales activities in

the United States. Syneos is a recognized provider of commercial, clinical and consulting services around the globe. We have renewed our agreement with Syneos and we entered into an amended and restated master service agreement in this respect as of December 4, 2016, or Syneos Agreement, pursuant to which Syneos will continue providing us with various services in connection with the commercialization of *EGRIFTA®* and Trogarzo® in the United States. In addition, we sometimes retain Syneos and other third parties for certain marketing activities.

The services currently provided by Syneos comprise a sales force team fully dedicated to *EGRIFTA®* and Trogarzo®, a medical science liaison team solely assigned to our medical activities, a managed market team solely dedicated to the reimbursement of our products with both public and private payors and a call center team solely dedicated to assist healthcare professionals and patients for *EGRIFTA®* and Trogarzo®. The call center, *THERA patient support*™, guides physicians and patients through the process of initiating treatment under reimbursement. This process, which can be complex and time-consuming, begins with a referral and concludes with the final reimbursement decision. *THERA patient support*™ also helps patients adhering to their treatment and answering questions about our products.

The Syneos Agreement contains customary representations and warranties, indemnification, confidentiality, intellectual property and termination provisions. The Syneos Agreement is scheduled to expire on November 30, 2019, unless earlier terminated.

In Canada, the commercialization of *EGRIFTA®* is conducted internally. Trogarzo® is not approved in Canada since no filing has been made with Health Canada to seek its approval.

In addition, McKesson Canada provides the services of a call center, *EGRIFTA Support®*, which guides physicians and patients through the process of initiating treatment with *EGRIFTA®*, which answers questions patients may have regarding *EGRIFTA®* and which helps patients with the reimbursement process with their private insurance providers.

European Territory

EGRIFTA®

We and our commercial partners have not filed an application for *EGRIFTA®* in Europe.

Trogarzo®

The marketing and sales activities in the European Territory for Trogarzo® will be conducted through our European subsidiary, Theratechnologies International Limited, or Thera International, based in Dublin, Ireland. On February 11, 2019, we announced the appointment by Thera International of its general manager. The role of the general manager will be to build the infrastructure required to successfully commercialize Trogarzo® in the European Territory. The general manager will oversee distribution, reimbursement, sales, marketing and relationships with key European stakeholders. We intend to work with a contract sales organization in the European Territory in connection with our building of a presence in key European countries and on hiring key internal strategic positions.

2.6 COMPETITION

EGRIFTA®

We are not aware of other GRF products indicated for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy being commercialized. However, we are aware that we face indirect competition for *EGRIFTA®* from other drugs, such as human growth-hormone, testosterone, insulin sensitizing agents, GLP-1 receptor agonists and sermorelin that may be prescribed by physicians. To our knowledge, the use of these other drugs for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy has not been approved by the FDA or Health Canada. Other approaches to reduce excess abdominal fat include coping mechanisms such as lifestyle modification (diet and exercise), switching antiretroviral therapy, or liposuction.

Trogarzo®

We monitor other ARTs, both already on the market and still under clinical development, that may potentially be used to treat MDR HIV-1. Dolutegravir and darunavir, for instance, are the most commonly used in regimens for the treatment of MDR HIV-1. Other agents currently under clinical development programs include attachment inhibitors, such as Fostemsavir, long acting-ARTs, such as Pro-140, and broadly neutralizing antibodies. None of these agents have the same mechanism of action as Trogarzo®.

2.7 GOVERNMENT REGULATION

Overview

The research, development, manufacture and marketing of pharmaceutical products are governed by various governmental authorities throughout the world to ensure the efficacy and safety of such products.

Governmental authorities in the United States, European Union, Canada, and other countries, extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, marketing, export and import of products, such as *EGRIFTA®* and any other compound that we may develop. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process, approval process or commercialization process, may subject an applicant to administrative or judicial sanctions. Sanctions could include, but are not limited to, refusal to approve pending applications, withdrawal of an approval, a clinical hold, warning letters or other enforcement letters, product recalls, import/export delays, product seizures, total or partial suspension of production or distribution injunctions, fines, refusals of government contracts, and government reimbursement, restitution, disgorgement or civil or criminal penalties.

The text below explains some of the most important features of government regulations that we must follow in connection with the commercialization of *EGRIFTA®* and Trogarzo® in the United States and in the European Union.

Government regulations in Canada are similar, albeit not identical to those in the United States.

Sales and Marketing Regulation – United States

We are subject to various United States requirements relating to the sales and marketing of *EGRIFTA®* and Trogarzo® in the United States. The FDA regulates all advertising and promotional activities for prescription drug products under its jurisdiction both prior to and after approval. *EGRIFTA®* and Trogarzo® may be promoted only for their approved indications and in accordance with the provisions of their approved label. Any promotional claims regarding an approved drug must be accurate, not misleading and contain a fair balance of risk and benefit information. The FDA, as well as other government authorities, actively enforces the laws and regulations prohibiting the promotion of inaccurate, misleading or inadequately balanced product claims and the promotion of product for unapproved (i.e. off-label) uses. If we are found to have improperly promoted a prescription drug, we may be subject to significant sanctions. Failure to comply with applicable FDA requirements may subject us to adverse publicity, enforcement action by the FDA, corrective advertising, and the full range of civil and criminal penalties available to the FDA.

The FDA does not regulate the practice of medicine by physicians in their choice of treatment.

The marketing of *EGRIFTA®* and Trogarzo® within the United States is also subject to various federal and state laws pertaining to health care "fraud and abuse," including anti-kickback laws and false claims laws. Anti-kickback laws make it illegal for a prescription drug manufacturer to solicit, offer, receive, or pay any remuneration in exchange for, or to induce or reward, the referral of business, including the purchase or prescription of a particular drug that is subject to government reimbursement. Due to the breadth of the statutory provisions, it is possible that we might be challenged under anti-kickback or similar laws. Sanctions under these laws include civil monetary penalties, exclusion from U.S. federal and state healthcare programs (i.e., those programs will not provide reimbursement or payment coverage for *EGRIFTA®* and/or Trogarzo®), and criminal penalties, including imprisonment; further, an alleged violation of the anti-kickback stature would be used as a basis for a False Claims Act challenge. False claims laws prohibit anyone from knowingly and willingly presenting, or causing to be presented for payment to certain third-party payors (including Medicare and Medicaid) claims for reimbursement for drugs or services that are false or fraudulent. Generally, claims for drugs prescribed for off-label uses may be considered to be "false claims". Sanctions under false claims laws include significant civil monetary penalties. In addition, there is ability for private individuals to bring similar actions.

In addition, several states require that companies implement compliance programs or comply with industry ethics codes, adopt marketing spending limits, and report to state governments any gifts, compensation, and other remuneration provided to certain healthcare professionals. Regulations implementing certain provisions of federal health care legislation require record-keeping and disclosure to the federal government of certain transfers of value to U.S.-licensed physicians and certain teaching hospitals, otherwise known as the "Sunshine Act". Any activities relating to the sale and marketing of *EGRIFTA®* and Trogarzo® may be subject to scrutiny under these laws. Failure to make these required reports or comply with these laws can result in civil monetary penalties and/or other sanctions. If the government were to allege or convict us of violating these laws, our business could be harmed.

Sales and Marketing Regulation – European Union

In addition to regulations in the United States, we are subject to a variety of European Union regulatory requirements. These requirements govern human clinical trials, marketing approval, and postmarketing regulation for drugs. The European Union regulatory approval process includes all of the risks associated with FDA approval set forth above, as well as additional country-specific regulations. Whether or not we obtain FDA approval for a product, we must obtain approval of a

product under the European Union regulatory system before we can commence clinical trials or marketing of the product in the European Union. Approval by one regulatory authority does not ensure approval by regulatory authorities in other jurisdictions and the approval process may be longer or shorter than that required for FDA approval. The requirements governing the conduct of clinical trials, product licensing, pricing, and reimbursement vary greatly amongst the European Union member states, or EU Member States.

Under the European Union regulatory system, we may submit applications for marketing authorizations either under a centralized, decentralized, or mutual recognition marketing authorization procedure. The centralized procedure provides for the grant of a single marketing authorization for a medicinal product by the European Commission on the basis of an opinion by the EMA. A centralized marketing authorization is valid for all EU Member States and three of the four European Free Trade Association States (Iceland, Liechtenstein and Norway). The decentralized procedure and the mutual recognition procedure apply between EU Member States. The decentralized marketing authorization procedure involves the submission of an application for marketing authorization to the competent authority of all EU Member States in which the product is to be marketed. One national competent authority, selected by the applicant, assesses the application for marketing authorization. The competent authorities of the other EU Member States are subsequently required to grant marketing authorization for their territory on the basis of this assessment, except where grounds of potential serious risk to public health require this authorization to be refused. The mutual recognition procedure provides for mutual recognition of marketing authorizations delivered by the national competent authorities of EU Member States by the competent authorities of other EU Member States. The holder of a national marketing authorization may submit an application to the competent authority of a EU Member State requesting that this authority recognize the marketing authorization delivered by the competent authority of another EU Member State.

In August 2018, we submitted our MAA for Trogarzo® for the treatment of adults infected with HIV-1 resistant to at least one agent in three different classes of ART using the centralized marketing authorization procedure. Under the centralized procedure, the maximum timeframe for the evaluation of a marketing authorization application by the EMA Committee for Medicinal Products for Human Use, or CHMP, is, in principle, 210 days from receipt of a valid application for marketing authorization. This time period excludes any clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the CHMP and if the applicant requests a re-examination of the CHMP opinion. Accelerated evaluation might be granted by the CHMP in exceptional cases, when a medicinal product is expected to be a major public health interest particularly from the point of view of therapeutic innovation. The accelerated evaluation shortens the period to 150 days from 210. Regardless of the assessment procedure, the opinion of the CHMP will be provided to the European Commission which will make the final decision on the application for centralized marketing authorization of a medicinal product.

The holder of a European Union marketing authorization for a medicinal product must also comply with European Union pharmacovigilance legislation and its related regulations and guidelines, which entail many requirements for conducting pharmacovigilance, or the assessment and monitoring of the safety of medicinal products. These rules can impose on central marketing authorization holders for medicinal products the obligation to conduct a labor intensive collection of data regarding the risks and benefits of marketed products and to engage in ongoing assessments of those risks and benefits, including the possible requirement to conduct additional clinical studies.

The sales and distribution of medicinal products into and within the European Union is subject to compliance with the applicable European Union laws, regulations and guidelines, including the requirement to hold appropriate authorizations for distribution granted by the competent authorities of the EU Member States.

In the European Union, the advertising and promotion of drug products are subject to EU Member States' laws governing promotion of medicinal products, interactions with physician, misleading and comparative advertising and unfair commercial practices. In addition, other legislation adopted by individual EU Member States may apply to the advertising and promotion of medicinal products. The laws require that promotional materials and advertising in relation to medicinal products comply with the product's Summary of Product Characteristics, or SmPC, as approved by the competent authorities. Promotion of a medicinal product that does not comply with the SmPC is considered to constitute off-label promotion. The off-label promotion of medicinal products is prohibited in the European Union. The applicable laws at European Union level and in the individual EU Member States also prohibit the direct-to-consumer advertising of prescription-only medicinal products. These laws may further limit or restrict the advertising and promotion of our products to the general public and may also impose limitations on our promotional activities with health care professionals.

Interactions between pharmaceutical companies and physicians are also governed by strict laws, regulations, industry self-regulation codes of conduct and physicians' codes of professional conduct in the individual EU Member States. The provision of benefits or advantages to physicians to induce or encourage the prescription, recommendation, endorsement, purchase, supply, order or use of medicinal products is prohibited in the European Union. The provision of benefits or advantages to physicians is also governed by the national anti-bribery laws of the EU Member States. Violation of these laws could result in substantial fines and imprisonment.

Payments made to physicians in certain EU Member States must be publicly disclosed. Moreover, agreements with physicians must often be the subject of prior notification and approval by the physician's employer, his/her competent professional organization, and/or the competent authorities of the individual EU Member States. These requirements are provided in the national laws, industry codes, or professional codes of conduct, applicable in the EU Member States. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment.

Failure by us or by any of our third party partners, including suppliers, manufacturers and distributors to comply with European Union laws and the related national laws of individual EU Member States governing the conduct of clinical trials, manufacturing approval, marketing authorization of medicinal products and marketing of such products, both before and after grant of marketing authorization, may result in administrative, civil or criminal penalties. These penalties could include delays or refusal to authorize the conduct of clinical trials or refusal to grant marketing authorization, product withdrawals and recalls, product seizures, suspension, withdrawal or variation of the marketing authorization, total or partial suspension of production, distribution, manufacturing or clinical trials, operating restrictions, injunctions, suspension of licenses, fines and criminal penalties.

Good Manufacturing Practices

Drug products must be manufactured and packaged in accordance, among other things, with current good manufacturing practices, or GMP, and both Bachem and Jubilant, the contract manufacturers of *EGRIFTA*®, as well as WuXi, the manufacturer of Trogarzo®, must adhere to GMP in connection with the manufacture and packaging of these products. If a company wants to make certain changes in its manufacturing equipment, location or process, regulatory review and approval may be required. The FDA often conducts audits of manufacturing sites to ensure that manufacturers comply with quality-related requirements and GMP. If, as a result of these inspections, it is determined that a manufacturer's equipment, facilities or processes do not comply with the regulations and conditions of product approval, the FDA may seek civil, criminal or administrative sanctions and/or remedies against the manufacturer, including the issuance of an enforcement letter, seeking corrective action,

or requiring suspension of manufacturing operations, which would delay the product and sale of our products.

Similarly to the U.S., in the European Union, both marketing authorization holders and manufacturers of medicinal products must comply with European Union GMP standards when manufacturing medicinal products and active pharmaceutical ingredients, including the manufacture of active pharmaceutical ingredients outside of the European Union with the intention to import the active pharmaceutical ingredients into the European Union. The manufacturing process for medicinal products in the European Union is highly regulated and regulators may shut down manufacturing facilities that they believe do not comply with regulations.

Good Clinical Practices

The FDA promulgates regulations and standards, commonly referred to as good clinical practices, or GCP, for designing, conducting, monitoring, auditing and reporting the results of clinical trials to ensure that the data and results are accurate and that the trial participants are adequately protected. Both our Observational Study and Retinopathy Study are subject to GCP. The conduct of the clinical trials using Trogarzo® was also subject to GCP. The FDA enforces GCP through periodic inspections of trial sponsors, principal investigators and trial sites. We rely on Syneos to conduct our Observational Study and our Retinopathy Study. If our study sites fail to comply with applicable GCP or other applicable requirements, such as informed consent or Institutional Review Board oversight, the clinical data generated in our clinical trials may be deemed unreliable and the FDA may require us to redo our studies or stop a study. Where patient safety is at risk, the FDA could impose a clinical hold.

Similarly, in the European Union, the conduct of clinical trials is governed by Directive 2001/20/EC which imposes obligations and procedures that are similar to those in the United States. The European Union Good Clinical Practice rules and European Union Good Laboratory Practice obligations must also be respected during conduct of the trials. Clinical trials must be approved by the competent regulatory authorities and the competent Ethics Committees in the EU Member States in which the clinical trials take place. All entities conducting clinical trials in the European Union will be required to comply with the requirements of the new EU Clinical Trials Regulation, which may enter into force in 2019. The new EU Clinical Trials Regulation, which will replace the EU Clinical Trials Directive, introduces a complete overhaul of the existing regulation of clinical trials for medicinal products in the European Union, including a new coordinated procedure for authorization of clinical trials that is reminiscent of the mutual recognition procedure for marketing authorization of medicinal products, and an increased obligation on sponsors to publish clinical trial results.

2.8 PHARMACEUTICAL PRICING AND REIMBURSEMENT

In the United States and in other countries, sales of *EGRIFTA*® and Trogarzo® will depend in part on the availability of reimbursement from third-party payors. These payors include both government (such as Federal Medicare and State Medicaid, AIDS Drug Assistance Programs and special needs plans in the United States) and private managed care organizations as well as pharmacy benefit managers.

These third-party payors are increasingly challenging the price and examining the cost-effectiveness of medical products and services. In addition, significant uncertainty exists as to the reimbursement status of newly approved healthcare product candidates. We, or our commercial partners, may need to conduct expensive pharmacoeconomic studies in order to demonstrate the cost-effectiveness of *EGRIFTA*® and Trogarzo®. *EGRIFTA*® and/or Trogarzo® may not be considered cost-effective. It is time consuming and expensive for us, and our commercial partners, to seek reimbursement from

third-party payors. Reimbursement may not be available or sufficient to allow us, or our commercial partners, to sell *EGRIFTA*® and/or Trogarzo® on a competitive and profitable basis.

United States

The U.S. Congress, state legislatures, and federal and state agencies from time to time propose and adopt initiatives aimed at cost containment, which could impact our ability to sell our drug products profitably. For example, in March 2010, the *Patient Protection and Affordable Care Act*, and the associated reconciliation bill, which we refer to collectively as the *Health Care Reform Law* was enacted, and was a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements (inclusive of price increases) for healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. Effective October 1, 2010, the *Health Care Reform Law* revised the definition of “average manufacturer price” for reporting purposes, which could increase the amount of all Medicaid drug rebates. On January 21, 2016, the Centers for Medicare and Medicaid Services finalized a rule detailing reforms to the rebate and reimbursement systems for Medicaid prescription drugs. This final rule was intended to save taxpayers billions and ultimately improve beneficiary access to prescription drugs. The final rule allowed manufacturers to recalculate the baseline “average manufacturer price” and includes US territories in the calculation of “average manufacturer price” and “best price” effective April 1, 2017. Further, the new law imposes a significant annual fee on companies that manufacture or import certain branded prescription drug products and biologic agents. Substantial new provisions affecting compliance also have been enacted, which may require us to modify our business practices with healthcare practitioners, and also may increase our regulatory burdens and operating costs.

The U.S. Medicare program provides payment for many pharmaceuticals under the Medicare Part D program. Under Part D, Medicare beneficiaries may enroll in prescription drug plans offered by private entities which will provide coverage of outpatient prescription drugs. Part D plans include both standalone prescription drug benefit plans and prescription drug coverage as a supplement to Medicare Advantage plans. Part D coverage is not standardized. Part D prescription drug plan sponsors are not required to pay for all covered Part D drugs, and each drug plan can develop its own drug formulary that identifies which drugs it will cover and at what tier or level. However, Part D prescription drug formularies must include drugs within each therapeutic category and class of covered Part D drugs, though not necessarily all the drugs in each category or class. Any formulary used by a Part D prescription drug plan must be developed and reviewed by a pharmacy and therapeutic committee.

Under Part D, government payment for some of the costs of prescription drugs may increase demand for products for which we receive marketing approval. However, any negotiated prices for our products covered by a Part D prescription drug plan will likely be lower than the prices we might otherwise obtain. Moreover, while Part D applies only to drug benefits for Medicare beneficiaries, state Medicaid programs and private payors may follow Medicare coverage policy limitations in setting their own payment rates. Any reduction in payment that results under Part D may influence decision-making and negotiations for payments from non-governmental payors. Payors are, however, forbidden to negotiate both commercial and Part D agreements together. Negotiations must be kept separate.

The cost of pharmaceuticals continues to generate substantial governmental and third-party private payor interest. We expect that the pharmaceutical industry will experience pricing pressures due to the trend toward managed healthcare, particularly towards specialty pharmacy, the increasing influence of managed care organizations, and additional legislative proposals. Indeed, we expect that

there will continue to be a number of U.S. federal and state proposals to implement governmental pricing controls and limit the growth of healthcare costs, including the cost of prescription drugs.

The Health Care Reform Law may be repealed and may or may not be replaced with a different law or health care payment system.

European Union

In the European Union, sales of Trogarzo® will depend in part on the availability and level of reimbursement from third-party payors. Third-party payors can be public or private or a combination of both. In order to obtain public reimbursement, prescription drugs are often evaluated by specialized bodies in a country. This process is in many cases independent of marketing approval and the time to carry out the evaluation differs in each country, often extending beyond the initial regulatory approval date of the drug.

The requirements and aspects considered during the assessment of a new prescription drug are not necessarily the same in each EU Member State and are given different weight depending on the EU Member States' attitudes towards providing public healthcare and the government's willingness to pay for these new drugs. We or our commercial partners could be required to conduct specific health economic and other studies or analyses in order to satisfy such requirements. The decision to comply with such requirements will depend on the prospects of obtaining a positive opinion and the costs involved in the process and the profitability of the market.

In the European Union, the requirements governing drug pricing vary widely from country to country. In many EU Member States, pricing plays an important role in the evaluation of prescription drugs for reimbursement and in most cases, there are price controls that can include, but are not limited to, reference pricing to drugs sold within the EU Member States and in other EU Member States, the evaluation of what a fair price would be based on the condition that is being treated and the innovative quality of the new drug.

The sole legal instrument at the European Union level governing the pricing and reimbursement of medicinal products is Council Directive 89/105/EEC, or Price Transparency Directive. The aim of the Price Transparency Directive is to ensure that pricing and reimbursement mechanisms established in EU Member States are transparent and objective, do not hinder the free movement and trade of medicinal products in the European Union and do not hinder, prevent or distort competition on the market. The Price Transparency Directive does not, however, provide any guidance concerning the specific criteria on the basis of which pricing and reimbursement decisions are to be made in individual EU Member States. Neither does it have any direct consequence for pricing or levels of reimbursement in individual EU Member States. The national authorities of the individual EU Member States are free to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices and/or reimbursement of medicinal products for human use. Individual EU Member States adopt policies according to which a specific price or level of reimbursement is approved for the medicinal product. Other EU Member States adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market, including volume-based arrangements and reference pricing mechanisms. Further, an increasing number of EU Member States use prices for medicinal products established in other countries as "reference prices" to help determine the price of the product in their own territory. Consequently, a downward trend in prices of medicinal products in some countries could contribute to similar downward trends elsewhere.

Health Technology Assessment, or HTA, of medicinal products is becoming an increasingly common part of the pricing and reimbursement procedures in some EU Member States. These countries include the United Kingdom, France, Germany and Sweden. The HTA process in the EU Member States is governed by the national laws of these countries. HTA is the procedure according to which the assessment of the public health impact, therapeutic impact and the economic and societal impact of the use of a given medicinal product in the national healthcare systems of the individual country is conducted. HTA generally focuses on the clinical efficacy and effectiveness, safety, cost, and cost-effectiveness of individual medicinal products as well as their potential implications for the healthcare system. Those elements of medicinal products are compared with other treatment options available on the market.

The outcome of HTA will often influence the pricing and reimbursement status for specific medicinal products within individual EU Member States. The extent to which pricing and reimbursement decisions are influenced by the HTA of a specific medicinal product varies between the EU Member States.

Partnered Territories

With respect to *EGRIFTA*®, each of Sanofi, AOP, BL&H, PRX and Praxis are responsible for identifying and obtaining possible reimbursements under government programs in the territories covered under their respective agreements.

2.9 INTELLECTUAL PROPERTY

As further described below, *EGRIFTA*® is protected by patents in both Canada and the United States whereas Trogarzo® benefits from 12 years of market exclusivity in the United States.

Our Patent Portfolio

Our current patent portfolio is comprised of the following material patents for *EGRIFTA*® (tesamorelin):

- In the United States, we own U.S. patent 5,861,379 covering the composition of matter of tesamorelin, which is scheduled to expire in May 2020 after having obtained a patent term extension certificate from the USPTO for such patent. In addition, we own three issued United States patents relating to the use of tesamorelin in the treatment of HIV-associated lipodystrophy, which are scheduled to expire in 2023, as well as a patent relating to the use of tesamorelin in the treatment of mild cognitive impairment that is scheduled to expire in 2025. Furthermore, we have a patent set to expire in 2027 that relates to the use of tesamorelin in the improvement of muscle function in subjects suffering from severe wasting. Finally, we have a patent on a new formulation of tesamorelin scheduled to expire in 2033. This new formulation is different from the F4 Formulation which is not protected by any patent.

- In Canada, we own a patent relating to the use of tesamorelin in the treatment of metabolic conditions associated with fat accumulation and/or hypercholesterolemia, including HIV-associated lipodystrophy, which is scheduled to expire in October 2024, as well as a patent relating to the use of tesamorelin in the treatment of mild cognitive impairment that is scheduled to expire in May 2023.

- In Mexico, we own one patent related to the use of tesamorelin in the treatment of HIV-associated lipodystrophy which is scheduled to expire in October 2025.

Regulatory Exclusivity

The regulatory regimes of certain countries and territories such as the United States, Canada and Europe provide market exclusivity for a pharmaceutical product once approved. Data protection provides a person with protection against third parties who may wish to commercialize a product similar to an approved product.

In the United States, the *Drug Price Competition and Patent Term Restoration Act of 1984*, or *Hatch-Waxman Act*, awards, in certain circumstances, non-patent marketing exclusivities to pioneer drug manufacturers. The *Hatch-Waxman Act* provides five years of non-patent marketing exclusivity within the United States to an applicant who gains approval of a NDA for a "new chemical entity," a drug for which the FDA has not previously approved any other new drug with the same active moiety, which is the molecule or ion responsible for the action of the drug. This marketing exclusivity generally prevents the FDA from approving, in certain circumstances, any abbreviated new drug application, or ANDA, for a generic drug or any 505(b)(2) NDA that references the pioneer drug product.

The market exclusivity for *EGRIFTA*® in the United States has expired.

In the United States, distinct from exclusivity for drug products, biological products, such as toxins and serums, may be eligible for non-patent exclusivity. Specifically, the *Biologics Price Competition and Innovation Act of 2009*, or the BPCI Act, amended the Public Health Service Act to provide an abbreviated licensure pathway for biological products, or 351(k) application, shown to be biosimilar to, or interchangeable with, an FDA-licensed biological reference product. In turn, the BPCI provides a 4-year exclusivity period from the date of first licensure of the reference product, during which a 351(k) application referencing that product may not be submitted. In addition, FDA may grant a 12-year exclusivity period from the date of first licensure of the reference product, during which approval of a 351(k) application referencing that product may not be made effective. For the first biological product determined to be interchangeable with the reference product for any condition of use, the agency may provide a period of market exclusivity, during which a second or subsequent biological product may not be determined interchangeable with that reference product. However, unlike the process for drug products, FDA will not grant exclusivity for supplements or changes to the reference biological product. Like drug products, biologic products can receive 7 years of market exclusivity for an orphan indication. Finally, FDA may issue an exclusivity period for certain biological products for which pediatric studies are conducted in accordance with a written request.

Trogarzo® benefits from a 12-year market exclusivity period in the United States calculated from March 6, 2018.

In Canada, the Food and Drug Regulations provide an eight year market exclusivity period to a Notice of Compliance (NOC) holder who markets an innovative drug in Canada (including a biological drug).

In Europe, when a marketing authorisation for a product is issued by the EMA, the approved product (including a biological product) benefits from 10 years of market exclusivity.

Our Trademark Portfolio

EGRIFTA® is our registered trademark in the United States and in Canada and it is used in those countries to commercialize tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

Trogarzo® is a registered trademark of TaiMed in the United States and in Europe and it is under license to us pursuant to the TaiMed Agreement. It is used in the United States to commercialize

ibalizumab for the treatment of HIV-1 infection in heavily treatment-experienced adults with MDR HIV-1 infection failing their current antiretroviral regimen.

THERA *patient support*™ is our trademark in the United States and it is used to designate our call center that assists healthcare professionals and patients in processing referrals, following-up on treatment adherence and answering questions from both healthcare professionals and patients regarding *EGRIFTA*® and Trogarzo®.

EGRIFTA Support® is our registered trademark in Canada and it is used to designate our call center that assists healthcare professionals and patients in processing referrals and answering questions from both healthcare professionals and patients regarding *EGRIFTA*®.

We have obtained registration for the name *EGRIFTA*® in many of the countries covered by the Sanofi Agreement, the AOP Agreement, the BL&H Agreement, the PRX Agreement, the Praxis Agreement, and in many other countries worldwide. The use of the *EGRIFTA*® trademark for tesamorelin intended for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the jurisdictions where we or our commercial partners intend to commercialize *EGRIFTA*® generally requires the approval of the regulatory authorities reviewing the marketing authorization application in such jurisdictions and the approval of the local intellectual property agency.

Other Intellectual Property Portfolio

Our portfolio of intellectual property contains additional trademarks, pending trademark registrations and domain names associated with our trademarks and pending trademark applications.

Our Policy on Intellectual Property

Our intellectual property practice is to keep all information relating to proprietary compounds, inventions, improvements, trade secrets, know-how and continuing technological innovation confidential and, where practicable, file patent and trademark applications. In particular, as part of our intellectual property protection practice, we:

- perform surveillance of third party patents and patent applications in order to identify any third party patent or third party patent application which, if granted, could be infringed by our activities;
- where practicable, file patent applications for any new and patentable invention, development or improvement in the United States and in other countries;
- prosecute all pending patent applications in conformity with applicable patent laws and in a manner that efficiently covers our activities;
- file trademark applications in countries of interest for our trademarks;
- register domain names whose addresses include our trademark names; and
- maintain our intellectual property rights by paying government fees as may be necessary to ensure such rights remain in force.

2.10 EMPLOYEES

As at November 30, 2018, we had 32 employees. All of our employees are employed in Canada and engaged in administration, finance, medical affairs, and regulatory, marketing and sales functions. None of our employees are unionized. We believe the relations with our employees are good.

Through Syneos, as at November 30, 2018, we had an additional 57 persons dedicated to the commercialization of *EGRIFTA®* and Trogarzo® in the United States.

2.11 FACILITIES

We currently carry out our activities at 2015 Peel Street, 5th Floor, in the City of Montreal, Québec, Canada where we lease a 7,500 square-foot office space. We have entered into a new lease agreement with the current landlord pursuant to which we will occupy a 15,000 square-foot office space at the same civic address effective April 1, 2019. We will then cease occupying the 5th floor and will move to the 10th and 11th floor of the building.

2.12 ENVIRONMENT

To our knowledge, environmental issues do not have a material financial or operational impact on our capital expenditures, income or competitive position within the normal course of our operating activities.

ITEM 3 RISK FACTORS

Before you invest in our securities, you should understand the high degree of risk involved and consider carefully the risks and uncertainties described below. The following risks may adversely impact our business, financial condition, operating results and prospects. Additional risks and uncertainties, including those that we do not know about or that we currently believe are immaterial, may also develop as our operations evolve and, therefore, may adversely affect our business, financial condition, operating results or prospects. As a result, the trading price of our securities, including our common shares, could decline and you could lose all or part of your investment.

3.1 RISKS RELATED TO THE COMMERCIALIZATION OF OUR PRODUCTS

Our commercial success and revenue growth depend mainly on the commercialization of EGRIFTA® and* Trogarzo® *in the United States; unsatisfactory future sales levels of EGRIFTA® and* Trogarzo® *in the United States will have a material adverse effect on us.

Our ability to generate revenue and sustain growth is currently based on the commercialization of *EGRIFTA®* and Trogarzo® in the United States.

Our success in generating sales revenue from *EGRIFTA®* and Trogarzo® in the United States will depend on our capacity:

- to pursue the deployment of a commercialization strategy that will be accepted by patients, healthcare professionals and third-party payors;
- to maintain reimbursement coverage for *EGRIFTA®* and Trogarzo® by third-party payors;
- to maintain the registration of *EGRIFTA®* and Trogarzo® on U.S. governmental forms as drugs available for purchase in the United States;
- to ensure that adequate supplies of *EGRIFTA®* and Trogarzo® are available;
- to maintain conflict-free relationships with our principal third-party suppliers of services, namely our agent in the United States (Syneos), our manufacturers, (TaiMed and Jubilant), our distributor (RxCrossroads), as well as other specialized third-parties; and
- to defend our intellectual property rights regarding *EGRIFTA®* against third-parties.

Our success in commercializing *EGRIFTA®* and Trogarzo® in the United States will also depend on:

- the capacity of Syneos, in collaboration with us, to retain qualified, motivated and talented sales representatives and other key individuals instrumental in the commercialization of our products in the United States; and
- the capacity of our third-party suppliers to comply with all laws and regulations applicable to the conduct of their respective businesses.

There can be no assurance that sales of *EGRIFTA®* and Trogarzo® to customers in the United States will increase in the future or that we will generate sales at a profitable level. If sales of these products decrease, our revenue would be adversely affected which, in turn, could materially adversely affect our business, financial condition and operating results.

Because we expect to be dependent on revenues from *EGRIFTA®* and Trogarzo® for the foreseeable future, any negative developments relating to these products, such as safety or efficacy issues, manufacturing issues, the introduction or greater acceptance of competing products, or adverse regulatory or legislative developments, or our inability to successfully manage any of the abovementioned factors, will have a material adverse effect on our business and our future business prospects.

We rely on third parties for the manufacture, distribution and commercialization of our products and such reliance may adversely affect our revenues, business and future business prospects if the third parties are unable or unwilling to fulfill their obligations.

We have a single third-party service provider for each of our core business activities pertaining to the commercialization of our products, namely their manufacturing, distribution and commercialization. Any material issues such third-party service providers may encounter that relate to the provision of services to us would have a material adverse effect on our revenues, business and future business prospects since these third-party service providers may not be easily or rapidly replaced.

We do not own or operate manufacturing facilities for the production of *EGRIFTA®* and tesamorelin, nor do we have plans to develop our own manufacturing operations in the foreseeable future. We currently rely on Bachem and Jubilant to manufacture and supply all of our required raw materials, drug substance and drug product for sales of *EGRIFTA®*. Although potential alternative suppliers and manufacturers have been identified, we have not entered into any agreements with them nor have we qualified these vendors to date and no assurance can be given that such suppliers will be qualified in the future or receive necessary regulatory approvals. The replacement of a third-party manufacturer is time-consuming and costly due to the required validation of their capabilities. The validation process includes an assessment of the capacity of such third-party manufacturer to produce the quantities that we may request from time to time, the manufacturing process and its compliance with current good manufacturing practice, or GMP, regulations. In addition, the third-party manufacturer would have to familiarize itself with our technology. Validation of an additional third-party manufacturer takes at least twenty-four (24) months and could take as long as thirty-six (36) months or more.

TaiMed is our sole supplier of Trogarzo®. TaiMed does not currently own or operate any manufacturing facilities for the production of Trogarzo® and must rely on its sole supplier, WuXi. We are not in a contractual relationship with WuXi and, therefore, we may not be able to interact with Wuxi in the event they encounter issues which could adversely affect the supply of Trogarzo®. In such circumstances, we will need to rely on TaiMed to address any of those issues. We have no control over the time and efforts that TaiMed will devote in finding solutions to supply issues if such were to occur, or any say on the solution itself. Any delay in addressing manufacturing issues or any solution to address a manufacturing problem that is not to our liking could have a material adverse effect on the supply and sale of Trogarzo® and, accordingly, materially adversely affect our revenues.

We do not have state licensure in the United States to distribute *EGRIFTA®*, Trogarzo® or any other product we may acquire or in-license and we do not currently intend to pursue applications to obtain the licenses required in order to distribute a drug product in the United States. Our supply chain model is based upon that fact and the distribution of *EGRIFTA®* and Trogarzo® in the United States is done through RxCrossroads which currently holds all state licensure required to distribute a drug product in every American state. Although potential alternative third-party service providers have been identified to replace RxCrossroads in the event that it becomes unable to distribute *EGRIFTA®* and Trogarzo®, we have not entered into any agreements with them and no assurance can be given that such providers would enter into any agreement with us on terms satisfactory to us.

We do not employ sales, medical service liaison and reimbursement personnel in the United States in connection with the commercialization of our products in this territory. We rely on Syneos to provide us with all of the services related to the commercialization of our products, namely sales personnel, medical science liaison personnel, reimbursement specialists and other individuals whose roles and functions pertain to the commercialization of our products. Although we are aware that there exists other third-party services providers that could provide the same services as Syneos, we have not entered into any agreements with them nor conducted any audit on them. If we need to find another third-party service provider for some or all of the services provided by Syneos, it will be time-consuming and will be disruptive to our business. In addition, there can be no assurance that we will be able to find such third-party service provider if we are unable to agree on the terms and conditions of an agreement with them.

Our reliance on one third-party service provider for each of our core business activities exposes us to a number of risks. For instance, we may be subject to delays in, or suspension of, the manufacturing of *EGRIFTA®* and Trogarzo® if a third-party manufacturer:

- becomes unavailable to us, or to TaiMed, for any reason, including as a result of the failure to comply with GMP regulations;
- experiences manufacturing problems or other operational failures, such as labour disputes, equipment failures or unplanned facility shutdowns required to comply with GMP, or damage from any event, including fire, flood, earthquake, business restructuring, labour disputes or insolvency; or
- fails to perform its contractual obligations under our agreement, such as failing to deliver the quantities requested on a timely basis or not meeting product specifications.

We may also be subject to distribution disruption and interrupted sales of *EGRIFTA®* and Trogarzo® in the United States if RxCrossroads:

- becomes unavailable to us for any reason, including as a result of its failure to meet applicable laws;
- experiences warehousing problems or other operational failure, such as unplanned facility shutdown or damage from any event, including fire, flood, earthquake, business restructuring or insolvency; or
- fails to perform its contractual obligations under our agreement.

We may be subject to a decrease in sales of *EGRIFTA®* and Trogarzo® in the United States or may face reimbursement challenges if Syneos:

- becomes unavailable to us for any reason, including as a result of its incapacity to motivate and retain the employees working on the commercialization of *EGRIFTA®* and/or Trogarzo®;
- experiences compliance issues with the FDA; or
- fails to perform its contractual obligations under our agreement.

Significant safety problems may arise with respect to EGRIFTA® and* Trogarzo® *which could result in restrictions in EGRIFTA®'s or* Trogarzo®'s *label, product recall or withdrawal of any of our products from the market, any of which would materially adversely impact our business and our future business prospects.

New safety issues may arise as *EGRIFTA®* and Trogarzo® are used over longer periods of time by a wider group of patients, some of whom may be taking numerous other medicines, or may suffer from additional underlying health problems. Such safety issues could include an increase in the severity or frequency of known problems or the discovery of previously unknown problems, and may result in a

variety of adverse regulatory actions. Under U.S. laws, the FDA has broad authority over drug manufacturers to compel any number of actions if safety problems arise, including, but not limited to: (i) requiring manufacturers to conduct post-approval clinical studies to assess known risks or signals of serious risks, or to identify unexpected serious risks; (ii) mandating labeling changes to a product based on new safety information; or (iii) requiring manufacturers to implement a risk evaluation mitigation strategy where necessary to assure safe use of the drug. Similar laws and regulations exist in countries outside of the United States. Previously unknown safety problems could also result in product recalls, restrictions on the products' permissible uses, or withdrawal of the products from the territory(ies) where they are approved for commercialization. If new safety issues are discovered, sales of *EGRIFTA®* and/or Trogarzo® may decrease and result in a material adverse effect on our business, financial condition and operating results.

***Our levels of revenues are highly dependent on obtaining and maintaining patient reimbursement for EGRIFTA® and* Trogarzo®.**

Market acceptance and sales of *EGRIFTA®* and Trogarzo® substantially depend on the availability of reimbursement from third-party payors such as governmental authorities, including U.S. Medicare and Medicaid, managed care providers, and private insurance plans and may be affected by healthcare reform measures in the United States and elsewhere. Third-party payors decide which medications they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and these third-party payors are attempting to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors have been challenging the prices charged for products. Third-party payors may decrease the level of reimbursement of a product or cease such reimbursement and the occurrence of any of these events could materially adversely affect the sales of *EGRIFTA®* and Trogarzo®.

Sales of *EGRIFTA®* and Trogarzo® to patients benefitting from U.S. funded reimbursement programs represent the most important part of all sales of our products. Denial of coverage for any of those two products under any of the current programs would materially adversely affect our revenues.

If Trogarzo® is approved for commercialization in the European Union, sales will be highly dependent on obtaining reimbursement. As discussed under " Pharmaceutical Pricing and Reimbursement " above, the process of seeking reimbursement for a new drug is complex and varies from one EU Member State to another. In many EU Member States, pricing plays an important role in the evaluation of prescription drugs for reimbursement. There can be no assurance that Trogarzo®, if approved in the European Union, will be reimbursed by all or any EU Member State.

Even if Trogarzo® is reimbursed, in EU Member States, legislators, policymakers and healthcare insurance funds continue to propose and implement cost-containing measures to keep healthcare costs down, due in part to the attention being paid to healthcare cost containment in the European Union. Certain of these changes could impose limitations on the prices we will be able to charge for Trogarzo® or the amounts of reimbursement available for Trogarzo® from governmental agencies or third party payors, may increase the tax obligations on pharmaceutical companies such as ours, or may facilitate the introduction of generic competition. Further, an increasing number of EU Member States and other foreign countries use prices for medicinal products established in other countries as " reference prices " to help determine the price of the product in their own territory. Consequently, a downward trend in prices of medicinal products in some countries could contribute to similar downward trends elsewhere. In addition, the ongoing budgetary difficulties faced by a number of EU Member States, including Greece and Spain, have led and may continue to lead to substantial delays in payment and payment partially with government bonds rather than cash for medicinal drug products, which could negatively impact our potential revenues and profitability from Trogarzo®.

Moreover, in order to obtain reimbursement for Trogarzo® in some EU Member States, we may be required to conduct clinical trials that compare the cost-effectiveness of Trogarzo® to other available therapies. There can be no assurance that Trogarzo®, if approved by the EMA, will obtain favorable reimbursement status in any EU Member States.

Even though EGRIFTA® and* Trogarzo® *are approved for sale in one or more territories, revenue that we generate from their sales may be limited.

Sales of *EGRIFTA®* and Trogarzo® will depend upon the acceptance of such products by the medical community, including physicians, patients and third-party payors. The degree of market acceptance of any of our products will depend on a number of factors, including:

- demonstrated product safety, including the prevalence and severity of side effects, and effectiveness as a treatment that addresses a significant unmet medical need;
- storage requirements, dosing regimen and ease of administration;
- the availability of competitive alternatives;
- our ability to obtain and maintain sufficient third-party coverage for reimbursement from government health care programs, including U.S. Medicare and Medicaid, private health insurers and other third-party payors;
- the willingness and ability of patients to pay out-of-pocket for medications;
- the product price; and
- the effectiveness of sales and marketing efforts.

If our products do not achieve adequate sales, we may not generate sufficient revenue in order to become profitable.

If we do not obtain marketing approval for Trogarzo® in Europe, our future revenues and our operating results would be adversely impacted.

In August 2018, we filed a MAA with the EMA seeking the approval of Trogarzo®. The MAA was filed using the same data as those used when we submitted our NDA with the FDA. The file is currently under review by the EMA and we expect a decision by the second half of this year.

There can be no guarantee that the EMA will approve Trogarzo®, or that the EMA will approve Trogarzo® for the proposed indication sought. The EMA could reject the MAA for various reasons, including due to a finding of inadequate safety, tolerability, potency, efficacy profiles or due to the size of the population in the clinical trials conducted by TaiMed. Additionally, the EMA could request that we provide additional safety or efficacy data which could require the conduct of additional clinical trials. Since clinical trials are time-consuming, the assessment of our MAA by the EMA could be delayed by many months or years if the conduct of clinical trials is required as a pre-requisite to obtaining a final assessment of our MAA from the EMA.

Even if Trogarzo® is approved by the European Commission, significant restrictions could be imposed on the indicated use or its marketing, or there could be imposed requirements for burdensome post-approval clinical studies. The terms of the Trogarzo® labeling may be more restrictive than we desire and could affect its commercial potential.

Market acceptability of Trogarzo® by physicians, patients and payors could be harmed if restrictions on its use are imposed by the EMA. The potential market size of Trogarzo® could also be reduced if those restrictions have the effect of limiting the number of patients eligible to be prescribed the drug.

If Trogarzo® is not approved by the European Commission or, if its approval is delayed, or if limitations of use or the conduct of clinical trials are mandated, this would adversely affect our business, financial condition and operating results.

The commercialization of the F4 Formulation for EGRIFTA® remains uncertain since validation of the commercial batches has yet to be completed. The non-commercialization of the F4 Formulation, or a delay in commercializing the F4 Formulation, could impact our revenue growth and operating results.

Since the approval of the F4 Formulation by the FDA, we have begun the manufacturing process of the F4 Formulation. In order to bring to market a new formulation of an approved drug product, a manufacturer must manufacture three consecutive batches of the product, also called validation batches, all of which must meet the specifications described in the submission filed with the regulatory agency. To date, we have manufactured one validation batch of the F4 Formulation and such batch is within the specifications approved by the FDA.

There can be no guarantee that any of the other two validation batches will meet the specifications approved by the FDA. If any of those batches does not meet the approved specifications, we will have to conduct an audit on the manufacturing process to determine the cause of the failure.

The conduct of an audit may take time and delay the launch of the F4 Formulation. Because the regulation requires that three consecutive validation batches of a drug product meet the specifications, the failure of one such batch in meeting the specifications will require that we resume anew the manufacture of three validation batches.

Any delay in the launch of the F4 Formulation or any decision not to launch the F4 Formulation as a result of manufacturing issues could impact revenue growth derived from the sale of *EGRIFTA*® and our operating results.

We are dependent on collaboration and licensing agreements for the commercialization of EGRIFTA® in Latin America, Africa and the Middle East, certain European countries and South Korea. These agreements place the commercialization of EGRIFTA® in these markets outside of our control.

Although each of our collaboration and licensing agreements with Sanofi, AOP, BL&H, PRX and Praxis contain provisions governing their responsibilities as partners for the commercialization of *EGRIFTA*® in their respective territories, our dependence on these commercial partners is subject to a number of risks, including:

- our limited control of the amount and timing of resources that they will be devoting to the commercialization, marketing and distribution of *EGRIFTA*®, including obtaining third-party patient reimbursement coverage, which could adversely affect our ability to obtain or maximize revenues;
- disputes or litigation that may arise between us and them, which could adversely affect the commercialization of *EGRIFTA*®, all of which would divert our management's attention and our resources;

- Sanofi, AOP, BL&H, PRX or Praxis not properly defending our intellectual property rights or using them in such a way as to expose us to potential litigation, which could, in both cases, adversely affect the value of our intellectual property rights;
- corporate reorganizations or changes in business strategies of Sanofi, AOP, BL&H, PRX or Praxis which could adversely affect their willingness or ability to fulfill their obligations under our agreement; and
- Sanofi, AOP, BL&H, PRX or Praxis being found in breach of local laws.

Our collaboration and licensing agreements may be terminated by Sanofi, AOP, BL&H, PRX and Praxis in the event of a breach by us of our obligations under such agreement, including our obligation to supply *EGRIFTA*®, for which we rely on third parties. If any of Sanofi, AOP, BL&H, PRX and Praxis terminates its agreement with us or fails to effectively commercialize *EGRIFTA*®, for any of the foregoing or other reasons, we may not be able to replace any of them in those markets and the occurrence of any of the abovementioned events would affect our operating results.

We face competition and the development of new products by other companies could materially adversely affect our business and operating results.

The biopharmaceutical and pharmaceutical industries are highly competitive and we must compete with pharmaceutical companies, biotechnology companies, academic and research institutions as well as governmental agencies for the development and commercialization of products, most of which have substantially greater financial, technical and personnel resources than us. We believe there is no approved drug product competing directly with our approved products. However, with respect to *EGRIFTA*®, we face competition from companies selling human growth hormone, testosterone, insulin sensitizing agents, GLP-1 receptor agonists and termorelin as those products may be prescribed by physicians. In addition, other approaches to reduce visceral adipose tissue in the abdominal area include coping mechanisms such as lifestyle modification (diet and exercise), switching ARTs or liposuction. With respect to Trogarzo®, we are aware that dolutegravir and darunavir are being used in regimens to treat MDR HIV-1 and that attachment inhibitors, long-acting ARTs and broadly working antibody products are under development.

3.2 RISKS RELATED TO RESEARCH AND DEVELOPMENT ACTIVITIES

The conduct of research and development activities is risky and results obtained therefrom may not be those anticipated. As a result, there can be no assurance that any research and development plan on a product candidate will result in an approved drug.

Research and development activities are highly risky and the results obtained therefrom may not yield any of the anticipated benefits. The development of a product candidate into a new drug requires the conduct of many tests on animals and humans, all of which must comply with stringent regulation. If we were to resume research and development activities, there can be no assurance that any research and development program designed to develop a new drug, or provide a new treatment, would end up generating positive results leading up to an approved product by a regulatory authority.

The conduct of clinical trials requires the enrolment of patients and difficulties in enrolling patients could delay the conduct of our clinical trials or result in their non-completion.

In connection with the development of a new drug, we must conduct clinical trials. Clinical trials require the enrolment of patients and we may have difficulties enrolling patients for future clinical trials. These difficulties may arise as a result of design protocol, the size of the patient population, the eligibility criteria to participate in the clinical trials, the availability of competing therapies, the patient

referral practices of physicians and the availability of clinical trial sites. Difficulty in enrolling patients in connection with the conduct of clinical trials could result in their cancellation or delays in completing them. Once patients are enrolled in a clinical trial, the occurrence of any adverse drug effects or side effects observed during the trial could also result in the clinical trial being cancelled. The cancellation of clinical trials for the foregoing reasons could lead to our forfeiting the development of the product candidate tested in those clinical trials.

3.3 RISKS RELATED TO OUR INTELLECTUAL PROPERTY

Our failure to protect our intellectual property may have a material adverse effect on our ability to develop and commercialize our products.

We will be able to protect our intellectual property rights from unauthorized use by third parties only to the extent that our intellectual property rights are covered and protected by valid and enforceable patents, trademarks and copyrights or are effectively maintained as trade secrets. We try to protect our intellectual property position by, among other things, filing patent applications and trademark applications related to our proprietary technologies, inventions, improvements and tradenames that are important to the development of our business.

Because the patent and trademark position of pharmaceutical companies involves complex legal and factual questions, the issuance, scope, validity, and enforceability of patents and trademarks cannot be predicted with certainty. Patents and trademarks, if issued, may be challenged, invalidated or circumvented. For example, if our patents are invalidated or found to be unenforceable, we would lose the ability to exclude others from making, using or selling the inventions claimed. Moreover, an issued patent does not guarantee us the right to use the patented technology or commercialize a product using that technology. Third parties may have blocking patents that could be used to prevent us from developing our compounds, selling our products or commercializing our patented technology. Thus, patents that we own may not allow us to exploit the rights conferred by our intellectual property protection.

Our pending patent applications may not be issued or granted as patents. Even if issued, they may not be issued with claims of sufficient breadth to protect our product candidates and technologies or may not provide us with a competitive advantage against competitors with similar products or technologies. Furthermore, others may independently develop products or technologies similar to those that we have developed or may reverse engineer or discover our trade secrets through proper means. In addition, the laws of many countries do not protect intellectual property rights to the same extent as the laws of Canada, the United States and the European Patent Convention, and those countries may also lack adequate rules and procedures for defending intellectual property rights effectively.

We also rely on trade secrets, know-how and technology, which are not protected by patents, to maintain our competitive position. We try to protect this information by entering into confidentiality agreements with parties who have access to such confidential information, such as our current and prospective suppliers, distributors, manufacturers, commercial partners, employees and consultants. Any of these parties may breach the agreements and disclose confidential information to our competitors. It is possible that a competitor will make use of such information, and that our competitive position could be disadvantaged.

Enforcing a claim that a third party infringes on, has illegally obtained or is using an intellectual property right, including a trade secret or know-how, is expensive and time-consuming and the outcome is unpredictable. In addition, enforcing such a claim could divert management’s attention

from our business. If any intellectual property right were to be infringed, disclosed to or independently developed by a competitor, our competitive position could be harmed. Any adverse outcome of such litigation or settlement of such a dispute could subject us to significant liabilities, could put one or more of our pending patent applications at risk of being invalidated or interpreted narrowly, could put one or more of our patents at risk of not issuing, or could facilitate the entry of generic products.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. For example, confidential information may be disclosed, inadvertently or as ordered by the court, in the form of documents or testimony in connection with discovery requests, depositions or trial testimony. This disclosure would provide our competitors with access to our proprietary information and may harm our competitive position.

Our commercial success depends, in part, on our ability not to infringe on third party patents and other intellectual property rights.

Our capacity to commercialize *EGRIFTA*® and Trogarzo® will depend, in part, upon our ability to avoid infringing third party patents and other third-party intellectual property rights. The biopharmaceutical and pharmaceutical industries have produced a multitude of patents and it is not always easy for participants, including us, to determine which patents cover various types of products, processes of manufacture or methods of use. The scope and breadth of patents is subject to interpretation by the courts and such interpretation may vary depending on the jurisdiction where the claim is filed and the court where such claim is litigated. The fact that we own patents for tesamorelin and for the treatment of HIV-related lipodystrophy in certain jurisdictions does not guarantee that we are not infringing one or more third-party patents in such jurisdictions and there can be no guarantee that we will not infringe or violate third-party patents and other third-party intellectual property rights in the United States or other jurisdictions.

For example, EMD Serono has listed a patent held by one of its affiliates in the Orange Book under the *Hatch-Waxman Act* with respect to *EGRIFTA*® in HIV-associated lipodystrophy. With the termination of the EMD Serono Agreement, EMD Serono could assert that such patent would be infringed by our continued sale of *EGRIFTA*® in the United States. To counter that risk, we have obtained a non-exclusive license from EMD Serono's affiliate under the EMD Serono Termination Agreement in order to continue selling *EGRIFTA*® in the United States. If we are in default under the EMD Serono Termination Agreement and such default is not cured within the agreed upon time, EMD Serono's affiliate could terminate our non-exclusive license. The termination of that license could prevent us from selling *EGRIFTA*® in the United States if we were found to infringe the patent listed by one of EMD Serono's affiliates in the Orange Book and this could have a material adverse effect on our business, financial condition and operating results.

Patent analysis for non-infringement is based in part on a review of publicly available databases. Although we review from time to time certain databases to conduct patent searches, we do not have access to all databases. It is also possible that we will not have reviewed some of the information contained in the databases or we found it to be irrelevant at the time we conducted the searches. In addition, because patents take years to issue, there may be currently pending applications that have not yet been published or that we are unaware of, which may issue later as patents. As a result, there can be no guarantee that we will not violate third-party patents.

Because of the difficulty in analyzing and interpreting patents, there can be no guarantee that a third party will not assert that we infringe such third-party's patents or any of its other intellectual property rights. Under such circumstances, there is no guarantee that we would not become involved in litigation. Litigation with any third party, even if the allegations are without merit, is expensive, time-

consuming and would divert management's attention from the daily execution of our business plan. Litigation implies that a portion of our financial assets would be used to sustain the costs of litigation instead of being allocated to further the development of our business.

If we are involved in patent infringement litigation, we would need to prevail in demonstrating that our products do not infringe the asserted patent claims of the relevant patent, that the patent claims are invalid or that the patent is unenforceable. If we are found to infringe a third-party patent or other intellectual property right, we could be required to enter into royalty or licensing agreements on terms and conditions that may not be favorable to us, and/or pay damages, including up to treble damages in the United States (for example, if found liable of willful infringement) and/or cease the development and commercialization of our product candidates. Even if we were able to obtain a license, the rights may be non-exclusive, which could result in our competitors gaining access to the same intellectual property and to compete with us.

We have not been served with any notice alleging that we infringe a third-party patent, but there may be issued patents that we are unaware of that our products may infringe, or patents that we believe we do not infringe but ultimately could be found to infringe. If we were to challenge the validity of a competitor's issued United States patent in a United States court, we would need to overcome a statutory presumption of validity that attaches to every United States patent. This means that, in order to prevail, we would have to present clear and convincing evidence as to the invalidity of the patent's claims. We cannot guarantee that a court would find in our favour on questions of infringement and validity. Any finding that we infringe or violate a third-party patent or other intellectual property right could materially adversely affect our business, financial condition and operating results.

3.4 REGULATORY RISKS

We may be subject to enforcement action if we engage in the off-label promotion of EGRIFTA® or Trogarzo®.

Our promotional materials and training methods must comply with the *Federal Food, Drug and Cosmetic Act*, as amended, of the United States, or FFDCA, as well as with laws in the European Union, including EU Member States laws, and other applicable laws and regulations, including restraints and prohibitions on the promotion of off-label, or unapproved, use. Physicians may prescribe our products for off-label use without regard to these prohibitions, as the FFDCA does not restrict or regulate a physician's choice of treatment within the practice of medicine. However, if the FDA determines that our promotional materials or training of company employees or agents constitutes promotion of an off-label use, it could request that we modify our training or promotional materials, issue corrective action, or subject us to regulatory or enforcement actions, including but not limited to the issuance of an untitled letter or warning letter, and a judicial action seeking injunction, product seizure and civil or criminal penalties. It is also possible that other federal, state or non-U.S. enforcement authorities might take action if they consider our promotional or training materials to constitute promotion of an unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. Our reputation would also be damaged. Although our policy is to refrain from written or oral statements that could be considered off-label promotion of our products, the FDA or other regulatory agencies, such as Health Canada and the EMA, could disagree and conclude that we have engaged in off-label promotion. In addition, the off-label use of our products may increase the risk of product liability claims. Product liability claims are expensive to defend and could divert our management's attention, result in substantial damage awards against us and harm our reputation.

We are not allowed to conduct promotional activities related to Trogarzo® in Canada and Europe prior to obtaining regulatory approval in each of those territories since it is an investigational drug. Promotional activities may begin in one of those territories once a drug is approved by Health

Canada, in Canada, and the EMA, in certain European countries. We are only allowed to conduct certain medical activities surrounding the disease aimed to be treated with ibalizumab in those territories. If we are found to violate these rules, we could be subject to fines or other penalties.

The pharmaceutical industry is highly regulated and pharmaceutical companies are subject to various federal and state fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute and the federal False Claims Act.

Healthcare fraud and abuse regulations are complex, and even minor irregularities can potentially give rise to claims that a statute or prohibition has been violated. The laws that may affect our ability to operate include:

- the federal healthcare program's anti-kickback law, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs;

- federal false claims laws which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payors that are false or fraudulent;

- the federal Health Insurance Portability and Accountability Act of 1996, which created federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;

- the FFDCA and similar laws regulating advertisement and labeling; and

- European Union's, EU Member States' and U.S. States' law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers.

In the United States, the federal anti-kickback law has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers or formulary managers on the other. Although there are several statutory exemptions and regulatory safe harbors protecting certain common activities from prosecution, the exemptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce or reward prescribing, purchasing or recommending may be subject to scrutiny if they do not qualify for an exemption or safe harbor. Most American states also have statutes or regulations similar to the federal anti-kickback law and federal false claims laws, which apply to items and services covered by Medicaid and other state programs, or, in several states, apply regardless of the payor. Administrative, civil and criminal sanctions may be imposed under these federal and state laws. Further, the Health Care Reform Law, among other things, amends the intent requirement of the U.S. federal anti-kickback and criminal healthcare fraud statutes. A person or entity can now be found guilty under the federal anti-kickback law without actual knowledge of the statute or specific intent to violate it. In addition, the Health Care Reform Law provides that the U.S. 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. Possible sanctions for violation of these anti-kickback laws include monetary fines, civil and criminal penalties, exclusion from Medicare and Medicaid programs and forfeiture of amounts collected in violation of such prohibitions. Any violations of these laws, or any action against us for violation of these laws, even if we successfully defend against it, could result in a material adverse effect on our reputation, business, financial condition and operating results.

To enforce compliance with the federal laws, the U.S. Department of Justice, or DOJ, scrutinizes interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Dealing with investigations can be time and resource consuming and can divert management's attention from the business. Additionally, if a healthcare provider settles an investigation with the DOJ or other law enforcement agencies, we may be forced to agree to additional onerous compliance and reporting requirements as part of a consent decree or corporate integrity agreement. Any such investigation or settlement could increase our costs or otherwise have an adverse effect on our business. Over the past few years, a number of pharmaceutical and other healthcare companies have been prosecuted under these laws for a variety of promotional and marketing activities, such as: providing free trips or items and gifts of value to prescribers, "sham" consulting fees and grants and other monetary benefits to prescribers; reporting inflated average wholesale prices that were then used by federal programs to set reimbursement rates; engaging in off-label promotion; and submitting inflated best price information to the Medicaid Rebate Program to reduce liability for Medicaid rebates.

In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians for marketing. Some states, such as California, Massachusetts and Vermont, mandate implementation of commercial compliance programs, along with the tracking and reporting of gifts, compensation and other remuneration to certain healthcare professionals. The shifting commercial compliance environment and the need to build and maintain robust and expandable systems to comply with different compliance and/or reporting requirements in multiple jurisdictions increase the possibility that a healthcare company may run afoul of one or more of the requirements.

If our activities are found to be in violation of these laws or any other federal and state fraud and abuse laws, we may be subject to penalties, including civil and criminal penalties, damages, fines and the curtailment or restructuring of our activities with regard to the commercialization of our products in the United States, which could harm the commercial sales of our products and materially affect our business, financial condition and results of operations. We cannot guarantee that we will be able to mitigate all operational risks. In addition, we cannot guarantee that we, our employees, our consultants or our contractors are or will be in compliance with all potentially applicable U.S. federal and state regulations and/or laws. Because of the far-reaching nature of these laws, we may be required to alter or discontinue one or more of our business practices to be in compliance with these laws. If we fail to adequately mitigate our operational risks or if we or our agents fail to comply with any of those regulations, laws and/or requirements, a range of actions could result, including, but not limited to, the termination of clinical trials, the failure to approve a product candidate, restrictions on *EGRIFTA®,* Trogarzo® or their respective manufacturing processes, withdrawal of *EGRIFTA®* or Trogarzo® from the market, significant fines, exclusion from government healthcare programs or other sanctions or litigation. Such occurrences could have a material adverse effect on our product sales, business and results of operations.

The scope and enforcement of these laws is uncertain and subject to rapid change in the current environment of healthcare reform. U.S. federal or state regulatory authorities might challenge our current of future activities under these laws. Any such challenge could have a material adverse effect on our reputation, business, results of operations and financial condition. Any state or federal regulatory review of us or the third parties with whom we contract, regardless of the outcome, would be costly and time-consuming.

3.5 LITIGATION RISKS

If we fail to comply with our contractual obligations, undertakings and covenants under our agreements with our commercial partners and third-party service providers, we may be exposed to claims for damages and/or termination of these agreements, all of which could

materially adversely affect the commercialization of EGRIFTA® and* Trogarzo®*, our capacity to generate revenues and management's attention to the development of our business.

We rely on third-party service providers for sales, marketing, distribution and manufacturing activities related to *EGRIFTA®* and Trogarzo® in the United States. Under our agreements with our third-party service providers, we have assumed certain obligations, undertakings and covenants which, if breached by us and not remedied within the agreed upon periods, could expose us to claims for damages and/or termination of these agreements. If we are unable to meet our obligations under any of our agreements with TaiMed as well as with third-party service providers which results in termination of such agreements, this will materially adversely affect our business, financial condition and operating results since we rely on single third-party service providers, each of whom performing key services for the success of our business plan.

If product liability lawsuits are brought against us, they could result in costly and time-consuming litigation and significant liabilities.

Despite all reasonable efforts to ensure the safety of our products we may be commercializing, it is possible that we or our commercial partners will sell products which are defective, to which patients react in an unexpected manner, or which are alleged to have side effects. The development, manufacture and sale of such products may expose us to potential liability, and the pharmaceutical industry has been subject to significant product liability litigation. Any claims, with or without merit, could result in costly litigation, reduced sales, significant liabilities and diversion of our management's time and attention and could have a material adverse effect on our financial condition, business and operating results. A product liability claim could also tarnish our reputation, whether or not such claims are with or without merit.

If a product liability claim is brought against us, we may be required to pay legal and other expenses to defend the claim and, if the claim is successful, damage awards may be substantial and/or may not be covered, in whole or in part, by our insurance. We may not have sufficient capital resources to pay a judgment, in which case our creditors could levy against our assets. We may also be obligated to indemnify our commercial partners and third-party service providers as well as make payments to other parties with respect to product liability damages and claims. Defending any product liability claims, or indemnifying others against those claims, could require us to expend significant financial and managerial resources and would have a material adverse effect on our reputation and our financial condition.

3.6 GEO-POLITICAL RISKS

A variety of risks associated with our international business relationships could materially adversely affect our business.

International business relationships in the United States, Latin America, Africa, the Middle East, Europe, South Korea, China, Taiwan and elsewhere subject us to additional risks, including:

- disruptions of important government services;
- differing regulatory requirements for drug approvals in foreign countries;
- potentially reduced protection for intellectual property rights, including unexpected changes in the rules governing patents and their enforcement;
- potential third-party patent rights in foreign countries;

- the potential for so-called parallel importing, which is what happens when a local seller, faced with high or higher local prices, opts to import goods from a foreign market, with low or lower prices, rather than buying them locally;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation, or political instability, particularly in foreign economies and markets;
- compliance with tax, employment, immigration and labour laws for employees traveling abroad;
- foreign taxes;
- foreign exchange contracts and foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labour unrest is more common than in the United States and Canada;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

On June 23, 2016, the United Kingdom held a referendum in which voters approved an exit from the European Union, commonly referred to as “Brexit.” As a result of the referendum, the British government negotiated the terms of the United Kingdom’s future relationship with the European Union but those terms were rejected by the British Parliament. The United Kingdom is scheduled to leave the European Union on March 29, 2019 and, to date, no deal has been struck between the United Kingdom and the European Union on various trade and commercial matters resulting from Brexit. We do not know to what extent Brexit will impact the business and regulatory environment in the United Kingdom, the rest of the European Union, or other countries. Changes impacting our ability to conduct business in the United Kingdom or other European Union countries, or changes to the regulatory regime applicable to our anticipated operations in those countries (such as with respect to the potential approval of Trogarzo®), may materially and adversely impact our business, prospects, operating results, and financial condition.

These and other risks of international business relationships may materially adversely affect our business, financial condition and operating results.

3.7 OTHER RISKS RELATED TO OUR BUSINESS

We rely extensively on the information technology systems of third-party service providers to store data, such as personal identifiable information, regarding our commercial activities for EGRIFTA® and Trogarzo®. Security breaches and other disruptions to those information technology systems could cause a violation of privacy laws, exposing us to liability which could cause our business and reputation to suffer.

In the ordinary course of business, we rely upon information technology and networks, most of which are managed by third parties, to process, transmit and store electronic information to manage and support our business decisions and strategy. We have no control and access over the information technology systems of third party service providers where most of this information is stored and we

are unable to assess whether appropriate measures have been implemented to prevent or limit a security breach of their information technology systems.

We also use our information technology systems to collect and store proprietary data, such as those related to our intellectual property, customers, employees and suppliers.

In connection with the conduct of activities in Europe, we will have to comply with the European Union General Data Protection Regulation, or GDPR. The GDPR introduced data protection requirements in the European Union relating to the consent of individuals to whom the personnel data relates, the information provided to the individuals, the security we must retain, the security and confidentiality of the personal data, data breach notification and the use of third party processors in connection with the processing of personal data. The GDPR has increased the responsibility of all parties collecting personal data. As we are building our infrastructure in Europe, we will have to put in place mechanisms to ensure compliance with the GDPR. However, our efforts to comply with the GDPR may not be successful and could increase our costs of doing business. In addition, data protection authorities of the various EU Member States may interpret the GDPR differently adding a layer of complexity in implementing adequate compliance measures.

The secure and uninterrupted operation of third party information technology systems and of ours is material to our business operations and strategy. Unauthorized access to data files held in our information technology systems or those of third parties could result in inappropriate use, change or disclosure of sensitive and/or personal data of our customers, employees, suppliers and patients. Any such access, disclosure or other loss of information could subject us to litigation, regulatory fines, penalties or reputational damages, any of which could have a material adverse effect on our competitive position, reputation, business, financial condition and operating results.

We did not generate a profit from our operation in the last fiscal year and there can be no guarantee that we will achieve consistent profitability.

We did not generate a profit in the fiscal year ended November 30, 2018. Our profitability will mainly depend on our capacity to maintain the commercialization of *EGRIFTA®* and Trogarzo® successfully in the United States through a low-cost and effective distribution network, the recruitment and retention of talented personnel by Syneos, the deployment of an effective marketing campaign and through continued reimbursement coverage for *EGRIFTA®* and Trogarzo® under U.S. Medicare and Medicaid programs and under private-health insurers programs.

There is no guarantee that we will continue succeeding in growing sales of *EGRIFTA®* and Trogarzo® in the United States. In addition, there is no guarantee that we will be able to successfully launch and commercialize Trogarzo®, if approved, in the European Territory. If revenues grow more slowly than we anticipate or if our operating expenses exceed our expectations, our business, financial condition and operating results could be materially adversely affected and we may never sustain profitability.

We may not be able to generate sufficient cash from our operating activities to service our debt obligations.

Our ability to make payment on the Notes and our overall indebtedness will depend on future financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may be unable to maintain a level of positive cash flows from operating activities sufficient to pay the principal and interest on our Notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, seek additional capital or restructure

or refinance our debt. These measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such cash flows and resources, we could face substantial liquidity problems and we could have to resort to insolvency laws to seek protection from our creditors.

We may require additional funding and may not be able to raise the capital necessary to fund all or part of our capital requirements.

We may need financing in order to fund all or part of our capital requirements to sustain our growth, to develop our marketing and commercial capabilities, to meet our compliance obligations with various rules and regulations to which we are subject, and to in-license or acquire new molecules or approved products. However, our business performance may prevent us from generating enough cash-flow to meet our obligations and the market conditions may also prevent us from having access to the public market in the future at the times or in the amounts necessary. Therefore, there can be no guarantee that we will be able to continue to raise additional capital by way of public or private offerings in the future. In such a case, we would have to use other means of financing, such as entering into private financing or credit agreements, the terms and conditions of which may not be favorable to us. In addition, the issuance and sale of substantial amounts of equity, or other securities, or the perception that such issuances and sales may occur could adversely affect the market price of our common shares.

We depend on our current personnel to pursue our business plan and the loss of our key employees and the inability to attract and hire highly qualified individuals to replace the loss of our current key employees could have a material adverse effect on our business and growth potential.

Because of the specialized nature of our business, our success depends to a significant extent on the continued service of our key employees and on our ability to be able to attract, retain and motivate qualified manufacturing, managerial and scientific personnel. We have entered into employment agreements with our executive officers and provided them with long-term incentives as a retention mechanism, but such agreements and incentives do not guarantee that our executive officers will remain employed by us for any significant period of time, or at all. In addition, we have a limited workforce to pursue our business plan and the loss of any of our key employees could materially adversely affect our business. Our third-party service provider, Syneos, has hired sales representatives and other qualified individuals to assist us with the commercialization of *EGRIFTA®* and Trogarzo® in the United States. Although these individuals are not our employees, the loss of any of those individuals and the inability of Syneos to attract and retain these individuals could have a material adverse effect on the commercialization of *EGRIFTA®* and Trogarzo®, and, accordingly, our business, financial condition and operating results. In addition, it could adversely affect the market price of our common shares.

There is intense competition for qualified personnel in the areas of our activities, and we and our third-party service providers may not be able to continue to attract and retain the qualified personnel necessary for the development of our business. Our failure and the failure of our third-party service providers to attract and retain such personnel could impose significant limits on our business operations and hinder our ability to successfully and efficiently realize our business plan.

We may not achieve our publicly announced milestones or our commercial objectives on time.

From time to time, we publicly announce the timing of certain events to occur or the attainment of certain commercial objectives. These statements are forward-looking and are based on the best

estimate of management at the time, relating to the occurrence of such events. However, the actual timing of such events or our ability to achieve these objectives may differ from what has been publicly disclosed. Events such as beginning of commercialization of a product, levels of sales, revenues and other financial metrics may vary from what is publicly disclosed. These variations may occur as a result of a series of events, including problems with a supplier or a commercial partner, change in the procurement policy of a commercial partner or any other event having the effect of delaying the publicly announced timeline or reducing the publicly announced commercial objective. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of certain events having the effect of postponing such events or any variation in the occurrence of certain events having the effect of altering publicly announced commercial objectives could have a material adverse effect on our business, financial condition and operating results. In addition, it could adversely affect the market price of our common shares.

In connection with the reporting of our financial results, we are required to make estimates and assumptions, which involve uncertainties and any significant differences between our estimates and actual results could have an adverse impact on our reported financial position, operating results and cash flows.

The preparation of our consolidated financial statements requires that we 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 financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, our management evaluates our critical and other significant estimates and assumptions, including among others, those associated with revenue and deferred revenue, stock option plan, income taxes, onerous lease provision and contingent liabilities such as clinical trial expenses, recoverability of inventories, recoverability of tax credits and grants receivable and capitalization of development expenditures. Any significant differences between our actual results and our estimates and assumptions could negatively impact our reported financial position, operating results and cash flows.

If we identify a material weakness in our internal controls over financial reporting, our ability to meet our reporting obligations and the trading price of our common shares could be negatively affected.

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 financial statements will not be prevented or detected on a timely basis. Accordingly, a material weakness increases the risk that the financial information we report contains material errors.

We regularly review and update our internal controls, disclosure controls and procedures, and corporate governance policies. In addition, we are required under Canadian securities laws to report annually on our internal control over financial reporting. Any system of internal controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. If we determine that our internal controls over our financial reporting are not effective, or we discover areas that need improvement in the future, these shortcomings could have an adverse effect on our business and financial results, and the price of our common shares could be negatively affected.

If we cannot conclude that we have effective internal controls over our financial reporting, investors could lose confidence in the reliability of our financial statements, which could lead to a decline in our stock price. Failure to comply with reporting requirements could also subject us to sanctions and/or investigations by the Canadian regulatory authorities.

3.8 RISKS RELATED TO OUR COMMON SHARES

Our share price has been volatile, and an investment in our common shares could suffer a decline in value.

Since our initial public offering in Canada, our valuation and share price have fluctuated immensely and 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 common shares. In the past, the market price of our common shares has fluctuated and will continue to fluctuate due to various factors including the risk factors described herein and other circumstances beyond our control. An investment in our common shares could decline in value or fluctuate significantly.

Our revenues and expenses may fluctuate significantly and any failure to meet financial expectations and/or our own financial guidance, if any, may disappoint securities analysts or investors and result in a decline in the price of our common shares.

Our revenues and expenses have fluctuated in the past and are likely to do so in the future. These fluctuations could cause our share price to decline. Some of the factors that could cause revenues and expenses to fluctuate include the following:

- the level of sales of *EGRIFTA®* in the United States and Canada;
- the level of sales of Trogarzo® in the United States;
- the level of sales of Trogarzo® in the European Territory, if approved;
- supply issues with *EGRIFTA®* or Trogarzo®;
- default under the terms of our Notes;
- the inability to complete product development in a timely manner that results in a failure or delay in receiving the required regulatory approvals or allowances to commercialize product candidates;
- the timing and willingness of any current or future collaborators to invest the resources necessary to commercialize our product candidates;
- the outcome of any litigation;
- payment of fines or penalties for violations of laws;
- foreign currency fluctuations;
- the timing of achievement and the receipt of milestone or royalty payments from future third parties; and
- failure to enter into new or the expiration or termination of current agreements with third parties.

If our quarterly or annual operating results fall below the expectations of investors or securities analysts, or if we need to reduce our financial guidance, if any, the price of our common shares could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially.

We do not intend to pay dividends on our common shares and, consequently, the ability of investors to achieve a return on their investment will depend on appreciation in the price of our common shares.

We have never declared or paid any cash dividend on our common shares and we do not currently intend to do so in the foreseeable future. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business. Therefore, the success of an investment in our common shares will depend upon any future appreciation in their value. There is no guarantee that our common shares will appreciate in value or even maintain the price at which our shareholders have purchased their shares.

Our shareholder rights plan and certain Canadian laws could delay or deter a change of control.

Our shareholder rights plan entitles a rights holder, other than a person or group holding 20% or more of our common shares, to subscribe for our common shares at a discount of 50% to the market price at that time, subject to certain exceptions.

The Investment Canada Act (Canada) subjects an acquisition of control of a company by a non-Canadian to government review if the value of the assets as calculated pursuant to the legislation exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant minister is satisfied that the investment is likely to be a net benefit to Canada.

Any of the foregoing could prevent or delay a change of control and may deprive or limit strategic opportunities for our shareholders to sell their shares.

ITEM 4 DIRECTORS AND EXECUTIVE OFFICERS

4.1 DIRECTORS

The table below sets forth the following information about our directors as of February 20, 2019: his/her name, age, province/state of residence, principal occupation, the year each director first became a director of the Corporation, his/her status as an independent director, his/her biography, his/her areas of expertise, his/her memberships on the committees of the Board of Directors, whether he/she acts as director for other public companies or entities involved in the pharmaceutical industry, and the number of common shares (the only voting securities of the Corporation), DSUs, options and Notes beneficially held or controlled.

Each elected director remains in office until the next annual meeting of shareholders, unless he/she resigns or his/her position becomes vacant following his/her death, destitution or for any other reason before the next annual meeting of shareholders.

Gérald A. Lacoste
Age: 75
Rivière-Rouge, Québec, Canada

Independent

Director since:
February 8, 2006

Areas of Expertise:
- Securities and Market Regulations
- Corporate Governance
- Mergers & Acquisitions

Other Directorship:
None

Principal Occupation	Corporate Director

Gérald A. Lacoste is a retired lawyer with extensive experience in the fields of securities regulation, financing and corporate governance. He was previously Chairman of the Québec Securities Commission (now known as the *Autorité des marchés financiers*) and was also President and Chief Executive Officer of the Montreal Exchange. During his career, Mr. Lacoste acted as legal counsel to the Canadian Standing Senate Committee on Banking, Trade and Commerce, he chaired the Québec Advisory Committee on Financial Institutions, and was a member of the task force on the capitalization of life insurance companies in Québec. Mr. Lacoste has been a member of the North American Free Trade Agreement arbitration panel and is currently a corporate director.

Securities Held or Controlled

Common Shares (#)	DSU (#)	Options (#)	Notes (US$)
100,000	21,936	47,246	45,000

Committees of the Board of Directors

Chair of Nominating and Corporate Governance Committee
Member of Audit Committee

Gary Littlejohn
Age: 63
Lac-Tremblant-Nord, Québec, Canada

Independent

Director since:
October 15, 2018

Areas of Expertise:
- Capital Markets
- Corporate governance
- Corporate Finance
- Risk Management

Other Directorship:
None

Principal Occupation	Corporate Director

From 2008 to 2015, Mr. Littlejohn held the position of CEO and then of advisor to the Chairman and Board Member of the Arab National Investment Company, also known as ANB Invest, in Riyadh, a subsidiary of Arab National Bank. Previously, he was Managing Director of investment banking at Desjardins Securities in Montreal, a position he took after serving six years as Executive Vice-president at Ecopia Biosciences. Mr. Littlejohn also occupied various senior positions in investment banking at TD Securities, Midland Walwyn, BMO Nesbitt Burns and National Bank Financial. Most recently, he held the position of Interim CEO at Helix BioPharma. Mr. Littlejohn also served on the Board of several corporations including Helix BioPharma, ANB Invest, Aegera Pharmaceuticals, Ecopia Biosciences and The Montreal Exchange. Mr. Littlejohn holds a B.A. (Honours Economics), a BCL and a MBA from McGill University. He also completed the Director Education Program provided by the Canadian Institute of Corporate Directors in 2015. He is a retired lawyer of the Quebec Bar.

Securities Held or Controlled

Common Shares (#)	DSU (#)	Options (#)	Notes (US$)
7,890	Nil	Nil	Nil

Committees of the Board of Directors

None

Dale MacCandlish Weil
Age: 63
Baie d'Urfé,
Québec, Canada

Independent

Director since:
May 16, 2017

Areas of Expertise:
- Healthcare Industry
- Commercialization of products
- Management
- Strategic Planning

Other Directorship:
None

Principal Occupation	Corporate Director

Ms. Dale MacCandlish Weil has more than 35 years of experience in the commercialization, marketing, sale of consumer products and B2B services. Since May 2018, Ms. Weil has been managing director of the Montreal Institute for Palliative Care (a branch of the West Island Palliative Care Residence). She spent the prior 18 years of her career in management positions related to health care services such as distribution, pharmaceutical and retail pharmacy services. She worked with McKesson Canada Corporation ("**McKesson**") since August 1999 where she occupied the position of Vice President and Senior Vice President for various divisions of McKesson. She acted in an advisory role to the President from May 2015 to February 2018. Prior to May 2015, she acted as Senior Vice President Retail Management Services with McKesson from July 2014 to May 2015 and, from November 2011 to June 2014, she acted as Senior Vice President, Integrated Health Care Solutions, Strategy and Business Development with McKesson. Ms. Weil holds a Master in Business Administration from McGill University and has obtained her certification as a certified director after successfully completing the ICD Directors Education Program.

Securities Held or Controlled

Common Shares (#)	DSU (#)	Options (#)	Notes (US$)
Nil	4,476	22,246	2,000

Committees of the Board of Directors

Member of Nominating and Corporate Governance Committee

Paul Pommier
Age: 76
Laval, Québec,
Canada

Independent

Director since:
January 6, 1997

Areas of Expertise:
- Corporate Finance
- Securities
- Mergers & Acquisitions

Other Directorship:
None

Principal Occupation	Corporate Director

Mr. Paul Pommier worked for more than 25 years at National Bank Financial Inc., his last position being Senior Executive Vice President, Corporate and Government Finance. Throughout his career, he oversaw public and private financings, mergers and acquisitions, as well as the marketing of investment offerings. Under his leadership, National Bank Financial Inc. developed notable expertise in tax-shelter financings.

Securities Held or Controlled

Common Shares (#)	DSU (#)	Options (#)	Notes (US$)
380,100	122,208	57,246	Nil

Committees of the Board of Directors

Chair of the Audit Committee
Member of Compensation Committee

Dawn Svoronos
Age: 65
Hudson,
Québec, Canada

Independent Director since:
April 8, 2013

Areas of Expertise:
- Pharmaceutical Industry-Commercialization of Drug Products

Other Directorship:
Xenon Pharmaceuticals Inc.;
PTC Therapeutics, Inc.;
Global Blood Therapeutics, Inc.

Principal Occupation	Corporate Director – Chair of the Board of the Corporation

Ms. Dawn Svoronos worked in the commercial side of the business for the multinational pharmaceutical company Merck & Co. Inc., for 23 years, retiring in 2011. From 2009 to 2011, Ms. Svoronos was President of the Europe/Canada region for Merck and from 2006 to 2009 was President of Merck in Canada. Previously held positions with Merck include Vice-President of Asia Pacific and Vice-President of Global Marketing for the Arthritis, Analgesics and Osteoporosis franchise. Ms. Svoronos sits on the Board of Directors of three other public companies: PTC Therapeutics, Inc. in New Jersey, U.S.A., Xenon Pharmaceuticals Inc. in British Columbia, Canada, and Global Blood Therapeutics, Inc. in San Francisco, California.

Securities Held or Controlled

Common Shares (#)	DSU (#)	Options (#)	Notes (US$)
200,000	855	87,246	Nil

Committees of the Board of Directors

Member of Nominating and Corporate Governance Committee
Member of Compensation Committee

Jean-Denis Talon (1)
Age: 77
Montreal, Québec, Canada

Independent

Director since:
May 10, 2001

Areas of Expertise:
- Human Resources
- Governmental Relations
- Mergers & Acquisitions

Other Directorship:
None

Principal Occupation	Corporate Director

Mr. Jean-Denis Talon had a successful career with AXA Insurance over a period of more than 20 years, ultimately becoming President and Chief Executive Officer. He was Chairman of the Board of AXA Canada until September 2011. Mr. Talon is also a former President of the Financial Affairs Committee at the Insurance Bureau of Canada.

Securities Held or Controlled

Common Shares (#)	DSU (#)	Options (#)	Notes (US$)
127,700	6,449	57,246	Nil

Committees of the Board of Directors

Chair of Compensation Committee
Member of Audit Committee

Luc Tanguay (2)
Age: 60
Town of
Mount Royal,
Québec, Canada

Non-independent

Director since:
December 6, 1993

Areas of Expertise:
- Management

Other Directorship:
None

Principal Occupation	President and Chief Executive Officer of the Corporation

Mr. Luc Tanguay has been active in the biotechnology industry for over 20 years and has been a member of our senior management since 1996. A member of the board of directors since 1993, he has held various management positions since joining the Company. Prior to joining us, Mr. Tanguay had a career in investment banking at National Bank Financial Inc. Mr. Tanguay obtained his M. Sc. Finance from the University of Sherbrooke and holds the title of Certified Financial Analyst.

Securities Held or Controlled			
Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
254,000	27,572	874,948	100,000

(1) Mr. Talon was a member of the board of directors of Toptent Inc., or Toptent, from August 1, 2007 to November 26, 2009. On December 3, 2009, Toptent filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (Canada), or Bankruptcy Act. Subsequently, on May 7, 2010, Toptent filed a proposal under the Bankruptcy Act. The proposal was accepted by Toptent's creditors on May 20, 2010.

(2) Mr. Tanguay was a member of the board of directors of Ambrilia Biopharma Inc., or Ambrilia, from August 22, 2006 to March 30, 2010. On July 31, 2009, Ambrilia obtained court protection from its creditors under the *Companies' Creditors Arrangement Act* (Canada), or CCAA. The purpose of the order issued by the court granting Ambrilia protection from its creditors was to provide Ambrilia and its subsidiaries the opportunity to restructure its affairs. On July 31, 2009, the TSX halted the trading of Ambrilia's shares pending its review of Ambrilia's meeting the requirements for continuous listing. On January 31, 2011, the TSX decided to delist the common shares of Ambrilia at the close of market on March 4, 2011 for failure to meet the continued listing requirements of the TSX. The common shares remain suspended from trading. On April 8, 2011, Ambrilia announced that it would seek permission to terminate the protection granted by the Superior Court pursuant to the CCAA and, upon permission of the Court, it would file for bankruptcy pursuant to the Bankruptcy Act. On April 12, 2011, Ambrilia went bankrupt.

4.2 AUDIT COMMITTEE

Our board of directors has established an Audit Committee to review our annual financial statements prior to their approval by the board of directors and also to perform other duties, as is described in the Audit Committee's charter adopted by the board of directors and attached hereto as Appendix A.

As of November 30, 2018, the Audit Committee was composed of three members: Paul Pommier, its Chair, Jean-Denis Talon and Gérald A. Lacoste. All three are independent and financially literate. The details mentioned hereunder describe the education and experience of the Audit Committee members that is relevant to the performance of their responsibilities, in particular any experience in preparing, auditing, analyzing and evaluating financial statements.

Paul Pommier. Mr. Pommier holds an MBA degree and has more than 25 years of experience in the financial field, notably in public and private company financings, as well as in merger and acquisition activities. While acting as a director of Royal Aviation Inc., he was also a member of its audit committee.

Jean-Denis Talon. Mr. Talon has more than 20 years of experience in the insurance field as a senior officer. Mr. Talon acted as a member of the audit committee of AXA Canada from March 1995 to April 2008. He has been a member of the audit committee of InnovAssur since March 1999 and acted as Chair of its audit committee from November 1999 until September 2011.

Gérald A. Lacoste. Mr. Lacoste has more than 30 years of experience in the fields of securities regulation, corporate finance and corporate governance. Mr. Lacoste was president of the audit committee of Amisco Ltd. from 2002 to 2009 and was also a member of the audit committee of Andromed Inc. from 2004 to 2007. Mr. Lacoste was a member of the audit committee of Génome Québec from 2006 to 2009.

Each member of the Audit Committee has acquired in-depth financial expertise giving each the ability to read and understand a set of financial statements which presents the breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised in our financial statements.

4.3 EXECUTIVE OFFICERS

The table below sets forth the following information about our executive officers as of February 20, 2019: his/her name, age, province/state of residence, his/her principal occupation, the year each Executive Officer joined the Corporation, his/her biography and the number of common shares (the only voting securities of the Corporation), DSUs, options and Notes beneficially held or controlled. The information about Mr. Luc Tanguay, the President and Chief Executive Officer of the Corporation, is found in the table above regarding information about our directors.

Jovan Antunovic
Age: 49
Montréal, Québec, Canada

Principal Occupation	Senior Vice President and Chief Commercial Officer

Mr. Antunovic has over 20 years of experience in the commercialization of innovative pharmaceutical products, medical equipment and diagnostics. Most of his career has been in specialty pharmaceuticals where he has held various senior management roles with increasing responsibility at Abbott in Canada, Europe and Japan and at Abbvie and Bristol-Myers Squibb in Canada. Mr. Antunovic has also been involved in several product launches in the U.S. and Europe and has worked in over 10 different therapeutic areas, including HIV.

Mr. Antunovic graduated from McGill University in 1991 with a Bachelor's degree (Honours) in Biochemistry. He also completed a Master's degree at McGill University in 1994, during which he published three articles. He obtained a Master of Business Administration from McGill University in 1997 where he specialized in marketing.

Mr. Antunovic joined Theratechnologies in December 2018.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
Nil	Nil	Nil	Nil

Denis Boucher
Age: 53
Montréal, Québec, Canada

Principal Occupation	Vice President, Communications and Corporate Affairs

Mr. Boucher joined the Corporation on January 8, 2018 and brings more than 30 years of experience in communications, government affairs and crisis management. Prior to joining Theratechnologies, Mr. Boucher practiced litigation and labour and employment law at a firm in the region of Montreal. He was previously a partner for 15 years at the largest public relations firm in Canada where he was in charge of the healthcare practice and business development. Mr. Boucher started his career as a television news reporter at Société Radio-Canada in Toronto and was then appointed press secretary to the President of the Treasury Board in Ottawa. Mr. Boucher holds a Bachelor of Arts Degree from Université Laval in Québec City as well as a Law Degree from Université de Montréal. He was called to the Quebec Bar in 2016. Upon completing a training at the Harvard Negotiation Institute in Cambridge, Massachusetts, in 2016, he was accredited by the Quebec Bar as a mediator in civil, commercial and labour law. Mr. Boucher sits on the fundraising organizing committees for the Fondation des étoiles and the Heart and Stroke Foundation.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
5,980	Nil	12,422	40,000

Marie-Noël Colussi
Age: 50
Laval, Québec, Canada

Principal Occupation	Vice President, Finance

Ms. Marie-Noël Colussi is a graduate of the *Université du Québec à Montréal* in business administration. Prior to joining us, Ms. Colussi worked for eight years with KPMG, a major accounting firm. Ms. Colussi has experience in accounting, auditing, control and taxation, particularly in research and development. She joined us in 1997, and prior to her appointment as Vice President, Finance, in February 2002, she held the positions of Director, Accounting and Internal Control and Controller.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
11,075	3,182	94,493	10,000

Philippe Dubuc
Age: 52
Montreal, Québec, Canada

Principal Occupation	Senior Vice President and Chief Financial Officer

Mr. Dubuc brings more than 25 years of experience in investment banking in the healthcare sector and in management. He started his career as a management consultant at Groupe Secor, a well-known Quebec-based consulting firm which is now part of KPMG. He then served as Managing Director, Investment Banking at National Bank Financial. In this role, he headed the healthcare group and was involved in numerous financing and M&A transactions. He later founded a manufacturing company which he sold after seven years of successful operations. Mr. Dubuc holds a M.B.A. from McGill University and a B.Comm. from Concordia University.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
22,000	Nil	243,986	25,000

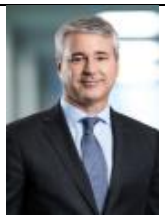
Jocelyn Lafond
Age: 51
Verdun, Québec, Canada

Principal Occupation	Vice President, Legal Affairs, and Corporate Secretary

Mr. Lafond has over 20 years of experience in the fields of corporate and securities law. Mr. Lafond holds a law degree from the *Université Laval* and a Masters Degree in Law from the University of Toronto. He has been a member of the *Barreau du Québec* since 1992. Prior to joining us in 2007, Mr. Lafond was a partner with the international law firm of Fasken Martineau DuMoulin LLP.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
1,000	5,000	244,493	8,000



Christian Marsolais
Age: 56
Town of Mount Royal, Québec, Canada

Principal Occupation	Senior Vice President and Chief Medical Officer

Dr. Christian Marsolais has over 15 years of experience in clinical research for large pharmaceutical companies, such as Sandoz Canada Inc. and BioChem Therapeutics Inc. Before joining us in 2007, Dr. Marsolais held various positions at Pfizer Global Pharmaceuticals, where he was appointed Director of Medical Affairs, Therapeutic Areas, in 2004. In this position, Dr. Marsolais was responsible for the clinical program and scientific initiatives development, as well as the integration of the Scientific Affairs and Clinical Research for the oncology and HIV Franchise. Dr. Marsolais holds a Ph.D. in Biochemistry from the *Université de Montréal*.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
54,297	6,312	278,986	15,000

4.4 CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Except as described above in notes 1 and 2 to the table found under “Item 4 – Directors and Executive Officers – Section 4.1 – Directors”, to our knowledge, no director and executive officer (a) is, as at February ●, 2019, or has been within the ten (10) years before February 6, 2018, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days; (ii) was subject to an event that resulted, after the director or executive

officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten (10) years before February 6, 2018, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

4.5 SECURITIES HELD BY THE DIRECTORS AND EXECUTIVE OFFICERS

As at February 20, 2019, the total number of common shares (the only securities carrying a voting right) held by our directors and executive officers amounted to 1,164,042, which represented 1.5% of our outstanding common shares.

ITEM 5 INTERESTS OF EXPERTS

KPMG LLP, our auditors, is the only person or company named as having prepared or certified a statement, report or evaluation, included or mentioned in a filing under securities regulations during our most recently completed financial year.

KPMG LLP and its partners are independent in accordance with the auditor's rules of professional conduct in the jurisdiction of Québec.

External Auditors Service Fees

KPMG LLP have been acting as our auditors since 1993. In addition to performing the audit of our consolidated financial statements, KPMG LLP provided other services to us and they billed us the following fees in respect of each of our fiscal years ended November 30, 2018 and 2017:

Fees	**Fiscal year ended November 30, 2018 ($)**	**Fiscal year ended November 30, 2017 ($)**
Audit Fees(1)	254,000	119,500
Audit-Related Fees(2)	43,750	43,750
Tax Fees(3)	90,620	23,544
Total:	**388,370**	**186,794**

(1) Refers to the aggregate fees billed by our external auditors for audit services, including work performed in connection with the Offering.
(2) Refers to the aggregate fees billed for professional services rendered by our external auditors for translation.
(3) Refers to the aggregate fees billed for professional services rendered by our external auditors for tax compliance, tax advice and tax planning, including work performed in connection with the set-up of our infrastructure in Ireland.

ITEM 6 SECURITIES OF THE COMPANY

6.1 AUTHORIZED SHARE CAPITAL

We are authorized to issue an unlimited number of common shares and an unlimited number of preferred shares issuable in series.

Subject to the priority rights of holders of preferred shares, holders of common shares are entitled to any dividend declared by the board of directors, to one vote per share at meetings of our shareholders and, in the event of our liquidation or dissolution, to participate in the distribution of the assets.

Preferred shares carry no voting rights. Preferred shares may be issued at any time in one or more series. Our articles of incorporation give our board of directors the power to fix the number of preferred shares and the consideration per share, as well as to determine the provisions attached to the preferred shares of each series (including dividends, redemption and conversion rights, if any). The shares of every series of preferred shares will have priority over all our other shares, including common shares, with respect to the payment of dividends and return of capital in the event of our liquidation or dissolution.

The common shares issued represent the total voting rights pertaining to our securities.

6.2 DIVIDEND POLICY

We have never declared or paid cash dividends on our common shares and do not anticipate paying any cash dividends on our common shares in the foreseeable future. We presently intend to retain future earnings, if any, to finance the expansion and growth of our business. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors the board of directors deems relevant. In addition, the terms of any future debt or credit facility may preclude us from paying dividends.

6.3 TRANSFER AGENT AND REGISTRAR

Our transfer agent and registrar is Computershare Trust Company of Canada which holds, at its Montreal offices, the registers related to our common shares, shareholders and transfers.

ITEM 7 MARKET FOR SECURITIES

7.1 TRADING PRICE AND VOLUME

The following table sets forth the price range and trading volume of our common shares on the TSX for the periods indicated below. However, you should not view this presentation as an indication that the market price of our common shares will continue at such levels.

Period	Price		Volume
	High ($)	Low ($)	
February 1 to February 20, 2019	8.48	7.37	1,415,610
January 2019	9.74	7.35	3,628,080
December 2018	8.98	7.50	2,976,600
November 2018	9.35	7.07	3,612,200
October 2018	9.88	6.72	5,811,400
September 2018	10.77	8.50	3,201,300
August 2018	11.45	8.50	3,341,700
July 2018	12.62	9.22	4,229,700
June 2018	14.00	11.58	3,901,800
May 2018	14.75	9.11	6,996,400
April 2018	9.77	9.03	2,512,500
March 2018	10.05	6.88	6,253,100
February 2018	8.03	6.66	1,703,300
January 2018	8.39	7.25	2,048,200
December 2017	7.29	6.51	1,292,100

The following table sets forth the price range in U.S. dollars and trading volume of our Notes on the TSX for the periods indicated below.

Period	Price		Volume
	High (US$)	Low (US$)	(US$)
February 1 to February 20, 2019	90.00	85.99	71,000
January 2019	93.01	80.00	266,000
December 2018	90.00	76.00	234,000
November 2018	92.00	82.00	124,000
October 2018	96.01	80.02	448,000
September 2018	98.00	96.00	110,000
August 2018	99.99	98.75	436,000
July 2018	100.44	98.99	2,673,000
June 2018	100.25	98.50	4,916,000

7.2 PRIOR SALES

The following table summarizes the distribution of securities other than those listed on a stock exchange that we issued during the most recently completed financial year, identifying the type of security, the exercise price per security, the number of securities issued, and the date on which the securities were issued.

Date	Type of Security	Price per Security	Number of Securities
April 6, 2018	Stock Options	$9.56	251,544
August 1, 2018	Deferred Stock Units	$9.64	3,965
October 26, 2018	Deferred Stock Units	$7.30	1,027

ITEM 8 LEGAL PROCEEDINGS

In the last financial year, we were not subject to any legal proceedings and, as at February 20, 2019, we are not subject to any such proceedings.

ITEM 9 MATERIAL CONTRACTS

EMD Serono Termination Agreement

On December 13, 2013, we entered into an agreement terminating our collaboration and licensing agreement with EMD Serono pursuant to which we regained all rights to commercialize *EGRIFTA*® in the United States as of May 1, 2014. On May 29, 2018, we entered into an amendment to the EMD Serono Termination Agreement with EMD Serono to provide for the complete payment of the Early Termination Fee and the Royalties. For a description of these agreements, see "Item 2 – Our Business – Section 2.5 – Commercialization Activities – *EGRIFTA*® - United States – General".

Bachem Agreement

We have an agreement with Bachem Americas, Inc., an American subsidiary of Swiss-based Bachem AG, providing for the manufacturing and supply of the active pharmaceutical ingredient of tesamorelin for *EGRIFTA*®. Bachem is our only validated supplier of raw materials. This agreement contains customary representations and warranties, indemnity provisions and is currently scheduled to expire in May 2020.

Jubilant Agreement

We have an agreement with Jubilant providing for the manufacture and supply of the finished form of *EGRIFTA*®. Under our agreement, Jubilant must fill vials with tesamorelin, lyophilize it, label and package those vials and deliver them to locations in accordance with our instructions. This agreement contains customary representations and warranties, indemnity provisions and is currently scheduled to expire in May 2020. The agreement contains an automatic renewal provision providing for successive one-year terms unless a party gives the other a written notice within a certain period of time of its intent not to renew the agreement.

Becton Dickinson Canada Agreement

On November 6, 2009, we entered into a supply agreement with Becton Dickinson Canada Inc., or Becton Dickinson. Under this agreement, Becton Dickinson is responsible for supplying us with syringes and hypodermic needles which are provided with *EGRIFTA*®. The original term was set to expire in November 2012 but the agreement has been renewed since for one-year terms pursuant to the automatic one-year term renewal provision. A party is entitled not to renew the term of this agreement by providing the other with a written notice within a certain period of time prior to the renewal term.

Hospira Worldwide Agreement

On March 19, 2015, we entered into a supply agreement with Hospira Worldwide, Inc., or Hospira. Under this agreement, Hospira is responsible for manufacturing and supplying us with sterile water for injection, filled and finished in plastic vials, in connection with the sale of *EGRIFTA*® in the United States only. This agreement contains customary representations and warranties, indemnity provisions and was scheduled to expire in December 2016. The agreement has been renewed since for one-year terms pursuant to the automatic one-year term renewal provision. A party is entitled not to renew the term of this agreement by providing the other with a written notice within a certain period of time prior to the renewal term.

Almac Agreement

On February 27, 2015, we entered into an agreement with Almac pursuant to which Almac is responsible for packaging syringes, needles, sterile water for injection and patient inserts in connection with the sale of *EGRIFTA*® in the United States.

RxCrossroads Agreements

On November 1, 2017, we entered into an amended and restated master services agreement and amended and restated statements of work agreements with RxCrossroads appointing it as our exclusive third-party logistic service provider and exclusive third-party distributor of *EGRIFTA®* and Trogarzo® in the United States. For a description of the RxCrossroads Agreements, see “Item 2 – Our Business – Section 2.5 - Commercialization Activities – *EGRIFTA*® - United States – Logistic Service Provider and Distributor”.

H.D. Smith Agreement

On September 1, 2014, we entered into a wholesaler services agreement with H.D. Smith LLC., or H.D. Smith Agreement, appointing H.D. Smith as a non-exclusive authorized wholesaler for *EGRIFTA*® in the United States, or H.D. Smith Agreement.

The H.D. Smith Agreement has a one-year term and automatically renews for subsequent one-year period unless a party provides the other with a prior written notice within a confidential time period prior to the termination or renewal period of the agreement. The H.D. Smith Agreement contains customary representations and warranties from parties, payment terms, indemnification provisions as well as termination provisions in the event of the occurrence of certain stated events.

Cardinal Agreements

On August 15, 2014 and on October 23, 2014, we entered into a wholesale drop shipment agreement and a drop ship only services agreement with Cardinal Health appointing Cardinal as a non-exclusive authorized wholesaler for *EGRIFTA*® in the United States, or Cardinal Agreements.

The Cardinal Agreements have a one-year term and automatically renew for subsequent one-year period unless a party provides the other with a prior written notice within a certain period of time prior to renewal period of these agreements. The Cardinal Agreements contain customary representations and warranties from both parties, payment terms, indemnification provisions as well as termination provisions in the event of the occurrence of certain events.

McKesson Corporation

On May 15, 2014, we entered into a core distribution agreement with McKesson Corporation appointing it as a non-exclusive authorized wholesaler for *EGRIFTA*® in the United States, or McKesson Agreement

The McKesson Agreement has an indefinite term but may be terminated at any time by either party upon written notice to the other. However, in the event that we were in the process of being acquired, the McKesson Agreement may not be terminated by us without cause for twelve (12) months following the acquisition. The McKesson Agreement contains customary representations and warranties from both parties, payment terms, indemnification provisions as well as termination provisions in the event of the occurrence of certain stated events.

Morris & Dickson Agreement

On March 21, 2018, we entered into a drop ship services agreement with Morris & Dickson Co. LLC appointing it as a non-exclusive authorized wholesaler for *EGRIFTA*® in the United States, or M&D Agreement.

The M&D Agreement has a one year term and automatically renew for subsequent one-year terms unless a party provides the other with a prior written notice within a certain period of time prior to a renewal period. The M&D Agreement contains customary representations and warranties from both parties, payment terms, indemnification provisions as well as termination provisions in the event of the occurrence of certain events.

Cesar Castillo, Inc.

On July 12, 2018, we entered into a distribution agreement with Cesar Castillo, Inc. appointing it as a non-exclusive authorized wholesaler for *EGRIFTA*® in the territory of Puerto Rico and the U.S. Virgin Islands, or Cesar Castillo Agreement. On November 1, 2018, the Cesar Castillo Agreement was amended to add Trogarzo® as a product authorized to be distributed thereunder.

The Cesar Castillo Agreement has a three year term and automatically renew for subsequent one-year terms unless a party provides the other with a prior written notice within a certain period of time prior to a renewal period. The Cesar Castillo Agreement contains customary representations and warranties from both parties, payment terms, indemnification provisions as well as termination provisions in the event of the occurrence of certain events.

Syneos Agreement

On December 4, 2016, we entered into an amended and restated master services agreement with Syneos providing for the main terms and conditions under which Syneos would provide us with services to commercialize *EGRIFTA*® and Trogarzo® in the United States. Each of those services has been described in specific project agreements. We have entered into project agreements relating to the provision of a sales force and medical science liaison personnel, the operation of our *THERA patient support*™ call center and reimbursement support. For a description of these agreements, see “Item 2 – Our Business – Section 2.5 – Commercialization Activities – Marketing and Sales of Our Products”.

TaiMed Agreement

On March 18, 2016 and, thereafter, on March 6, 2017, we entered into the TaiMed Agreement pursuant to which we were granted the exclusive right to commercialize and distribute Trogarzo® in the United States, in Canada, the countries forming part of the European Union as well as Albania, Iceland, Israel, Liechtenstein, Norway, Russia, Sweden, Switzerland and Turkey. For a description of the TaiMed Agreement, see “Item 2 – Our Business – Section 2.5 – Commercialization Activities – Trogarzo® - United States – TaiMed Agreement”.

Accredo Agreement

We entered into a second amendment to our existing contracted network pharmacy agreement with Accredo on January 2, 2018, or Accredo Agreement, pursuant to which we added Trogarzo® as a product that Accredo could purchase from RxCrossroads for resale in the United States and expanded the services to be provided by Accredo to take into consideration the mode of administration of Trogarzo®. Prior to that, we entered into a contracted network pharmacy agreement with Accredo, effective November 24, 2015, as amended effective April 12, 2016, in connection with the commercialization of *EGRIFTA*®, or the Original Agreement. The Original Agreement appoints Accredo as a non-exclusive authorized purchaser of *EGRIFTA*®, contains a description of the services to be provided by Accredo in connection with the purchase and sale of *EGRIFTA*® in the United States and customary representations and warranties, provisions relating to indemnification, confidentiality, and audit rights. The Original Agreement had a one-year term with successive one-year term renewal periods. The Original Agreement has been renewed continuously and renews automatically unless a party provides the other with a written notice within an undisclosed time period of its intent not to renew it. The Original Agreement, including the amendments thereto, contains termination provisions based on the occurrence of certain stated events.

Option Care Agreement

We entered into a master services agreement, or MSA, and a statement of work, or SOW, with Option Care on January 31, 2018. Pursuant to the terms of the MSA and SOW, Option Care agreed to provide patients with various services in connection with the administration of Trogarzo®. The MSA contains, amongst others, customary representations and warranties, provisions relating to

indemnification, confidentiality, intellectual property ownership and audit rights of each party. The MSA and the SOW have a two year term from their effective dates. The MSA and the underlying SOW will renew automatically for successive one year term periods unless a party provides the other with a written notice within an undisclosed time period of its intent not to renew the MSA and/or the SOW.

Curascript Agreement

We entered into an amended and restated wholesale product purchase agreement with Curascript on April 1, 2018 pursuant to which we added Trogarzo® as a product available for purchase and resale by Curascript. No other major changes were made to the original wholesale product purchase agreement we had entered into with Curascript in March 2016. The amended and restated wholesale product purchase agreement has a one-year term and renews automatically for one-year term periods unless a party provides the other with a written notice within an undisclosed time period of its intent not to renew it. The amended and restated wholesale product purchase agreement with Curascript contains, amongst others, customary representations and warranties, provisions relating to the purchase price of Trogarzo®, indemnification, confidentiality and audit rights.

Walgreen Agreement

We entered into an amended and restated contracted network pharmacy agreement with Walgreen effective March 6, 2018 pursuant to which we added Trogarzo® as a product available for purchase and resale by Walgreen. No other major changes were made to the original contracted network pharmacy agreement we had entered into with Walgreen in August 2015. The amended and restated contracted network pharmacy agreement has a one-year term and renews automatically for one-year term periods unless a party provides the other with a written notice within an undisclosed time period of its intent not to renew it. The amended and restated contracted network pharmacy agreement with Walgreen contains, amongst others, customary representations and warranties, provisions relating to the purchase price of Trogarzo®, indemnification, confidentiality and audit rights.

McKesson Canada Agreement

On June 3, 2015, we entered into a master services agreement with McKesson Canada pursuant to which McKesson Canada is providing us (through project agreements) with various services in connection with the commercialization of *EGRIFTA*® in Canada, or McKesson Canada Agreement. On June 15 and June 19, 2015, we entered into two project agreements with McKesson Canada defining the services to be provided to us under the McKesson Canada Agreement. The project agreement entered into on June 15, 2015 detailed the services to be provided through our *EGRIFTA Support*® call center whereas the project agreement entered into on June 19, 2015 appointed McKesson Canada as our distributor of *EGRIFTA*® in Canada. Effective November 17, 2017, we agreed to an assignment by McKesson Canada to McKesson Distribution of the project agreement dated June 19, 2015 appointing McKesson Canada as our distributor of *EGRIFTA*® in Canada, resulting in McKesson Distribution now being our distributor in Canada. The McKesson Canada Agreement, as well as the above-mentioned project agreements, were tacitly renewed.

ITEM 10 ADDITIONAL INFORMATION

Additional information with respect to our Company, including directors' and officers' compensation, principal holders of our securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in our Management Proxy Circular. Our financial information is provided in our comparative financial statements and Management Discussion & Analysis for our financial year ended November 30, 2018.

Additional information regarding our Company is available on SEDAR at www.sedar.com, or upon written request addressed to Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary, at 2015 Peel Street, 5th Floor, Montreal, Québec, Canada H3A 1T8. Except when our securities are in the process of distribution pursuant to a prospectus, we may charge reasonable fees if the request is from a person who does not hold any of our securities.

APPENDIX A – AUDIT COMMITTEE CHARTER

I. Mandate

The Audit Committee (the "Committee") is responsible for assisting the Company's Board of Directors (the "Board") in overseeing the following:

A. the integrity of the Company's financial statements and related information;

B. the internal control systems of the Company;

C. the appointment and performance of the external auditor; and

D. the supervision of the Company's Risk Management.

II. Obligations and Duties

The Committee carries out the duties usually entrusted to an audit committee and any other duty assigned from time to time by the Board. Management has the responsibility to ensure the integrity of the financial information and the effectiveness of the Company's internal controls. The external auditor has the responsibility to verify the fair presentation of the Company's financial statements; at the same time evaluating the internal control process to determine the nature, extent and timing of the auditing procedures used for the financial statement audit. The Committee has the responsibility to supervise the participants involved in the preparation process of the financial information and to report on this to the Board.

Specifically, the Committee is charged with the following obligations and duties:

A. Integrity of the Company's Financial Statements and Related Information

1. Review annual and quarterly consolidated financial statements and all financial information legally required to be disclosed by the Company, i.e. financial information contained in the "Management Discussion and Analysis" report, the Annual Information Form and the press releases, as the case may be, discuss such with management and the external auditor, as applicable, and suggest recommendations to the Board, as the case may be.

2. Approve the interim Financial Statements, the interim "Management Discussion and Analysis" reports and all supplements to these "Management Discussion and Analysis" reports which have to be filed with regulatory authorities.

3. On a periodic basis, review and discuss with management and the external auditor, as applicable, the following:

   a. major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;

   b. the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and

c. the type and presentation of information to be included in press releases dealing with financial results (paying particular attention to any use of pro-forma information or information adjusted by means of non-generally accepted accounting principles).

4. Review and discuss reports from the external auditor on:

b. all critical accounting policies and practices used by the Company;

c. all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternate treatments and disclosures and the treatment preferred by the external auditor;

d. the external auditors' report to the Committee on the planning of external auditing; and

e. the external auditors' report to the Committee on the auditing results.

B. Supervision of the Company's Internal Control Systems

1. Review and discuss with management and, when appropriate, provide recommendations to the Board on the following:

a. actual financial data compared with budgeted data;

b. the Company's internal control system;

c. the relationship of the Committee with the management and audit committees of the Company's consolidated subsidiaries. With respect to the subsidiaries, the Committee must:

· obtain precisions as to the mandate of the audit committees;

· enquire about internal controls and study related risks;

· obtain copy of the minutes of the audit committees' meetings; and

· ensure that the critical accounting policies and practices are identical to the Company's.

2. Study the feasibility of implementing an internal auditing system and when implemented, establish its responsibilities and supervise its work.

3. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

C. Appointment and Performance Supervision of the External Auditor

1. Provide recommendations to the Board on the selection of the external auditor to be appointed by the shareholders.

2. Approve in advance and recommend to the Board the external auditor's remuneration and more specifically fees and terms of all audit, review or certification services to be provided by the external auditor to the Company and any consolidated subsidiary.

3. Supervise the performance of the external auditor in charge of preparing or issuing an audit report or performing other audit services or certification services for the Company or any consolidated subsidiary of the Company, where required, and review all related questions as to the terms of its mission and the revision of its mission.

4. Pre-approve all engagements for permitted non-audit services provided by the external auditor to the Company and any consolidated subsidiary, and to this effect and at its convenience, establish policies and procedures for the engagement of the external auditor to provide to the Company and any consolidated subsidiary permitted non-audit services, which shall include approval in advance by the Committee of all audit/review services and permitted non-audit services to be provided to the Company and any consolidated subsidiary by the external auditor.

5. At least annually, consider, assess and report to the Board on:

    a. the independence of the external auditor, including whether the external auditor's performance of permitted non-audit services is compatible with the external auditor's independence;

    b. the obtaining from the external auditor of a written or verbal statement i) describing all relationships between the external auditor and the Company that may reasonably be thought to bear on their independence; ii) assuring that lead audit partner rotation is carried out, as required by law; and iii) describing any other relationship that may reasonably be thought to affect the independence of the external auditor; and

    c. the evaluation of the lead audit partner, taking into account the opinions of management and the internal auditor.

6. At least annually, obtain and review a report by the external auditor describing:

    a. the external auditor's internal quality-control procedures; and

    b. any material issues raised by the most recent internal quality-control review (or peer review) of the external auditor's firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the external auditor's firm, and any steps taken to deal with any such issues.

7. Resolve any disagreement between management and the external auditor regarding financial reporting.

8. Review the audit process with the external auditor.

9. Review and discuss with the Chief Executive Officer and Chief Financial Officer of the Company the process for the certifications to be provided in the Company's public disclosure documents.

10. Meet periodically with the external auditor in the absence of management.

11. Establish procedures with respect to hiring the external auditor's employees and former employees.

D. Supervision of the Company's Risk Management

Review, report and, where appropriate, provide recommendations to the Board on the following:

1. the Company's processes for identifying, assessing and managing risk;

2. the Company's major financial risk exposures and the steps the Company has taken to monitor and control such exposures;

3. the Company's insurance portfolio and the adequacy of the coverage; and

4. the Company's investment policy.

III. External Advisors

In discharging its duties and responsibilities, the Committee is empowered to retain external legal counsel or other external advisors, as appropriate. The Company shall provide the necessary funds to secure the services of such advisors.

IV. Composition of the Committee

The Committee is composed of any number of Directors, but no less than three, as may be determined by the Board from time to time by resolution. Each member of the Committee shall be independent from the Company and is financially literate, as determined by the Board and in conformity with applicable laws, rules and regulations.

V. Term of the Mandate

Committee members are appointed by Board resolution to carry out their mandate extending from the date of the appointment to the next annual general meeting of the shareholders or until their successors are so appointed.

VI. Vacancy

The Board may fill vacancies at any time by resolution. Subject to the constitution of the quorum, the Committee's members can continue to act even if there is one or many vacancies on the Committee.

VII. Chairman

The Board appoints the Committee Chairman who will call and chair the meetings**.** The Chairman reports to the Board the deliberations of the Committee and its recommendations.

VIII. Secretary

Unless otherwise determined by resolution of the Board, the Secretary of the Company shall act as Committee Secretary. The Secretary must attend Committee meetings and prepare the minutes. He/she must provide notification of meetings as directed by the Committee Chairman. The Secretary is the guardian of the Committee's records, books and archives.

IX. Meeting Proceedings

The Committee establishes its own procedures as to how meetings are called and conducted. Unless it is otherwise decided, the Committee shall meet privately and independently from Management at each regularly scheduled meeting. In the absence of the regularly appointed Chairman, the meeting shall be chaired by another Committee member selected among attending participants and appointed accordingly. In the absence of the regularly appointed Secretary, Committee members shall designate someone to carry out this duty.

The Committee shall meet at least four times a year with management and the external auditor, and at least once a year, separately in executive session in the absence of management and the external auditor. At least once a year, the Committee invites the Chief Financial Officer of each subsidiary to present the financial information and internal control systems related to such subsidiary.

X. Quorum and Voting

Unless the Board otherwise specifies by resolution, two Committee members shall constitute an appropriate quorum for deliberation of items on the agenda. During meetings, decisions are reached by a majority of votes from Committee members, unless the quorum is of two members, in which case decisions are made by consensus of opinion.

XI. Records

The Committee keeps records that are deemed necessary of its deliberations and reports regularly to the Board on its activities and recommendations.

XII. Effective Date

This charter was adopted by the Directors at its May 3, 2004 Board meeting. It was amended by the Directors during the April 13, 2005, February 8, 2006 and February 25, 2015 Board meetings.

Exhibit 99.39

FORM 52-109F1R
CERTIFICATION OF REFILED ANNUAL FILINGS

This certificate is being filed on the same date that Theratechnologies Inc. (the "issuer") has refiled its Annual Financial Statements for the financial year ended November 30, 2018.

I, Philippe Dubuc, Senior Vice President and Chief Financial Officer of Theratechnologies Inc., certify the following:

1. ***Review***: I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of Theratechnologies Inc. (the "issuer") for the financial year ended November 30, 2018

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

4. ***Responsibility:*** The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the financial year end:

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control over Financial Reporting – Guidance for Smaller Public Companies (COSO).

5.2 N/A.

5.3 N/A.

6. ***Evaluation:*** The issuer's other certifying officer and I have

   (a) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's DC&P at the financial year end and the issuer has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on that evaluation; and

   (b) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's ICFR at the financial year end and the issuer has disclosed in its annual MD&A:

      (i) our conclusions about the effectiveness of ICFR at the financial year end based on that evaluation; and

      (ii) N/A.

7. ***Reporting changes in ICFR:*** The issuer has disclosed in its annual MD&A any change in the issuer's ICFR that occurred during the period beginning on September 1, 2018 and ended on November 30, 2018 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

8. ***Reporting to the issuer's auditors and board of directors or audit committee:*** The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of ICFR, to the issuer's auditors, and the board of directors or the audit committee of the board of directors any fraud that involves management or other employees who have a significant role in the issuer's ICFR.

Date: September 27, 2019

(signed) Philippe Dubuc
Philippe Dubuc
Senior Vice President and Chief Financial Officer

Exhibit 99.40

FORM 52-109F1R
CERTIFICATION OF REFILED ANNUAL FILINGS

This certificate is being filed on the same date that Theratechnologies Inc. (the "issuer") has refiled its Annual Financial Statements for the financial year ended November 30, 2018.

I, Luc Tanguay, Chief Executive Officer of Theratechnologies Inc., certify the following:

1. ***Review***: I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of Theratechnologies Inc. (the "issuer") for the financial year ended November 30, 2018

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

4. ***Responsibility:*** The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the financial year end:

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control over Financial Reporting – Guidance for Smaller Public Companies (COSO).

5.2 N/A.

5.3 N/A.

6. ***Evaluation:*** The issuer's other certifying officer and I have

   (a) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's DC&P at the financial year end and the issuer has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on that evaluation; and

   (b) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's ICFR at the financial year end and the issuer has disclosed in its annual MD&A:

      (i) our conclusions about the effectiveness of ICFR at the financial year end based on that evaluation; and

      (ii) N/A.

7. ***Reporting changes in ICFR:*** The issuer has disclosed in its annual MD&A any change in the issuer's ICFR that occurred during the period beginning on September 1, 2018 and ended on November 30, 2018 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

8. ***Reporting to the issuer's auditors and board of directors or audit committee:*** The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of ICFR, to the issuer's auditors, and the board of directors or the audit committee of the board of directors any fraud that involves management or other employees who have a significant role in the issuer's ICFR.

Date: September 27, 2019

(signed) Luc Tanguay
Luc Tanguay
President and Chief Executive Officer

Exhibit 99.41

THERATECHNOLOGIES INC.

September 27, 2019

VIA SEDAR

Autorité des marchés financiers
British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
New Brunswick Financial and Consumer Services Commission
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Prince Edward Island
Office of the Superintendent of Securities, Service Newfoundland and Labrador

Dear Sirs/Mesdames:

Re: Amended Consolidated Financial Statements of Theratechnologies Inc. for the fiscal years ended November 30, 2018 and 2017
- SEDAR Filing
- Project Number: 02876027

On February 21, 2019, Theratechnologies Inc. ("**Theratechnologies**") filed on SEDAR its audited consolidated financial statements for the fiscal years ended November 30, 2018 and 2017 (the "**Financial Statements**"). On September 27, 2019, Theratechnologies filed on SEDAR an amended version of the Financial Statements.

The Financial Statements were amended as a result of Theratechnologies'application to list its common shares on NASDAQ, as previously publicly disclosed. In connection with the listing application and the filing by Theratechnologies of a Form 40-F with the United States Securities and Exchange Commission (the "**SEC**"), the audit report of KPMG, LLP contained in the Financial Statements which solely referred to the "International Financial Reporting Standards" have been amended to refer to "International Financial Reporting Standards as issued by the International Accounting Standards Board". These amendments were made necessary as a result of the requirements of the SEC and is a clarification only.

Except as described above, there has been no other amendment to the Financial Statements.

Yours very truly,

(signed) Philippe Dubuc
Senior Vice President and Chief Financial Officer
Theratechnologies Inc.

News Release

THERATECHNOLOGIES ANNOUNCES FINANCIAL RESULTS

FOR THE FIRST QUARTER OF 2019

Montreal, Canada – April 4, 2019 – Theratechnologies Inc. (Theratechnologies) (TSX: TH) today announced its financial results for the first quarter ended February 28, 2019.

First quarter 2019 financial highlights

- Record first quarter net sales of $15,096,000 (CAD 20,103,000), up 86% from the same quarter last year
  - *EGRIFTA*® sales up 11% from the same quarter last year
  - Trogarzo® sales up 44% from the previous quarter
- Positive EBITDA of $1,521,000 (CAD 2,026,000) in the first quarter of 2019 compared to a negative EBITDA of $(1,605,000) (CAD (2,056,000)) for the same quarter last year[1]
- Cash position of $53,873,000 (CAD 70,902,000) at February 28, 2019

“We are off to an excellent start in 2019. Revenues are almost double what they were at the same time last year. We are more active than ever in the United States to support our two products. We are also preparing for the potential launch of Trogarzo® in Europe which may represent a sizeable future source of revenues,” said Luc Tanguay, President and CEO, Theratechnologies Inc.

“Our company is on very solid footings. The acquisition of a targeted oncology platform announced during our first quarter, the strong NAFLD/NASH data with tesamorelin, the recently approved F4 formulation and other product development initiatives for *EGRIFTA*® and Trogarzo® give us several opportunities to bring Theratechnologies to unprecedented levels,” added Mr. Tanguay.

First quarter 2019 financial results

Financial results presented in this press release are taken from the Company’s Management’s Discussion and Analysis, or MD&A, and unaudited consolidated financial statements for the nine-month period ended February 28, 2019, which have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. The MD&A and the unaudited consolidated financial statements can be found at www.sedar.com and www.theratech.com. Unless specified otherwise, all amounts in this press release are in United States dollars and all capitalized terms have the meaning ascribed thereto in our MD&A. As used herein, *EGRIFTA*® refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. Trogarzo® refers to ibalizumab for the treatment of multidrug resistant HIV-1 patients.

Consolidated revenue for the three-month period ended February 28, 2019 was $15,096,000 compared to $8,113,000 for the same period ended February 28, 2018.

1 See “Non-IFRS Financial Measures” below

Revenue generated from net sales increased by 86% in the first quarter of 2019 compared to the comparable period in fiscal 2018, due to the introduction of Trogarzo® in the United States and higher unit volumes and prices for *EGRIFTA*®.

For the three months ended February 28, 2019, **cost of sales** was $6,065,000 compared to $1,704,000 in the comparable period of fiscal 2018. Cost of goods sold was $4,810,000 in the first quarter of 2019 compared to $941,000 for the same quarter the previous year. The increase in cost of goods sold is mainly due to the introduction of Trogarzo® as gross margins on *EGRIFTA*® remain stable. Cost of sales also include production-related costs which amounted to $34,000 in the first quarter of 2019, compared to $(127,000), which were mainly due to a reversal of inventory write-downs.

Prior to the third quarter of 2018, cost of sales included royalties due under the terms of an agreement terminating our collaboration and licensing agreement with EMD Serono Inc. (or EMD Serono). In the first quarter of 2018, royalties paid to EMD Serono amounted to $890,000. In June 2018, we made a full and final payment of US$23,850,000 to EMD Serono which enabled Theratechnologies to realize savings from a reduction of future payment obligations including royalty payments.

The payment in connection with the settlement of the future royalty obligation has been accounted as “Other asset” on the consolidated statement of the financial position. Consequently, during the first quarter of 2019, an amortization of $1,221,000 has been recorded in relation to this transaction.

R&D expenses amounted to $2,527,000 in the three-month period ended February 28, 2019 compared to $1,904,000 for the same period in 2018. The increase is largely due to regulatory activities in Europe including the inspection of the Wuxi facilities in China. The increase was partially offset by the decision of the FDA to release Theratechnologies from its last post-approval commitments relating to *EGRIFTA*®.

R&D expenses also include medical affairs initiatives aimed at raising awareness among physicians and nurses who interact with patients living with MDR HIV-1 and lipodystrophy, in addition to regulatory affairs activities, such as handling of the European filing of Trogarzo® and quality assurance.

Selling and market development expenses amounted to $5,448,000 for the first quarter of 2019, which includes the cost related to the US-based sales force. This compares to $5,314,000 for the same three-month period last year.

The amortization of the intangible asset value established for the *EGRIFTA*® and Trogarzo® commercialization rights is also included in selling and market development expenses. As such, we recorded an expense of $488,000 for the first quarter of Fiscal 2019 compared to $378,000 for the same quarter last year.

General and administrative expenses amounted to $1,516,000 in the three months ended February 28, 2019 compared to $1,202,000 after the first quarter of 2018. The increase is mainly associated with business growth and various initiatives related to our preparatory work in Europe.

The granting of stock options to members of the Company's board of directors, as part of their annual compensation plan, resulted in a non-cash expense in the first quarter of 2019. In fiscal 2018, the stock option grant was made in the second quarter.

Finance income, consisting of interest income, amounted to $335,000 during the first quarter of 2019 compared to $80,000 in the first three months of last year. Higher finance income is related to the interest on our higher liquidity position.

Finance costs for the three months ended February 28, 2019 were $1,103,000 compared to $156,000 for the comparable period of 2018. Finance costs mostly represent interest of $812,000 on the senior notes for the first quarter of 2019, compared to nil for the same period of last year.

Finance costs also include accretion expense, which was $357,000 for the first quarter of 2019 compared to $224,000 for the same period last year. In the first quarter of 2019, the accretion expense was mainly associated with the Notes issued in June 2018. Previously, accretion expense related to the long-term obligation with EMD Serono, which was settled during the third quarter of 2018.

For the reasons noted above, **Adjusted EBITDA** was $1,521,000 (CAD 2,026,000) for the first quarter of 2019 compared to $(1,605,000) (CAD 2,056,000) for the same period of 2018. See "Non-IFRS Financial Measures" below.

Taking into account the revenue and expense variations described above, we recorded a **net loss** of $1,228,000 or $0.02 per share in the first three months of fiscal 2019 compared to a net loss of $2,087,000 or $0.03 per share for the same period last year.

For the three-month period ended February 28, 2019, **cash flow from operating activities** was $2,316,000 compared to a use of $288,000 for the first quarter of 2018. The changes in cash flow can be attributed to the launch of Trogarzo®.

During the first quarter of 2019, we used $1,979,000 towards the acquisition of Katana.

As at February 28, 2019, cash, bonds and money market funds amounted to $53,873,000 (CAD 70,902,000).

Non-IFRS Financial Measures

Reconciliation of net profit or loss to adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA to net profit (loss) is presented in the table below. We use adjusted financial measures to assess our operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Adjusted EBITDA to measure operating performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our business, and because we believe it provides meaningful information on our financial condition and operating results.

We obtain our Adjusted EBITDA measurement by adding to net profit or loss, finance income and costs, depreciation and amortization, and income taxes. We also exclude the effects of certain non-monetary transactions recorded, such as share-based compensation for the stock option plan and write-downs (or related reversals) of inventories, for our Adjusted EBITDA calculation. We believe it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee remuneration and can vary significantly with changes in the market price of the Company's shares. In addition, other items that do not impact core operating performance of the Company may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of our operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other companies.

Adjusted EBITDA

(In thousands of United States dollars)

	Three-month periods ended February 28,	
	2019	2018
Net loss	**$(1,228)**	$(2,087)
Add (deduct):		
Depreciation and amortization	**1,714**	381
Finance costs	**1,103**	156
Finance income	**(335)**	(80)
Share-based compensation for stock option plan	**264**	155
Write-down (recovery) of inventories	**3**	(130)
Adjusted EBITDA	**1,521**	(1,605)

Conference Call Details

A conference call will be held today at 8:30 a.m. (ET) to discuss the results. The conference call will be open to questions from financial analysts. Media and other interested individuals are invited to participate in the call on a “listen-only” basis.

The conference call can be accessed by dialling 1-877-223-4471 (North America) or 1-647-788-4922 (International). The conference call will also be accessible via webcast at http://www.gowebcasting.com/9927. Audio replay of the conference call will be available on the same day starting at 11:30 a.m. (ET) until April 19, 2019, by dialling 1-800-585-8367 (North America) or 1-416-621-4642 (International) and by entering the playback code 3552358.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV. Further information about Theratechnologies is available on the Company’s website at www.theratech.com and on SEDAR at www.sedar.com.

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management’s beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as “may”, “will”, “should”, “could”, “would”, “outlook”, “believe”, “plan”, “envisage”, “anticipate”, “expect” and “estimate”, or the negatives of these terms, or variations of them. The forward-looking statements contained in this press release include, but are not limited to, statements regarding the growth of our revenues from the sale of our products, the building of a product portfolio and the timing in obtaining a decision from the CHMP.

Forward-looking statements are based upon a number of assumptions and include, but are not limited to, the following: sales of *EGRIFTA*® and Trogarzo® will continue to grow in the United States, Trogarzo® will be approved for commercialization in Europe and will successfully launch it in this territory, no untowards side-effects will be discovered through the long-term use of both *EGRIFTA*® and Trogarzo®, and we will succeed in finding products and entering into agreements to acquire in-license products upon terms and conditions satisfactory to us.

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statements contained in this press release. These risks and uncertainties include, among others, the risk that sales *EGRIFTA*® and/or Trogarzo® decrease or cease to progress, that a recall of any of those products occur, that the EMA does not approve our marketing authorization application or seek additional studies and that we are unable to enter into agreements upon terms satisfactory to us to acquire or in-license additional products.

We refer potential investors to the “Risk Factors” section of our annual information form dated February 20, 2019 for additional risks regarding the conduct of our business and Theratechnologies. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this press release and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this press release, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

For media inquiries:
Denis Boucher
Vice President, Communications and Corporate Affairs
514-336-7800

Interim Consolidated Financial Statements
(In thousands of United States dollars)

THERATECHNOLOGIES INC.

Three-month periods ended February 28, 2019 and 2018 and as at December 1, 2017
(Unaudited)

THERATECHNOLOGIES INC.

Table of Contents
(In thousands of United States dollars)
(Unaudited)

THERATECHNOLOGIES INC.

Interim Consolidated Statements of Financial Position
(In thousands of United States dollars)

As at February 28, 2019, November 30, 2018 and December 1, 2017
(Unaudited)

	Note	February 28, 2019	November 30, 2018	December 1, 2017
Assets				
Current assets:				
Cash		$ 40,194	$ 38,997	$ 1,365
Bonds and money market funds		9,826	9,691	16,524
Trade and other receivables		7,986	10,952	7,553
Inventories	5	11,502	11,084	7,244
Prepaid expenses and deposits		1,497	1,595	785
Derivative financial assets		1,481	1,287	1,120
Total current assets		72,486	73,606	34,591
Non-current assets:				
Bonds and money market funds		3,853	5,200	7,653
Property and equipment		841	101	48
Intangible assets	6	23,443	15,121	16,888
Other asset		15,867	17,088	–
Total non-current assets		44,004	37,510	24,589
Total assets		$ 116,490	$ 111,116	$ 59,180
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities		$ 24,312	$ 25,830	$ 17,997
Provisions	7	1,655	1,014	584
Current portion of long-term obligation	8	3,452	–	3,627
Deferred revenue		43	27	–
Total current liabilities		29,462	26,871	22,208
Non-current liabilities:				
Long-term obligation	8	3,313	–	3,524
Convertible unsecured senior notes	9	49,590	49,233	–
Other liability	10(b)	1	–	–
Total non-current liabilities		52,904	49,233	3,524
Total liabilities		82,366	76,104	25,732
Equity				
Share capital		286,905	286,828	281,743
Equity component of convertible unsecured senior notes		4,457	4,457	–
Contributed surplus		9,019	8,788	12,389
Deficit		(266,194)	(264,966)	(260,604)
Accumulated other comprehensive loss		(63)	(95)	(80)
Total equity		34,124	35,012	33,448
Total liabilities and equity		$ 116,490	$ 111,116	$ 59,180

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

THERATECHNOLOGIES INC.

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

Three-month periods ended February 28, 2019 and 2018
(Unaudited)

	Note	2019	2018
Revenue	3	$ 15,096	$ 8,113
Operating expenses:			
Cost of sales:			
Cost of goods sold		4,810	941
Other production related costs (income)		34	(127)
Royalties		–	890
Amortization of other asset		1,221	–
Research and development expenses		2,527	1,904
Selling and market development expenses		5,448	5,314
General and administrative expenses		1,516	1,202
Total operating expenses		15,556	10,124
Loss from operating activities		(460)	(2,011)
Finance income	4	335	80
Finance costs	4	(1,103)	(156)
		(768)	(76)
Net loss for the period		**$ (1,228)**	**$ (2,087)**
Other comprehensive income (loss), net of tax			
Items that may be reclassified to net profit in the future:			
Net change in fair value of financial assets at fair value through other comprehensive income, net of tax		$ 32	$ (33)
		32	(33)
Total comprehensive loss for the period		$ (1,196)	$ (2,120)
Basic and diluted loss per share	10(c)	$ (0.02)	$ (0.03)

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

THERATECHNOLOGIES INC.

Interim Consolidated Statements of Changes in Equity
(In thousands of United States dollars except per share amounts)

Three-month periods ended February 28, 2019 and 2018
(Unaudited)

		For the three-month period ended February 28, 2019						
		Share capital						
	Note	Number of shares	Amount	Equity component of convertible notes	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total
			$	$	$	$	$	$
Balance as at November 30, 2018		76,877,679	286,828	4,457	8,788	(264,966)	(95)	35,012
Total comprehensive loss for the period								
Net loss for the period		–	–	–	–	(1,228)	–	(1,228)
Other comprehensive income:								
Net change in fair value of financial assets at fair value through other comprehensive income, net of tax		–	–	–	–	–	32	32
Total comprehensive loss for the period		–	–	–	–	(1,228)	32	(1,196)
Transactions with owners, recorded directly in equity								
Issuance of common shares - Katana	6	900	5	–	–	–	–	5
Share based compensation plan:								
Share based compensation for stock option plan		–	–	–	263	–	–	263
Exercise of stock option:								
Monetary consideration		23,332	40	–	–	–	–	40
Attributed value		–	32	–	(32)	–	–	–
Total contributions by owners		24,232	77	–	231	–	–	308
Balance as at February 28, 2019		76,901,911	286,905	4,457	9,019	(266,194)	(63)	34,124

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

THERATECHNOLOGIES INC.

Interim Consolidated Statements of Changes in Equity (continued)
(In thousands of United States dollars except per share amounts)

Three-month periods ended February 28, 2019 and 2018
(Unaudited)

		For the three-month period ended February 28, 2018					
		Share capital					
	Note	Number of shares	Amount	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total
			$	$	$	$	$
Balance as at November 30, 2017		74,962,050	281,743	12,389	(260,604)	(80)	33,448
Total comprehensive loss for the period							
Net loss for the period		–	–	–	(2,087)	–	(2,087)
Other comprehensive loss:							
Net change in fair value of financial assets at fair value through other comprehensive income, net of tax		–	–	–	–	(33)	(33)
Total comprehensive loss for the period		–	–	–	(2,087)	(33)	(2,120)
Transactions with owners, recorded directly in equity							
Share based compensation plan:							
Share based compensation for stock option plan		–	–	155	–	–	155
Exercise of stock option:							
Monetary consideration		15,000	29	–	–	–	29
Attributed value		–	21	(21)	–	–	–
Total contributions by owners		15,000	50	134	–	–	184
Balance as at February 28, 2018		74,977,050	281,793	12,523	(262,691)	(113)	31,512

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

THERATECHNOLOGIES INC.

Interim Consolidated Statements of Cash Flows
(In thousands of United States dollars)

Three-month periods ended February 28, 2019 and 2018
(Unaudited)

	Note	2019	2018
Cash flows from (used in):			
Operating:			
Net loss		$ (1,228)	$ (2,087)
Adjustments for:			
Depreciation of property and equipment		5	3
Amortization of intangible assets		1,709	378
Share-based compensation for stock option plan and stock appreciation rights		264	155
Write-down of inventories (reversal of inventory write-downs)	5	3	(130)
Change in fair value of derivative financial assets		(179)	(24)
Change in fair value of liability related to deferred stock unit plan		177	24
Interest income		(335)	(80)
Interest received		359	109
Foreign exchange		(79)	(81)
Accretion expense		357	224
		1,053	(1,509)
Changes in operating assets and liabilities:			
Trade and other receivables		2,966	2,485
Inventories		(421)	16
Prepaid expenses and deposits		98	(117)
Accounts payable and accrued liabilities		(2,025)	(1,312)
Provisions		641	149
Deferred revenue		16	–
		1,275	1,221
		2,328	(288)
Financing:			
Proceeds from exercise of stock options		40	29
		40	29
Investing:			
Acquisition of bonds and money market funds		(73)	(8,673)
Proceeds from sale of bonds and money market funds		1,357	8,911
Acquisition of intangible assets		(1,979)	(17)
Proceeds from disposal of derivative financial assets		–	26
Acquisition of property and equipment		(476)	–
		(1,171)	247
Net change in cash		1,197	(12)
Cash, beginning of period		38,997	1,365
Cash, end of period		$ 40,194	$ 1,353

See Note 11 for supplemental cash flow disclosures.

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

Theratechnologies Inc. is a specialty pharmaceutical company addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV.

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, 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, 2018 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 April 3, 2019.

(b) Summary of accounting policies:

Except as described in Note 2(b), the significant accounting policies as disclosed in the Company's annual consolidated financial statements for the year ended November 30, 2018 have been applied consistently in the preparation of these interim financial statements.

1. Basis of preparation (continued):

(c) Basis of measurement:

The Company's interim financial statements have been prepared on a going concern and historical cost bases, except for financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, derivative financial assets, liabilities related to cash-settled share-based arrangements and derivative financial liabilities, which are measured at fair value. Equity-classified shared-based payment arrangements are measured at fair value at grant date pursuant to IFRS 2, *Share-based payment*.

The methods used to measure fair value are discussed further in Note 13.

(d) 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 1 of the annual consolidated financial statements as at November 30, 2018.

(e) Functional and presentation currency:

The Company's functional currency is the United States dollar ("USD"). Prior to these interim financial statements, the presentation currency was the Canadian dollar ("CAD"). In 2019, management decided to change the presentation currency from the CAD to the USD to better reflect the market the Company operates in. As such, these interim financial statements are now presented in USD, together with the comparative numbers as at November 30, 2018 and for the three-month period ended February 28, 2018. The Company has also presented an opening consolidated statement of financial position as at December 1, 2017 in USD.

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

2. Recent changes in accounting standards:

(a) Adoption of new accounting policies in the reporting periods

Amendments to IFRS 3, *Business Combinations* (Definition of a Business)

On October 22, 2018, the IASB issued amendments to IFRS 3, *Business Combinations*, that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Early application is permitted. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.

The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The Company early adopted the amendments with a date of initial application of December 1, 2018 and applied the amendment in connection with the Katana acquisition (Note 6).

IFRS 9, *Financial Instruments*

The Company adopted all of the requirements of IFRS 9, *Financial Instruments* (“IFRS 9”) with a date of initial application of December 1, 2018. IFRS 9 does not require restatement of comparative periods. This standard establishes principles for the financial reporting classification and measurement of financial assets and financial liabilities. This standard also incorporates a new hedging model which increases the scope of hedged items eligible for hedge accounting and aligns hedge accounting more closely with risk management. This standard also amends the impairment model by introducing a new “expected credit loss” model for calculating impairment. This new standard increases required disclosures about an entity’s risk management strategy, cash flows from hedging activities and the impact of hedge accounting on the consolidated financial statements.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39, *Financial Instruments - Recognition and Measurement* (“IAS 39”). The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

2. Recent changes in accounting standards (continued):

(a) Adoption of new accounting policies in the reporting periods (continued)

IFRS 9, *Financial Instruments* (continued)

The following summarizes the classification and measurement changes for the Company's non-derivative and derivative financial assets and financial liabilities as a result of the adoption of IFRS 9.

	IAS 39	IFRS 9
Financial assets:		
Cash	Loans and receivables	Amortized cost
Bonds	Available for sale	Fair value through other comprehensive income
Money market funds	Available for sale	Fair value through profit or loss
Trade and other receivables	Loans and receivables	Amortized cost
Non-hedge derivative assets	Fair value through profit or loss	Fair value through profit or loss
Financial liabilities:		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Convertible unsecured senior notes	Other financial liabilities	Amortized cost
Long-term obligation	Other financial liabilities	Amortized cost

The accounting for these instruments and the line item in which they are included in the balance sheet were unaffected by the adoption of IFRS 9, except for money market funds for which fair value was measured through other comprehensive income under IAS 39 and is now measured through profit or loss under IFRS 9.

The new expected credit loss ("ECL") impairment model applies to financial assets measured at amortized cost and debt investments at fair value through other comprehensive income ("FVOCI"). The Company has determined that the application of IFRS 9's impairment requirements at December 1, 2018 results in no adjustment for the allowance for impairment on trade and other receivables. Over 98.6% of the Company's revenue is attributable to sales transactions with one customer: RxCrossroads (see Note 14). At December 1, 2018 and February 28, 2019, none of the trade and other receivables were overdue and the total allowance for impairment of receivables recorded during the period was nil.

2. Recent changes in accounting standards (continued):

(a) Adoption of new accounting policies in the reporting periods (continued)

IFRS 9, *Financial Instruments* (continued)

The Company also holds bonds that are classified and measured at FVOCI. Bonds held are mostly issued by government and municipalities, which have a high credit rating. Per IFRS 9, for the purpose of the impairment test, the credit risk on the bonds held is considered low as the borrowers have a strong capacity to meet their contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. As such, as of transition date, management has assumed that the risk on these financial instruments has not increased since initial recognition. The Company assessed the expected credit loss over a 12-month period to be minimal and impairment recorded during the period was nil.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces IAS 18, *Revenue*, IAS 11, *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. The Company has adopted IFRS 15 using the modified retrospective method without practical expedients, with the effect of initially applying this standard recognized at the date of initial application of December 1, 2018. Accordingly, the information presented for 2018 has not been restated. The adoption of the standard did not have a material impact on the financial statements.

(b) Update to significant accounting policies

As a result to the initial adoption of IFRS 9 and IFRS 15, as described above, the Company has updated its significant accounting policies as follows:

Revenue from contracts with customers

Net sales

The Company derives revenue from the sale of finished goods, which include Trogarzo® and *EGRIFTA*®. The Company recognizes revenue at a point in time when it transfers control of the finished goods to a customer, which generally occurs upon delivery of the finished goods to the customer’s premises.

2. Recent changes in accounting standards (continued):

(b) Update to significant accounting policies (continued)

Revenue from contracts with customers (continued)

Net sales (continued)

Some arrangements for the sale of finished goods provide for customer cash discounts for prompt payment, allowances, rights of return, rebates on sales made under governmental and commercial rebate programs, chargebacks on sales made to government agencies and retail pharmacies and distribution fees, which gives rise to variable consideration. At the time of sale, estimates are made for items giving rise to variable consideration based on the terms of the arrangement. The variable consideration is estimated at contract inception using the most likely amount method and revenue is only recognized to the extent that a significant reversal of revenue is not expected to occur. The estimate is based on historical experience, current trends, relevant statutes with respect to governmental pricing programs, contractual sales terms, contractual terms with distributors and other known factors. Sales are recorded net of customer discounts, rebates, chargebacks, distribution fees and estimated sales returns, and exclude sales taxes. A refund liability and a right to recover returned goods asset are recognized for expected returns in relation to sales made before the end of the reporting period. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The Company reviews its estimate of expected returns on a quarterly basis, adjusting for the amounts of the asset and liability accordingly.

Financial instruments

Financial assets

The Company initially recognizes financial assets on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or issue. On initial recognition, the Company classifies its financial assets as measured at amortized cost, FVOCI or fair value through profit or loss ("FVPL"), depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

2. Recent changes in accounting standards (continued):

(b) Update to significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(i) Financial assets measured at amortized cost

A financial asset is measured at amortized cost, using the effective interest method and net of any impairment loss, if it meets both of the following conditions and is not designated at fair value though profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company currently classifies its cash and trade and other receivables as financial assets measured at amortized cost.

(ii) Financial assets measured at fair value through other comprehensive income

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value though profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. When an investment is derecognized, gains or losses accumulated in other comprehensive income are reclassified to profit or loss.

2. Recent changes in accounting standards (continued):

(b) Update to significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(ii) Financial assets measured at fair value through other comprehensive income (continued)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. These assets are subsequently measured at fair value. Dividends are recognized in profit or loss, unless the dividend clearly represents a repayment of part of the cost of the investment, and other net gains and losses are recognized in other comprehensive income and are never reclassified in profit or loss.

The Company currently classifies its bonds as financial assets measured at fair value through other comprehensive income.

(iii) Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value though profit or loss. These assets are subsequently measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss. The Company currently classifies its money market funds as financial assets measured at fair value.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

2. Recent changes in accounting standards (continued):

(b) Update to significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Financial liabilities are classified into the following categories.

(i) Financial liabilities at fair value through profit or loss

A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value are measured at fair value and net gains and losses, including interest expense, are recognized in profit or loss. The Company currently has no financial liabilities measured at fair value through profit or loss.

(ii) Financial liabilities measured at amortized cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. A financial liability is subsequently measured at amortized cost using the effective interest method. The Company currently classifies accounts payable and accrued liabilities, convertible unsecured senior notes and long-term obligation as financial liabilities measured at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Impairment

Financial assets

At each reporting date, the Company recognizes loss allowances for ECLs on financial assets carried at amortized cost and debt securities at FVOCI. The Company's trade and other receivables are accounts receivables with no financing component and which have maturities of less than 12 months and, as such, the Company has chosen to apply the simplified approach for ECL. As a result, the Company does not track changes in credit risk related to its trade and other receivables, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

2. Recent changes in accounting standards (continued):

(b) Update to significant accounting policies (continued)

Impairment (continued)

Financial assets (continued)

For other financial assets subject to impairment, the Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company considers a debt security to have a low credit risk when its credit risk rating is equivalent or above investment grade credit rating such as its bonds classified at FVOCI.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3. Disaggregation of revenue:

Net sales by product were as follows:

	2019	2018
EGRIFTA® net sales	$ 8,962	$ 8,113
Trogarzo® net sales	6,134	–
	$ 15,096	$ 8,113

(In thousands of United States dollars except for share and per share amounts)

4. Finance income and finance costs:

	2019	2018
Interest income	$ 335	$ 80
Accretion expense	(357)	(224)
Interest on convertible unsecured senior notes	(812)	–
Bank charges	–	2
Net foreign currency gain	64	66
Gain on financial instruments carried at fair value	2	–
Finance costs	(1,103)	(156)
Net finance cost recognized in net profit or loss	$ (768)	$ (76)

5. Inventories:

Inventories were written down to net realizable value by an amount of $3 in 2019 (2018 - $(130)), of which nil (2018 - $(130)) is recorded in cost of sales as other production-related (income) costs and $3 (2018 - nil) was recorded in cost of goods sold.

The write-downs in 2019 and 2018 are related to losses incurred during the conversion of raw materials to finished goods and losses associated with expired goods.

(In thousands of United States dollars except for share and per share amounts)

6. Intangible assets:

	Commercialization rights - Trogarzo® North American Territory	Commercialization rights - Trogarzo® European Territory	Commercialization rights - *EGRIFTA* ®	Katana - Technology	Total
Cost					
Balance as at November 30, 2017 and 2018	$ 5,207	$ 3,055	$ 14,041	$ –	$ 22,303
Additions	6,765	–	–	2,045	8,810
Balance as at February 28, 2019	$ 11,972	$ 3,055	$ 14,041	$ 2,045	$ 31,113
Accumulated amortization					
Balance as at November 30, 2017	$ –	$ –	$ 5,415	$ –	$ 5,415
Amortization	257	–	1,510	–	1,767
Balance as at November 30, 2018	257	–	6,925	–	7,182
Amortization	110	–	378	–	488
Balance as at February 28, 2019	$ 367	$ –	$ 7,303	$ –	$ 7,670
Carrying amounts					
February 28, 2019	$ 11,605	$ 3,055	$ 6,738	$ 2,045	$ 23,443
November 30, 2018	4,950	3,055	7,116	–	15,121
December 1, 2017	5,207	3,055	8,626	–	16,888

6. Intangible assets (continued):

The amortization expense of $488 (2018 - $378) is included in selling and market development expenses.

Commercialization rights - Trogarzo® North American Territory

The Company accrued and recorded the first commercial milestone payment under the terms of its distribution and marketing agreement with TaiMed ("TaiMed Agreement") for an amount of $6,765 (Note 8) as the Company determined that it is probable that the milestone will be paid.

Katana - Technology

On February 25, 2019, the Company acquired Katana Biopharma Inc. ("Katana").

Katana is the worldwide exclusive licensee of a technology platform using peptides as a vehicle to specifically deliver existing cytotoxic agents to sortilin receptors, which are overexpressed on cancer cells. The license was entered into on February 25, 2019 with Transfert Plus, L.P. (an affiliate of Aligo Innovation, a university research commercialization company that valorizes the research results of universities and other institutional partners from various areas of innovation, including life sciences) (the "License Agreement").

This acquisition was accounted for as an asset acquisition. The Company recorded as addition to intangible assets during 2019 an amount of $2,045, which represented the payment at closing of $1,965 in cash, $5 through the issuance of 900 common shares of the Company and $75 of acquisition costs. The intangible asset is currently not being amortized. Amortization will begin when the asset is available for use.

Under the terms of the acquisition agreement, the purchase price is also subject to two milestone payments. The first milestone payment will occur when the first patient is enrolled in a Phase 1 clinical study. At that time, CAD2 million will be paid through the issuance of common shares of the Company.

The second milestone will be met when the proof of concept is demonstrated in human subjects. Payment will amount to CAD2,3 million and will be satisfied through the issuance of common shares of the Company.

As at February 28, 2019, no milestone payments were recognized. The milestone payments will be recorded in the cost of the intangible asset when it is probable that they will be paid.

6. Intangible assets (continued):

Katana - Technology (continued)

Under the License Agreement, Katana obtained the exclusive worldwide rights to develop, make, have made, use, sell, offer to sell, distribute, commercialize and import the technology related to the technology platform that uses peptides as a vehicle to deliver existing cytotoxic agents to sortilin receptors which are overexpressed on cancel cells.

Annual maintenance fees amount to CAD25 thousand for the first 5 years and CAD100 thousand thereafter, until royalties become payable beginning with the first commercial sale of a product developed using the licensed technology.

The royalties payable under the License Agreement vary between 1% to 2.5% on net sales of a product based on the technology. If Katana enters into a sublicense agreement, it must then pay amounts varying between 5% to 15% of revenues received from such sublicense agreement.

The Company must also pay Transfert Plus the following milestone payments upon the occurrence of the following development milestones for the first product developed in the field of oncology:

(i) First Milestone Payment: CAD50 thousand upon the successful enrolment of the first patient in the first Phase 1 human clinical trial;

(ii) Second Milestone Payment: CAD100 thousand upon the successful enrolment of the first patient in the first Phase 2 human clinical trial;

(iii) Third Milestone Payment: CAD200 thousand upon the successful enrolment of the first patient in the first Phase 3 human clinical trial.

Also, the Company must pay for each product CAD200 thousand upon receiving the first approval by a Regulatory Authority. The approval shall entitle the holder thereof to commercialize a product in the territory in which approval was obtained.

The Company must also pay Transfert Plus the same milestone payments upon the occurrence of any of those development milestones for the first product developed outside the field of oncology.

(In thousands of United States dollars except for share and per share amounts)

7. Provisions:

	Chargebacks and rebates	Returns	Total
Balance as at December 1, 2017	$ 495	$ 89	$ 584
Provisions made	7,144	657	7,801
Provisions used	(6,744)	(627)	(7,371)
Balance as at November 30, 2018	895	119	1,014
Provisions made	2,175	41	2,216
Provisions used	(1,541)	(34)	(1,575)
Balance as at February 28, 2019	$ 1,529	$ 126	$ 1,655

8. Long-term obligation:

First commercial milestone (note 6)	$ 6,765
Current portion	(3,452)
Non-current portion	$ 3,313

Under the terms of the TaiMed Agreement, a commercial milestone of $7,000 is payable in two equal annual installments of $3,500 after achieving aggregate net sales of $20,000 over four consecutive quarters of the Company's financial year. Based on historical sales to date and expected trends, the Company expects to achieve this milestone in fiscal 2019. Accordingly, the Company accrued the estimated fair value of the obligation as at February 28, 2019.

(In thousands of United States dollars except for share and per share amounts)

9. Convertible unsecured senior notes:

The movement in the carrying value of the convertible unsecured senior notes is as follows:

Proceeds allocated to liability component	$	51,122
Transaction costs		(2,517)
At date of issuance (June 19, 2018)		48,605
Accretion expense		628
Convertible unsecured senior notes as at November 30, 2018		49,233
Accretion expense (note 4)		357
Convertible unsecured senior notes as at February 28, 2019	$	49,590

		February 28, 2019
Interest accrued (note 4)	$	812
Interest paid		1,764

10. Share capital:

(a) Stock option plan

The Company has established a stock option plan (the “Plan”) under which it can 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 10 years after the grant date. A maximum number of 6,580,000 options can be granted under the Plan. Generally, the options vest at the grant date or over a period of up to three years. As at February 28, 2019, 1,639,030 options could still be granted by the Company (2018 - 2,200,306) under the Plan.

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

(In thousands of United States dollars except for share and per share amounts)

10. Share capital (continued):

(a) Stock option plan (continued)

Changes in the number of options outstanding during the past two years were as follows:

	Number of options	Weighted average exercise price per option	
		CAD	USD
Options as at November 30, 2017	2,335,895	$ 2.21	$ 1.71
Exercised (share price: CAD6.83 - USD5.38)	(15,000)	2.45	1.93
Options as at February 28, 2018	2,320,895	$ 2.21	$ 1.72
Options as at November 30, 2018	2,172,705	$ 3.15	$ 2.37
Granted	318,400	8.76	6.65
Expired	(6,668)	4.21	3.14
Exercised (share price: CAD8.65 - USD6.57)	(23,332)	2.28	1.73
Options outstanding as at February 28, 2019	2,461,105	$ 3.88	$ 2.95

During the three-month period ended February 28, 2019, $263 (2018 - $115) was recorded as share-based compensation expense for the stock option plan. The fair value of options granted in 2019 was estimated at the grant date using the Black-Scholes model and the following weighted average assumptions:

	2019
Risk-free interest rate	2.28%
Expected volatility	58%
Average option life in years	8 years
Grant-date share price	$6.65 (CAD8.76)
Option exercise price	$6.65 (CAD8.76)

10. Share capital (continued):

(a) Stock option plan (continued)

The risk-free interest rate is based on the implied yield on a Canadian government zero-coupon issue, with a remaining term equal to the expected term of the option. The volatility is based on weighted average historical volatility adjusted for changes expected due to publicly available information. The life of the options is estimated taking into consideration the vesting period at the grant date, the life of the option and the average length of time similar grants have remained outstanding in the past. The dividend yield was excluded from the calculation since it is the present policy of the Company to retain all earnings to finance operations and future growth.

The following table summarizes the measurement date weighted average fair value of stock options granted during the period ended:

	For the three-month period ended February 28		
	Number of options		Weighted average grant date fair value
2019	315,400	$	4.03 (CAD5.31)

The Black-Scholes model used by the Company to calculate option values was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company's stock option awards. This model also requires four highly subjective assumptions, including future stock price volatility and average option life, which greatly affect the calculated values.

(b) Stock appreciation rights ("SARs")

On October 4, 2018, the Company's Board of Directors approved a SARs plan for its consultants that entitles the grantee to a cash payment based on the increase in the stock price of the Company's common shares from the grant date to the settlement date. The exercise date of an SAR may not be later than 10 years after the grant date. Generally, the SARs vest over a period up to three years.

(In thousands of United States dollars except for share and per share amounts)

10. Share capital (continued):

(b) Stock appreciation rights ("SARs") (continued)

During the three-month period ended February 28, 2019, $1 (2018 - nil) was recorded as share-based compensation expense for the SARs plan. The fair value of SARs granted in 2019 was estimated at the grant date using the Black-Scholes model and the following weighted average assumptions:

Risk-free interest rate	2.28%
Expected volatility	58%
Average option life in years	8 years
Grant-date share price	$6.65 (CAD8.76)
Option exercise price	$6.65 (CAD8.76)

The risk-free interest rate is based on the implied yield on a Canadian government zero-coupon issue, with a remaining term equal to the expected term of the SAR. The volatility is based on weighted average historical volatility adjusted for changes expected due to publicly available information. The life of the SARs is estimated taking into consideration the vesting period at the grant date, the life of the SARs and the average length of time similar grants have remained outstanding in the past. The dividend yield was excluded from the calculation since it is the present policy of the Company to retain all earnings to finance operations and future growth.

The following table summarizes the measurement date weighted average fair value of SARs granted during the period ended:

	For the three-month period ended February 28	
	Number of SARs	Weighted average grant date fair value
2019	40,000	$4.00 (CAD5.27)

(In thousands of United States dollars except for share and per share amounts)

10. Share capital (continued):

(c) Loss per share

The calculation of basic earnings per share was based on the net loss attributable to common shareholders of the Company of $1,228 (2018 - $2,087) and a weighted average number of common shares outstanding of 76,878,497 (2018 - 74,976,383), calculated as follows:

	February 28, 2019	February 28, 2018
Issued common shares as at December 1	76,877,679	74,962,050
Effect of share options exercised	778	14,333
Effect of issue of common shares	40	–
Weighted average number of common shares, basic and diluted	76,878,497	74,976,383

For the three-month period ended February 28, 2019, a number of 2,498,105 (2018 - 2,320,895) share options, nil (2018 - 39,390) broker options and 3,872,053 common shares potentially issuable from the conversion of the $57,500 aggregate principal amount of notes, 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.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

(In thousands of United States dollars except for share and per share amounts)

11. Supplemental cash flow disclosures:

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

	February 28, 2019
Additions to property and equipment included in accounts payable and accrued liabilities	$ 318
Additions to intangible assets included in accounts payable and accrued liabilities	61
Additions to intangible assets included in long-term obligation	6,765
Issuance of shares in connection with acquisition of intangible assets	5

12. Financial instruments:

The nature and extent of the Company's exposure to risks arising from financial instruments are consistent with the disclosure in the annual consolidated financial statements as at November 30, 2018.

13. 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 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.

13. Determination of fair values (continued):

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

The fair value of the convertible unsecured notes, including the equity portion, as at February 28, 2019 were approximately $51,175 (Level 1) based on market quotes.

The long-term obligation was 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 4.2%. The Company has determined that the carrying value of the obligation approximates its fair value.

Share-based payment transactions

The fair value of the employee stock options and SARs are 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.

The deferred stock units 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 of the common shares of the Company.

14. Operating segments:

The Company has a single operating segment. Almost all of the Company's revenues are generated from one customer, RxCrossroads, which is domiciled in the United States.

	2019	2018
RxCrossroads	$ 14,882	$ 8,002
Others	214	111
	$ 15,096	$ 8,113

All of the Company's non-current assets are located in Canada as is the Company's head office.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE-MONTH PERIOD ENDED FEBRUARY 28, 2019

The following Management's Discussion and Analysis, or MD&A, provides Management's comments on the financial position and results of operations of Theratechnologies Inc., on a consolidated basis, for the three-month period ended February 28, 2019 as compared to the three-month period ended February 28, 2018. Unless otherwise indicated or unless the context requires otherwise, all references in this MD&A to "Theratechnologies", the "Company", the "Corporation", "we", "our", "us" or similar terms refer to Theratechnologies Inc. and its subsidiaries on a consolidated basis. This MD&A is dated April 2, 2019, was approved by our Audit Committee on April 3, 2019, and should be read in conjunction with our unaudited interim consolidated financial statements and the notes thereto as at February 28, 2019, or Interim Financial Statements, as well as the MD&A and audited annual consolidated financial statements, including the notes thereto, as at November 30, 2018. The Interim Financial Statements for the three-period ended February 28, 2019 have not been reviewed by our auditors.

Except as otherwise indicated, the financial information contained in this MD&A and in our audited consolidated financial statements has been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

Since the end of the fourth quarter of 2018, the Company's reporting currency is the United States dollar, or USD. All monetary amounts set forth in this MD&A and the Interim Financial Statements and the notes thereto are expressed in USD for reporting purposes. The average and closing exchange rates for the first quarter of fiscal 2019 (USD equivalents of 1 CAD) were 0.7509 and 0.7598 respectively, compared to 0.7940 and 0.7794 for the first quarter of fiscal 2018. References to $ and US$ are to USD and references to CA$ are to CAD.

In this MD&A, the use of *EGRIFTA*® refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy and Trogarzo® (ibalizumab-uiyk) injection refers to ibalizumab for the treatment of multidrug resistant HIV-1 infected patients.

Business Overview

We are a specialty pharmaceutical company addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV.

Our business strategy is to grow revenues from our existing and future assets in North America and Europe and to build a portfolio of complementary products, compatible with our expertise in drug development and the commercialisation know-how.

Our first product**,** *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration, or FDA, in November 2010, by Health Canada in March 2015, and by COFEPRIS, Mexico's health agency, in March 2016. It is, to date, the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. We have established an integrated commercial platform to market *EGRIFTA*® in the United States and Canada.

Theratechnologies Inc.
2015 Peel, 5th Floor
Montreal, Quebec H3A 1T8

In March 2016, we entered into an agreement with TaiMed Biologics, Inc., or TaiMed, to acquire the commercial rights to Trogarzo® for the United States and Canada, or TaiMed Agreement. In March 2017, the TaiMed Agreement was amended to include the commercial rights to ibalizumab in the European Union countries and in other countries such as Israel, Norway, Russia and Switzerland.

Trogarzo® is a humanized monoclonal antibody and is indicated for the treatment of human immunodeficiency virus type 1, or HIV-1, infection in heavily treatment-experienced adults with multidrug resistant, or MDR, HIV-1 infection failing their current antiretroviral regimen. Trogarzo® was approved by the FDA on March 6, 2018 and has been commercially available since April 30, 2018 in the United States.

Since the second half of fiscal 2017, we have been working on building the foundation for ibalizumab in Europe to achieve marketing approval. The application for marketing authorization was filed with the European Medicines Agency, or EMA, on August 27, 2018.

In February 2019, the Company became involved in the development of oncology products as a result of the acquisition of Katana Biopharma Inc., or Katana.

Fiscal 2019 Business Plan Update

Consolidated revenue for the three-month period ended February 28, 2019 was $15,096,000 (CAD 20,103,000) compared to $8,113,000 (CAD 10,218,000) for the same period ended February 28, 2018, representing an increase of 86.1%.

For the first quarter of 2019, sales of *EGRIFTA*® were $8,962,000 (CAD 11,935,000) compared to or $8,113,000 (CAD 10,218,000) for the same period last year, representing an increase of 10.5%.

For the three-month period ended February 28, 2019, sales of Trogarzo® reached $6,134,000 (CAD 8,169,000) while they amounted to $4,250,000 (CAD 5,561,000) for the fourth quarter of 2018 representing an increase of 44.3% from the previous quarter in US dollars. Approved in the United States on March 6, 2018, Trogarzo® has been commercially available since April 30, 2018. Trogarzo® is increasingly contributing to revenue growth and financial results.

Access to Trogarzo® is, as of the date hereof, available to the vast majority of covered lives in the United States. Some 87% of covered lives in the United States have access to Trogarzo®.

On January 1st, 2019, a specific “J-Code”, came into effect. The new J-1746 code was issued by the Centers for Medicare and Medicaid Services as part of the Healthcare Common Procedure Coding System (HCPCS) for reporting medical procedures and services.

As the organization continues to build the United States market for Trogarzo®, the European filing continues to progress.

The marketing authorization application to the EMA was filed on August 27, 2018 after being informed by the EMA that the Pediatric Investigation Plan for Trogarzo® was not required before filing. On September 13, 2018, the EMA confirmed the validity of the application. As announced on March 5, 2019, Trogarzo® will be reviewed on April 11, 2019 by the Scientific Advisory Group HIV/Viral Diseases, or SAG, of the Committee for Medicinal Products for Human use, or CHMP, in Europe.

The Company expects a recommendation from the CHMP in the first half of 2019 based on a standard review procedure.

On March 20, 2019, we announced that the Wuxi Biologics facilities, set to manufacture Trogarzo® for the European market, had received the required Good Manufacturing Practice certificates from the EMA. Facilities in Wuxi City, China and Shanghai, China, were both certified by the EMA following thorough inspections in January 2019.

On February 25, 2019, the Company announced the acquisition of Katana, a company founded by scientists who developed a technology platform using peptides as a vehicle to specifically deliver cytotoxic agents to sortilin receptors, which are overexpressed on cancer cells. Pre-clinical results obtained so far with the platform show promise in the targeted treatment of various cancer types. Our goal is to advance programs in two indications (ovarian and triple-negative breast cancer) as quickly as possible to enter human clinical trials in late 2020, and obtain proof of concept results approximately twelve months later. See Note 6 to the Interim Financial Statements.

On April 1, 2019, the Company announced that top-line results, from a study funded by the National Institutes of Health led by Dr. Steve Grinspoon and conducted at the Massachusetts General Hospital and Harvard Medical School and the National Institutes of Health, concluded that tesamorelin significantly reduces liver fat in HIV patients with Non Alcoholic Fatty Liver Disease (NAFLD) which was the primary endpoint of the study.

Taking into account the various elements previously described, Adjusted EBITDA in the first quarter of fiscal 2019 was $1,521,000 (CAD 2,026,000) compared to $(1,605,000) (CAD 2,056,000) in the first quarter of fiscal 2018. We use adjusted EBITDA to measure cash flow generation. See “Non-IFRS Financial Measures” below.

At the end of the first quarter 2019, we had a strong cash position of $53,873,000.

Revenue

(in thousands of US dollars)	**Q1 2019**	Q1 2018
EGRIFTA® net sales	**8,962**	8,113
Trogarzo® net sales	**6,134**	—
Revenue	**15,096**	8,113

Consolidated revenue for the three-month period ended February 28, 2019 was $15,096,000 compared to $8,113,000 for the same period ended February 28, 2018.

Revenue generated from net sales increased by 86% in the first quarter of 2019 compared to the comparable period in fiscal 2018, due to the introduction of Trogarzo® in the United States and higher unit volumes and prices for *EGRIFTA*®.

Cost of Sales

For the three months ended February 28, 2019, cost of sales was $6,065,000 compared to $1,704,000 in the comparable period of fiscal 2018. Cost of goods sold was $4,810,000 in the first quarter of 2019 compared to $941,000 for the same quarter the previous year. The increase in cost of goods sold is mainly due to the introduction of Trogarzo®. Cost of sales also include production-related costs which amounted to $34,000 in the first quarter of 2019, compared to $(127,000), which were mainly due to a reversal of inventory write-downs.

Prior to the third quarter of 2018, cost of sales included royalties due under the terms of an agreement terminating our collaboration and licensing agreement with EMD Serono Inc., or EMD Serono. In the first quarter of 2018, royalties paid to EMD Serono amounted to $890,000. In June 2018, we made a full and final payment of US$23,850,000 to EMD Serono which enabled Theratechnologies to realize savings from a reduction of future payment obligations including royalty payments.

The payment in connection with the settlement of the future royalty obligation has been accounted as “Other asset” on the consolidated statement of the financial position. Consequently, during the first quarter of 2019, an amortization of $1,221,000 has been recorded in relation to this transaction.

R&D Expenses

R&D expenses amounted to $2,527,000 in the three-month period ended February 28, 2019 compared to $1,904,000 for the same period in 2018. The increase is largely due to regulatory activities in Europe including the inspection of the Wuxi facilities in China. The increase was partially offset by the decision of the FDA to release Theratechnologies from its last post-approval commitments relating to *EGRIFTA*®.

R&D expenses also included medical affairs initiatives aimed at raising awareness among physicians and nurses who interact with patients living with MDR HIV-1 and lipodystrophy, in addition to regulatory affairs activities, such as handling of the European filing of Trogarzo® and quality assurance.

Selling and Market Development Expenses

Selling and market development expenses amounted to $5,448,000 for the first quarter of 2019, which includes the cost related to the US-based sales force. This compares to $5,314,000 for the same three-month period last year.

The amortization of the intangible asset value established for the *EGRIFTA*® and Trogarzo® commercialization rights is also included in selling and market development expenses. As such, we recorded an expense of $488,000 for the first quarter of Fiscal 2019 compared to $378,000 for the same quarter last year.

General and Administrative Expenses

General and administrative expenses amounted to $1,516,000 in the three months ended February 28, 2019 compared to $1,202,000 after the first quarter of 2018. The increase is mainly associated with business growth and various initiatives related to our preparatory work in Europe.

The grant of stock options to members of the Company's board of directors, as part of their annual compensation, resulted in a non-cash expense in the first quarter of 2019. In fiscal 2018, the stock option grant was made in the second quarter.

Finance Income

Finance income, consisting of interest income, amounted to $335,000 during the first quarter of 2019 compared to $80,000 in the first quarter of last year. Higher finance income is related to the interest on our higher liquidity position.

Finance Costs

Finance costs for the three months ended February 28, 2019 were $1,103,000 compared to $156,000 for the comparable period of 2018. Finance costs in the first quarter of 2019 mostly represent interest of $812,000 on the senior convertible notes issued in June 2019, compared to nil for the same period of last year.

Finance costs also included accretion expense, which was $357,000 for the first quarter of 2019 compared to $224,000 for the same period last year. In the first quarter of 2019, the accretion expense was mainly associated with the senior convertible notes, or Offering. Previously, accretion expense related to the long-term obligation with EMD Serono, which was settled during the third quarter of 2018.

Adjusted EBITDA

For the reasons noted above, Adjusted EBITDA was $1,521,000 for the first quarter of 2019 compared to $(1,605,000) for the same period of 2018. See "Non-IFRS Financial Measures" below.

Net Loss

Taking into account the revenue and expense variations described above, we recorded a net loss of $1,228,000 or $0.02 per share in the first three months of fiscal 2019 compared to a net loss of $2,087,000 or $0.03 per share for the same period last year.

Financial Position

For the three-month period ended February 28, 2019, cash flow from operating activities was $2,328,000 compared to a use of $288,000 for the first quarter of 2018. The improvement in cash flow can be attributed to the launch of Trogarzo®.

During the first quarter of 2019, we used $1,979,000 towards the acquisition of Katana and $476,000 in leasehold improvements required in light of the general development of the business.

As at February 28, 2019, cash, bonds and money market funds amounted to $53,873,000 (CAD $70,902,000).

Quarterly Financial Information

The following table is a summary of our unaudited consolidated operating results for the last eight quarters.

(In thousands of US dollars, except per share amounts)

	2019				2018			2017
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**15,096**	13,983	13,523	9,598	8,113	10,034	8,718	7,432
Operating expenses								
Cost of sales								
Cost of goods sold	**4,810**	3,516	3,325	1,594	941	1,110	1,037	874
Other production-related costs	**34**	14	91	127	(127)	816	170	(93)
Royalties	**—**	—	—	450	890	881	860	733
Amortization of other asset	**1,221**	1,221	1,221	—	—	—	—	—
R&D	**2,527**	2,063	2,130	1,897	1,904	2,465	2,400	2,711
Selling and market development	**5,448**	5,233	5,189	5,957	5,314	6,361	5,498	5,337
General and administrative	**1,516**	1,865	1,482	1,279	1,202	1,268	1,005	1,261
Total operating expenses	**15,556**	13,912	13,438	11,304	10,124	12,901	10,970	10,823
Finance income	**335**	276	175	77	80	75	74	62
Finance costs	**(1,103)**	(1,330)	(1,247)	(283)	(156)	(559)	(82)	(3,428)
Net (loss) profit	**(1,228)**	(983)	282	(1,912)	(2,087)	(3,351)	(2,260)	(6,757)
Basic and diluted (loss) earnings per share	**(0.02)**	(0.01)	0.00	(0.03)	(0.03)	(0.04)	(0.03)	(0.09)

Factors Affecting the Variability of Quarterly Results

Results for the first quarter of 2019 reflect the increasing contribution of Trogarzo® beginning May 2018.

The issuance of common share purchase warrants in 2015 had a significant effect on quarterly earnings. Variations in the fair value of the warrant liability, a non-cash item, resulted in the following gains and losses: 2018 – No impact as all broker warrants were exercised in Q3 2017; in 2017 – (Q2) a loss of $2,983,000, (Q3) a loss of $564,000, (Q4) no impact.

There are quarter-over-quarter variations in net sales revenue, principally due to changes in distributor inventory levels with some additional impact from time to time related to average net selling price, which is affected by changes in the mix of private payors versus government drug reimbursement plans.

In the second quarter of fiscal 2017, the Company undertook a major expansion of its U.S. sales organization and added staffing to its medical science liaison and managed markets groups in order to cover additional territories and prepare the launch of Trogarzo® in the United States. The expanded sales team has had a lasting positive impact on sales of *EGRIFTA*®.

Recent Changes in Accounting Standards

Please refer to Note 2 to the Interim Financial Statements.

Outstanding Share Data

As at April 2nd, 2019, the number of common shares issued and outstanding was 76,901,911 while outstanding options granted under our stock option plan amounted to 2,398,785. We also had $57,500,000 aggregate principal amount of 5.75% convertible unsecured senior notes due June 30, 2023 issued and outstanding as a result of the Offering. These notes are convertible into common shares at the option of the holder at a conversion price of $14.85, representing a conversion rate of approximately 67.3401 common shares per $1,000 principal amount of notes. The conversion of all of the outstanding notes would result in the issuance of 3,872,055 common shares.

Contractual Obligations

There was no material change in contractual obligations during the three-month period ended February 28, 2019, other than in the ordinary course of business, except those listed in Note 6 to the Interim Financial Statements.

Economic and Industry Factors

Economic and industry factors were substantially unchanged from those reported in our MD&A for the fiscal year ended November 30, 2018.

Internal Control

No significant changes have occurred in our internal control over financial reporting during the period beginning on December 1, 2018 and ending on February 28, 2019.

Non-IFRS Financial Measures

Reconciliation of net profit or loss to adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA to net profit (loss) is presented in the table below. We use adjusted financial measures to assess our operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Adjusted EBITDA to measure operating performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our business, and because we believe it provides meaningful information on our financial condition and operating results.

We obtain our Adjusted EBITDA measurement by adding to net profit or loss, finance income and costs, depreciation and amortization, and income taxes. We also exclude the effects of certain non-monetary transactions recorded, such as share-based compensation for the stock option plan and write-downs (or related reversals) of inventories, for our Adjusted EBITDA calculation. We believe it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee remuneration and can vary significantly with changes in the market price of the Company's shares. In addition, other items that do not impact core operating performance of the Company may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of our operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other companies.

Adjusted EBITDA

(In thousands of US dollars)

	Three-month periods ended February 28,	
	2019	2018
	$	$
Net loss	**(1,228)**	(2,087)
Add (deduct):		
Depreciation and amortization	**1,714**	381
Finance costs	**1,103**	156
Finance income	**(335)**	(80)
Share-based compensation for stock option plan	**264**	155
Write-down (recovery) of inventories	**3**	(130)
Adjusted EBITDA	**1,521**	(1,605)

Forward-Looking Information

This MD&A contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management's beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or the negatives of these terms, or variations of them. The forward-looking statements contained in this MD&A include, but are not limited to, statements regarding the growth of our revenues from the sale of our products, the building of a product portfolio and the timing in obtaining a decision from the CHMP.

Forward-looking statements are based upon a number of assumptions and include, but are not limited to, the following: sales of *EGRIFTA*® and Trogarzo® will continue to grow in the United States, Trogarzo® will be approved for commercialization in Europe and will successfully launch it in this territory, no untowards side-effects will be discovered through the long-term use of both *EGRIFTA*® and Trogarzo®, and we will succeed in finding products and entering into agreements to acquire in-license products upon terms and conditions satisfactory to us.

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statements contained in this MD&A. These risks and uncertainties include, among others, the risk that sales *EGRIFTA*® and/or Trogarzo® decrease or cease to progress, that a recall of any of those products occur, that the EMA does not approve our marketing authorization application or seek additional studies and that we are unable to enter into agreements upon terms satisfactory to us to acquire or in-license additional products.

We refer potential investors to the "Risk Factors" section of our annual information form dated February 20, 2019 for additional risks regarding the conduct of our business and Theratechnologies. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this MD&A and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this MD&A, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Philippe Dubuc, Senior Vice President and Chief Financial Officer of Theratechnologies Inc., certify the following:

1. ***Review***: I have reviewed the interim financial statements and interim MD&A, (together, the "interim filings") of Theratechnologies Inc. (the "issuer") for the interim period ended February 28, 2019.

2. ***No misrepresentations***: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation***: Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility***: The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. ***Design***: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officers(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework***: The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control over Financial Reporting – Guidance for Smaller Public Companies (COSO).

5.2 N/A

5.3 N/A

6. ***Reporting changes in ICFR***: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on December 1, 2018 and ended on February 28, 2019 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: April 4, 2019

(Signed) Philippe Dubuc

Philippe Dubuc
Senior Vice President and Chief Financial Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Luc Tanguay, President and Chief Executive Officer of Theratechnologies Inc., certify the following:

1. ***Review***: I have reviewed the interim financial statements and interim MD&A, (together, the "interim filings") of Theratechnologies Inc. (the "issuer") for the interim period ended February 28, 2019.

2. ***No misrepresentations***: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation***: Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility***: The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. ***Design***: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officers(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework***: The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control over Financial Reporting – Guidance for Smaller Public Companies (COSO).

5.2 N/A

5.3 N/A

6. ***Reporting changes in ICFR***: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on December 1, 2018 and ended on February 28, 2019 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: April 4, 2019

(Signed) Luc Tanguay

Luc Tanguay
President and Chief Executive Officer

AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

DATED AS OF APRIL 10, 2019

(AMENDING AND RESTATING A SHAREHOLDER RIGHTS PLAN AGREEMENT DATED AS OF APRIL 15, 2016)

BETWEEN

THERATECHNOLOGIES INC.

and

COMPUTERSHARE TRUST COMPANY OF CANADA

as Rights Agent

FASKEN MARTINEAU DUMOULIN LLP
Place Victoria
Suite 3700, Box 242
800 Place Victoria
Montreal, Québec H4Z 1E9

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AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT made as of the 10th day of April, 2019 (amending and restating a shareholder rights plan agreement dated as of April 15, 2016).

BETWEEN: **THERATECHNOLOGIES INC.**, a Corporation existing under the laws of Québec,

(hereinafter called the "**Corporation**"),

OF THE FIRST PART,

AND: **COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust Corporation existing under the laws of Canada, as rights agent,

(hereinafter called the "**Rights Agent**"),

OF THE SECOND PART.

WHEREAS the Board of Directors of the Corporation has determined that it is advisable that the Corporation renew the shareholder rights plan initially adopted by the Board of Directors on February 10, 2010 and approved by the shareholders of the Corporation on March 25, 2010 (the "**Original Plan**"), as amended and restated as of April 15, 2013 and approved by the shareholders of the Corporation on May 24, 2013 (the "**2013 Plan**"), and as further amended and restated as of April 15, 2016 and approved by the shareholders of the Corporation on May 16, 2016 (the "**2016 Plan**") and subject to approval by the Independent Shareholders (as hereinafter defined) at the annual meeting of shareholders of the Corporation scheduled to be held on May 15, 2019, to ensure fair and equal treatment of all the Corporation's shareholders in the event of a Take-over Bid, to protect shareholders from coercive take-over tactics and to allow the Board of Directors and shareholders of the Corporation adequate time to assess the bid and consider alternatives to enhance value for shareholders (the "**Rights Plan**");

AND WHEREAS in order to implement the Rights Plan the Board of Directors of the Corporation has:

(a) authorized the issuance, if not already issued, of one right (a "**Right**") in respect of each Common Share (as hereinafter defined) outstanding at the Record Time (as hereinafter defined); and

(b) authorized the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined);

AND WHEREAS each Right entitles the holder thereof, after the Separation Time, to purchase Common Shares of the Corporation, pursuant to the terms and subject to the conditions set forth herein;

AND WHEREAS the Corporation desires to appoint the Rights Agent to act on behalf of the Corporation and holders of Rights, and the Rights Agent is willing so to act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to herein;

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements set forth herein the parties hereby agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Certain Definitions

For the purposes of this Agreement, the following terms have the meanings indicated:

(a) "**1933 Securities Act**" shall mean the Securities Act of 1933 of the United States, as amended, and the regulations thereunder, and any comparable or successor regulations thereto;

(b) "**1934 Exchange Act**" shall mean the Securities Exchange Act of 1934 of the United States, as amended, and the regulations thereunder, and any comparable or successor regulations thereto;

(c) "**2013 Plan**" shall mean the amended and restated shareholder rights plan agreement between the Corporation and the Rights Agent dated April 15, 2013 and approved by the shareholders of the Corporation on May 24, 2013;

(d) "**2016 Plan**" shall mean the amended and restated shareholder rights plan agreement between the Corporation and the Rights Agent dated April 15, 2016 and approved by the shareholders of the Corporation on May 16, 2016;

(e) "**Acquiring Person**" shall mean any Person who is the Beneficial Owner of 20% or more of the outstanding Common Shares of the Corporation. Notwithstanding the foregoing, the term "Acquiring Person" shall not include:

(i) the Corporation or any Subsidiary of the Corporation;

(ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Common Shares of the Corporation as a result of any one or any combination of:

(a) an acquisition and cancellation or redemption by the Corporation or a Subsidiary of the Corporation of Common Shares which, by reducing the number of Common Shares outstanding, increases the percentage of outstanding Common Shares Beneficially Owned by such Person to 20% or more of the Common Shares outstanding (a "**Share Reduction**");

(b) an acquisition of Common Shares made pursuant to a Permitted Bid or a Competing Permitted Bid (a "**Permitted Bid Acquisition**");

(c) an acquisition of Common Shares in respect of which the Board of Directors has waived the application of section 4.1 pursuant to the provisions of section 6.1 or pursuant to an amalgamation, plan of arrangement or other procedure (statutory or otherwise) having similar effect which has been approved by the Board of Directors and the holders of Common Shares by the requisite majority or majorities of the holders of Common Shares at a meeting duly called and held for such purpose in accordance with the Corporation's by-laws, the QBCA and any other applicable legal requirements (an "**Exempt Acquisition**");

(d) a Convertible Security Acquisition; or

(e) a Permitted Acquisition;

provided, however, that if a Person shall become the Beneficial Owner of 20% or more of the Common Shares of the Corporation then outstanding by reason of one or any combination of a Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition or a Permitted Acquisition and thereafter such Person, while such Person is the Beneficial Owner of 20% or more of the Common Shares of the Corporation then outstanding, increases the number of Common Shares of the Corporation beneficially owned by such Person by more than 1% of the number of Common Shares outstanding (other than pursuant to one or any combination of a Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition or a Permitted Acquisition) then, as of the date such Person becomes the Beneficial Owner of such additional outstanding Common Shares of the Corporation, such Person shall be an "**Acquiring Person**";

(iii) for a period of 10 days after the Disqualification Date (as hereinafter defined), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Common Shares of the Corporation as a result of such Person becoming disqualified from relying on clause 1.1(h)(v) hereof because such Person makes or announces an intention to make a Take-over Bid in respect of the Common Shares of the Corporation alone or by acting jointly or in concert with any other Person and, for this purpose, "**Disqualification Date**" means the first date of public announcement of facts indicating that such Person is making or intends to make a Take-over Bid;

(iv) an underwriter or member of a banking or selling group acting in such capacity that becomes the Beneficial Owner of 20% or more of the Common Shares of the Corporation in connection with a distribution of securities of the Corporation; or

(v) a Person (a "**Grandfathered Person**") who is the Beneficial Owner of more than 20% of the outstanding Common Shares of the Corporation determined as of the Record Time; provided, however, that this exemption shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the Beneficial Owner of additional Common Shares of the Corporation that increases its Beneficial Ownership by more than 1% of the number of Common Shares of the Corporation outstanding (other than through one or any combination of a Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition or a Permitted Acquisition);

(f) "**Affiliate**", when used to indicate a relationship with a specified Person, means a Person who directly, or indirectly through one or more controlled intermediaries, controls, or is controlled by, or is under common control with, such specified Person;

(g) "**Associate**" of a specified Person shall mean any Person who is the spouse of such specified Person or with whom such specified Person is living in a conjugal relationship outside marriage, or any relative of such specified Person, said spouse or other Person who has the same home as such specified Person;

(h) a Person shall be deemed the "**Beneficial Owner**" of, and to have "**Beneficial Ownership**" of, and to "**Beneficially Own**":

(i) any securities as to which such Person or any of such Person's Affiliates or Associates is the owner at law or equity;

(ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to acquire (where such right is exercisable within a period of 60 days, or upon the occurrence of a contingency) (a) upon the exercise of any Convertible Securities (other than a Right) or (b) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing (other than customary agreements with and between underwriters or banking group or selling group members with respect to a distribution of securities and other than pledges or hypothecs of securities in the ordinary course of business); and

(iii) any securities which are Beneficially Owned within the meaning of the foregoing provisions of this subsection 1.1(h) by any other Person with whom such Person is acting jointly or in concert;

provided, however, that a Person shall not be deemed the Beneficial Owner of or to have Beneficial Ownership of, or to Beneficially Own, any security because:

(iv) such security has been agreed to be deposited or tendered pursuant to a Lock-up Agreement or is otherwise deposited or tendered pursuant to any Take-over Bid made by such Person, made by any of such Person's Affiliates or Associates or made by any Person acting jointly or in concert with such Person until such deposited security has been taken up or paid for, whichever shall occur first;

(v) such Person, any of such Person's Affiliates or Associates or any other Person acting jointly or in concert with such Person, holds such security, provided that:

(a) the ordinary business of such Person (an "**Investment Manager**") includes the management of investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person or Persons (a "**Client**") including non-discretionary accounts held on behalf of a broker or dealer registered under applicable laws; or

(b) such Person (a "**Trust Corporation**") is licensed to carry on the business of a trust Corporation under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons ("**Estate Accounts**") or in relation to other accounts ("**Other Accounts**") and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such Estate Accounts or Other Accounts; or

(c) such Person (an "**Administrator**") is the administrator or the trustee of one or more pension funds or plans (each a "**Plan**") or is a Plan registered or qualified under applicable laws and holds such security in the ordinary course of such duties for such Plan; or

(d) such Person is a Plan or is a Person established by statute (the "**Statutory Body**") for purposes that include, and the ordinary business or activity of such Person includes, the management of investment funds for employee benefit plans, pension plans, insurance plans (other than plans administered by insurance companies) of various public bodies and the Statutory Body holds such security for the purposes of its activities as such; or

(e) such Person is a Crown agent or agency;

provided that the Investment Manager, Trust Corporation, Administrator, the Plan, the Statutory Body or the Crown agent or agency, as the case may be, is not then making or has not announced a current intention to make a Take-over Bid, alone or acting jointly or in concert with any other Person (other than an Offer to Acquire Shares of the Corporation by means of a distribution by the Corporation or by means of ordinary market transactions (including pre-arranged trades) executed through the facilities of a stock exchange or organized over-the-counter market);

(vi) such Person, any of such Person's Affiliates or Associates or any Person acting jointly or in concert with such Person is a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security, or by reason of such Person being an Estate Account or an Other Account of the same Trust Corporation as another Person on whose account the Trust Corporation holds such security or by reason of such Person being a Plan which has an Administrator which is also a trustee for another Plan on whose account the Trustee holds such security;

(vii) such Person is (i) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, or (ii) an account of a Trust Corporation and such security is owned at law or in equity by the Trust Corporation, or (iii) a Plan and such security is owned at law or in equity by the Administrator thereof; or

(viii) such Person is the registered holder of securities as a result of carrying on the business of a securities depositary or as a result of being a nominee holder of such securities.

(i) "**Board of Directors**" shall mean the board of directors of the Corporation or, if duly constituted and whenever duly empowered, the executive committee of the board of directors of the Corporation;

(j) "**Business Day**" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in Montreal, Québec, are authorized or obligated by law to close;

(k) "**Canadian Dollar Equivalent**" of any amount which is expressed in United States dollars shall mean on any date the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S.-Canadian Exchange Rate in effect on such date;

(l) "**Canadian-U.S. Exchange Rate**" shall mean on any date the inverse of the U.S.-Canadian Exchange Rate;

(m) "**Close of Business**" on any date shall mean the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the offices of the transfer agent for the Shares (or, after the Separation Time, the offices of the Rights Agent in Montreal, Québec) are closed to the public in the city in which such transfer agent or Rights Agent has an office for the purposes of this Agreement;

(n) "**Common Share**" when used with reference to the Corporation, shall mean the Common Shares and/or any other shares entitled to vote generally in the election of directors, as the context requires, and, when used with reference to any Person other than the Corporation, shall mean shares of capital stock of such other Person entitled to vote generally in the election of the directors of such other Person.

(o) "**Competing Permitted Bid**" means a Take-over Bid that is made by means of a Take-over Bid circular and which also complies with the following additional provisions:

(i) the Take-over Bid is made after a Permitted Bid has been made and prior to the expiry of the Permitted Bid or of any other Competing Permitted Bids (in this definition, the "**Prior Bids**");

(ii) the Take-over Bid satisfies all components of the definition of a Permitted Bid other than the requirements set out in sub-paragraph 1.1(hh)(ii)(a) of such definition; and

(iii) the Take-over Bid contains, and the take-up and payment for Common Shares tendered or deposited thereunder are subject to, irrevocable and unqualified conditions that no Common Shares will be taken up and paid for pursuant to such Take-over Bid prior to the Close of Business on a date that is no earlier than the minimum number of days such Take-over Bid must remain open for deposits of securities thereunder pursuant to *Regulation 62-104* after the date of such Take-over Bid constituting the Competing Permitted Bid;

(p) "**controlled**": a Person is "controlled" by another Person or two or more Persons, acting jointly or in concert, if:

(i) the securities entitled to vote in the election of directors carrying more than 50% of the votes for the election of the directors are held, directly or indirectly, by or for the benefit of the other Person or Persons acting jointly or in concert; and the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such corporation;

(ii) in the case of a Person who is a partnership, other than a limited partnership, more than 50% of the voting or equity interests of such entity are held, directly or indirectly, by or for the benefit of the other Person or Persons acting jointly or in concert; or

(iii) in the case of a Person who is a limited partnership, the other Person or Persons acting jointly or in concert are the general partners of such entity.

and "**controls**", "**controlling**" and "**under common control with**" shall be interpreted accordingly;

(q) "**Convertible Securities**" means at any time any securities issued by the Corporation from time to time (other than the Rights) carrying any exercise, conversion or exchange right pursuant to which the holder thereof may acquire Common Shares or other securities which are convertible into exercisable or exchangeable for Common Shares.

(r) "**Convertible Securities Acquisition**" means the acquisition of Common Shares upon the exercise of a Convertible Security received by a Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Permitted Acquisition.

(s) "**dividends paid in the ordinary course**" shall mean cash dividends paid at regular intervals in any financial year of the Corporation to the extent that such cash dividends do not exceed, in the aggregate, the greatest of:

(i) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Shares in its immediately preceding financial year;

(ii) 300% of the arithmetic average of the aggregate amounts of cash dividends declared payable by the Corporation on its Shares in its three immediately preceding financial years;

(iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding financial year; and

(iv) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its current financial year;

(t) "**Effective Date**" shall mean March 25, 2010;

(u) "**Election to Exercise**" shall have the meaning ascribed thereto in clause 3.1(e)(ii);

(v) "**Exempt Acquisition**" shall have the meaning ascribed thereto in sub-clause 1.1(e)(ii)(c);

(w) "**Exercise Price**" shall mean, as of any date, the price at which a holder of a Right may purchase Common Shares issuable upon exercise of such Right. Subject to adjustment thereof in accordance with the terms hereof, the Exercise Price for each Right shall be an amount equal to three times the Market Price per Common Share determined at the Separation Time;

(x) "**Expiration Time**" shall mean the earlier of:

(i) the Termination Time; or

(ii) the close of business on the date of the termination of the Corporation's 2019 annual meeting of shareholders if this Agreement is not reconfirmed and approved by the Independent Shareholders in accordance with section 6.15;

(iii) the close of business on the date of the termination of the Corporation's 2022 annual meeting of shareholders if this Agreement is not reconfirmed and approved by the Independent Shareholders in accordance with section 6.15;

(y) "**Flip-in Event**" shall mean a transaction in or pursuant to which any Person shall become an Acquiring Person provided, however, that a Flip-in Event shall be deemed to occur at the Close of Business on the tenth Trading Day (or on such later day as the Board of Directors shall determine) after a Stock Acquisition Date;

(z) "**Grandfathered Person**" shall have the meaning ascribed thereto in clause 1.1(e)(v);

(aa) "**Independent Shareholders**" shall mean all holders of Common Shares of the Corporation, other than (i) any Acquiring Person, (ii) any Offeror other than a Person described in paragraph (v) of the definition of "**Beneficial Owner**", (iii) any Affiliate or Associate of any Acquiring Person or Offeror, (iv) any Person acting jointly or in concert with any Acquiring Person or Offeror, and (v) any Person who is an administrator or trustee of any employee benefit plan, deferred profit sharing plan, stock participation plan or any similar plan or trust for the benefit of employees of the Corporation or a wholly-owned Subsidiary of the Corporation, unless the beneficiaries of such plan or trust direct the manner in which such Common Shares are to be voted or direct whether the Common Shares are to be tendered to a Take-over Bid;

(bb) "**Lock-up Agreement**" means an agreement between an Offeror, any of its Affiliates or Associates or any other Person acting jointly or in concert with the Offeror and a Person (the "**Locked-up Person**") who is not an Affiliate or Associate of the Offeror or a Person acting jointly or in concert with the Offeror whereby the Locked-up Person agrees to deposit or tender the Common Shares by the Locked-up Person to the Offeror's Take-over Bid or to any Take-over Bid made by any of the Offeror's Affiliates or Associates or made by any other Person acting jointly or in concert with the Offeror (the "**Subject Bid**"), and where (A) in the context of a Subject Bid that is supported by the Corporation, the agreement shall terminate automatically or may be terminated by the Locked-up Person upon termination, in accordance with its terms, of the agreement between the Offeror, any of its Affiliates or Associates or any other Person acting jointly or in concert with the Offeror and the Corporation, under which it was agreed that the Offeror or any Affiliates or Associates or any other Person acting jointly or in concert with the Offeror would acquire all of the Common Shares outstanding in accordance with the terms of the agreement, (B) in the context of a Subject Bid that is not supported by the Corporation, where the agreement:

(i) is publicly disclosed and a copy is made available to the public (including the Corporation) not later than the date of the Subject Bid or, if such Subject Bid has been made prior to the date on which such agreement is entered into, forthwith, and in any event not later than the day following the date of such agreement,

(ii) permits the Locked-up Person to withdraw the Common Shares from the agreement in order to tender or deposit the Common Shares to another Take-over Bid or to support another transaction that in either case will provide greater value to the Locked-up Person than the Subject Bid; or

(iii) (a) permits the Locked-up Person to withdraw the Common Shares from the agreement in order to tender or deposit the Common Shares to another Take-over Bid or to support another transaction that contains an offering price for each Common Share that exceeds by as much as or more than a specified amount (the "**Specified Amount**") the offering price for each Common Share contained in or proposed to be contained in the Subject Bid; and (b) does not by its terms provide for a Specified Amount that is greater than 7% of the offering price contained in or proposed to be contained in the Subject Bid; and

(iv) does not provide for any "**break-up fees**", "**top-up fees**", penalties, expenses or other amounts that exceed in the aggregate the greater of:

(a) the cash equivalent of 2.5% of the price or value payable under the Take-over Bid to a Locked-up Person; and

(b) 50% of the amount by which the price or value payable under another Take-over Bid or transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Take-over Bid;

which shall be payable by a Locked-up Person pursuant to the Lock-up Agreement in the event a Locked-up Person fails to deposit or tender Common Shares to the Take-over Bid or withdraws Common Shares in order to accept the other Take-over Bid or support another transaction;

and for greater clarity an agreement may contain a right of first refusal or require a period of delay to give an Offeror an opportunity to match a higher price in another Take-over Bid or other similar limitation on a Locked-up Person as long as the Locked-up Person can accept another bid or tender to another transaction;

(cc) "**Market Price**" per share of any securities on any date of determination shall mean the weighted average trading price per share of such securities (determined as described below) for the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in section 3.2 shall have caused the sale prices in respect of any Trading Day used to determine the Market Price

not to be fully comparable with the sale prices on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such sale price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in section 3.2 in order to make it fully comparable with the sale price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The weighted average trading price per share of any securities on any date shall be determined by dividing the aggregate sale price of all securities sold on the principal stock exchange in Canada on which such securities are listed and posted for trading divided by the total number of securities so sold; and

(i) if for any reason such prices are not available on such day or the securities are not listed and posted for trading on any stock exchange in Canada, the Market Price shall be calculated using the sale prices for such securities as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange in the United States on which such securities are listed or admitted to trading;

(ii) if for any reason such prices are not available on such day or the securities are not listed and posted for trading on a stock exchange in Canada or a national securities exchange in the United States, the Market Price shall be calculated using the average of the high bid and low asked prices of each share of such securities in the over-the-counter market, as reported by The National Association of Securities Dealers, Inc. or such other comparable system then in use; or

(iii) if on any such date the securities are not quoted by any such organization, the Market Price shall be calculated using the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities;

provided, however, that if on any such date the securities are not traded on any exchange or in the over-the-counter market and the price referred to in clause 1.1(bb)(iv) is not available, the closing price per share of such securities on such date shall mean the fair value per share of such securities on such date as determined by a nationally or internationally recognized investment dealer or investment banker with respect to the fair value per share of such securities. The Market Price shall be expressed in Canadian dollars and if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars on such date at the Canadian Dollar Equivalent thereof;

(dd) "**Offer to Acquire**" shall include:

(i) an offer to purchase, or a solicitation of an offer to sell Common Shares; and

(ii) an acceptance of an offer to sell Common Shares, whether or not such offer to sell has been solicited;

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person who made the offer to sell;

(ee) "**Offeror**" shall mean a Person who has announced a current intention to make or who is making a Take-over Bid (including a Permitted Bid or a Competing Permitted Bid) but only so long as the Take-over Bid so made or announced has not been withdrawn or terminated or has not expired;

(ff) "**Original Plan**" shall mean the shareholder rights plan agreement between the Corporation and the Rights Agent dated February 10, 2010 and approved by the shareholders of the Corporation on March 25, 2010;

(gg) "**Permitted Acquisition**" shall mean an acquisition of Common Shares of the Corporation by a Person:

(i) as a result of a stock dividend, a stock split or other event pursuant to which such Person receives or acquires Common Shares of the Corporation or Convertible Securities on the same pro rata basis as all other holders of Common Shares, or

(ii) pursuant to a regular dividend reinvestment or other plan of the Corporation made available by the Corporation to the holders of Common Shares of the Corporation, or

(iii) pursuant to the receipt and/or exercise of rights issued by the Corporation to all of the holders of Common Shares of the Corporation to subscribe for or purchase Common Shares of the Corporation or Convertible Securities, provided that such rights are acquired directly from the Corporation and not from any other Person, provided that the Person does not thereby acquire a greater percentage of Common Shares than the Person's percentage of Common Shares Beneficially Owned immediately prior to such acquisition or exercise; or

(iv) pursuant to a distribution to the public by the Corporation of Common Shares, or securities convertible into or exchangeable for Common Shares or Convertible Securities, pursuant to a prospectus, provided that the Person does not thereby acquire a greater percentage of such Common Shares or Convertible Securities or securities convertible into or exchangeable for Common Shares or Convertible Securities, so offered than the Person's percentage of Common Shares Beneficially Owned immediately prior to such acquisition or to an amalgamation, merger or other statutory procedure requiring shareholders' approval; or

(v) pursuant to a distribution by the Corporation of Common Shares or Convertible Securities by way of a private placement by the Corporation or upon the exercise by an individual employee of stock options granted under a stock option plan of the Corporation or rights to purchase securities granted under a share purchase plan of the Corporation, provided that (1) all necessary stock exchange approvals for such private placement, stock option plan or share purchase plan have been obtained and such private placement, stock option plan or share purchase plan complies with the terms and conditions of such approvals and (2) such Person does not become the Beneficial Owner of more than 25% of the Common Shares outstanding immediately prior to the distribution, and in making this determination the Common Shares to be issued to such Person in the distribution shall be deemed to be held by such Person but shall not be included in the aggregate number of outstanding Common Shares immediately prior to the distribution;

(hh) "**Permitted Bid**" shall mean a Take-over Bid that is made by means of a take-over bid circular and that also complies with the following additional provisions:

(i) the Take-over Bid is made to all holders of Common Shares of record, other than the Offeror;

(ii) the Take-over Bid contains, and the provisions for take-up and payment for securities deposited or tendered thereunder are subject to, irrevocable and unqualified conditions that no Common Shares shall be taken up or paid for pursuant to the Take-over Bid:

(a) prior to the Close of Business on a date that is not less than 105 days following the date of the Take-over Bid or such shorter period that a take-over bid (that is not exempt from the general take-over bid requirements of *Regulation 62-104*) must remain open for deposits of securities thereunder, in the applicable circumstances at such, pursuant to *Regulation 62-104;* and

(b) only if, at the Close of Business on the date Common Shares are first taken up or paid for under such Take-over Bid, more than 50% of the then outstanding Common Shares held by Independent Shareholders have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;

(iii) unless the Take-over Bid is withdrawn, the Take-over Bid contains an irrevocable and unqualified provision that Common Shares may be deposited pursuant to such Take-over Bid at any time during the period of time described in sub-paragraph 1.1(hh)(ii)(a) and that any Common Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and

(iv) unless the Take-over Bid is withdrawn, the Take-over Bid contains an irrevocable and unqualified provision in the event that the deposit condition set forth in sub-paragraph 1.1(hh)(ii)(b) is satisfied and such Common Shares are taken up by the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Common Shares for not less than 10 days from the date of such public announcement;

(ii) "**Permitted Bid Acquisition**" shall have the meaning ascribed thereto in sub-clause 1.1(e)(ii)(b);

(jj) "**Person**" shall include any individual, body corporate, firm, partnership, association, cooperative, trust, trustee, executor, administrator, legal personal representative, group, unincorporated organization, syndicate, government or governmental agency or instrumentality, or any other entity;

(kk) "**QBCA**" shall mean the Business Corporations Act (Québec), CQLR c S-31.1, as amended, and the regulations made thereunder, and any comparable or successor laws or regulations thereto;

(ll) "**Record Time**" shall mean 6:00 p.m. (Montreal time) on the Effective Date;

(mm) "**Regulation 62-104**" means *Multilateral Instrument 62-104 respecting Take-Over Bids and Issuer Bids* adopted by certain of the Canadian securities regulatory authorities, as it may be amended, from time to time and including any successor instrument thereto (including, without limitation, *Regulation 62-104 respecting Take-Over Bids and Issuer Bids* proposed to come into force on or about May 9, 2016);

(nn) "**Right**" shall have the meaning ascribed thereto in the recitals hereto;

(oo) "**Rights Agent**" shall mean Computershare Trust Company of Canada;

(pp) "**Rights Certificates**" shall mean the certificates representing the Rights after the Separation Time, which shall be in the form attached hereto as Exhibit A;

(qq) "**Rights Register**" and "**Rights Registrar**" shall have the respective meanings ascribed thereto in subsection 2.3(a);

(rr) "***Securities Act* (Ontario)**" shall mean the Securities Act, R.S.O. 1990, c. S.5, as amended, and the regulations thereunder, and any comparable or successor laws or regulations thereto;

(ss) "***Securities Act* (Québec)**" shall mean the Securities Act, R.S.Q. c. V-1.1, as amended, and the regulations thereunder, and any comparable or successor laws or regulations thereto;

(tt) "**Separation Time**" shall mean, subject to subsection 6.1(f), the Close of Business on the tenth Business Day after the earlier of:

(i) the Stock Acquisition Date;

(ii) the date of the commencement of, or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid, as the case may be); and

(iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such;

or such later time as may be determined by the Board of Directors acting in good faith; provided that if the Take-over Bid expires, or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this subsection 1.1(tt), never to have been made and provided further that if the Board of Directors determines pursuant to section 6.1 hereof to waive the application of section 4.1 to a Flip-in Event, the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred;

(uu) "**Shares**" shall mean the shares in the capital of the Corporation;

(vv) "**Share Reduction**" shall have the meaning ascribed thereto in sub-clause 1.1(e)(ii)(a);

(ww) "**Stock Acquisition Date**" shall mean the date of the first public announcement (which for the purposes of this definition shall include, without limitation, the filing of a report pursuant to the *Securities Act* (Ontario) or pursuant to the *Securities Act* (Québec) or section 13(d) under the 1934 *Exchange Act*) by the Corporation or an Acquiring Person of facts indicating that a Person has become an Acquiring Person;

(xx) "**Subsidiary**" of a Person shall have the meaning ascribed thereto in the *Securities Act* (Ontario);

(yy) "**Take-over Bid**" shall mean an Offer to Acquire Common Shares of the Corporation or other securities convertible into Common Shares of the Corporation, where the Common Shares or other securities of the Corporation subject to the Offer to Acquire at the date of such Offer to Acquire by the Person making such Offer to Acquire, together with the Common Shares Beneficially Owned by the Person making the Offer to Acquire, would constitute in the aggregate 20% or more of the outstanding Common Shares of the Corporation;

(zz) "**Termination Time**" shall mean the time at which the right to exercise Rights shall terminate pursuant to subsection 6.1(e) or section 6.15;

(aaa) "**Trading Day**", when used with respect to any securities, shall mean a day on which the principal United States or Canadian securities exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any United States or Canadian securities exchange, a Business Day;

(bbb) "**U.S.-Canadian Exchange Rate**" shall mean on any date:

(i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; and

(ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars which shall be calculated in the manner determined by the Board of Directors from time to time acting in good faith;

(ccc) "**U.S. Dollar Equivalent**" of any amount which is expressed in Canadian dollars shall mean on any date the United States dollar equivalent of such amount determined by multiplying such amount by the Canadian-U.S. Exchange Rate in effect on such date.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

1.3 Descriptive Headings

Descriptive headings appear herein for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

1.4 References to Agreement

References to "this Agreement", "hereto", "herein" "hereby" "hereunder", "hereof" and similar expressions refer to this Agreement, as amended or supplemented from time to time, and not to any particular Article, section, subsection, clause, sub-clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto.

1.5 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Common Shares

(a) For the purposes of this Agreement, in determining the percentage of the outstanding Common Shares of the Corporation with respect to which a Person is or is deemed to be the Beneficial Owner, all unissued Common Shares of the Corporation of which such Person is deemed to be the Beneficial Owner shall be deemed to be outstanding.

(b) The percentage of outstanding Common Shares of the Corporation Beneficially Owned by any Person shall, for the purposes of this Agreement, be and be deemed to be the product determined by the formula:

$$100 \times \frac{A}{B}$$

where: A = the number of votes for the election of all directors generally attaching to the Common Shares Beneficially Owned by such Person; and

B = the number of votes for the election of all directors generally attaching to all outstanding Common Shares of the Corporation.

1.6 Acting Jointly or in Concert

For purposes of this Agreement, a Person shall be acting jointly or in concert with another Person if such Person has any agreement, arrangement or understanding (whether formal or informal and whether or not in writing) with such other Person to acquire, or Offer to Acquire any Common Shares of the Corporation (other than customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities by way of a prospectus or by way of a private placement or pursuant to a pledge of securities in the ordinary course of business).

1.7 Application of Statutes, Regulations and Rules

Where a statute, regulation or rule is referred to in a definition or other provision of this Agreement, it shall be conclusively deemed to have application in the contemplated circumstances notwithstanding that such statute, regulation or rule might not, but for the provisions of this section 1.7 have application for want of jurisdiction or otherwise.

ARTICLE 2
THE RIGHTS

2.1 Legend on Certificates

Certificates for Common Shares issued after the Record Time but prior to the Close of Business on the earlier of the Separation Time and the Expiration Time shall evidence, one Right for each Common Share evidenced thereby and shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

UNTIL THE SEPARATION TIME (AS DEFINED IN THE RIGHTS AGREEMENT REFERRED TO BELOW), THIS CERTIFICATE ALSO EVIDENCES AND ENTITLES THE HOLDER HEREOF TO CERTAIN RIGHTS AS SET FORTH IN AN AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT, DATED AS OF THE 10th DAY OF APRIL, 2019 (THE "**RIGHTS AGREEMENT**") BETWEEN THERATECHNOLOGIES INC. (THE "**CORPORATION**") AND COMPUTERSHARE TRUST COMPANY OF CANADA, AS RIGHTS AGENT, (AS THE SAME MAY BE

AMENDED OR SUPPLEMENTED FROM TIME TO TIME IN ACCORDANCE WITH THE TERMS THEREOF) THE TERMS OF WHICH ARE HEREBY INCORPORATED HEREIN BY REFERENCE AND A COPY OF WHICH MAY BE INSPECTED DURING NORMAL BUSINESS HOURS AT THE HEAD OFFICE OF THE CORPORATION. UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE RIGHTS AGREEMENT SUCH RIGHTS MAY BE TERMINATED, MAY EXPIRE, MAY BECOME VOID (IF, IN CERTAIN CASES, THEY ARE "BENEFICIALLY OWNED" BY AN "ACQUIRING PERSON", AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT, WHETHER CURRENTLY HELD BY OR ON BEHALF OF SUCH PERSON OR ANY SUBSEQUENT HOLDER) OR MAY BE EVIDENCED BY SEPARATE CERTIFICATES AND MAY NO LONGER BE EVIDENCED BY THIS CERTIFICATE. THE CORPORATION WILL MAIL OR ARRANGE FOR THE MAILING OF A COPY OF THE RIGHTS AGREEMENT TO THE HOLDER OF THIS CERTIFICATE WITHOUT CHARGE AS SOON AS IS PRACTICABLE UPON RECEIPT OF A WRITTEN REQUEST THEREFOR.

Certificates representing Common Shares that are issued and outstanding at the Record Time shall evidence one Right for each Common Share evidenced thereby, notwithstanding the absence of the foregoing legend until the earlier of the Separation Time and the Expiration Time.

2.2 Execution, Authentication, Delivery and Dating of Rights Certificates

(a) The Rights Certificates shall be executed on behalf of the Corporation by any of the Chairman of the Board, the President and Chief Executive Officer or the Vice President, Finance and Chief Financial Officer, together with any other of such persons or together with any one of the Secretary or any other officer of the Corporation. The signature of any such officers of the Corporation on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.

(b) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature and disclosure statement describing the Rights, and the Rights Agent shall manually (or by facsimile signature in a manner satisfactory to the Corporation) countersign and deliver such Rights Certificates to the holders of the Rights pursuant to subsection 3.1(d). No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.

(c) Each Rights Certificate shall be dated the date of the countersignature thereof.

2.3 Registration, Registration of Transfer and Exchange

(a) After the Separation Time, the Corporation will cause to be kept a register (the "**Rights Register**") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed the "**Rights Registrar**" for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of rights as herein provided. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times. After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of subsection 2.3(c), the Corporation will execute, and the Rights Agent will countersign, register and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.

(b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.

(c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this section 2.3, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.

2.4 Mutilated, Destroyed, Lost and Stolen Rights Certificates

(a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall manually countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as the Rights Certificate so surrendered.

(b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time: (i) evidence to their satisfaction of the destruction, loss or theft of any Rights Certificate; and (ii) such security or indemnity as may be required by each of them to save each of them and any of their agents harmless, then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Corporation shall execute and upon its request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

(c) As a condition to the issuance of any new Rights Certificate under this section 2.4, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.

(d) Every new Rights Certificate issued pursuant to this section 2.4 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence the contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued by the Corporation.

2.5 Persons Deemed Owners of Rights

Prior to due presentment of a Rights Certificate, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name such Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby, for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term “holder” of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Common Shares).

2.6 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided for in this section 2.6, except as expressly permitted by this Agreement. The Rights Agent shall, subject to applicable law, destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation upon request.

2.7 Agreement of Rights Holders

Every holder of Rights by accepting such Rights consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights:

(a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of the Rights held;

(b) that prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share;

(c) that after the Separation Time, the Rights Certificates will be transferable only upon registration of the transfer on the Rights Register as provided herein;

(d) that prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate, made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;

(e) that such holder of Rights is not entitled to receive any fractional Rights or any fractional Common Shares upon exercise of a Right (except as provided herein);

(f) that without the approval of any holder of Rights and upon the sole authority of the Board of Directors acting in good faith, this Agreement may be supplemented or amended from time to time pursuant to and as provided herein; and

(g) notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent and their respective directors and officers shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission or any statute, rule, regulation or executive order promulgated or enacted by such governmental or regulatory authority, prohibiting or otherwise restraining performance of such obligation.

2.8 Rights Certificate Holder Not Deemed a Shareholder

No holder, as such, of any Right or Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose whatsoever the holder of any Common Share which may at any time be issuable on the exercise of such Right, nor shall anything contained herein or in any Rights Certificate be construed or deemed to confer upon the holder of any Right or Rights Certificate, as such, any of the rights, titles, benefits or privileges of a shareholder of the Corporation or any right to vote at any meeting of shareholders of the Corporation whether for the election of directors or otherwise or upon any matter submitted to holders of any Shares at any meeting thereof, or to give or withhold consent to any action of the Corporation, or to receive notice of any meeting or other action affecting any shareholder of the Corporation except as expressly provided herein, or to receive dividends, distributions or subscription rights, or otherwise, until the Right or Rights evidenced by any Rights Certificate shall have been duly exercised in accordance with the terms and provisions hereof.

ARTICLE 3
EXERCISE OF THE RIGHTS

3.1 Initial Exercise Price, Exercise of Rights, Detachment of Rights

(a) Subject to adjustment as herein set forth, from and after the Separation Time and prior to the Expiration Time, each Right will entitle the holder thereof to purchase one Common Share for the Exercise Price (or its U.S. Dollar Equivalent) as at the Close of Business on the day immediately preceding the date of the exercise of the Right (which Exercise Price and number of Common Shares are subject to adjustment as set forth below). Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.

(b) Until the Separation Time:

(i) the Rights shall not be exercisable and no Right may be exercised; and

(ii) each Right will be evidenced by the certificate for the associated Common Share registered in the name of the holder thereof (which certificate shall also be deemed to be a Rights Certificate) and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.

(c) From and after the Separation Time and prior to the Expiration Time:

(i) the Rights shall be exercisable; and

(ii) the registration and transfer of the Rights shall be separate from and independent of the Common Shares.

(d) Promptly following the Separation Time, the Corporation will prepare and the Rights Agent will mail to each holder of record of Common Shares as of the Separation Time (other than an Acquiring Person and other than, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "**Nominee**")), at such holder's address as shown by the records of the Corporation (and the Corporation hereby agrees to furnish copies of such records to the Rights Agent for this purpose):

(i) a Rights Certificate representing the number of Rights held by such holder at the Separation Time in substantially the form of Exhibit A hereto, appropriately completed and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with

the provisions of this Agreement, or as may be required to comply with any law, rule, regulation or judicial or administrative order or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and

(ii) a disclosure statement describing the Rights;

provided that a Nominee shall be sent the materials provided for in clauses 3.1(d)(i) and 3.1(d)(ii) only in respect of all Common Shares held of record by it which are not Beneficially Owned by an Acquiring Person. In order for the Corporation to determine whether any Person is holding Common Shares which are Beneficially Owned by another Person, the Corporation may require such first mentioned Person to furnish such documentation and information as the Corporation deems necessary.

(e) Rights may be exercised, in whole or in part, on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent:

(i) the Rights Certificate evidencing such Rights;

(ii) an election to exercise such Rights (an "**Election to Exercise**"), substantially in the form attached to the Rights Certificate, duly completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and

(iii) payment by certified cheque, banker's draft or money order payable to the order of the Rights Agent, of a sum equal to the applicable Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for the relevant Common Shares in a name other than that of the holder of the Rights being exercised. The Rights Agent may retain any cash balance held in connection with this Agreement and may, but need not, hold same in its deposit department or the deposit department of one of its Affiliates; but the Rights Agent and its Affiliates shall not be liable to account for any profit to the Corporation or any other person or entity other than at a rate, if any, established from time to time by the Rights Agent or one of its Affiliates.

(f) Upon receipt of the Rights Certificate which is accompanied by a completed Election to Exercise (provided that such Right is not null and void pursuant to subsection 4.1(b)) and payment as set forth in clause 3.1(e)(iii), the Rights Agent (unless otherwise instructed in writing by the Corporation in the event that the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:

(i) requisition from the transfer agent for the Common Shares certificates representing the number of such Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agents to comply with all such requisitions);

(ii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares;

(iii) after receipt of such Common Share certificate referred to in clause 3.1(f)(i), deliver the same to or to the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder;

(iv) when appropriate, after receipt, deliver such cash referred to in clause 3.1(f)(ii) to or to the order of the registered holder of the Rights Certificate; and

(v) tender to the Corporation all payments received on exercise of the Rights.

(g) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.

(h) The Corporation covenants and agrees that it will:

(i) take all such reasonable action as may be necessary and within its power to ensure that all Common Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates representing such Common Shares (subject to payment of the Exercise Price), be duly and validly authorized, issued and delivered as fully paid and non-assessable;

(ii) take all such actions as may be necessary and within its power to comply with any applicable requirements of the QBCA, the Securities Act (Ontario), the Securities Act (Québec) and the securities act or comparable legislation of each of the other provinces of Canada, the 1933 Securities Act and the 1934 Exchange Act (if applicable) and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Common Shares upon exercise of Rights;

(iii) use reasonable efforts to cause all Common Shares issued upon exercise of Rights to be listed on the principal exchanges on which the Common Shares were traded immediately prior to the Stock Acquisition Date;

(iv) cause to be reserved and kept available out of its authorized and unissued Common Shares the number of Common Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights; and

(v) pay when due and payable any and all federal and provincial transfer taxes (for greater certainty not including any income taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being transferred or exercised.

3.2 Adjustments to Exercise Price, Number of Rights

The Exercise Price, the number of Common Shares (or other securities) subject to purchase upon the exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this section 3.2.

(a) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time:

(i) declare or pay a dividend on the Common Shares payable in Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other capital stock of the Corporation) other than pursuant to any dividend reinvestment program;

(ii) subdivide or change the outstanding Common Shares of any class into a greater number of Common Shares; or

(iii) combine or change the outstanding Common Shares of any class into a smaller number of Common Shares; or

(iv) issue any new Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares) in respect of, in lieu of or in exchange for existing Common Shares, in a reclassification, amalgamation, merger, statutory arrangement or consolidation,

the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights shall be adjusted in the manner set forth below.

If the Exercise Price and the number of Rights outstanding are to be adjusted:

(i) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (or other capital stock) that a holder of one Common Share immediately prior to such dividend, subdivision, change, consolidation or issuance would hold immediately thereafter as a result thereof (for the purpose of this Agreement "**Expansion Factor**" shall mean the number of Common Shares (or other capital stock) that a holder of one Common Share immediately prior to such dividend, subdivision, change, consolidation or issuance would hold immediately thereafter as a result thereof divided by one Common Share, assuming the exercise of all such exchange or conversion rights, if any); and

(ii) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor,

and the adjusted number of Rights will be deemed to be distributed among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the Common Shares issued in respect of such dividend, subdivision, change, consolidation or issuance, so that each such Common Share (or other capital stock) will have exactly one Right associated with it.

If the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, subdivision, change, consolidation or issuance would hold immediately thereafter as a result thereof. To the extent that such rights of exchange, conversion or acquisition are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect based on the number of Common Shares (or securities convertible into or exchangeable for Common Shares) actually issued upon the exercise of such rights.

If an event occurs which would require an adjustment under both this section 3.2 and section 4.1, the adjustment provided for in this section 3.2 shall be in addition to, and shall be made prior to, any adjustment required under section 4.1.

If the Corporation shall at any time after the Record Time and prior to the Separation Time issue any Common Shares otherwise than in a transaction referred to in this subsection 3.2(a), each such Common Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such Common Share.

(b) In case the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the issuance of rights, options or warrants to all holders of Common Shares entitling them to subscribe for or purchase (for a period expiring within 45 calendar days after such record date) Common Shares (or shares having the same rights, privileges and preferences as Common Shares ("**equivalent Common Shares**")) or securities convertible into Common Shares or equivalent Common Shares at a price per Common Share or per equivalent

Common Share (or having a conversion price per share, if a security convertible into Common Shares or equivalent Common Shares) less than 90% of the Market Price per Common Share on such record date, the Exercise Price in respect of the Rights to be in effect after such record date shall be determined by multiplying the Exercise Price in respect of the Rights in effect immediately prior to such record date by a fraction: (i) the numerator of which shall be the number of Common Shares outstanding on such record date, plus the number of Common Shares that the aggregate offering price of the total number of Common Shares and/or equivalent Common Shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such Market Price per Common Share; and (ii) the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares and/or equivalent Common Shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible). In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights. Such adjustment shall be made successively whenever such a record date is fixed and, in the event that such rights or warrants are not so issued, the Exercise Price in respect of the Rights shall be readjusted to be the Exercise Price which would then be in effect if such record date had not been fixed. To the extent that such rights of conversion, exchange or purchase are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect based on the number of Common Shares (or securities convertible into or exchangeable or exercisable for Common Shares) actually issued upon the exercise of such rights.

(c) For purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to a dividend or interest reinvestment plan or any Common Share purchase plan providing for the reinvestment of dividends or interest payable on the securities of the Corporation or the investment of periodic optional payments or any employee benefit, stock option or similar plans shall be deemed not to constitute an issue of rights, options or warrants by the Corporation; provided, however, that in all such cases the right to purchase Common Shares is at a price per share of not less than 90% of the current market price per share (determined as provided in such plans) of Common Shares.

(d) In case the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for a distribution to all holders of Common Shares (including any such distribution made in connection with a merger in which the Corporation is the continuing Corporation) of evidences of indebtedness or assets, including cash (other than a dividend paid in the ordinary course or a dividend paid in Common Shares, but including any dividend payable in securities other than Common Shares), or subscription rights or warrants entitling them to subscribe for

or purchase Common Shares (excluding those referred to in subsection 3.2(b)) at a price per Common Share that is less than 90% of the Market Price per Common Share on such record date, the Exercise Price in respect of the Rights to be in effect after such record date shall be determined by multiplying the Exercise Price in respect of the Rights in effect immediately prior to such record date by a fraction: (i) the numerator of which shall be the Market Price per Common Share on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights) of the portion of the cash, assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to a Common Share; and (ii) the denominator of which shall be such Market Price per Common Share. Such adjustments shall be made successively whenever such a record date is fixed and, in the event that such distribution is not so made, the Exercise Price in respect of the Rights shall be adjusted to be the Exercise Price in respect of the Rights which would have been in effect if such record date had not been fixed.

(e) Notwithstanding anything herein to the contrary, no adjustment in an Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such Exercise Price; provided, however, that any adjustments which by reason of this subsection 3.2(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this section 3.2 shall be made to the nearest cent or to the nearest ten-thousandth of a Common Share or other share, as the case may be. Notwithstanding the first sentence of this subsection 3.2(e), any adjustment required by this section 3.2 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates such adjustment and (ii) the Expiration Time.

(f) Subject to the prior consent of the holders of Common Shares or Rights obtained in accordance with the provisions of Article 6, as applicable, in the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any shares of capital stock (other than Common Shares), or rights or warrants to subscribe for or purchase any such capital stock, or securities convertible into or exchangeable for any such capital stock, in a transaction referred to in clauses 3.2(a)(i) or 3.2(a)(iv), if the Board of Directors acting in good faith determines that the adjustments contemplated by subsections 3.2(a), 3.2(b) and 3.2(c) above in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Corporation may determine what other adjustments to the Exercise Price, number of Rights or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding subsections 3.2(a), 3.2(b) and 3.2(c) above, such adjustments (rather than the adjustment contemplated by subsections 3.2(a), 3.2(b) and 3.2(c)), shall be made. The Corporation and the Rights Agent at the written direction of the Corporation shall amend this Agreement as appropriate to provide for such adjustments.

(g) If, as a result of an adjustment made pursuant to section 4.1, the holder of any Right thereafter exercised shall become entitled to receive any Shares other than Common Shares, thereafter the number of such other Shares so receivable upon exercise of any Right and the applicable Exercise Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as is practicable to the provisions with respect to the Common Shares contained in this section 3.2, and the provisions of this Agreement with respect to the Common Shares shall apply on like terms to any such other Shares.

(h) All Rights originally issued by the Corporation subsequent to any adjustment made to an Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, that number of Common Shares purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(i) Unless the Corporation shall have exercised its election as provided in subsection 3.2(j), upon each adjustment of an Exercise Price as a result of the calculations made in subsections 3.2(b) and 3.2(d), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Exercise Price, that number of Common Shares (calculated to the nearest one ten-thousandth) determined by:

(i) multiplying:

(a) the number of such Common Shares which would have been issuable upon the exercise of a Right immediately prior to this adjustment; by

(b) the relevant Exercise Price in effect immediately prior to such adjustment of the Relevant Exercise Price; and

(ii) dividing the product so obtained by the relevant Exercise Price in effect immediately after such adjustment of the relevant Exercise Price.

(j) The Corporation may elect on or after the date of any adjustment of an Exercise Price to adjust the number of Rights, in lieu of any adjustment in the number of Common Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of Common Shares for which such a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the relevant Exercise Price in effect immediately prior to adjustment of the relevant Exercise Price by the relevant Exercise Price in effect immediately after adjustment of the relevant Exercise Price. The Corporation shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the relevant Exercise Price is adjusted or any day thereafter, but, if the Rights Certificates have been issued, shall be at least 10 days later than the date of

the public announcement. If Rights Certificates have been issued, upon each adjustment of the number of Rights pursuant to this subsection 3.2(j), the Corporation shall, as promptly as is practicable, cause to be distributed to holders of record of Rights Certificates on such record date, Rights Certificates evidencing, subject to section 6.4, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Corporation, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Corporation, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates to be so distributed shall be issued, executed and countersigned in the manner provided for herein and may bear, at the option of the Corporation, the relevant adjusted Exercise Price and shall be registered in the names of holders of record of Rights Certificates on the record date specified in the public announcement.

(k) Irrespective of any adjustment or change in an Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the relevant Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.

(l) In any case in which this section 3.2 shall require that an adjustment in an Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer, until the occurrence of such event, the issuance to the holder of any Right exercised after such record date of the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the relevant Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder a due bill or other appropriate instrument evidencing such holder’s right to receive such additional Common Shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.

(m) Notwithstanding anything in this section 3.2 to the contrary, the Corporation shall be entitled to make such reductions in each Exercise Price in addition to those adjustments expressly required by this section 3.2, as and to the extent that in its good faith judgment the Board of Directors shall determine to be advisable in order that any: (i) consolidation or subdivision of Common Shares; (ii) issuance wholly for cash of any Common Share or securities that by their terms are convertible into or exchangeable for Common Shares; (iii) stock dividends; or (iv) issuance of rights, options or warrants referred to in this section 3.2 hereafter made by the Corporation to holders of its Common Shares shall, subject to applicable taxation laws, not be taxable to such shareholders.

(n) The Corporation covenants and agrees that, after the Separation Time, it will not, except as permitted by section 6.1 or 6.5, take (or permit any Subsidiary of the Corporation to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

(o) Whenever an adjustment to the Exercise Price or a change in the securities purchasable upon exercise of the Rights is made at any time after the Separation Time pursuant to this section 3.2, the Corporation shall promptly:

(i) File with the Rights Agent and with the transfer agent for the Common Shares a certificate specifying the particulars of such adjustment or change; and

(ii) Cause notice of the particulars of such adjustment or change to be given to the holders of the Rights; provided that failure to file such certificate or cause such notice to be given as aforesaid, or any defect therein, shall not affect the validity of any such adjustment or change.

3.3 Date on Which Exercise is Effective

Each Person in whose name any certificate for Common Shares is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered (together with a duly completed Election to Exercise) and payment of the relevant Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the relevant Common Share transfer books of the Corporation are closed, such Person shall be deemed to have become the holder of record of such Common Shares on, and such certificate shall be dated, the next succeeding Business Day on which the relevant Common transfer books of the Corporation are open.

ARTICLE 4
ADJUSTMENTS TO THE RIGHTS
IN THE EVENT OF CERTAIN TRANSACTIONS

4.1 Flip-in Event

(a) Subject to subsection 4.1(b) and subsections 6.1(f), 6.1(g) and 6.1(h), in the event that prior to the Expiration Time a Flip-in Event shall occur, each Right shall constitute, effective on and after the later of its date of issue and the Close of Business on the tenth Trading Day following the Stock Acquisition Date, the right to purchase from the Corporation, upon payment of the relevant Exercise Price and otherwise exercising such Right in accordance with the terms hereof, that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the relevant Exercise Price for an amount in cash equal to the relevant Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustments provided for in section 3.2 upon each occurrence after the Stock Acquisition Date of any event analogous to any of the events described in section 3.2).

(b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Stock Acquisition Date by: (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person); or (ii) a transferee or other successor in title, directly or indirectly, (a "**Transferee**") of Rights held by an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) who becomes a Transferee concurrently with or subsequent to the Acquiring Person becoming an Acquiring Person in a transfer that the Board of Directors has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), that has the purpose of avoiding the effect of this subsection 4.1(b) shall become null and void without any further action, and any holder of such Rights (including any Transferee) shall not have any right whatsoever to exercise such Rights under any provision of this Agreement and shall not have thereafter any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent upon exercise or for registration of transfer or exchange which does not contain the necessary certifications set forth in the Rights Certificate establishing that such Rights are not void under this subsection 4.1(b) shall be deemed to be an Acquiring Person for the purposes of this subsection 4.1(b) and such Rights shall become null and void.

(c) In the event that there shall not be sufficient Common Shares authorized for issuance to permit the exercise in full of the Rights in accordance with this section 4.1 the Corporation shall take all such action as may be necessary to authorize additional Common Shares for issuance upon the exercise of the Rights.

(d) From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this section 4.1 including, without limitation, all such acts and things as may be required to satisfy the requirements of the QBCA, the Securities Act (Ontario), the Securities Act (Québec) or comparable legislation of each of the provinces of Canada, and of the United States and each of the states thereof, if necessary, in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.

(e) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in subsection 4.1(b) or transferred to any nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

> "The Rights represented by this Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Rights Agreement) or a Person acting jointly or in concert with any of them. This Rights Certificate and the Rights represented hereby shall become void in the circumstances specified in subsection 4.1(b) of the Rights Agreement."

provided that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall be required to impose such legend only if instructed to do so by the Corporation in writing or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend.

ARTICLE 5
THE RIGHTS AGENT

5.1 General

(a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint one or more Co-Rights Agents as it may deem necessary or desirable subject to the approval of the Rights Agent. In the event the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agents and Co-Rights Agents shall be as the Corporation may determine with the approval of the Rights Agent. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by them from time to time, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Corporation also agrees to indemnify the Rights Agent, its offices, directors and employees for, and to hold them harmless against, any loss, liability or expense, incurred without negligence, bad faith or wilful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.

(b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it (without negligence, bad faith or wilful misconduct on the part of the Rights Agent) in connection with its administration of this Agreement in reliance upon any certificate for Common Shares, Rights Certificate, certificate for Shares of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

(c) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and shall, at any time, upon request by the Rights Agent provide to the Rights Agent an incumbency certificate certifying the then current officers of the Corporation.

5.2 Merger or Amalgamation or Change of Name of Rights Agent

(a) Any Corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any Corporation resulting from any merger, amalgamation or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any Corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such Corporation would be eligible for appointment as a successor Rights Agent under the provisions of section 5.4. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

(b) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

5.3 Duties of Rights Agent

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Corporation and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

(a) the Rights Agent may retain and consult with legal counsel (who may be legal counsel for the Corporation) and the opinion of such legal counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion; the Rights Agent may also, with the approval of the Corporation (where such approval may reasonable be obtained and such approval not be unreasonably withheld), consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement (at the Corporation's expense, which expenses must be reasonable in the circumstances) and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert;

(b) whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or refraining from taking any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be the Chairman of the Board, the President or any Vice-President and by the Treasurer or any Assistant-Treasurer or the Secretary or any Assistant-Secretary of the Corporation and delivered to the Rights Agent and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;

(c) the Rights Agent will be liable hereunder only for its own negligence, bad faith or wilful misconduct;

(d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only;

(e) the Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate, nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to subsection 4.1(b)) or any adjustment required

under the provisions of section 3.2 or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by section 3.2 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Shares will, when issued, be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;

(f) the Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;

(g) the Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any Person believed by the Rights Agent to be the Chairman of the Board, the President and Chief Executive Officer, any Vice-President or the Secretary or any Assistant-Secretary or the Treasurer or any Assistant-Treasurer of the Corporation, and to apply to such Persons for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such Person; it is understood that instructions to the Rights Agent will, except where circumstances make it impracticable or the Rights Agent otherwise agrees, be given in writing and, where not in writing, such instructions will be confirmed in writing as soon as reasonably possible after the giving of such instructions.

(h) the Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity;

(i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof; and

(j) the Rights Agent may retain any cash balance held in connection with this Agreement and may, but need not, hold same in its deposit department or the deposit department of one of its Affiliates; but the Rights Agent and its Affiliates shall not be liable to account for any profit to the Corporation or any other person or entity other than at a rate, if any, established from time to time by the Rights Agent or one of its Affiliates.

5.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon 90 days prior written notice (or such lesser notice as is acceptable to the Corporation) mailed to the Corporation and to each transfer agent of Shares by registered or certified mail, and to the holders of the Rights in accordance with section 6.8. The Corporation may remove the Rights Agent upon 30 days prior written notice, mailed to the Rights Agent and to each transfer agent of the Shares by registered or certified mail, and to the holders of the Rights in accordance with section 6.8. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate for inspection by the Corporation), then by prior written notice to the Corporation, the Rights Agent (at the Corporation's expense, which expenses must be reasonable in the circumstances) or the holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a Corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust Corporation in the Province of Québec. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon payment by the Corporation to the predecessor Rights Agent of all outstanding fees and expenses owed by the Corporation to the predecessor Rights Agent pursuant to this Agreement, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Shares, and mail a notice thereof in writing to the holders of the Rights. Failure to give any notice provided for in this section 5.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

5.5 Compliance with Anti-Money Laundering Legislation

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Rights Agent reasonably determines that such an act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Rights Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' prior written notice to the Corporation, provided: (i) that the Rights Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Rights Agent's satisfaction within such 10 day period, then such resignation shall not be effective.

5.6 Fiduciary Duties of the Board of Directors

Nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that the Corporation's shareholders reject or accept any Take-over Bid or take any other action including the commencement, prosecution, defense or settlement of any litigation and the solicitation of additional or alternative Take-over Bids or other proposals to shareholders that the Board of Directors believes are necessary or appropriate in the exercise of their fiduciary duties.

5.7 Privacy

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation will, prior to transferring or causing to be transferred personal information to the Rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Rights Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

5.8 Limitation of the Rights Agent's Liability

Notwithstanding any other provision of this Agreement, and whether such losses or damages are foreseeable or unforeseeable, the Rights Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

ARTICLE 6
MISCELLANEOUS

6.1 Redemption and Waiver

(a) Subject to the prior consent of the holders of Common Shares or Rights obtained in accordance with subsection 6.5(b) or 6.5(c), as applicable, and prior to the occurrence of a Flip-in Event as to which the application of section 4.1 has not been waived pursuant to this section 6.1, the Board of Directors may, acting in good faith, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of $0.0001 per Right, appropriately adjusted in a manner analogous to the applicable adjustment provided for in section 3.2, if an event of the type analogous to any of the events described in section 3.2 shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").

(b) If a Person acquires pursuant to a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition outstanding Common Shares other than Common Shares Beneficially Owned by such Person at the date of the Permitted Bid, the Competing Permitted Bid or such Exempt Acquisition, the Board of Directors of the Corporation shall, immediately upon such acquisition and without further formality be deemed to have elected to redeem the Rights at the Redemption Price.

(c) Where a Take-over Bid that is not a Permitted Bid or a 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 of Directors may elect to redeem all the outstanding Rights at the Redemption Price.

(d) Within 10 Business Days after the Board of Directors electing or being deemed to have elected to redeem the Rights or, if subsection 6.1(a) is applicable, within 10 Business Days after the holders of Common Shares or the holders of Rights have approved a redemption of Rights in accordance with subsection 6.5(b) or 6.5(c), as applicable, the Corporation shall give notice of such redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at his last address as it appears on the Rights Register or, prior to the Separation Time, on the register of Common Shares maintained by the Corporation's transfer agent. Each such notice of redemption shall state the method by which the payment of the Redemption Price shall be made. The Corporation may not redeem, acquire or purchase for any value any Rights at any time in any manner other than that specifically set forth in this section 6.1 or in connection with the purchase of Common Shares prior to the Separation Time.

(e) If the Board of Directors elects to or is deemed to have elected to redeem the Rights and, in circumstances where subsection 6.1(a) is applicable, such redemption is approved by the holders of Common Shares or the holders of Rights in accordance with subsection 6.5(b) or 6.5(c), as applicable, (i) the right to exercise the Rights will thereupon without further action and without notice terminate and the only right thereafter of the holder of a Right shall be to receive the Redemption Price, and (ii) no further Rights shall thereafter be issued.

(f) Upon written notice to the Rights Agent, the Board of Directors may, in respect of any Flip-in Event waive the application of section 4.1 in respect of that Flip-in Event, provided that both of the following conditions are satisfied: (i) the Board of Directors had determined, within 10 Business Days following a Stock Acquisition Date, that the Person became an Acquiring Person by inadvertence and without any intent to become, or knowledge that it would become, an Acquiring Person; and (ii) such Acquiring Person, within 14 days after such determination or such earlier or later period as the Board of Directors may determine (the "**Disposition Date**") has reduced its Beneficial Ownership of Common Shares such that at the time of waiver pursuant to this subsection 6.1(f) it is no longer an Acquiring Person; if the Acquiring Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Stock Acquisition Date and section 4.1 shall apply thereto. In the event of any such waiver pursuant to this subsection 6.1(f), for the purposes of this Agreement, such Flip-in Event shall be deemed not to have occurred and the Separation Time shall be deemed not to have occurred as a result of such Person having inadvertently become an Acquiring Person.

(g) The Board of Directors may, until a Flip-in Event shall have occurred, upon written notice delivered to the Rights Agent, determine to waive the application of section 4.1 to a Flip-in Event but only if such Flip-in Event occurs by reason of a Take-over Bid made by way of a Take-over Bid circular to all holders of record of the Common Shares of the Corporation which are subject to the Take-over Bid (which, for greater certainty, does not include the circumstances described in subsection 6.1(f)); provided however, that if the Board of Directors waives the application of section 4.1 to a particular Flip-in Event pursuant to this subsection 6.1(g), the Board of Directors shall be deemed to have waived the application of section 4.1 to any other Flip-in Event occurring by reason of any Take-over Bid which is made by means of a Take-over Bid circular to all holders of record of Common Shares prior to the expiry of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted under this subsection 6.1(g).

(h) The Board of Directors may, with the prior consent of the holders of Common Shares given in accordance with subsection 6.5(b), determine, at any time prior to the occurrence of a Flip-in Event as to which the application of section 4.1 has not been waived pursuant to this section 6.1, if such Flip-in Event would occur by reason of an acquisition of Common Shares otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid circular to all holders of record of Common Shares and otherwise than in the circumstances set forth in subsection 6.1(f), to waive the application of section 4.1 to such Flip-in Event. In the event that the Board of Directors proposes such a waiver, the Board of Directors shall extend the Separation Time to a date subsequent to and not more than 10 Business Days following the meeting of shareholders called to approve such waiver.

6.2 Expiration

No Person shall have any rights pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in section 5.1.

6.3 Issuance of New Rights Certificate

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board of Directors to reflect any adjustment or change in the number or kind or class of shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

6.4 Fractional Rights and Fractional Shares

(a) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Rights Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the fraction of the Market Price of a whole Right that the fraction of a Right which would otherwise be issuable is of one whole Right at the date of such issuance.

(b) The Corporation shall not be required to issue fractions of Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Corporation shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the fraction of the Market Price of a whole Common Shares that the fraction of a Common Share which would otherwise be issuable upon the exercise of such right is of one whole Common Share at the date of such exercise.

(c) The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Common Shares pursuant to paragraph (a) or (b), respectively, unless and until the Corporation shall have provided to the Rights Agent the amount of cash to be paid in lieu of issuing such fractional Rights or Common Shares.

6.5 Supplements and Amendments

(a) The Corporation may make, without the approval of the holders of Rights or Common Shares, any amendments to this Agreement (i) to correct any clerical or typographical error or (ii) which are required to maintain the validity and effectiveness of the Agreement as a result of any change in any applicable laws, rules or regulatory requirements. The Corporation may, by resolution of the Board of Directors, prior to the Corporation's 2019 annual meeting of shareholders, supplement or amend this Agreement without the approval of any holders of Rights or Common Shares (whether or not such action would adversely affect the interest of the holders of Rights or Common Shares generally) in order to make any changes which the Board of Directors acting in good faith may deem necessary or desirable. Notwithstanding anything in this section 6.5 to the contrary, no amendment shall be made to the provisions of Article 5 except with the written concurrence of the Rights Agent to such supplement or amendment.

(b) Subject to subsection 6.5(a), the Corporation may, with the prior consent of the holders of Common Shares obtained as set forth below, at any time before the Separation Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if provided by the holders of Common Shares at a special meeting called and held in compliance with applicable laws, rules and regulatory requirements and the requirements in the articles and by-laws of the Corporation. Subject to compliance with any requirements imposed by the foregoing, consent shall be given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at the special meeting.

(c) Subject to subsection 6.5(a), the Corporation may, with the prior consent of the holders of Rights obtained as set forth below, at any time after the Separation Time and before the Expiration Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if provided by the holders of Rights at a special meeting of holders of Rights called and held in compliance with applicable laws and regulatory requirements and, to the extent possible, with the requirements in the articles and by-laws of the Corporation applicable to meetings of holders of Common Shares, applied *mutatis mutandis*. Subject to compliance with any requirements imposed by the foregoing, consent shall be given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by holders of Rights (other than holders of Rights whose Rights have become null and void pursuant to subsection 4.1(b)), represented in person or by proxy at the special meeting.

(d) Any amendments made by the Corporation to this Agreement pursuant to subsection 6.5(a) which are required to maintain the validity and effectiveness of this Agreement as a result of any change in any applicable laws, rules or regulatory requirements shall:

(i) if made before the Separation Time, be submitted to the holders of Common Shares of the Corporation at the next meeting of shareholders and the shareholders may, by the majority referred to in subsection (b), confirm or reject such amendment; and

(ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of shareholders of the Corporation and the holders of Rights may, by resolution passed by the majority referred to in subsection 6.5(c), confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders of the Corporation or the holders of Rights or is not submitted to the shareholders of the Corporation or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights as the case may be.

(e) The Corporation shall give notice in writing to the Rights Agent of any supplement, amendment, deletion, variation or rescission to this Agreement pursuant to section 6.5 within five Business Days of the date of any such supplement, amendment, deletion, variation or rescission, provided that failure to give such notice, of any defect therein, shall not affect the validity of any such supplement, amendment, deletion, variation or rescission.

6.6 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights; and any holder of any Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce, or otherwise act in respect of, such holder's right to exercise such holder's Rights in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations of, and injunctive relief against actual or threatened violations of the obligations of, any Person subject to this Agreement.

6.7 Notice of Proposed Actions

If after the Separation Time and prior to the Expiration Time:

(a) there shall occur an adjustment to the Rights pursuant to section 4.1 as a result of the occurrence of a Flip-in Event; or

(b) the Corporation proposes to effect the liquidation, dissolution or winding-up of the Corporation or the sale of all or substantially all of the Corporation's assets;

then, in each such case, the Corporation shall give to each holder of a Right, in accordance with section 6.8, a notice of such proposed action, which shall specify the date on which such adjustment to the Rights, liquidation, dissolution or winding-up occurred or is to take place, and such notice shall be so given at least 10 Business Days after the occurrence of an adjustment to the Rights or at least 20 Business Days prior to the date of taking such proposed action.

6.8 Notices

Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Corporation shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

Theratechnologies Inc.
2015 Peel Street 11th Floor
Montreal, Québec
H3A 1T8

Attention: Vice President, Legal Affairs, and Corporate Secretary
Facsimile: 514 331 9691

Any notice or demand authorized or required by this Agreement to be given or made by the Corporation or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Corporation) as follows:

Computershare Trust Company of Canada 1500 University Street
Suite 700
Montreal, Québec
H3A 3S8

Attention: Manager, Client Services
Facsimile: 514 982 7580

Notices or demands authorized or required by this Agreement to be given or made by the Corporation or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the Corporation for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

6.9 Costs of Enforcement

The Corporation agrees that if the Corporation fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation will reimburse the holder of any Rights for the costs and expenses (including reasonable legal fees) incurred by such holder in actions to enforce his rights pursuant to any Rights or this Agreement.

6.10 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

6.11 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement, and this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

6.12 Governing Law

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Québec and for all purposes shall be governed by and construed in accordance with the laws of such province applicable to contracts to be made and performed entirely within such province.

6.13 Counterparts

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

6.14 Severability

If any section, subsection, clause, subclause, term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such section, subsection, clause, subclause, term or provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining sections, subsections, clauses, subclauses, terms and provisions hereof or the application of such section, subsection, clause, subclause, term or provision to circumstances other than those as to which it is held invalid or unenforceable.

6.15 Effective Date

(a) Upon being reconfirmed and approved by the Independent Shareholders of the Corporation at the Corporation's 2019 annual meeting of shareholders, this Agreement shall be effective and in full force and effect in accordance with its terms from and after the Effective Date and shall amend, restates and replace in its entirety the 2016 Plan; and

(b) If this Agreement is not reconfirmed and approved by a resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of the approval of this Agreement at the Corporation's 2019 annual meeting of shareholders scheduled to be held on May 15, 2019, this Agreement, the 2016 Plan, the 2013 Plan, the Original Plan and all outstanding Rights shall terminate and be null and void and of no further force and effect on and from the close of business on the date of the termination of the Corporation's 2019 annual meeting of shareholders;

(c) This Agreement must be reconfirmed and approved by a resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of the approval of this Agreement at the Corporation's 2022 annual meeting of shareholders and thereafter at such meeting to be held, every three years.

6.16 Determinations and Actions by the Board of Directors

All actions, calculations and determinations (including any omissions with respect thereto) made or done by the Board of Directors in good faith for the purposes hereof shall not subject the Board of Directors, or any director of the Corporation, to any liability to the holders of Rights.

6.17 Time of the Essence

Time shall be of the essence in this Agreement.

6.18 Regulatory Approvals

Any obligation of the Corporation or action contemplated by this Agreement shall be subject to the receipt of any requisite approval or consent from any applicable regulatory authority including, without limiting the generality of the foregoing, any necessary approvals of any stock exchanges on which any securities of the Corporation are listed.

6.19 Language

Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en langue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto and/or resulting therefrom be drawn up in the English language.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first above written.

THERATECHNOLOGIES INC.

By: (*signed*) Luc Tanguay
Luc Tanguay
President and Chief Executive Officer

COMPUTERSHARE TRUST COMPANY OF CANADA

By: (*signed*) Martine Gauthier
Relationship Manager, Client Services

(*signed*) Pina Pacifico
Relationship Manager, Client Services

EXHIBIT A

FORM OF RIGHTS CERTIFICATE

Certificate No. _____ _____ Rights

RIGHTS CERTIFICATE

THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE CORPORATION, ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 4.1(b) OF THE RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR ITS AFFILIATES OR ASSOCIATES OR ANY PERSON ACTING JOINTLY OR IN CONCERT WITH ANY OF THEM OR SUCH PERSON'S ASSOCIATES OR AFFILIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR TRANSFEREES OF ANY OF THE FOREGOING WILL BECOME VOID WITHOUT FURTHER ACTION.

This certifies that _____, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Plan Agreement, as the same may be amended or supplemented from time to time, made as of April 10, 2019 (the "**Rights Agreement**") between Theratechnologies Inc., a Corporation existing under the laws of Québec (the "**Corporation**"), and Computershare Trust Company of Canada, a trust Corporation existing under the laws of Canada, as rights agent (the "**Rights Agent**", which term shall include any successor Rights Agent under the Rights Agreement) to purchase from the Corporation at any time after the Separation Time and prior to the Expiration Time (as such terms are defined in the Rights Agreement), one fully paid Common Share of the Corporation (a "**Share**"), at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate together with the Form of Election to Exercise duly executed and submitted to the Rights Agent at its principal office in any of the cities of Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax. The Exercise Price shall initially be an amount per Right equal to three times the Market Price per Common Share (in Canadian dollars) determined at the Separation Time, and shall be subject to adjustment in certain events as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the registered office of the Corporation and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Rights Certificate (i) may be, and under certain circumstances are required to be, redeemed by the Corporation at a redemption price of $0.0001 per Right and (ii) may be exchanged at the option of the Corporation for cash, debt or equity securities or other assets of the Corporation.

No fractional Common Shares will be issued upon the exercise of any Right or Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or of any Shares of the Corporation which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders of the Corporation at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders of the Corporation, or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation and its corporate seal.

Date: _____

THERATECHNOLOGIES INC.

By: _____

By: _____

Countersigned:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____

By: _____

FORM OF ELECTION TO EXERCISE

TO: COMPUTERSHARE TRUST COMPANY OF CANADA

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase Common Shares (the "**Shares**") issuable upon the exercise of such Rights and requests that certificates for such Shares to be issued to:

_____
Name

_____
Address

_____
City and Province

_____
Social Insurance, Social Security Number or other taxpayer identification number

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

_____
Name

_____
Address

_____
City and Province

_____
Social Insurance, Social Security Number or other taxpayer identification number

Dated: _____

_____
Signature

Signature Guaranteed:

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Note: Signature must be guaranteed by a major Canadian trust company, a Schedule 1 Canadian chartered bank, or a member of a recognized Medallion Guarantee program.

(To be completed if true)

The undersigned hereby represents, for the benefit of the Corporation and all holders of Rights and of Shares of the Corporation, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any Person acting jointly or in concert with any of the foregoing (as such terms are defined in the Rights Agreement).

_____

Signature

FORM OF ASSIGNMENT

FOR VALUE RECEIVED _____

hereby sells, assigns and transfers unto _____

_____

_____

(Please print name and address of transferee)

the Rights represented by this Rights Certificate, together with all right, title and interest therein.

Dated: _____

Signature Guaranteed:

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Note: Signature must be guaranteed by a major Canadian trust company, a Schedule 1 Canadian chartered bank, or a member of a recognized Medallion Guarantee program.

(To be completed if true)

The undersigned hereby represents, for the benefit of the Corporation and all holders of Rights and of Shares of the Corporation, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any Person acting jointly or in concert with any of the foregoing (as defined in the Rights Agreement).

_____

Signature

NOTICE

In the event the certification set forth above in the Forms of Assignment and Election to Exercise is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and accordingly such Rights will be null and void.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the shareholders of Theratechnologies Inc. (the "**Corporation**"):

NOTICE IS HEREBY GIVEN that an annual meeting of shareholders (the "**Meeting**") of the Corporation will be held at the McCord Museum, 690 Sherbrooke Street West, Montreal, Québec, on Wednesday, May 15, 2019 at 10:00 a.m. (Eastern Time) for the following purposes:

(1) to receive the consolidated financial statements for the fiscal year ended November 30, 2018, as well as the auditors' report thereon;

(2) to elect directors for the ensuing year;

(3) to appoint auditors for the ensuing year and authorize the directors to set their compensation;

(4) to consider and if deemed advisable, to pass Resolution 2019-1 (the text of which is attached as Appendix "A" to the accompanying Management Proxy Circular), with or without amendments, ratifying the amendments and the renewal of the shareholder rights plan of the Corporation which has been in force since February 10, 2010, the whole as described in the accompanying Management Proxy Circular; and

(5) to transact such other business as may properly come before the Meeting.

Only persons registered as shareholders on the records of the Corporation as of the close of business on April 12, 2019 are entitled to receive notice of, and to vote or act at, the Meeting. No person who becomes a shareholder after such date will be entitled to vote or act at the Meeting or any adjournment thereof.

A shareholder who is unable to attend the Meeting in person may appoint another person (who need not be a shareholder of the Corporation) to represent him or her at the Meeting by completing the enclosed form of proxy and returning same to the Corporate Secretary of the Corporation, c/o Computershare Trust Company of Canada, 1500 Robert-Bourassa Boulevard, 7th Floor, Montreal, Québec, Canada H3A 3S8, prior to 5:00 p.m. (Eastern Time) on May 13, 2019.

DATED at Montreal, Québec, Canada, April 12, 2019

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Jocelyn Lafond

Jocelyn Lafond
Vice President, Legal Affairs, and Corporate Secretary
Theratechnologies Inc.
2015 Peel Street, 11th Floor
Montreal, Québec, Canada H3A 1T8

NOTICE OF ANNUAL MEETING
OF SHAREHOLDERS TO BE HELD ON
WEDNESDAY, MAY 15, 2019

AND

MANAGEMENT PROXY CIRCULAR

April 12, 2019

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

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(2) to elect directors for the ensuing year;

(3) to appoint auditors for the ensuing year and authorize the directors to set their compensation;

(4) to consider and if deemed advisable, to pass Resolution 2019-1 (the text of which is attached as Appendix "A" to the accompanying Management Proxy Circular), with or without amendments, ratifying the amendments and the renewal of the shareholder rights plan of the Corporation which has been in force since February 10, 2010, the whole as described in the accompanying Management Proxy Circular; and

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Only persons registered as shareholders on the records of the Corporation as of the close of business on April 12, 2019 are entitled to receive notice of, and to vote or act at, the Meeting. No person who becomes a shareholder after such date will be entitled to vote or act at the Meeting or any adjournment thereof.

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BY ORDER OF THE BOARD OF DIRECTORS

(signed) Jocelyn Lafond

Jocelyn Lafond
Vice President, Legal Affairs, and Corporate Secretary
Theratechnologies Inc.
2015 Peel Street, 11th Floor
Montreal, Québec, Canada H3A 1T8

MANAGEMENT PROXY CIRCULAR

*The information contained in this management proxy circular (the "**Circular**") is given as at April 12, 2019, except as otherwise noted. All dollar amounts set forth herein are expressed in Canadian dollars and the symbol "$" refers to the Canadian dollar, unless otherwise indicated.*

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ITEM I. INFORMATION RELATING TO VOTING

You may vote your shares either through a proxy or in person at the annual meeting of shareholders (the "**Meeting**") of Theratechnologies Inc. (the "**Corporation**" or "**Theratechnologies**").

1. By Proxy

Solicitation of Proxies

This Circular is provided in connection with the solicitation by management of the Corporation of proxies to be used at the Meeting of the Corporation to be held on Wednesday, May 15, 2019, at the time, place and for the purposes set forth in the attached Notice of Annual Meeting of Shareholders (the "**Notice of Meeting**") and at any continuation of the Meeting after adjournment thereof.

It is expected that the solicitation of proxies will be made primarily by mail. However, officers or employees of the Corporation may also solicit proxies by telephone, telecopy, e-mail or in person. Our employees will receive no compensation for these services. The entire cost of solicitation will be borne by the Corporation. Pursuant to *National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related material to beneficial owners of common shares. See "Non-Registered Holders" below.

Terms of Proxy Grant

A registered shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Computershare Trust Company of Canada ("**Computershare**") as per the instructions below. By completing the enclosed form of proxy, you appoint the persons proposed in that form to represent your interests and vote your shares on your behalf at the Meeting. The persons named in the enclosed form of proxy are directors or officers of the Corporation. **However, you have the right to appoint a person (who need not be a shareholder) to represent you at the Meeting other than the persons designated in the form of proxy provided by the Corporation**. To do this, you must insert such person's name in the blank space provided in the enclosed form of proxy.

If you hold your shares through an intermediary (a stockbroker, a bank, a trust, a trustee, etc.), you are not a registered shareholder in the registry of shareholders of the Corporation held by Computershare. Therefore, you cannot vote your shares directly at the Meeting. If this is your situation, you will receive from your intermediary explanation as to how to appoint proxies and have them vote your shares. To ensure that your instructions are respected, you must deliver them to your intermediary within the prescribed deadline. See "Non-Registered Holders" below. **For any questions, please contact your intermediary directly.**

Proxy Voting

The persons named or appointed in the form of proxy will, on a show of hands or any ballot that may be called, vote (or withhold from voting) your shares in respect of which they are appointed as proxies in accordance with the instructions given in the form of proxy. **In the absence of instructions, the voting rights attached to the shares referred to in your form of proxy will be exercised FOR the matters mentioned in the attached Notice of Meeting.**

Furthermore, the enclosed form of proxy confers upon the proxy holder a discretionary power with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to all other

matters which may properly come before the Meeting, or any continuation after adjournment thereof. As at the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to be brought before the Meeting.

Delivery of Form of Proxy and Deadlines

If you hold your shares personally and are a registered shareholder in the registry of shareholders of the Corporation, please send the completed form of proxy to the Secretary of the Corporation, c/o Computershare Trust Company of Canada, 1500 Robert-Bourassa Boulevard, 7th Floor, Montreal, Québec H3A 3S8, prior to 5:00 p.m. (Eastern Time) on May 13, 2019 (unless you attend the Meeting in person). All shares represented by proper proxies accompanied by duly completed declarations received by Computershare at the latest on such date and prior to such time will be voted in accordance with your instructions as specified in the proxy form on any ballot that may be called at the Meeting.

If you hold your shares through an intermediary, please proceed as indicated in the documentation sent by your intermediary and within the deadlines specified therein. See "Non-Registered Holders" below. **For any questions, please contact your intermediary directly.**

Revocation of a Proxy

You may, at any time, including any continuation of the Meeting after adjournment thereof, revoke a proxy for any business with respect to which said proxy confers a vote that has not already been cast.

If you hold your shares personally and are a registered shareholder in the registry of shareholders of the Corporation, please send a written notice to revoke a proxy bearing your signature or that of your proxy (or a representative of your proxy if your proxy is a corporation) to the Corporate Secretary of the Corporation, c/o Computershare Trust Company of Canada, 1500 Robert-Bourassa Boulevard, 7th Floor, Montreal, Québec H3A 3S8, prior to 5:00 p.m. (Eastern Time) on May 13, 2019. You may also revoke a proxy in person at the Meeting by making a request to that effect to the Secretary of the Corporation.

If you hold your shares through an intermediary, please proceed as indicated in the documentation sent by your intermediary and within the deadlines specified therein. **For any questions, please contact your intermediary directly.**

Non-Registered Holders

The information set forth in this section should be reviewed carefully by the non-registered shareholders. Shareholders who do not hold their shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of shares will be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, those shares will, in all likelihood, not be registered in the shareholder's name. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

There are two categories of Beneficial Shareholders for the purposes of applicable securities regulatory policy in relation to the mechanism of dissemination to Beneficial Shareholders of proxy-related materials

and other security holder materials and the request for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners ("**NOBOs**") are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. **Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Corporation**. Objecting beneficial owners ("**OBOs**") are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

In accordance with the requirements of NI 54-101, the Corporation is sending the Notice of Meeting, the Circular and a voting instruction form (the "**Meeting Materials**") indirectly through intermediaries to all Beneficial Shareholders. NI 54-101 permits the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and use such NOBO list for the purpose of distributing the Meeting Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver the Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. In accordance with the requirements of NI 54-101, the Corporation is sending the Meeting Materials indirectly through intermediaries to all Beneficial Shareholders. The cost of the delivery of the Meeting Materials by intermediaries to Beneficial Shareholders will be borne by the Corporation.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of his or her broker (or his or her broker's agent), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the shares as proxyholder for the registered shareholder by entering his or her own name in the blank space on the proxy form or voting instruction form provided to him or her by his or her broker (or his or her broker's agent) and return it to that broker (or that broker's agent) in accordance with the broker's instructions (or the agent's instructions).

Applicable securities regulatory policy requires intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholder's meetings on Form 54-101F7 (Request for Voting Instructions Made by Intermediary). Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of request for voting instructions supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholders on how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to attend at the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). In forwarding the Meeting Materials to Beneficial Shareholders, Broadridge typically includes a voting instruction form in lieu of the form of proxy that some intermediaries employ. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge's dedicated voting website at https://proxyvote.com to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to the Corporation's transfer agent and registrar, which tabulates the results and provides

appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment(s) thereof. If you have any questions respecting the voting of shares held through a broker or other intermediary, please contact your broker or other intermediary for assistance.

All references to shareholders in this Circular, the enclosed form of proxy and the Notice of Meeting are to the registered shareholders unless specifically stated otherwise.

2. In Person

If you hold your shares personally and are a registered shareholder in the registry of shareholders of the Corporation, you may present yourself on the date, at the time and place set forth in the Notice of Meeting and register with the representatives of Computershare who will be at the Meeting. You should then follow voting instructions given by the Chair of the Meeting.

If you hold your shares through an intermediary and you wish to vote your shares in person at the Meeting, please proceed as indicated in the documentation sent by your intermediary. **For any questions, please contact your intermediary directly.**

3. Voting Securities and Principal Holders

As at April 12, 2019, there were 76,901,911 common shares (the "**Common Shares**") of the Corporation issued and outstanding. The Common Shares are the only securities with respect to which a voting right may be exercised at the Meeting. Each Common Share entitles its holder to one vote with respect to the matters voted on at the Meeting.

Holders of Common Shares whose names are registered on the lists of shareholders of the Corporation as at 5:00 p.m. (Eastern time) on April 12, 2019, being the date fixed by the Corporation for determination of the registered holders of Common Shares who are entitled to receive Notice of the Meeting and to vote at the Meeting (the "**Record Date**"), will be entitled to exercise their voting rights attached to the Common Shares in respect of which they are so registered at the Meeting, or any continuation after adjournment thereof, if present or represented by proxy thereat.

To our knowledge, no person beneficially owns, or controls or directs control, directly or indirectly, over more than ten percent (10%) of the outstanding Common Shares of the Corporation.

ITEM II. SUBJECTS TO BE TREATED AT THE MEETING

1. Receipt of Financial Statements

The consolidated financial statements for the fiscal year ended November 30, 2018 together with the auditors' report thereon will be presented at the Meeting. The financial statements have been mailed to you if you requested them, along with this Circular. The financial statements are also available as part of the Corporation's filings on SEDAR website at www.sedar.com. No vote is required on this matter.

2. Election of Directors

Composition of the Board of Directors

The articles of the Corporation provide that the board of directors of the Corporation (the "**Board**") must consist of a minimum of three (3) and a maximum of twenty (20) directors. The Board is currently composed of eight (8) directors.

Majority Voting Policy

At a meeting of the Board held in April 2017, the Board amended its majority voting policy (the "**Majority Voting Policy**") regarding the election of directors to take into consideration comments issued by the TSX in March 2017. Pursuant to the Majority Voting Policy, a nominee for election as a director of the Corporation who receives a greater number of votes "withheld" than votes "for", with respect to the election of directors by shareholders, will have to tender his or her resignation to the Board immediately following the meeting of shareholders at which the director was a nominee for election. The Board will determine whether to accept such resignation or not. The Board will make its decision and announce it in a press release within ninety (90) days following the meeting of shareholders. The director who tendered his or her resignation will not be part of any committee or Board deliberations pertaining to his or her resignation. The Majority Voting Policy only applies in circumstances involving an uncontested election of directors.

An "uncontested election of directors" means an election of directors in respect of which (i) the number of director nominees is the same as the number of directors proposed by management to be elected to the Board; (ii) no person other than those nominees who are part of the candidates proposed by management listed in a management circular is proposed at a meeting as a candidate for directorship; or (iii) no proxy materials are circulated in support of one or more nominees who are not part of the candidates proposed by management.

Nominees

All of the nominees mentioned below under "Nominees" for the director positions of the Corporation are elected for a one year term ending at the next annual meeting of shareholders or when his/her successor is elected, unless he/she resigns or the position becomes vacant as a result of death, dismissal or otherwise, prior to said meeting.

Management proposes that eight (8) directors be elected at the Meeting. Management does not contemplate that any of the nominees listed in the table below will be unable to fulfill his/her mandate as director.

The following table sets forth, for each nominee, the following information:

- his/her name;
- his/her age;
- his/her place of residence;
- his/her independence from the Corporation;

- the date he/she became a director;
- his/her principal occupation;
- his/her biography;
- his/her areas of expertise;
- his/her memberships on the committees of the Board of the Corporation;
- the number of Board and committee meetings attended in the fiscal year ended November 30, 2018 while acting as a director and committee member;
- the number of Common Shares, deferred share units ("**DSUs**"), stock options and convertible notes ("**Notes**") held or controlled; and
- whether he/she acts as a director of other public companies.

Some of the information set out in the table below with respect to the nominees is not within the knowledge of the Corporation and was provided by each nominee. The information relating to the number of Common Shares, DSUs, options and Notes held by the nominees in the table below is at the date of this Circular and is based exclusively on reports filed on the Canadian System for Electronic Disclosure by Insiders as at that date. The information appearing under "Cease Trade Orders, Bankruptcies, Penalties or Sanctions" is based on the statements made by the nominees.

Unless instructions are given to withhold from voting with regard to the election of one or more nominees to act as directors, the persons whose names appear on the enclosed form of proxy will vote FOR the election of each of the nominees whose names are set out in the table below.

Sheila M. Frame
Age: 57
Skillman, New Jersey, USA
Independent

Director since:
March 29, 2019

Areas of Expertise:
- Pharmaceutical Industry
- Sales and Marketing Strategy
- Government Relations
- Leadership

Compliance with Shareholding Policy:
No

Other Directorship:
None

Principal Occupation	Vice President and Head of Biopharmaceuticals, North America – Sandoz Inc.

Ms. Frame is currently Vice President and Head Biopharmaceuticals, North America at Sandoz Inc. (a division of Novartis) in the United States. Previously, she successively held the positions of Worldwide General Manager, Immunoscience, Worldwide Commercial Lead, Opdivo® new indications and Biomarker diagnostics, Worldwide Commercial Lead Yervoy® from the US and Vice President, specialty business at Bristol-Myers Squibb in Canada. She was also called upon to occupy several senior roles at UCB Inc. and at AstraZeneca in Canada, the US and the Nordics.

Ms. Frame completed the requirements for the Chartered Corporate Director program with the Director's college in 2006. She also completed a Masters of Business Administration at Concordia University in Montreal and she holds a Bachelor of Arts from York University in Toronto.

Committee Membership and Meetings Attended in Fiscal Year 2018	**#**	**%**
Board of Directors(1)	N.A.	N.A.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
-	-	-	-

Committees of the Board of Directors

None

(1) Ms. Frame was not a director of the Corporation in the last fiscal year.

Gérald A. Lacoste
Age: 75
Rivière-Rouge, Québec, Canada

Independent Director since:
February 8, 2006

Areas of Expertise:
- Securities and Market Regulations
- Corporate Governance
- Mergers & Acquisitions

Compliance with Shareholding Policy:
Yes

Other Directorship:
None

Principal Occupation	Corporate Director

Gérald A. Lacoste is a retired lawyer with extensive experience in the fields of securities regulation, financing and corporate governance. He was previously Chairman of the Québec Securities Commission (now known as the *Autorité des marchés financiers*) and was also President and Chief Executive Officer of the Montreal Exchange. During his career, Mr. Lacoste acted as legal counsel to the Canadian Standing Senate Committee on Banking, Trade and Commerce, he chaired the Québec Advisory Committee on Financial Institutions, and was a member of the task force on the capitalization of life insurance companies in Québec. Mr. Lacoste has been a member of the North American Free Trade Agreement arbitration panel and is currently a corporate director.

Committee Membership and Meetings Attended in Fiscal Year 2018	**#**	**%**
Board of Directors	7	100
Audit Committee	4	100
Nominating and Corporate Governance Committee	3	100

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
100,000	21,936	56,146	45,000

Committees of the Board of Directors

Chair of Nominating and Corporate Governance Committee
Member of Audit Committee

Gary Littlejohn
Age: 63
Lac-Tremblant-Nord, Québec, Canada

Independent

Director since:
October 15, 2018

Areas of Expertise:
- Capital Markets
- Corporate Governance
- Corporate Finance
- Risk Management

Compliance with Shareholding Policy:
No

Other Directorship:
None

Principal Occupation	Corporate Director

From 2008 to 2015, Mr. Littlejohn held the position of CEO and then of advisor to the Chairman and Board Member of the Arab National Investment Company, also known as ANB Invest, in Riyadh, a subsidiary of Arab National Bank. Previously, he was Managing Director of investment banking at Desjardins Securities in Montreal, a position he took after serving six years as Executive Vice-president at Ecopia Biosciences. Mr. Littlejohn also occupied various senior positions in investment banking at TD Securities, Midland Walwyn, BMO Nesbitt Burns and National Bank Financial. Most recently, he held the position of Interim CEO at Helix BioPharma. Mr. Littlejohn also served on the Board of several corporations including Helix BioPharma, ANB Invest, Aegera Pharmaceuticals, Ecopia Biosciences and The Montreal Exchange. Mr. Littlejohn holds a B.A. (Honours Economics), a BCL and a MBA from McGill University. He also completed the Director Education Program provided by the Canadian Institute of Corporate Directors in 2015. He is a retired lawyer of the Quebec Bar.

Committee Membership and Meetings Attended in Fiscal Year 2018	**#**	**%**
Board of Directors (1)	N.A.	N.A.

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
7,890	Nil	8,900	Nil

Committees of the Board of Directors

None

(1) No meeting of the Board of Directors was held in the last fiscal year after Mr. Littlejohn's appointment as a Board member.

Dale MacCandlish Weil
Age: 63
Baie d'Urfé,
Québec, Canada
Independent

Director since:
May 16, 2017

Areas of Expertise:
- Healthcare Industry
- Commercialization of Products
- Management
- Strategic Planning

Compliance with Shareholding Policy:
No

Other Directorship:
None

Principal Occupation	Corporate Director

Ms. Dale MacCandlish Weil has more than 35 years of experience in the commercialization, marketing and sale of consumer products and B2B services. Since May 2018, Ms. Weil has been managing director of the Montreal Institute for Palliative Care (a branch of the West Island Palliative Care Residence). She spent the prior 18 years of her career in management positions related to health care services such as distribution, pharmaceutical and retail pharmacy services. She worked with McKesson Canada Corporation ("**McKesson**") since August 1999 where she occupied positions of Vice President and Senior Vice President for various divisions of McKesson. She acted in an advisory role to the President from May 2015 to February 2018. Prior to May 2015, she acted as Senior Vice President Retail Management Services with McKesson from July 2014 to May 2015 and, from November 2011 to June 2014, she acted as Senior Vice President, Integrated Health Care Solutions, Strategy and Business Development with McKesson. Ms. Weil holds a Masters in Business Administration from McGill University and has obtained her certification as a certified director after successfully completing the ICD Directors Education Program.

Committee Membership and Meetings Attended in Fiscal Year 2018	**#**	**%**
Board of Directors	6	85
Nominating and Corporate Governance Committee	3	100

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
Nil	4,476	31,146	2,000

Committees of the Board of Directors

Member of Nominating and Corporate Governance Committee

Paul Pommier
Age: 76
Laval, Québec, Canada

Independent

Director since:
January 6, 1997

Areas of Expertise:
- Corporate Finance
- Securities
- Mergers & Acquisitions

Compliance with Shareholding Policy:
Yes

Other Directorship:
None

Principal Occupation	Corporate Director

Mr. Paul Pommier worked for more than 25 years at National Bank Financial Inc., his last position being Senior Executive Vice President, Corporate and Government Finance. Throughout his career, he oversaw public and private financings, mergers and acquisitions, as well as the marketing of investment offerings. Under his leadership, National Bank Financial Inc. developed notable expertise in tax-shelter financings.

Committee Membership and Meetings Attended in Fiscal Year 2018	**#**	**%**
Board of Directors	7	100
Audit Committee	4	100
Compensation Committee	1	100

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
380,100	122,208	66,146	Nil

Committees of the Board of Directors

Chair of the Audit Committee
Member of Compensation Committee

Dawn Svoronos
Age: 65
Hudson, Québec
Canada

Independent

Director since:
April 8, 2013

Areas of Expertise:
- Pharmaceutical Industry
- Commercialization of Drug Products

Compliance with Shareholding Policy:
Yes

Other Directorship:
PTC Therapeutics, Inc.; Xenon Pharmaceuticals Inc.; and Global Blood Therapeutics, Inc.

Principal Occupation	Corporate Director – Chair of the Board of the Corporation

Ms. Dawn Svoronos worked in the commercial side of the business for the multinational pharmaceutical company Merck & Co. Inc., for 23 years, retiring in 2011. From 2009 to 2011, Ms. Svoronos was President of the Europe/Canada region for Merck and from 2006 to 2009 was President of Merck in Canada. Previously held positions with Merck include Vice-President of Asia Pacific and Vice-President of Global Marketing for the Arthritis, Analgesics and Osteoporosis franchise. Ms. Svoronos sits on the Board of Directors of three other public companies: PTC Therapeutics, Inc. in New Jersey, U.S.A., Xenon Pharmaceuticals Inc. in British Columbia, Canada, and Global Blood Therapeutics, Inc. in San Francisco, California.

Committee Membership and Meetings Attended in Fiscal Year 2018	**#**	**%**
Board of Directors	7	100
Compensation Committee	1	100
Nominating and Corporate Governance Committee	3	100

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
200,000	855	96,146	Nil

Committees of the Board of Directors

Member of Compensation Committee
Member of Nominating and Corporate Governance Committee

Jean-Denis Talon (1)
Age: 78
Montreal,
Québec, Canada

Independent

Director since:
May 10, 2001

Areas of Expertise:
- Human Resources
- Governmental Relations
- Mergers & Acquisitions

Compliance with Shareholding Policy:
Yes

Other Directorship:
None

Principal Occupation	Corporate Director

Mr. Jean-Denis Talon had a successful career with AXA Insurance over a period of more than 20 years, ultimately becoming President and Chief Executive Officer. He was Chairman of the Board of AXA Canada until September 2011. Mr. Talon is also a former President of the Financial Affairs Committee at the Insurance Bureau of Canada.

Committee Membership and Meetings Attended in Fiscal Year 2018	**#**	**%**
Board of Directors	7	100
Audit Committee	4	100
Compensation Committee	1	100

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
127,700	6,449	66,146	Nil

Committees of the Board of Directors

Chair of Compensation Committee
Member of Audit Committee

Luc Tanguay (2)
Age: 60
Town of Mount Royal, Québec, Canada
Non-independent

Director since:
December 6, 1993

Areas of Expertise:
- Corporate Finance
- Securities
- Mergers & Acquisitions

Compliance with Shareholding Policy:
N.A.

Other Directorship:
None

Principal Occupation	President and Chief Executive Officer of the Corporation

Mr. Luc Tanguay has been active in the biotechnology industry for over 20 years and has been a member of our senior management since 1996. A member of the board of directors since 1993, he has held various management positions since joining the Company. Prior to joining us, Mr. Tanguay had a career in investment banking at National Bank Financial Inc. Mr. Tanguay obtained his M. Sc. Finance from the University of Sherbrooke and holds the title of Certified Financial Analyst.

Committee Membership and Meetings Attended in Fiscal Year 2018	**#**	**%**
Board of Directors	7	100

Securities Held or Controlled

Common Shares (#)	**DSU (#)**	**Options (#)**	**Notes (US$)**
254,000	27,572	959,448	100,000

(1) Mr. Talon was a member of the board of directors of Toptent Inc., or Toptent, from August 1, 2007 to November 26, 2009. On December 3, 2009, Toptent filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (Canada), or Bankruptcy Act. Subsequently, on May 7, 2010, Toptent filed a proposal under the Bankruptcy Act. The proposal was accepted by Toptent's creditors on May 20, 2010.

(2) Mr. Tanguay was a member of the board of directors of Ambrilia Biopharma Inc., or Ambrilia, from August 22, 2006 to March 30, 2010. On July 31, 2009, Ambrilia obtained court protection from its creditors under the *Companies' Creditors Arrangement Act* (Canada), or CCAA. The purpose of the order issued by the court granting Ambrilia protection from its creditors was to provide Ambrilia and its subsidiaries the opportunity to restructure its affairs. On July 31, 2009, the TSX halted the trading of Ambrilia's shares pending its review of Ambrilia's meeting the requirements for continuous listing. On January 31, 2011, the TSX decided to delist the common shares of Ambrilia at the close of market on March 4, 2011 for failure to meet the continued listing requirements of the TSX. The common shares remain suspended from trading. On April 8, 2011, Ambrilia announced that it would seek permission to terminate the protection granted by the Superior Court pursuant to the CCAA and, upon permission of the Court, it would file for bankruptcy pursuant to the Bankruptcy Act. On April 12, 2011, Ambrilia went bankrupt.

Directors Compensation

The Corporation has a compensation policy for its directors who are not employed on a full-time basis by the Corporation. Under the policy, directors are paid an annual retainer fee only. Annual retainer fees are paid on the first day of each calendar quarter. In addition, the Corporation's compensation policy provides for the reimbursement of all reasonable expenses incurred by each director who are not employed on a full-time basis by the Corporation to attend meetings of the Board and meetings of the committees of the Board. Directors who are not employed on a full time basis by the Corporation are also entitled to be granted options under the Option Plan (as defined below) as part of their annual compensation.

At a meeting of the Board of Directors held in December 2017, the Board reviewed and approved a recommendation of the Compensation Committee to adjust the compensation of each director who is not employed on a full-time basis by the Corporation effective January 1, 2018. At such meeting, the Board also agreed to grant options having an aggregate value of $35,000 to each director of the Corporation who is not employed on a full-time basis by the Corporation as additional compensation. The recommendation of the Compensation Committee was based on a report conducted by Willis Towers Watson. See "Item III – Compensation – Compensation Discussion & Analysis – Compensation Consultant" below.

In order to determine the number of options to be granted to each director who is not employed on a full-time basis by the Corporation for the fiscal year ending on November 30, 2018, the Board agreed to use the Black-Scholes-Merton model. The Black-Scholes-Merton model is the most widely-adopted and used option valuation method. On April 6, 2018, based on the Black-Scholes-Merton model, which valued each option at $4.84, each director who was not employed on a full-time basis by the Corporation was granted 7,246 options.

The table below details the fee-based and option-based compensation that was payable in the last fiscal year to the Corporation's directors who were not employed on a full-time basis by the Corporation.

Position at Board Level or Committee Level	**Compensation for Fiscal Year 2018 Effective January 1, 2018**	
	Annual Retainer	Value in Stock Options
Annual Retainer to Chair of the Board	$165,000	$35,000
Annual Retainer to Board Members	$60,000	$35,000
Annual Retainer to Chair of the Audit Committee	$16,000	N.A.
Annual Retainer to Chair of the Compensation Committee	$12,000	N.A.
Annual Retainer to Chair of the Nominating and Corporate Governance Committee	$10,000	N.A.
Annual Retainer to Audit Committee Members	$8,000	N.A.
Annual Retainer to Compensation Committee Members	$4,000	N.A.
Annual Retainer to Nominating and Corporate Governance Committee Members	$4,000	N.A.

The table below details all components of the compensation provided to the directors of the Corporation for the fiscal year ended November 30, 2018 and the value thereof.

Name	Fees earned ($)	Share-based Awards(1) (#)	Share-based Awards(1) ($)	Option-based awards(2) ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Gérald A. Lacoste	72,500	--	--	35,000	--	--	--	107,500
Gary Littlejohn(3)	8,000	--	--	--	--	--	--	8,000
Dale MacCandlish Weil(4)	39,000	2,582	22,500	35,000	--	--	--	96,500
Paul Pommier	74,667	--	--	35,000	--	--	--	109,667
Dawn Svoronos(5)	164,750	855	8,250	35,000	--	--	--	208,000
Jean-Denis Talon(6)	59,333	1,555	15,000	35,000	--	--	--	109,333
Luc Tanguay(7)	--	--	--	--	--	--	--	--

(1) Share-based awards are composed of DSUs. DSUs are issued under the deferred share unit plan (the "DSU Plan"). See "Deferred Share Unit Plan" below.

(2) Seven thousand two hundred forty-six (7,246) options were granted on April 6, 2018 to each director who was not employed on a full-time basis by the Corporation. The value of the option-based awards was determined using the Black-Scholes-Merton model on the date of grant. In applying this method to determine the value of those options the following assumptions were used:

(i) Risk-free interest rate:	2.138%
(ii) Expected volatility:	47.1%
(iii) Average option life in years:	7 years
(iv) Expected dividends:	-
(v) Grant date share price:	$9.56
(vi) Option exercise price:	$9.56
(vii) Grant date fair value:	$4.84

(3) Mr. Gary Littlejohn was appointed to the Board of Directors on October 15, 2018.

(4) Ms. MacCandlish Weil elected to purchase DSUs through the conversion of 50% of her annual retainer as a Board member and, accordingly, received an aggregate of 2,582 DSUs.

(5) Ms. Dawn Svoronos elected to purchase DSUs through the conversion of 5% of her annual retainer as a Board member and, accordingly, received an aggregate of 855 DSUs.

(6) Mr. Jean-Denis Talon elected to purchase DSUs through the conversion of 25% of his annual retainer as a Board member and, accordingly, received an aggregate of 1,555 DSUs.

(7) Mr. Luc Tanguay is the President and Chief Executive Officer of the Corporation and no compensation is paid to Mr. Tanguay for acting as a director of the Corporation.

Outstanding Option-Based Awards and Share-Based Awards

The table below details all outstanding option-based awards and outstanding share-based awards as at November 30, 2018 for each of the directors who is not an employee of the Corporation.

	Option-Based Awards				Share-Based Awards		
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options (1) ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**	**Market or payout value of vested share-based awards not paid out or distributed(2) ($)**
Gérald A. Lacoste	10,000 15,000 15,000 7,246	4.75 2.45 6.73 9.56	2020.06.08 2026.07.12 2027.05.16 2028.04.06	34,500 86,250 22,050 --		--	179,875
Gary Littlejohn	--	--	--	--	--	--	--
Dale MacCandlish Weil	15,000 7,246	6.73 9.56	2027.05.16 2028.04.06	22,050 --	--	--	36,703
Paul Pommier	10,000 10,000 15,000 15,000 7,246	1.84 4.75 2.45 6.73 9.56	2019.03.28 2020.06.08 2026.07.12 2027.05.16 2028.04.06	63,600 34,500 86,250 22,050 --	--	--	1,002,106
Dawn Svoronos	50,000 15,000 15,000 7,246	0.26 2.45 6.73 9.56	2023.05.29 2026.07.12 2027.05.16 2028.04.06	397,000 86,250 22,050 --	--	--	7,011
Jean-Denis Talon	10,000 10,000 15,000 15,000 7,246	1.84 4,75 2,45 6,73 9.56	2019.03.28 2020.06.08 2026.07.12 2027.05.16 2028.04.06	63,600 34,500 86,250 22,050 --	--	--	52,882

(1) The value of unexercised in-the-money options at fiscal year-end is the difference between the closing price of the Common Shares on November 30, 2018 ($8.20) on the TSX and the respective exercise price of the options.

(2) Share-based awards are comprised of DSUs issued under the DSU Plan. The market or payout value of share-based awards that have vested as at November 30, 2018 is determined by multiplying the closing price of the Common Shares as at November 30, 2018 ($8.20) on the TSX by the number of share-based awards held as at November 30, 2018. The actual payout value will vary based on the date on which the DSUs will be redeemed.

Incentive Plan Awards – Value Vested or Earned During the Year

The table below details the value vested or earned during the fiscal year ended November 30, 2018 under each incentive plan for each of the directors who is not an employee of the Corporation.

Name	Option-based awards – Value vested during the year(1) ($)	Share-based awards – Value vested during the year(2) ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Gérald A. Lacoste	Nil	Nil	—
Gary Littlejohn	Nil	Nil	—
Dale MacCandlish Weil	Nil	22,717	—
Paul Pommier	Nil	Nil	—
Dawn Svoronos	Nil	8,165	—
Jean-Denis Talon	Nil	14,850	—

(1) All options granted to directors vest as of the grant date and the exercise price of these options was the same as the closing price of the Common Shares when they were granted. Therefore, there is no difference between the exercise price of the options and the value of the Common Shares on the date the options vested.

(2) Share-based awards are comprised of DSUs issued under the DSU Plan. 4,992 DSUs were issued in the last fiscal year. The value of share-based awards is determined by multiplying the closing price of the Common Shares on the TSX on the date(s) of grant (August 1, 2018 - $9.55 and October 26, 2018 - $7.66) by the number of share-based awards held as at such date since DSUs vest as at the date of grant.

Directors and Executive Officers Shareholding Policy

In December 2010, the Board adopted a shareholder policy for its directors and executive officers (the "**Shareholding Policy**") and the DSU Plan. The Shareholding Policy was suspended in April 2013.

In the 2017 fiscal year, the Board reinstated the DSU Plan for its directors and executive officers and a revised Shareholding Policy for its directors. The revised Shareholding Policy requires that each director who is not an employee of the Corporation owns a number of Common Shares having a value representing at least twice the value of his/her annual retainer to act as a Board member (three times for the Chair of the Board). Each director who does not meet the Shareholding Policy has four years to comply. Each of those directors must acquire at least 25% of that value over each of those four years. The value is determined as the higher of the acquisition cost of a Common Share and its fair market value at any point in time during each year of such four year period. Common Share value fluctuations do not require directors to purchase additional Common Shares. All of the directors of the Corporation met the Shareholding Policy as at November 30, 2018, except Ms. MacCandlish Weil who was elected as a director on May 16, 2017 and Mr. Gary Littlejohn who was appointed as a director on October 15, 2018.

Directors' Mandatory Retirement Policy

The Board has adopted a formal retirement policy in the context of its succession planning process. Under this policy, directors who are not employees of the Corporation who reach the age of 75 or who have been acting as directors for 15 consecutive years may not be nominees for re-election at the subsequent annual meeting of shareholders. The current directors of the Corporation (other than Ms. Svoronos, Ms. MacCandlish Weil, Ms. Frame and Mr. Littlejohn) who are not employees of the Corporation are grandfathered from this policy.

Restrictions on Trading of Securities

The Corporation has adopted a policy prohibiting all of its directors and executives officers from purchasing and selling Common Shares, and exercising stock options, during black-out periods, as determined from time

to time. This policy also prohibits directors and executive officers from short selling the Corporation's securities.

Board Gender Diversity

In February 2017, the Board approved an amendment to the Charter of the Nominating and Corporate Governance Committee to embed in such Charter an obligation by the Nominating and Corporate Governance Committee to take into consideration gender diversity when the Committee recruits candidates for directorship. Gender diversity is now one of the criteria that the Committee will consider in recruiting a candidate to act as a director of the Corporation.

As at November 30, 2018, two women, one of whom acting as Chair, comprised the Board of Directors. As at that date, women represented 33% of all independent Board members and 29% of all Board members.

As at the date of this Circular, three women comprise the Board of Directors such that women currently represent 43% of all independent Board members. See "Item IV – Corporate Governance Disclosure" below.

Indebtedness of Directors

As at the date hereof, none of the directors of the Corporation and proposed nominee for election as director of the Corporation is indebted to the Corporation. During the last fiscal year of the Corporation, none of the directors of the Corporation was indebted to the Corporation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as described in notes 1 and 2 under "Election of Directors – Nominees", to the knowledge of management of the Corporation, no nominee (a) is, as at the date of the Circular, or has been within the ten (10) years before the date of the Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten (10) years before the date of the Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

3. Appointment of Auditors

The Corporation's auditors for the current fiscal year must be elected at the Meeting. The Corporation proposes the appointment of KPMG LLP, Chartered Professional Accountants from Montreal, who have been the Corporation's auditors since 1993. They will hold office until the next annual meeting of shareholders, or until their successors are appointed. The table below sets forth the fees paid to the auditors of the Corporation for the fiscal years ended November 30, 2018 and 2017, respectively:

Fees	Fiscal year ended November 30, 2018 ($)	Fiscal year ended November 30, 2017 ($)
Audit Fees(1)	254,000	119,500
Audit-Related Fees(2)	43,750	43,750
Tax Fees(3)	90,620	23,544
Total:	**388,370**	**186,794**

(1) Refers to the aggregate fees billed by our external auditors for audit services. For the fiscal year ended November 30, 2018, those fees included work performed in connection with the US$57.5 million convertible note offering closed on June 19, 2018.

(2) Refers to the aggregate fees billed for professional services rendered by our external auditors for translation.

(3) Refers to the aggregate fees billed for professional services rendered by our external auditors for tax compliance, tax advice and tax planning. For the fiscal year ended November 30, 2018, those fees included work performed in connection with the set-up of our infrastructure in Ireland.

Unless instructions are given to withhold from voting with regard to the appointment of the auditors, the persons whose names appear on the enclosed form of proxy will vote FOR the appointment of KPMG LLP, Chartered Professional Accountants, as auditors of the Corporation, and to authorize that compensation for their services be determined by the Board.

4. Shareholder Rights Plan

Description of Shareholder Rights Plan

On April 10, 2019, the Board approved the amendment and renewal of the Corporation's shareholder rights plan and, on that same date, the Corporation and Computershare Trust Services of Canada entered into an amended and restated shareholder rights plan agreement (the "**Rights Plan**").

The original shareholder rights plan was adopted by the Board on February 10, 2010 and ratified by the shareholders on March 25, 2010. It was first renewed on February 21, 2013 and ratified by the shareholders on May 24, 2013 and subsequently renewed on April 15, 2016 and ratified by Shareholders on May 17, 2016. It is scheduled to expire at the Meeting. For the Rights Plan to be amended and continue to be in effect after the Meeting, Resolution 2019-1 attached as Appendix "A" to this Circular must be approved by a majority of the votes cast, in person or by proxy, by the shareholders at the Meeting. If Resolution 2019-1 is not passed, the Rights Plan will terminate on May 15, 2019. If Resolution 2019-1 is passed, the Rights Plan will require reconfirmation by the Corporation's shareholders at the annual meeting of shareholders to be held in 2022.

Purpose of the Rights Plan

The purpose of the Rights Plan is to ensure equal treatment of shareholders and to give adequate time for shareholders to properly assess the merits of a bid without undue pressure, and to allow competing bids to emerge. The Rights Plan is designed to give the Board time to consider alternatives, allowing shareholders to receive full and fair value for their shares. The Rights Plan was not renewed by the Board in response to any acquisition proposal and is not designed to secure the continuance in office of the current management or the directors of the Corporation. The renewal of the Rights Plan does not in any way lessen the duties of the directors to fully and fairly examine all bids which may be made to acquire the Common Shares of the Corporation and to exercise such duties with a view to the best interest of the shareholders and the Corporation.

Before deciding to amend and renew the Rights Plan, the Board of Directors considered the current shareholdings of the Corporation and the legislative framework in Canada governing takeover bids. To the Corporation's knowledge, as described above under "Item I. – Information Relating to Voting – Voting Securities and Principal Holders", no person holds more than 10% of all the outstanding Common Shares of the Corporation. Therefore, a person could acquire a *de facto* control of the Corporation through the purchase of a number of Common Shares that would represent a percentage of Common Shares below 50% by entering into private acquisition agreements without having to make an offer to all of the shareholders.

Under provincial securities legislation, a takeover bid generally means an offer to acquire voting or equity voting shares of a corporation that, together with shares already owned by the bidder and certain parties related thereto, amount to 20% or more of the outstanding shares of that class.

Under the legislative framework for takeover bids in Canada, as amended on May 9, 2016, shareholders may not be treated equally if an important number of Common Shares is acquired pursuant to a private agreement in which a small group of shareholders or a shareholder disposes of its Common Shares at a premium to market price, which premium is not shared with the other shareholders of the Corporation. In addition, a person may gradually accumulate Common Shares through stock exchange acquisitions which results in an acquisition of control of the Corporation, without payment of fair value for control or a fair sharing of a control premium amongst all shareholders. The Rights Plan addresses these concerns by applying to all acquisitions of 20% or more of the Common Shares of the Corporation, ensuring that shareholders receive equal treatment.

The issue of rights (the "**Rights**") will not in any way adversely alter the financial condition of the Corporation and will not change the way in which shareholders trade their Common Shares. However, by permitting holders of Rights other than an "Acquiring Person" (as defined below) to acquire additional Common Shares of the Corporation at a discount to market value, the Rights may cause substantial dilution to a person or group that acquires 20% or more of the outstanding Common Shares other than by way of a "Permitted Bid" (as defined below). A potential bidder can avoid the dilutive features of the Rights Plan by making a bid that conforms to the requirements of a Permitted Bid.

The Corporation has reviewed the Rights Plan for conformity with current practices of Canadian companies with respect to shareholder protection rights plans. We believe that the Rights Plan preserves the fair treatment of shareholders, is consistent with best Canadian corporate practices and addresses institutional investor guidelines.

Amendments to the Rights Plan

Following the Corporation's review of current practices of Canadian companies with respect to shareholder protection rights plans, the Rights Plan contains certain proposed amendments, including:

- amendments to the definitions of "affiliate", "associate" and "controlled" so as to more closely follow the definitions of such terms in National Instrument 62-104 *Take-Over Bids and Issuer Bids*;

- a change to the "exercise price" of a right under the Rights Plan such that it is equal to three times the Market Price (as defined below) per Common Share determined at the Separation Time (as defined below);

- the addition of a requirement that any lock-up agreements be made available to the public (including the Corporation) not later than the date of the subject bid or, if such subject bid has been made prior to the date on which such agreement is entered into, forthwith, and in any event not later than the day following the date of such lock-up agreement; and

- the inclusion of certain changes requested by the Rights Agent regarding compliance with anti-money laundering legislation and privacy laws, as well as additional limitations with respect of the Right Agent's liability under the Rights Plan.

The purpose and principal terms of the Rights Plan, including the proposed amendments, are set forth below in this Circular.

Terms of the Rights Plan

The following is a summary of the principal terms of the Rights Plan and is provided subject to the terms and conditions thereof. A complete copy of the Rights Plan has been filed and is available on SEDAR at www.sedar.com.

Issue of Rights

In order to implement the rights plan in 2010, the Board authorized the Corporation to issue one right in respect of each Common Share outstanding as of 6:00 p.m. (Montreal time) on March 25, 2010 (the "**Record Time**"). One Right was also issued and is attached with each Common Share issued after March 25, 2010 and one Right will also continue to be issued and attached to each subsequently issued Common Share if the Rights Plan is approved by shareholders at the Meeting.

Rights-Exercise Privilege

The Rights will be separate from the Common Shares to which they are attached and will become exercisable at the time (the "**Separation Time**") that is ten (10) business days after the earlier of: (i) the first date of public announcement that an "Acquiring Person" (as defined below) has become such; (ii) the date of commencement of, or first public announcement in respect of, a takeover bid which will permit an offeror to hold 20% or more of the Common Shares, other than by an acquisition pursuant to a takeover bid permitted by the Rights Plan (a "**Permitted Bid**" as defined below); (iii) the date upon which a Permitted Bid ceases to be a Permitted Bid; or (iv) such other date as may be determined in good faith by the Board.

The acquisition permitting a person (an "**Acquiring Person**"), including others acting jointly or in concert with such person, to hold 20% or more of the outstanding Common Shares, other than by way of a Permitted Bid, is referred to as a "**Flip-in Event**." Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of a public announcement (the "**Common Share Acquisition Date**") by the Corporation or an Acquiring Person that an Acquiring Person has become such will become null and void upon the occurrence of a Flip-in Event. Ten (10) trading days after the occurrence of the Common Share Acquisition Date, each Right (other than those held by the Acquiring Person) will permit the holder to purchase in consideration of the exercise price that number of Common Shares determined as follows: a value of twice the exercise price divided by the Market Price (being the average weighted trading price per Common Share for the 20 consecutive trading days through and including the trading day immediately preceding the relevant date) on the Common Share Acquisition Date. The exercise price has been set at three (3) times the Market Price. For instance, as at the close of business on April 12, 2019, the exercise price was $23.13 per Right, subject to adjustment provisions described in the Rights Plan.

Upon the occurrence of a Flip-in Event and the separation of the Rights from the Common Shares, reported earnings per share on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Lock-Up Agreements

A bidder may enter into lock-up agreements with the shareholders of the Corporation whereby such shareholders agree to tender their Common Shares to the takeover bid (the "**Lock-up Bid**") without a Flip-in Event occurring. Any such agreement must be made available to the public and must permit or must have the effect to permit the shareholder to withdraw the Common Shares to tender to another takeover bid or to support another transaction that exceeds the value of the Lock-up Bid.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Common Shares issued after the Record Time. Rights are also attached to Common Shares outstanding on the Record Time, although share certificates will not bear such a legend. Prior to the Separation Time, Rights will not be transferable separately from the Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the Common Shares.

"Permitted Bid" Requirements

A "**Permitted Bid**" is a takeover bid that does not trigger the exercise of Rights. A "**Permitted Bid**" is a bid that aims to acquire shares which, together with the other securities beneficially owned by the bidder, represent not less than 20% of the outstanding Common Shares and satisfies the following requirements:

(i) the bid is made by means of a takeover bid circular;

(ii) the bid must be made to all holders of Common Shares;

(iii) as proposed to be amended, the bid must be outstanding for a minimum period of 105 days or such shorter period that a take-over bid must remain open for deposits of securities, in the applicable circumstances, pursuant to Canadian securities laws;

(iv) Common Shares tendered pursuant to the bid may not be taken up prior to the expiry of the period referred to in paragraph (iii) above and only if at such time more than 50% of the Common Shares held by the shareholders other than the bidder, its associates and affiliates, and persons acting jointly or in concert with such persons (the "**Independent Shareholders**"), have been tendered pursuant to the bid and not withdrawn;

(v) if more than 50% of the Common Shares held by Independent Shareholders are tendered to the bid within the 105-day period, the bidder must make a public announcement of that fact and the bid must remain open for deposits of shares for an additional ten (10) days from the date of such public announcement.

The Rights Plan allows for 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 except that, as proposed to be amended, it must be outstanding for a minimum number of days as required under Canadian securities laws.

Waiver and Redemptions

The Board acting in good faith may, prior to a Flip-in Event, waive the dilutive effects of the Rights Plan in respect of a particular Flip-in Event that would result from a takeover bid made by way of takeover bid circular to all holders of Common Shares, in which event such waiver would be deemed also to be a waiver in respect of any other Flip-in Event. The Board may also waive the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently

triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding Common Shares within 14 days or any other period that may be specified by the Board. At any time prior to the occurrence of a Flip-in Event, the Board may, subject to the prior approval of the holders of Common Shares, elect to redeem all, but not less than all, of the outstanding Rights at a price of $0.0001 per right.

Exemption for Investment Managers

Investment managers (for client accounts), trust companies and pension funds (acting in their capacity as trustees and administrators) acquiring shares permitting them to hold 20% or more of the Common Shares are exempt from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a takeover bid.

Supplements and Amendments

The Corporation is authorized to make amendments to the Rights Plan to correct any clerical or typographical error or to maintain the validity of the Rights Plan as a result of changes in laws or regulations. Material amendments or supplements to the Rights Plan will require, subject to the regulatory authorities, the prior approval of the shareholders or, after the Separation Time, holders of Rights.

Canadian Income Tax Consequences of the Rights Plan

Under the *Income Tax Act* (Canada) (the "**Tax Act**"), while the matter may be debated, the issue of the Rights under the Rights Plan may be a taxable benefit, the fair market value of which must be included in the income of a recipient. The Corporation considers that the Rights, when issued, will have no or negligible monetary value, there being only a remote possibility that the Rights will ever be exercised. The Rights will be considered to have been acquired at no cost. The holder of Rights may realize income or be subject to withholding tax under the Tax Act if the Rights become exercisable, are exercised and are otherwise disposed of.

The information provided above is of a general nature and is not intended to constitute, nor should it be construed as, legal or tax advice to any particular holder of Common Shares. Such holders are advised to consult their own tax advisors regarding the consequences of acquiring, holding, exercising or otherwise disposing of their Rights, taking into account their own particular circumstances and applicable federal, provincial, territorial or foreign legislation.

Recommendation of the Board

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, approve an ordinary resolution to amend and reconfirm the Rights Plan by passing Resolution 2019-1, substantially in the form of the resolution attached as Appendix "A" to this Circular. Resolution 2019-1 must be passed by a majority of the votes cast by shareholders entitled to vote who are represented in person or by proxy at the Meeting and who vote in respect of that resolution.

The Board considers the amendment and renewal of the Rights Plan to be appropriate and in the best interests of the Corporation and recommends that shareholders vote in favour of Resolution 2019-1 to approve the amendment and renewal of the Rights Plan.

Unless instructions are given to vote against, or withhold from voting on, Resolution 2019-1, the persons whose names appear in the enclosed form of proxy will vote FOR the passing of Resolution 2019-1.

5. Other Matters to be Acted Upon

The Corporation will consider and transact such other business as may properly come before the Meeting or any adjournment thereof. Management of the Corporation knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by the proxy solicited hereby will be voted on such matter in accordance with the best judgment of the persons voting the proxy.

The Corporation did not receive any proposal from shareholders within the time limits prescribed by the *Business Corporations Act* (Québec) (the "**Act**") and, accordingly, none will be accepted at the Meeting, except as required under the Act.

ITEM III. COMPENSATION

The compensation of the directors and the executive officers of the Corporation is reviewed by the compensation committee (the "**Compensation Committee**"). The Compensation Committee is currently comprised of three (3) independent directors, namely Jean-Denis Talon, who has been acting as chair since January 2011, Dawn Svoronos and Paul Pommier. For the fiscal year ended November 30, 2018, the Compensation Committee met once. The mandate, obligations and duties of the Compensation Committee are described in Appendix "D" to this Circular.

1. Compensation Discussion & Analysis

Objectives of the Compensation Program

The objectives of the compensation program of the Corporation (the "**Compensation Program**") for directors of the Corporation aim at attracting and retaining directors.

The objectives of the Compensation Program for the executive officers of the Corporation aim at attracting, retaining, motivating and rewarding executive officers. The Corporation is committed to an overall compensation policy that is competitive and drives business performance while taking into consideration shareholders' interests.

What the Compensation Program is Designed to Reward

The Compensation Program is designed to reward the executive officers for (i) implementing strategies, both in the short and the long term, to realize the business plan of the Corporation, (ii) meeting the annual objectives of the Corporation and (iii) those of each executive officer. It is also designed to enhance shareholder value.

The Compensation Program provides reasonable and competitive total executive compensation. Remuneration and incentive components are established to compete with remuneration practices of similar companies that are involved in the biopharmaceutical and pharmaceutical industries, as well as certain other companies involved in other industries where the skills and knowledge of an executive officer may be used. In order to benchmark the Compensation Program made available to its directors and executive officers, the Compensation Committee retains independent compensation consultants from time to time.

In designing the Compensation Program of executive officers, the Compensation Committee assesses the short-term and long-term risks associated with such program. The Compensation Program tries to strike a balance between the attainment of short-term and long-term goals by providing executive officers with short-term incentive awards and long-term incentive awards. Recommendations made by the Compensation Committee with respect to the Compensation Program are reviewed by the Board to ensure a fair balance between the short-term and long-term compensation components. For the fiscal year ended November 30, 2018, the Board did not identify any risk arising from the Corporation's Compensation Program, its policies and practices in determining compensation that are reasonably likely to have a material adverse effect on the Corporation.

When and How Is Compensation Determined

Compensation is determined at the beginning of each fiscal year, usually in December. The Compensation Committee meets to determine and to recommend to the Board the base salary of executive officers for such fiscal year. During this meeting, the Compensation Committee also reviews the performance of the Corporation and the performance of each of its executive officers for the last

completed fiscal year to determine whether an executive officer is entitled to the payment of a bonus and/or the grant of options. The determination by the Compensation Committee of the annual base salary and payment of a bonus and/or grant of options for each executive officer is reviewed by the Board that has discretion to approve, disapprove or change the determination made by the Compensation Committee for each executive officer. The compensation of the President and Chief Executive Officer and of the Senior Vice President and Chief Financial Officer is reviewed by the Board.

From time to time, the Compensation Committee will also discuss and review the compensation of the Board of Directors and its committees. See "Compensation Consultants" below.

Elements of Compensation Program

The major elements of the Compensation Program are base salary, short-term performance reward program that takes the form of cash bonuses, and long-term incentive awards that take the form of option grants. Pursuant to the DSU Plan, DSUs may be issued to an executive officer if he/she elects to purchase some with all or part of its cash bonus, if any. See "Description of the Deferred Share Unit Plan" below. All proposed changes to any compensation component of an executive officer are first reviewed internally by the President and Chief Executive Officer. The proposed changes are then presented to the Compensation Committee that makes a recommendation to the Board which, in turn, has discretion to approve, disapprove or amend the proposed changes.

Annual Base Salary

Base salaries for each of the executive officers are based on the experience, expertise and competencies of each executive officer, as well as on a review from time to time of annual salaries paid to persons holding position and playing a role in other organizations similar to those played by the executive officers of the Corporation. Base salaries may also be based on reports from compensation consultants retained by the Corporation.

For the fiscal year ended November 30, 2018, the Compensation Committee relied on a report prepared by Willis Towers Watson made in November 2017 to assess the total direct compensation paid to its executive officers compared to those in the industry. See "Compensation Consultants" below. The Compensation Committee recommended to the Board (which approved such recommendation) that the annual base salary of each of the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President and Chief Medical Officer, and the Vice President, Legal Affairs, and Corporate Secretary, be revised as follows for the fiscal year ended November 30, 2018:

Name	Revised Salary ($)	Increase (%)
Luc Tanguay, President and Chief Executive Officer	508,950	5.5
Philippe Dubuc Senior Vice President and Chief Financial Officer	316,212	11.6
Christian Marsolais, Senior Vice President and Chief Medical Officer	306,173	5.3
Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary	276,058	4.6

The position of Mr. Denis Boucher, as Vice President, Communications and Corporate Affairs, was not assessed by Willis Towers Watson since he joined the Corporation on January 8, 2018. Under the terms of his employment agreement, Mr. Boucher's annual base salary was set at $195,000.

Performance Reward Program

The short-term performance reward program is designed to recognize the contribution of each executive officer in helping the Corporation to attain its corporate objectives and to increase its value. Usually, bonuses are paid based on the attainment of the Corporation's annual corporate objectives and the attainment of an executive officer's objectives in connection with such corporate objectives. The Compensation Committee has discretion in recommending the payment of bonuses to executive officers based on the overall performance of an executive officer. Corporate objectives are usually set by the Board early in the fiscal year. Although corporate objectives are determined early in the fiscal year, the Board has discretion to change these corporate objectives to take into consideration certain events that could occur during a fiscal year.

Executive Officers

For the last fiscal year, bonuses were largely based on revenues generated from the sale of *EGRIFTA*®, the launch of Trogarzo® and the sales thereof in the United States, all of which compared to the internal forecasts. The return on the Corporation's Common Shares was also taken into consideration. No weighting was attributed between each of these corporate objectives but they accounted for 80% of the overall bonus.

The last part of the performance reward program accounted for 20% in the calculation of the bonus and was left at the discretion of the Compensation Committee based on an initial assessment made by the President and Chief Executive Officer of the qualitative objectives that each executive officer was asked to meet during the last fiscal year.

These qualitative objectives are undisclosed because they are personal to each executive officer and are also strategic in the development and continued growth of the Corporation. Disclosure of such objectives would provide third parties with commercial insights into the growth strategies of the Corporation.

The Compensation Committee believes that discretion is a valid component in the determination of the performance of an executive officer, especially when unplanned events occur during a fiscal year. Discretion allows the President and Chief Executive Officer to assess the capacity of each executive officer to adapt, react, respond and act in the best interests of the Corporation when such events occur. However, in order to avoid too large a discretion to the President and Chief Executive Officer and limit potential bias in the determination of the performance of an executive officer's overall performance, a 20% weighting was attributed to this component of the program and a review by the Compensation Committee is undertaken prior to accepting the recommendations made by the President and Chief Executive Officer. The Board has discretion on the assessment of the performance of the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer.

The table below details for each of the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President and Chief Medical Officer, the Vice President, Legal Affairs, and Corporate Secretary, and the Vice President, Communications and Corporate Affairs, the maximum percentage of their annual base salary which may be paid as bonus, the maximum bonuses that each of them may receive and the actual bonus paid or earned for the fiscal year ended November 30, 2018:

Name	Maximum Percentage of Annual Base Salary Payable as Bonus (%)	Maximum Target Bonus ($)	Bonus Paid ($)
Luc Tanguay, President and Chief Executive Officer	50	254,475	254,000
Philippe Dubuc, Senior Vice President and Chief Financial Officer	40	126,485	117,000
Christian Marsolais, Senior Vice President and Chief Medical Officer	40	122,469	113,000
Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary	33.3	92,010	76,000
Denis Boucher, Vice President, Communications, and Corporate Affairs	33.3	64,994	64,000

Long-Term Incentive Program

The long-term incentive program of the Corporation for its directors and executive officers is comprised of the Option Plan and the DSU Plan.

The Option Plan was originally adopted on December 6, 1993, and subsequently amended from time to time, in order to attract, retain, motivate employees in key positions and align their interests with those of the Corporation's shareholders by allowing optionees to participate in the increased value of the Common Shares. See "Description of the Option Plan" below for a description of the Option Plan. The number of options granted under the Option Plan is determined on the basis of the position of each executive officer, the attainment of corporate and individual objectives and the value of the options and the Common Shares at the time of grant as part of the total compensation of an executive officer. When assessing whether options should be granted to an executive officer, the Compensation Committee also factors in the number of options held by an executive officer, their vesting periods, expiry dates and exercise prices.

The DSU Plan was adopted on December 10, 2010, and amended in February 2012 and in May 2017, in order to attract and retain directors and executive officers and better align the interests of the directors and executive officers with those of the shareholders in the creation of long-term value. See "Description of the Deferred Share Unit Plan" below for a description of the DSU Plan. DSUs can be granted by the Board as part of the compensation of executive officers. Executive officers can also purchase them once a year through the conversion of all or part of their cash bonus into DSUs. No DSUs were issued to the Corporation's executive officers in the fiscal year ended November 30, 2018.

Description of the Option Plan

The Option Plan is designed to attract, retain and reward the services of key personnel. The persons eligible to receive options under the Option Plan are the directors, senior executives and key employees

of the Corporation and its subsidiaries, as well as researchers and consultants who work on behalf of the Corporation.

In April 2016, the Board passed a resolution to amend the Option Plan to increase the number of Common Shares to be reserved for stock option grants to 6,580,000 from 5,000,000. The shareholders of the Corporation approved such amendment in May 2016. In April 2017, the Board passed a resolution to amend the Option Plan to align the terms of the Option Plan with the rules of the TSX in connection with the right of the Board to amend certain terms of the Option Plan without seeking shareholders' approval. The shareholders of the Corporation approved such amendment in May 2017.

The Board administers the Option Plan. The Board has discretion to designate the optionees and determine the number of Common Shares underlying these options, the vesting period, the exercise price and the expiry date of each option, as well as all other related matters, the whole in compliance with the terms of the Option Plan and applicable legislative provisions established by securities regulatory authorities. The Board is not bound by the recommendations made by the Compensation Committee with respect to the abovementioned matters. Options granted to executive officers generally vest as to 33 1/3% on each year starting twelve (12) months after the date of grant. The Board can modify or terminate the Option Plan subject to compliance with the rules set forth by regulatory authorities. However, certain amendments require the approval of a majority of the voting shareholders of the Corporation.

Unless otherwise determined by the Board, the options granted pursuant to the Option Plan may be exercised within a maximum period of ten (10) years following their date of grant, unless the optionee's employment is terminated, other than for death, in which case the optionee's unexercised vested options, if any, may be exercised within a period of one hundred eighty (180) days following the date of the employee's termination. In the event of the death of an optionee prior to the expiry date of his options, the optionee's legal personal representative may exercise the optionee's unexercised vested options within twelve (12) months after the date of the optionee's death. The options granted in accordance with the Option Plan cannot be transferred or assigned.

The Option Plan provides that if the expiry date of an option falls within, or within ten business days after the end of, a period imposed by the Corporation prohibiting the trading of securities of the Corporation, the term of the option is automatically extended to end on the tenth (10th) business day after the end of such restriction period.

The exercise price at which the options may be granted pursuant to the Option Plan cannot be less than the closing price of the Common Shares on the TSX on the day preceding the date of grant of the options.

The Option Plan provides that, upon exercice of an option, the Corporation may make a loan to an optionee to pay the exercice price. The loan may, or may not, bear interest. The terms of the loan are left at the discretion of the Board. However, all loans must be evidenced by the execution of a promissory note in favour of the Corporation and an optionee must hypothecate in favour of the Corporation the Common Shares to be acquired through the exercise of his/her options as a security for the repayment of the loan. In the event a loan is outstanding and the optionee dies, the loan must be repaid within six (6) months after the date of the death of the optionee. If the optionee retires, the loan must be repaid within twelve (12) months of the date of retirement and if an optionee terminates his/her employment with the Corporation for any reason (other than for death or retirement), the loan must be repaid within ninety (90) days from the date of termination.

In addition, the Option Plan provides that the number of Common Shares set aside for the exercise of options by one individual may not represent more than 5% of the issued and outstanding Common Shares. Further, the number of Common Shares that may be issued to insiders, at any time, under all security-based compensation arrangements of the Corporation, cannot exceed 10% of the outstanding Common Shares, and the number of Common Shares issued to insiders, within any one year period,

under all security-based compensation arrangements, cannot exceed 10% of the outstanding Common Shares. The number of Common Shares that may be issued to directors, who are not employees of the Corporation, within any one year period, under all security-based compensation arrangements, cannot exceed 0.5% of the outstanding Common Shares.

During the fiscal year ended November 30, 2018, 251,544 options were granted under the Option Plan. As at April 12, 2019, there were 2,382,118 outstanding options which, if all exercised, would result in the issuance of 2,382,118 Common Shares, or 3.1% of all the issued and outstanding Common Shares as at that date. As at April 12, 2019, there were 1,718,017 options remaining available for grants which, if granted and exercised, would result in the issuance of 1,718,017 Common Shares, or 2.2% of all the issued and outstanding Common Shares as at that date.

The following table sets forth the information regarding the equity compensation plan of the Corporation as at November 30, 2018.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options (% of Issued and Outstanding Share Capital)	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plan
Equity Compensation Plan Approved by Shareholders	2,172,705 (2.83%)	$3.15	1,950,762
Equity Compensation Plans Not Approved by Shareholders	—	—	—
Total	**2,172,705 (2.83%)**	**$3.15**	**1,950,762**

The following table sets forth the information regarding the burn rate of the Option Plan for the fiscal years ended November 30, 2018, 2017 and 2016, respectively. The burn rate reflects the potential dilutive effect of equity grants on the Corporation's outstanding equity over a certain time period. The calculation below was made pursuant to Section 613(p) of the TSX Company Manual.

	2018	2017	2016
Burn Rate(1)	0.33%	0.48%	0.95%

(1) Total options granted under the Option Plan during the applicable fiscal year / weighted average number of Common Shares during this applicable fiscal year.

Description of the Deferred Share Unit Plan

On December 10, 2010, the Board adopted the DSU Plan for the benefit of its directors and executive officers (the "**Beneficiaries**").

In April 2013, the Board decided to suspend the grant and issuance of DSUs under the DSU Plan, as well as the Shareholding Policy. The DSU Plan and Shareholding Policy were reinstated during the last fiscal year.

The goal of the DSU Plan is to increase the Corporation's ability to attract and retain high-quality individual to act as directors or executive officers and better align the interests of the directors and executive officers with those of the shareholders of the Corporation in the creation of long-term value. The DSU Plan was also adopted to promote equity-based ownership in the Corporation.

Under the terms of the DSU Plan, Beneficiaries who are directors (including the Chair) are entitled to

elect to receive all or part of their annual retainer as Board member in DSUs. Beneficiaries who act as executive officers are entitled to elect to receive all or part of their annual cash bonus, if any, in DSUs.

The value of a DSU (the "**DSU Value**"), is equal to the average closing price of the Common Shares on the TSX on the date on which a Beneficiary determines that he desires to purchase or redeem DSUs and during the four previous trading days. Beneficiaries who act as directors have to elect to receive DSUs as complete or partial consideration of their annual retainer to act as Board members prior to each calendar quarter. Beneficiaries who act as executive officers are required to elect to purchase DSUs within 48 hours after having been notified of their annual cash bonus, if any.

DSUs may only be redeemed when a Beneficiary ceases to act as a director or an executive officer of the Corporation. On the date a Beneficiary ceases to act as a director or executive officer (the "**Redemption Date**"), the Beneficiary is entitled to send a notice to the Corporation (the "**Redemption Notice**") specifying the date on which the DSUs will be redeemed (the "**Payment Date**"). The Payment Date must be no earlier than five (5) business days after the date on which the Corporation receives the Redemption Notice and no later than November 30 of the year following the Redemption Date. If a Beneficiary does not send a Redemption Notice prior to November 15 in the year following the Redemption Date, the DSU Plan provides that a Beneficiary will be deemed to have sent, and the Corporation received, a Redemption Notice on November 15 of that year. On the Payment Date, the Corporation must provide a Beneficiary with an amount in cash equal to the DSU Value as at the Payment Date. No Common Share is issued under the DSU Plan.

Beneficiaries may not sell, transfer or otherwise assign their DSUs or any rights associated therewith other than by will or in accordance with legislation regarding the vesting and partition of successions.

The Board administers the DSU Plan and the DSU Plan provides that the Board may delegate all or part of its obligations to the Compensation Committee or to any other committee of the Board.

To protect against fluctuations in DSU Value, the Corporation enters into cash settled forward contracts with an independent third party such that, upon a Payment Date, the Corporation is not exposed to the appreciation of the price of its Common Shares. The execution of such contracts requires the signature of two of the following executive officers: the President and Chief Executive Officer, the Vice President, Finance, and the Vice President, Legal Affairs, and Corporate Secretary.

Description of the Stock Appreciation Rights Plan

On October 4, 2018, the Board adopted a stock appreciation rights plan (the "**SAR Plan**") for the benefit of its consultants (the "**Eligible Participants**") and those of its subsidiaries.

The goal of the SAR Plan is to increase the interest in the Corporation's welfare of those consultants who share a responsibility for the growth of the business of the Corporation and its subsidiaries, to incentivize such consultants to continue their services with the Corporation, to reward those consultants for the performance of their services and to attract and retain highly qualified persons to provide services to the Corporation as consultants.

The Board administers the SAR Plan and has the authority to delegate the administration of the SAR Plan to a committee or a plan administrator. On October 4, 2018, the Board delegated the administration of the SAR Plan to the President and Chief Executive Officer of the Corporation. As a delegatee, the President and Chief Executive Officer has the discretion to designate the Eligible Participants and to determine the number of SARs to be granted (after consulting the Chair of the Board), the vesting period and the expiry date of each SAR. The President and Chief Executive Officer also has the authority to interpret and take such other actions as he deems advisable in order to administer the terms of the SAR Plan.

Under the terms of the SAR Plan, Eligible Participants are being granted stock appreciation rights ("**SAR**") entitling them to receive cash equal to the difference between the SAR price and the market value of the Corporation's Common Shares when the SARs are redeemed. The SAR Plan is non-dilutive. The SAR price is equal to the closing price of the Common Shares on the TSX on the last trading day preceding the date of grant. SARs may not be granted for a period longer than ten (10) years and SARs are not assignable or transferable, except by will or by the laws of succession.

Termination of the services of an Eligible Participant for cause voids all SARs granted to an Eligible Participant. If an Eligible Participant ceases to provide services to the Corporation or its subsidiaries for reasons other than for death or for cause, all unvested SARs, if any, shall become void and all vested SARs may be exercised within a period of one hundred eighty (180) days following the date of termination, unless they expire prior to such 180-day period. In the case of death of an Eligible Participant, all vested SARs may be exercised by the liquidator, executor or administrator of the estate of the Eligible Participant within twelve (12) months from the death of the Eligible Participant, unless they expire prior to such 12-month period. All unvested SARs on the date of an Eligible Participant's death become void.

The SAR Plan contains other usual provisions regarding its amendments and compliance with foreign regulations when Eligible Participants are non-Canadian.

During the fiscal year ended November 30, 2018, no SARs were granted. However, as of the date of this Circular, there are 40,000 SARs issued and outstanding.

Compensation Consultant

In the fiscal year ended November 30 2017, the Compensation Committee retained the services of Willis Towers Watson, an independent third-party consulting firm, for and on behalf of the Corporation, to assess the competitiveness of the compensation policy then available to its directors and executive officers compared to the compensation policy of directors and executive officers of certain other publicly-traded companies in Canada and in the United States.

Directors

Willis Towers Watson collected market data on the compensation policy of directors of both publicly-traded Canadian and U.S. companies. However, the Canadian companies were used as the main reference market (the "**Reference Market**"). The U.S. companies were used as a reference point only. The Reference Market was formed of the following nine (9) Canadian companies:

- Acerus Pharmaceuticals Corporation
- Aralez Pharmaceuticals Inc.
- Correvio Pharma Corp.
- Cipher Pharmaceuticals Inc.
- Concordia International Corp.
- Jamieson Wellness Inc.
- Medicure Inc.
- Nuovo Pharmaceuticals Inc.
- Prometic Life Sciences Inc.

The U.S. companies which were not part of the Reference Market but were used as a reference point were:

- ANI Pharmaceuticals, Inc.
- Corium International, Inc.
- CytoDyn, Inc.
- Cytokinetics, Incorporated
- Enzo Biochem Inc.
- MacroGenics, Inc.
- NanoString Technologies, Inc.
- Progenics Pharmaceuticals, Inc.
- Reata Pharmaceuticals, Inc.
- Retrophin, Inc.

- Heska Corporation
- Invitae Corporation
- Spectrum Pharmaceuticals, Inc.
- Teligent, Inc.

All of the companies forming part of the Reference Market and used as a reference point were selected based on the following criteria:

- operations in the biotechnology and pharmaceutical industries;
- publicly-traded;
- revenue and market capitalization size similar to that of the Corporation.

The review conducted by Willis Towers Watson led the Compensation Committee to recommend to the Board to maintain the current annual retainer but to increase the fees paid to the chairs of the Committees of the Board and to set a value (as opposed to a number) for the grant of stock options. The Board reviewed the compensation of the directors who are not employed on a full-time basis by the Corporation effective January 1, 2018. See “Item II – Subject to be Treated at the Meeting – Election of Directors – Directors Compensation”.

Executive Officers

As for the executive officers, Willis Towers Watson collected market data on the total direct compensation paid to executive officers of both publicly-traded Canadian and U.S. companies. However, given that the executive officers of the Corporation are based in Canada, the Canadian companies were used as the Reference Market. The U.S. companies were used as a reference point only. The Reference Market was formed of the following ten (10) Canadian companies:

- Acerus Pharmaceuticals Corporation
- Aralez Pharmaceuticals Inc.
- Correvio Pharma Corp.
- Cipher Pharmaceuticals Inc.
- Concordia International Corp.
- Jamieson Wellness Inc.
- Medicure Inc.
- Nuovo Pharmaceuticals Inc.
- Prometic Life Sciences Inc.
- Paladin Labs (1)

(1) Although no longer a public company, Willis Towers Watson recommended including this Canadian company in the Reference Market.

The U.S. companies, which were not part of the Reference Market but that were used as a reference point were:

- ANI Pharmaceuticals, Inc.
- Corium International, Inc.
- CytoDyn, Inc.
- Cytokinetics, Incorporated
- Enzo Biochem Inc.
- Heska Corporation
- Invitae Corporation
- MacroGenics, Inc.
- NanoString Technologies, Inc.
- Progenics Pharmaceuticals, Inc.
- Reata Pharmaceuticals, Inc.
- Retrophin, Inc.
- Spectrum Pharmaceuticals, Inc.
- Teligent, Inc.

Except for compensation services provided to the Corporation, Willis Towers Watson has not provided other services to the Corporation and, to the knowledge of the Corporation, to any of its directors or executive officers.

All services provided to the Corporation by compensation consultants must be approved by the Compensation Committee or the Board.

The table below details the aggregate fees billed to the Corporation for the two most recently completed fiscal years by the compensation consultant retained during these periods to assist in the determination of compensation for any of the Corporation's directors and/or executive officers:

Name	Fees	Fiscal year ended November 30, 2018	Fiscal year ended November 30, 2017
Willis Towers Watson	Executive and Directors Compensation – Related Fees	$16,282(1)	$60,000
	All Other Fees	Nil	Nil

(1) These fees were paid to Willis Towers Watson in the last fiscal year to help determine the compensation of the directors and one executive officer for the fiscal year ending on November 30, 2019.

2. Named Executive Officers

The named executive officers (the "**Named Executive Officers**") of the Corporation for the fiscal year ended November 30, 2018 were:

- Luc Tanguay, President and Chief Executive Officer;
- Philippe Dubuc, Senior Vice President and Chief Financial Officer
- Christian Marsolais, Senior Vice President and Chief Medical Officer;
- Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary; and
- Denis Boucher, Vice President, Communications, and Corporate Affairs.

3. Summary Compensation Table

The table below details the compensation paid to the Named Executive Officers listed above, for the fiscal years ended November 30, 2018, 2017 and 2016.

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards(1)(2)(3)(4) ($)	Non-equity incentive plan compensation ($)		Pension value(5) ($)	All other compensation(6) ($)	Total compensation ($)
					Annual Incentive plans	Long-term Incentive plans			
Luc Tanguay	2018	508,950	--	380,000(7)	254,000	--	26,230	--	1,169,180
President and Chief Executive Officer	2017	482,237	--	749,200(8)	242,000	--	26,010	--	1,499,447
	2016	470,475	--	229,350(9)	130,000	--	25,370	--	855,195
Philippe Dubuc	2018	316,212	--	150,000(10)	117,000	--	13,115	--	596,327
Senior Vice President and Chief Financial Officer	2017	283,250	--	280,800(11)	107,000	--	13,005	--	684,055
	2016	212,596	--	243,250(12)	72,000	--	6,684	--	534,530
Christian Marsolais	2018	306,173	--	150,000(13)	113,000	--	13,115	--	582,288
Senior Vice President and Chief Medical Officer	2017	290,754	--	280,800(14)	110,000	--	13,005	--	694,559
	2016	282,285	--	69,500(15)	74,000	--	12,685	--	438,470
Jocelyn Lafond	2018	276,058	--	80,000(16)	76,000	--	12,106	--	445,154
Vice President, Legal Affairs, and Corporate Secretary	2017	263,989	--	122,800(17)	70,000	--	10,103	--	466,892
	2016	261,375	--	41,700(18)	44,000	--	12,685	--	359,760
Denis Boucher(19) Vice President, Communications, and Corporate Affairs	2018	176,250(20)	--	184,998(21)	64,000	--	11,778	--	437,026

(1) **Fiscal Year 2018**: A total of 209,122 stock options were granted to the Named Executive Officers of the Corporation effective February 26, 2019. The value expressed in the table represents the value determined on November 30, 2018, prior to the December 2018 meetings of both the Compensation Committee and the Board of Directors at which meetings both the Compensation Committee and the Board of Directors agreed to rely on such value for the grant of stock options to the Named Executive Officers as part of the long-term incentive program for work performed during the fiscal year ended November 30, 2018.

The value of the option-based awards as at November 30, 2018 was determined using the Black-Scholes-Merton model with the following assumptions:

(i) Risk-free interest rate:	2.661%
(ii) Expected volatility:	52%
(iii) Average option life in years:	7
(iv) Expected dividends:	--
(v) Grant date share price:	$8.20
(vi) Option exercise price:	$8.18
(vii) Grant date fair value:	$4.50

However, these stock options were not granted in December 2018 because the Corporation was in a black-out period. These stock options were granted on February 26, 2019 and their value, as at that date, using the Black-Scholes-Merton model, was the following:

(i) Risk-free interest rate:	2.275%
(ii) Expected volatility:	58%
(iii) Average option life in years:	8
(iv) Expected dividends:	--
(v) Grant date share price:	$8.76
(vi) Option exercise price:	$8.76
(vii) Grant date fair value:	$5.47

(2) **Fiscal Year 2017**: A total of 176,399 stock options were granted to the Named Executive Officers of the Corporation effective April 6, 2018. These options were granted as part of the long-term incentive program for work performed during the fiscal year ended November 30, 2017. However, these options were granted in April 2018 because the Corporation was in a black-out period at the time the decision to grant stock options to the Named Executive Officers

was made.

The value of the option-based awards granted on April 6, 2018 was determined using the Black-Scholes-Merton model on the date of grant with the following assumptions:

(viii)	Risk-free interest rate:	2.14%
(ix)	Expected volatility:	47%
(x)	Average option life in years:	7
(xi)	Expected dividends:	--
(xii)	Grant date share price:	$9.56
(xiii)	Option exercise price:	$9.56
(xiv)	Grant date fair value:	$4.83

(3) **Fiscal Year 2016**: A total of 245,000 stock options were granted to the then Named Executive Officers of the Corporation effective April 7, 2017 as part of the long-term incentive program for work performed in the 2016 fiscal year. However, these options were not included in the previous year table because their value was unknown at the time the decision to grant them to the then Named Executive Officers was made. The value of these options was included in the compensation paid to the then Named Executive Officers for the fiscal year ended November 30, 2017.

The value of the option-based awards granted on April 7, 2017 was determined using the Black-Scholes-Merton model on the date of grant with the following assumptions:

(i)	Risk-free interest rate:	1.55%
(ii)	Expected volatility:	55%
(iii)	Average option life in years:	8
(iv)	Expected dividends:	--
(v)	Grant date share price:	$5.85
(vi)	Option exercise price:	$5.96
(vii)	Grant date fair value:	$3.52

(4) **Fiscal Year 2016**: The value of the option-based awards for the fiscal year ended November 30, 2016 was determined using the Black-Scholes-Merton model on the date of grant with the following assumptions:

(i)	Risk-free interest rate:	1.13%
(ii)	Expected volatility:	79.64%
(iii)	Average option life in years:	8
(iv)	Expected dividends:	--
(v)	Grant date share price:	$2.01
(vi)	Option exercise price:	$2.01
(vii)	Grant date fair value:	$1.39

(5) Pension value consists of the amount of the contribution made by the Corporation to a Named Executive Officer's registered retirement savings plan. The Corporation has a group-RRSP for all of its employees under which the Corporation matches every dollar invested by an employee in such group-RRSP but up to three percent (3%) of the annual base salary of each employee, except with respect to (i) Executive Officers where the Corporation's contribution is not subject to such three percent (3%) limit and (ii) Mr. Luc Tanguay. Under the terms of Mr. Tanguay's employment agreement, the Corporation agreed to contribute on an annual basis to Mr. Tanguay's RRSP to the fullest amount permissible under Canadian laws.

(6) All other compensation includes perquisites and other form of compensation (such as retention or signing bonuses) not described in the other columns. Perquisites for each Named Executive Officer have not been included since they do not meet the prescribed threshold of the lesser of $50,000 and 10% of each of the respective Named Executive Officer's salary in the last fiscal year.

(7) Represents 84,500 options granted on February 26, 2019.

(8) Represents 74,948 options granted on April 6, 2018 and 110,000 options granted on April 7, 2017.

(9) Represents 165,000 options granted on April 4, 2016.

(10) Represents 33,300 options granted on February 26, 2019.

(11) Represents 28,986 options granted on April 6, 2018 and 40,000 options granted on April 7, 2017.

(12) Represents 175,000 options granted on April 4, 2016, 125,000 of which were granted as part of Mr. Dubuc's employment agreement when he joined the Corporation.

(13) Represents 33,300 options granted on February 26, 2019.

(14) Represents 28,986 options granted on April 6, 2018 and 40,000 options granted on April 7, 2017.

(15) Represents 50,000 options granted on April 4, 2016.
(16) Represents 17,800 options granted on February 26, 2019.
(17) Represents 14,493 options granted on April 6, 2018 and 15,000 options granted on April 7, 2017.
(18) Represents 30,000 options granted on April 4, 2016.
(19) Mr. Boucher joined the Corporation on January 8, 2018.
(20) Mr. Boucher's annual base salary was $195,000.
(21) 27,800 options were granted to Mr. Boucher on February 26, 2019 and 12,422 options were granted to Mr. Boucher on April 6, 2018 as part of Mr. Boucher's employment agreement when he joined the Corporation.

4. Incentive Plan Awards

Outstanding Option-Based Awards and Share-Based Awards

During the fiscal year ended November 30, 2018, no DSUs were issued to the Named Executive Officers and 159,835 options to purchase Common Shares were granted to the Named Executive Officers. The table below details the outstanding option-based awards and share-based awards as at November 30, 2018 for each of the Named Executive Officers.

	Option-Based Awards				Share-Based Awards[1]		
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options[2] ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**	**Market or payout value of vested share-based awards not paid out or distributed[3] ($)**
Luc Tanguay President and Chief Executive Officer	25,000 200,000 300,000 165,000[5] 110,000[6] 74,948[7]	3.84 0.38 1.11 2.01 5.96 9.56	2019.12.08 2022.12.20 2025.04.30 2026.04.04 2027.04.07 2028.04.06	109,000 1,564,000 2,127,000 1,021,350 246,400 --			226,090[4]
Philippe Dubuc Senior Vice President and Chief Financial Officer	175,000[8] 40,000[9] 28,986[10]	2.01 5.96 9.56	2026.04.04 2027.04.07 2028.04.06	1,083,250 89,600 --	--	--	--
Christian Marsolais Senior Vice President and Chief Medical Officer	35,000 125,000 50,000[12] 40,000[13] 28,986[14]	3.84 0.38 2.01 5.96 9.56	2019.12.08 2022.12.20 2026.04.04 2027.04.07 2028.04.06	152,600 977,500 309,500 89,600 --	--	--	51,758[11]
Jocelyn Lafond Vice President, Legal Affairs, and Corporate Secretary	30,000 30,000 125,000 30,000[16] 15,000[17] 14,493[18]	1.80 3.84 0.38 2.01 5.96 9.56	2018.12.18 2019.12.08 2022.12.20 2026.04.04 2027.04.07 2028.04.06	192,000 130,800 977,500 185,700 33,600 --	--	--	41,000[15]
Denis Boucher Vice President, Communications, and Corporate Affairs	12,422 [19]	9.56	2028.04.06	--	--	--	--

(1) Share-based awards are comprised of DSUs issued under the DSU Plan.

(2) The value of unexercised in-the-money options is determined by multiplying the difference between the exercise price of the options and the closing price of the Common Shares as at November 30, 2018 ($8.20) on the TSX by the number of options held as at November 30, 2018.

(3) The market or payout value of share-based awards that have vested as at November 30, 2018 is determined by multiplying the closing price of the Common Shares as at November 30, 2018 ($8.20) on the TSX by the number of share-based awards held as at November 30, 2018. DSUs may only be redeemed when a Beneficiary leaves his/her position with the Corporation.

(4) Represents 27,572 DSUs granted on December 15, 2010.

(5) 110,000 options were vested as at November 30, 2018 and 55,000 options vested on April 4, 2019. Therefore, as at November 30, 2018, 55,000 options could not be exercised.

(6) 36,666 of these options vested on April 7, 2018 and an additional 36,667 options vested on April 7, 2019. 36,667 options will vest on April 7, 2020. Therefore, as at November 30, 2018, 73,334 options could not be exercised.

(7) 24,982 of these options vested on April 6, 2019. 24,983 options will vest on April 6, 2020 and April 6, 2021, respectively. Therefore, as at November 30, 2018, none of these options could be exercised.

(8) 116,666 options were vested as at November 30, 2018 and 58,334 vested on April 4, 2019. Therefore, as at November 30, 2018, 58,334 options could not be exercised.

(9) 13,333 of these options vested on April 7, 2018 and an additional 13,334 options vested on April 7, 2019. 13,334 options will vest on April 7, 2020. Therefore, as at November 30, 2018, 26,668 of these options could not be exercised.

(10) 9,662 of these options vested on April 6, 2019. 19,324 options will vest on April 6, 2020 and April 6, 2021, respectively. Therefore, as at November 30, 2018, none of these options could be exercised.

(11) Represents 6,312 DSUs granted on December 15, 2010.

(12) 33,333 options were vested as at November 30, 2018 and 16,667 options vested on April 4, 2019. Therefore, as at November 30, 2018, 16,667 options could not be exercised.

(13) 13,333 of these options vested on April 7, 2018 and an additional 13,333 options vested on April 7, 2019. 13,334 options will vest on April 7, 2020. Therefore, as at November 30, 2018, 26,667 options could not be exercised.

(14) 9,662 of these options vested on April 6, 2019. 9,662 options will vest on April 6, 2020 and April 6, 2021, respectively. Therefore, as at November 30, 2018, none of these options could be exercised.

(15) Represents 5,000 DSUs granted on December 15, 2010.

(16) 20,000 options were vested as at November 30, 2018 and 10,000 options vested on April 4, 2019. Therefore, as at November 30, 2018, 10,000 options could not be exercised.

(17) 5,000 of these options vested on April 7, 2018 and 5,000 vested on April 7, 2019. 5,000 options will vest on April 7, 2020. Therefore, as at November 30, 2018, 10,000 options could not be exercised.

(18) 4,831 of these options vested on April 6, 2019. 4,831 options will vest on April 6, 2020 and April 6, 2021, respectively. Therefore, as at November 30, 2018, none of these options could be exercised.

(19) 4,140 of these options vested on April 6, 2019. 4,141 options will vest on April 6, 2020 and April 6, 2021, respectively. Therefore, as at November 30, 2018, none of these options could be exercised.

Incentive Plan Awards – Value vested or earned during the year

The table below shows the value vested or earned during the fiscal year ended November 30, 2018 under each incentive plan for each of the Named Executive Officers.

Name	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 ($)
Luc Tanguay President and Chief Executive Officer	1,350,114(2)	Nil	254,000
Philippe Dubuc Senior Vice President and Chief Financial Officer	484,246(3)	Nil	117,000
Christian Marsolais Senior Vice President and Chief Medical Officer	172,168(4)	Nil	113,000
Jocelyn Lafond Vice President, Legal Affairs and Corporate Secretary	92,650(5)	Nil	76,000
Denis Boucher Vice President, Communication, and Corporate Affairs	Nil	Nil	64,000

(1) The value is determined by assuming that the options vested during the financial year would have been exercised on the vesting date. The value corresponds to the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the options on that date.

(2) 55,000 options having an exercise price of $2.01 per Common Share vested on April 4, 2018. The closing price of the Common Shares on the TSX on that date was $9.50. 100,000 options having an exercise price of $1.11 per Common Share vested on April 30, 2018. The closing price of the Common Shares on the TSX on that date was $9.19. 36,666 options having an exercise price of $5.96 per Common Share vested on April 7, 2018. The TSX was closed for business on that date and the value of the Common Shares on the next ensuing business day (April 9, 2018) was $9.51.

(3) 58,333 options having an exercise price of $2.01 per Common Share vested on April 4, 2018. The closing price of the Common Shares on the TSX on that date was $9.50. 13,333 options having an exercise price of $5.96 per Common Share vested on April 7, 2018. The TSX was closed for business on that date and the value of the Common Shares on the next ensuing business day (April 9, 2018) was $9.51.

(4) 16,667 options having an exercise price of $2.01per Common Share vested on April 4, 2018. The closing price of the Common Shares on the TSX on that date was $9.50. 13,333 options having an exercise price of $5.96 per Common Shares vested on April 7, 2018. The TSX was closed for business on that date and the value of the Common Shares on the next ensuing business day (April 9, 2018) was $9.51.

(5) 10,000 options having an exercise price of $2.01 per Common Share vested on April 4, 2018. The closing price of the Common Shares on the TSX on that date was $9.50. 5,000 options having an exercise price of $5.96 per Common Shares vested on April 7, 2018. The TSX was closed for business on that date and the value of the Common Shares on the next ensuing business day (April 9, 2018) was $9.51.

5. Termination and Change of Control Provisions

Below is a summary of the employment agreements of each of the Named Executive Officers together with a table detailing the value of the severance payment that would be payable by the Corporation to each of them pursuant to his employment agreement if one of the events described in the table had occurred on November 30, 2018.

Luc Tanguay
President and Chief Executive Officer

The Corporation entered into an employment agreement with Mr. Luc Tanguay on October 30, 2001, as amended on May 9, 2002, June 7, 2004, February 8, 2006, July 12, 2012 and August 16, 2013. On

October 31, 2017, the Corporation entered into an amended and restated employment agreement with Mr. Tanguay. The employment agreement, which is for an indefinite term, provides that Mr. Tanguay will receive an annual base salary of $480,237, which will be reviewed on an annual basis by the Board of the Corporation. The employment agreement also provides that he will be entitled to a bonus in an amount representing up to 50% of his annual base salary subject to the attainment of annual objectives set by the Board. The employment agreement also provides that Mr. Tanguay is entitled to receive options under the Option Plan and is entitled to participate in any incentive program developed by the Board or any committee thereof. Mr. Tanguay agreed to non-competition, non-solicitation, non-disclosure and assignment of intellectual property provisions in favour of the Corporation. The Corporation may terminate the employment of Mr. Tanguay at any time upon (i) the resignation of Mr. Tanguay; (ii) the failure by Mr. Tanguay to provide his services as contemplated for in the employment agreement; (iii) the incapacity of Mr. Tanguay to provide his services for a period of six consecutive months; (iv) serious reason; and (v) the mutual agreement of the Corporation and Mr. Tanguay. In all such cases Mr. Tanguay will not be entitled to a severance pay.

Pursuant to the amended and restated employment agreement, if Mr. Tanguay wishes to retire as President and Chief Executive Officer of the Corporation, he must provide the Corporation with a six-month notice prior to retiring. The Corporation may also request that Mr. Tanguay retire upon six-month notice. This six-month notice period can be reduced by either the Corporation or Mr. Tanguay, in which case Mr. Tanguay will be entitled to all of the Corporation's benefits to which he was then entitled for the residual period as if he was still employed by the Corporation for a period of six months. Upon the effective date of his retirement, Mr. Tanguay will be entitled to receive a retirement allocation of $1,000,000, the form and mode of payment of which will be determined between Mr. Tanguay and the Corporation. No timeline has been set in connection with Mr. Tanguay's retirement. Upon Mr. Tanguay's retirement or upon his office with the Corporation terminating or ending other than for serious reason, all unvested stock options granted to Mr. Tanguay prior to April 30, 2017 will vest automatically on his last day of office. All other stock options held by Mr. Tanguay will remain subject to their respective initial vesting conditions and the terms of the Option Plan.

The amended and restated employment agreement further provides that, in the event of the termination of the employment agreement by the Corporation, except for serious reason, within 24 months of a "Change of Control" of the Corporation, the Corporation will make a one-time lump-sum payment to Mr. Tanguay in an amount equal to all of the following: (i) 24 months of his annual base salary; (ii) 200% of his targeted annual bonus calculated on his annual base salary; and (iii) the cash value of the Corporation's benefits to which he was then entitled in the last 24 months. In the event of the termination of the employment agreement by Mr. Tanguay at his sole discretion during the twelve month period following the occurrence of a "Change of Control" of the Corporation, the Corporation will make a one-time lump-sum payment to Mr. Tanguay in an amount equal to all of the following: (i) twelve months of his annual base salary; (ii) 100% of his targeted annual bonus calculated on his annual base salary; and (iii) the cash value of the Corporation's benefits to which he was then entitled in the last twelve months. In Mr. Tanguay's employment agreement, a "Change of Control" is defined as the acquisition by a third party, acting alone or in concert with one or more persons, by way of take-over bid, merger, amalgamation, arrangement or other similar transactions, of at least 40% of the outstanding voting securities of the Corporation. The sale of all or substantially all of the assets of the Corporation, as described in the employment agreement, is also deemed to be a "Change of Control".

Events	Severance ($)	Value of Stock Options(1) ($)	Value of share-based awards (2) ($)
Retirement (3)	1,000,000	5,074,500	226,090
Termination of Employment in the event of a Change of Control(4)	1,579,310	5,074,500	226,090
Voluntary Resignation in the event of a Change of Control(4)	789,655	5,074,500	226,090
Voluntary Resignation (other than for retirement)	--	4,569,781	226,090

(1) The value assumes that upon the occurrence of an event, all in-the-money vested options would be exercised. The value is the difference between the closing price of the Common Shares on the TSX on November 30, 2018 ($8.20) and the respective exercise price of each vested option as at November 30, 2018.

(2) The value of the share-based awards assumes that upon the occurrence of an event, all DSUs are redeemed. The value of share-based awards is determined by multiplying the number of DSUs held as at November 30, 2018 by the closing price of the Common Shares on the TSX on November 30, 2018 ($8.20).

(3) Under the Option Plan, the termination of a person's employment with the Corporation entitles him to exercise his vested options over a 180-day period after the termination date.

(4) In computing the value of the options in the event of a Change of Control, the Corporation assumed that all unvested options would vest as per the terms of Section 5.5 of the Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2018 on the TSX ($8.20) would be exercised.

Philippe Dubuc
Senior Vice President and Chief Financial Officer

The Corporation entered into an employment agreement for an indeterminate term with Mr. Philippe Dubuc on February 24, 2016. In addition to his base salary, Mr. Dubuc was entitled to receive 125,000 stock options of the Corporation vesting as to 41,666 on the first and second anniversary date of the date of grant with the remaining 41,668 vesting on the third anniversary date of the date of grant. These options were granted on April 4, 2016. Mr Dubuc is eligible to participate in the Corporation's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Mr. Dubuc is also entitled to receive options under the Option Plan and is eligible to participate in any incentive program developed by the Board or any committee thereof. Under the terms of his agreement, Mr. Dubuc agreed to non-competition, non-solicitation, non-disclosure and assignment of intellectual property provisions in favour of the Corporation. If the Corporation terminates Mr. Dubuc's employment without just and sufficient cause or further to an internal reorganization, he will receive an amount equal to twelve (12) months of his annual base salary (excluding bonus and the value of other benefits to which he is entitled). In the event of a "Change of Control" resulting in the termination of Mr. Dubuc's employment without just and sufficient cause within twelve (12) months of such "Change of Control", his employment agreement provides for an indemnity equal to the higher of (i) the value of the time-period related to the reasonable notice to be provided to Mr. Dubuc under applicable civil law and (ii) twelve (12) months of his annual base salary and 100% of his targeted annual bonus. In Mr. Dubuc's agreement, a "Change of Control is defined as the acquisition by a third party, acting alone or in concert with one or more persons, by way of take-over bid, merger, amalgamation, arrangement or other similar transactions, of at least 40% of the outstanding voting securities of the Corporation. In Mr. Dubuc's agreement, the sale of all or substantially all of the assets of the Corporation is also deemed a "Change of Control".

Events	Severance ($)	Value of Stock Options(1) ($)	Value of share-based awards (2) ($)
Retirement (3)	--	752,029	Nil
Termination of Employment without Just Cause (3)	316,212	752,029	Nil
Termination of Employment in the event of a Change of Control(4)	442,697(5)	1,172,850	Nil
Voluntary Resignation in the event of a Change of Control(4)	--	1,172,850	Nil
Voluntary Resignation (3)	--	752,029	Nil

(1) The value assumes that upon the occurrence of an event, all in-the-money vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2018 on the TSX ($8.20) and the respective exercise price of each vested option as at November 30, 2018.

(2) Mr. Philippe Dubuc does not hold any share-based awards.

(3) Under the Option Plan, the termination of a person's employment with the Corporation entitles him to exercise his vested options over a 180-day period after the termination date.

(4) In computing the value of the options in the event of a Change of Control, the Corporation assumed that all unvested options would vest as per the terms of Section 5.5 of the Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2018 on the TSX ($8.20) would be exercised.

(5) Assumes that Mr. Dubuc receives twelve (12) months of his annual base salary and 100% of his targeted bonus over his twelve (12) month annual base salary.

Christian Marsolais
Senior Vice President and Chief Medical Officer

The Corporation entered into an employment agreement for an indeterminate term with Mr. Christian Marsolais on April 13, 2007. His agreement was subsequently amended on May 23, 2012 and July 17, 2012. An amended and restated employment agreement was entered into on December 21, 2012 between Mr. Marsolais and the Corporation. The amended and restated employment agreement was entered into to reflect Mr. Marsolais' new position as Senior Vice President, Medical Affairs, to provide cash incentive payments upon the occurrence of certain defined future events related to the filing and approval of *EGRIFTA*™ in certain Latin American countries and in Europe, to increase its targeted bonus rate from 33 1/3% to 40%, to revise and add new restrictive covenants in favour of the Corporation and to amend his severance payment conditions in the event the Corporation terminates his employment without just and sufficient cause. In addition to his base salary, Mr. Marsolais is entitled to the Corporation's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Mr. Marsolais is also entitled to receive options under the Option Plan and is eligible to participate in any incentive program developed by the Board or any committee thereof. Under the terms of his agreement, Mr. Marsolais agreed to non-competition, non-solicitation, non-disclosure, standstill and assignment of intellectual property provisions in favour of the Corporation. If the Corporation terminates Mr. Marsolais' employment without just and sufficient cause, he will receive an amount equal to eighteen (18) months of his annual base salary (excluding bonus and the value of other benefits to which he is entitled). In the event of a "Change of Control" resulting in the termination of Mr. Marsolais' employment without just and sufficient cause within twelve (12) months of such "Change of Control", his employment agreement provides for an indemnity equal to the higher of (i) the value of the time-period related to the reasonable notice to be provided to Mr. Marsolais under applicable civil law and (ii) eighteen (18) months of his annual base salary and 100% of his targeted annual bonus. In Mr. Marsolais' agreement, a "Change of Control is defined as the acquisition by a third party, acting alone or in concert with one or more persons, by way of take-over bid, merger, amalgamation, arrangement or other similar transactions, of at least 40% of the outstanding voting securities of the Corporation. In Mr. Marsolais' agreement, the sale of all or substantially all of the assets of the Corporation is also deemed a "Change of Control".

Events	Severance ($)	Value of Stock Options[1] ($)	Value of share-based awards[2] ($)
Retirement [3]	--	1,366,297	51,758
Termination of Employment without Just Cause [3]	459,260	1,366,297	51,758
Termination of Employment in the event of a Change of Control[4]	581,729[5]	1,529,200	51,758
Voluntary Resignation in the event of a Change of Control[4]	--	1,529,200	51,758
Voluntary Resignation [3]	--	1,366,297	51,758

(1) The value assumes that upon the occurrence of an event, all in-the-money vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2018 on the TSX ($8.20) and the respective exercise price of each vested option as at November 30, 2018.

(2) The value of the share-based awards assumes that upon the occurrence of an event, all DSUs are redeemed. The value of share-based awards is determined by multiplying the number of DSUs held as at November 30, 2018 by the closing price of the Common Shares on the TSX on November 30, 2018 ($8.20).

(3) Under the Option Plan, the termination of a person's employment with the Corporation entitles him to exercise his vested options over a 180-day period after the termination date.

(4) In computing the value of the options in the event of a Change of Control, the Corporation assumed that all unvested options would vest as per the terms of Section 5.5 of its Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2018 on the TSX ($8.20) would be exercised.

(5) Assumes that Mr. Marsolais receives eighteen (18) months of his annual base salary and 100% of his targeted bonus over his twelve (12) month annual base salary.

Jocelyn Lafond
Vice President, Legal Affairs, and Corporate Secretary

The Corporation entered into an employment agreement for an indeterminate term with Mr. Jocelyn Lafond on March 27, 2007 and an amendment was subsequently entered into on July 5, 2012. In addition to his base salary, Mr. Lafond is entitled to the Corporation's benefit programs and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Mr. Lafond is entitled to receive options under the Option Plan and DSUs under the DSU Plan. Under the terms of his agreement, Mr. Lafond agreed to non-disclosure and assignment of intellectual property provisions in favour of the Corporation. If the Corporation terminates Mr. Lafond's employment without just and sufficient cause, he will receive an amount equal to twelve (12) months of his annual base salary (excluding bonus and the value of other benefits to which he is entitled). Furthermore, in the event of a "Change of Control" resulting in the termination of Mr. Lafond's employment without just and sufficient cause within twenty-four (24) months of such "Change of Control" or if he resigns of his own free will during such period, his employment agreement provides for an indemnity equal to the higher of (i) the value of the time-period related to the reasonable notice to be provided to Mr. Lafond under applicable civil law and (ii) twelve (12) months of his annual base salary and 100% of his targeted annual bonus. In Mr. Lafond's agreement, a "Change of Control" is defined as the acquisition by a third party, acting alone or in concert with one or more persons, by way of take-over bid, merger, amalgamation, arrangement or other similar transactions, of at least 40% of the outstanding voting securities of the Corporation. In Mr. Lafond' agreement, the sale of all or substantially all of the assets of the Corporation is also deemed a "Change of Control".

Events	Severance ($)	Value of Stock Options[1] ($)	Value of share-based awards[2] ($)
Retirement [3]	--	1,435,300	41,000
Termination of Employment without Just Cause [3]	276,058	1,435,300	41,000
Termination of Employment in the event of a Change of Control[4]	368,068[5]	1,519,600	41,000
Voluntary Resignation in the event of a Change of Control[4]	368,068[5]	1,519,600	41,000
Voluntary Resignation [3]	--	1,435,300	41,000

(1) The value assumes that upon the occurrence of an event, all vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2018 on the TSX ($8.20) and the respective exercise price of each vested option as at November 30, 2018.

(2) The value of the share-based awards assumes that upon the occurrence of an event, all DSUs are redeemed. The value of share-based awards is determined by multiplying the number of DSUs held as at November 30, 2018 by the closing price of the Common Shares on the TSX on November 30, 2017 ($8.20).

(3) Under the Option Plan, the termination of a person's employment with the Corporation entitles him to exercise his vested options over a 180-day period after the termination date.

(4) In computing the value of the stock options in the event of a Change of Control, the Corporation assumed that all unvested options would vest as per the terms of Section 5.5 of its Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2018 on the TSX ($8.20) would be exercised.

(5) Assumes that Mr. Lafond receives twelve (12) months of his annual base salary and 100% of his targeted bonus over his twelve (12) month annual base salary.

Denis Boucher
Vice President, Communications, and Corporate Affairs

The Corporation entered into an employment agreement for an indeterminate term with Mr. Denis Boucher on December 22, 2017. His first working day with the Corporation was on January 8, 2018. His annual base salary was set at $195,000. In addition to his annual base salary, Mr. Boucher was entitled to receive stock options of the Corporation having a value of $60,000 (based on the Black-Scholes-Merton model) vesting as to 33.3% on the first, second and third anniversary date of the date of grant. On April 6, 2018, he was granted 12,422 options vesting as to 4,140 on April 6, 2019, 4,141 on April 6, 2020 and 4,141 on April 6, 2021. Mr. Boucher is eligible to participate in the Corporation's benefits program and is eligible to receive an annual bonus equal to 33.3 % of his annual base salary based on attainment of objectives set annually by the President and Chief Executive Officer. Mr. Boucher is also entitled to receive options under the Option Plan and is eligible to participate in any incentive program developed by the Board or any committee thereof. Under the terms of his agreement, Mr. Boucher agreed to non-competition, non-solicitation, non-disclosure and assignment of intellectual property provisions in favour of the Corporation. If the Corporation terminates Mr. Boucher's employment without just and sufficient cause or further to an internal reorganization, he will receive an amount equal to twelve (12) months of his annual base salary (excluding bonus and the value of other benefits to which he is entitled). In the event of a "Change of Control" resulting in the termination of Mr. Boucher's employment without just and sufficient cause within twelve (12) months of such "Change of Control", his employment agreement provides for an indemnity equal to the higher of (i) the value of the time-period related to the reasonable notice to be provided to Mr. Dubuc under applicable civil law and (ii) twelve (12) months of his annual base salary and 100% of his targeted annual bonus. In Mr. Boucher's agreement, a "Change of Control" is defined as the acquisition by a third party, acting alone or in concert with one or more persons, by way of take-over bid, merger, amalgamation, arrangement or other similar transactions, of at least 40% of the outstanding voting

securities of the Corporation. In Mr. Boucher's agreement, the sale of all or substantially all of the assets of the Corporation is also deemed a "Change of Control".

Events	Severance ($)	Value of Stock Options(1) ($)	Value of share-based awards (2) ($)
Retirement (3)	--	Nil	Nil
Termination of Employment without Just Cause (3)	195,000	Nil	Nil
Termination of Employment in the event of a Change of Control(4)	259,994 (5)	Nil	Nil
Voluntary Resignation in the event of a Change of Control(4)	--	Nil	Nil
Voluntary Resignation (3)	--	Nil	Nil

(1) The value assumes that upon the occurrence of an event, all in-the-money vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2018 on the TSX ($8.20) and the respective exercise price of each vested option as at November 30, 2018.

(2) Mr. Denis Boucher does not hold any share-based awards.

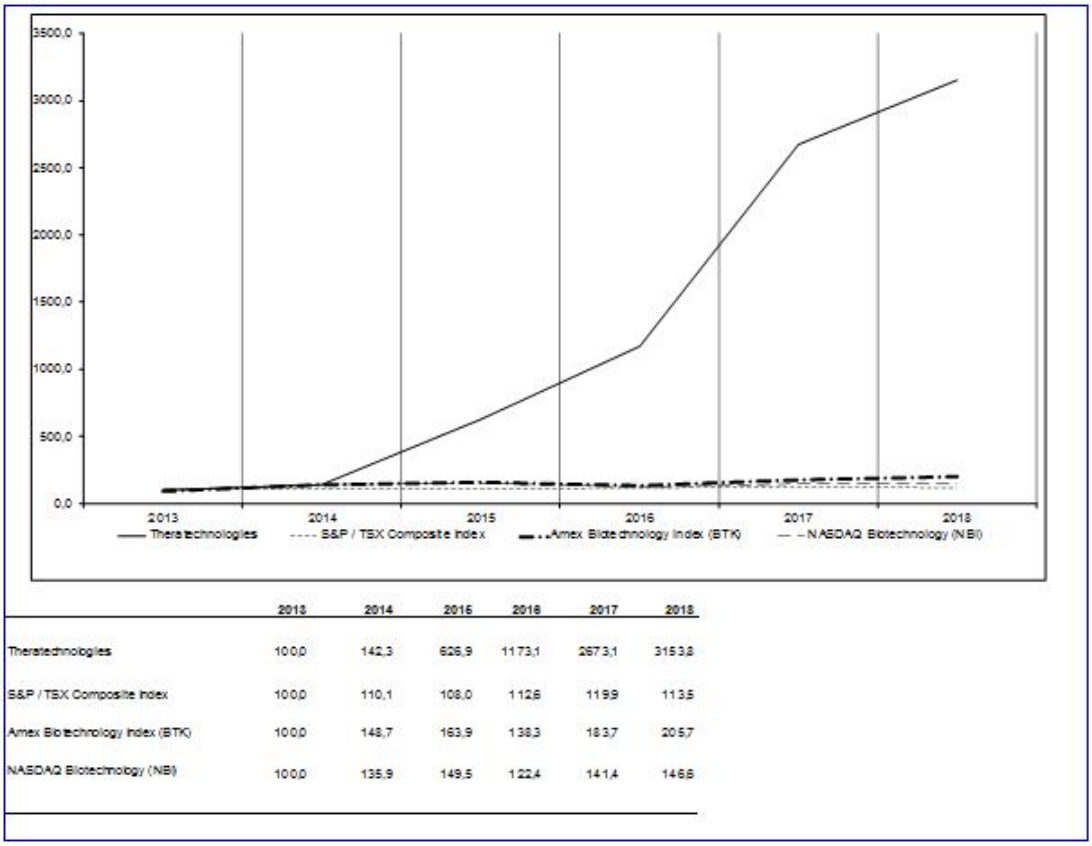
(3) Under the Option Plan, the termination of a person's employment with the Corporation entitles him to exercise his vested options over a 180-day period after the termination date.

(4) In computing the value of the options in the event of a Change of Control, the Corporation assumed that all unvested options would vest as per the terms of Section 5.5 of the Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2018 on the TSX ($8.20) would be exercised.

(5) Assumes that Mr. Boucher receives twelve (12) months of his annual base salary and 100% of his targeted bonus over his twelve (12) month annual base salary.

6. Performance Graph

The following graph compares a cumulative annual total shareholder return on a $100 investment in the Common Shares against a cumulative total shareholder return on the composite index S&P/TSX assuming that all dividends are reinvested ("**S&P**"), the NASDAQ Biotechnology Index ("**NBI**") and the AMEX Biotechnology Index ("**BTK**").



	2013	2014	2015	2016	2017	2018
Theratechnologies	100,0	142,3	626,9	1173,1	2573,1	3153,8
S&P / TSX Composite Index	100,0	110,1	108,0	112,6	119,9	113,5
Amex Biotechnology Index (BTK)	100,0	148,7	163,9	138,3	183,7	205,7
NASDAQ Biotechnology (NBI)	100,0	135,9	149,5	122,4	141,4	146,6

The trend shown in the above performance graph indicates that, since 2014, the annual total shareholder return on a $100 investment in the Common Shares outperformed the S&P/TSX Composite Index, the BTK and the NBI.

On November 29, 2013 (the TSX was closed for business on November 30, 2013), the closing price of the Common Shares was $0.26 and, as at November 30, 2018, the closing price of the Common Shares was $8.20, thus representing an increase of $7.94. Between November 30, 2013 ($0.26) and November 30, 2018 ($8.20), the return on the Common Shares was 3,054%.

The value of the total compensation received by the Named Executive Officers over the past five years, as they were then, excluding special payments such as signing bonus and retention bonus, decreased by 5% between 2013 and 2014 and increased by 3% between 2014 and 2015. Between 2015 and 2016 and between 2016 and 2017, the value of the total compensation received by the Named Executive Officers increased by 39% and 56%, respectively. Between 2017 and 2018, the value of the total compensation received by the Named Executive Officer decreased by 20%.

ITEM IV. CORPORATE GOVERNANCE DISCLOSURE

The Board considers corporate governance to be important to the effective operations of the Corporation and to ensure that the Corporation is managed so as to optimize shareholder value. The Nominating and Corporate Governance Committee is responsible for examining the Corporation's needs in this regard and addressing all issues that may arise from its practices. This Committee ensures that the Corporation's corporate governance practices comply with *Regulation 58-101 respecting Disclosure of Corporate Governance Practices* (Québec) and oversees their disclosure according to the guidelines described in *Policy Statement 58-201 to Corporate Governance Guidelines* (Québec) (hereinafter collectively referred to as the "**Regulation**").

The table below details the corporate governance requirements under the Regulation and the position of the Corporation vis-à-vis each of them.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	COMMENTS
1. (a) Disclose the identity of directors who are independent.	"Independence" is defined in Section 1.4 of *Regulation 52-110 respecting Audit Committees*. After review of the definition of "independence", the Nominating and Corporate Governance Committee determined that the following directors were "independent" within the meaning of the Regulation in the last fiscal year: - Gérald A. Lacoste; - Gary Littlejohn; - Dale MacCandlish Weil; - Paul Pommier; - Dawn Svoronos; and - Jean-Denis Talon. In addition, the Nominating and Corporate Governance Committee determined that the following nominees proposed for election at the Meeting are "independent" within the meaning of the Regulation: - Sheila Frame; - Gérald A. Lacoste; - Gary Littlejohn; - Dale MacCandlish Weil; - Paul Pommier; - Dawn Svoronos; and - Jean-Denis Talon.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	In reviewing the definition of "independence" under Section 1.4 of *Regulation 52-110 respecting Audit Committees* the Nominating and Corporate Governance Committee determined that the following nominee proposed for election at the Meeting was not "independent": - Luc Tanguay. The determination was based on his position with the Corporation. Mr. Tanguay is the President and Chief Executive Officer of the Corporation.
(c) Disclose whether or not a majority of the directors are independent. If a majority of directors are not independent, describe what the board of directors (the "**Board**") does to facilitate its exercise of independent judgement in carrying out its responsibilities.	Six (6) of the seven (7) directors were independent from the Corporation in the last fiscal year. Seven (7) of the eight (8) nominees proposed for election to the Board are independent from the Corporation.
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign	Dawn Svoronos, the Chair of the Board, is a director of PTC Therapeutics, Inc., Xenon Pharmaceuticals Inc., and Global Blood Therapeutics Inc.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	COMMENTS
jurisdiction, identify both the director and the other issuer.	
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held during the last fiscal year ended November 30, 2018. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.	As a matter of routine, the Chair of the Board assesses with the other independent directors after each meeting of the Board whether a meeting without the non-independent director is required. There were six (6) meetings of the independent directors in the financial year ended November 30, 2018. The committees of the Board are composed of independent directors and, whenever non-independent directors attend the committee meetings, the chair of the committee assesses with the independent directors after each meeting of the committee whether a meeting without the non-independent director is required.
(f) Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director this independent, describe what the Board does too provide leadership for its independent directors.	The Chair of the Board, Dawn Svoronos, is independent. The Chair of the Board's role and responsibilities consist in: - Representing the Corporation vis-à-vis shareholders and members of the public; - Preparing the agendas for all Board meetings; - Presiding over each Board meeting and shareholders meeting; - Coordinating with the chairs of the Board committees on topics to be discussed at committee meetings; - Following-up with the president and chief executive officer of the Corporation on material matters occurring in the normal course of business of the Corporation; - Assessing the circumstances requiring the holding of special meetings of the Board; and - Following-up with committee chairs on topics discussed at Board meetings.
(g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.	See the information in the tables provided for each nominee under "Election of directors – Nominees".
2. Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.	See Appendix "B" attached to this Circular.
3. (a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.	The Board has not developed written position descriptions for the Chair of the Board and the chair of each Board committee. The persons acting as Chair of the Board and chairs of Board committees have the experience and necessary expertise to assess the role they must play in the context of a public company. See Section 1 (f) above for a description of the role and responsibilities of the Chair of the Board. The role and responsibilities of the chair of each Board committee consist in: - Preparing the agendas for each Committee meeting; - Presiding over each committee meeting; - Following-up on matters discussed at committee meetings, if and when necessary; and - Reporting to the Chair of the Board and the Board.
(b) Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly	The Board and the CEO have not developed a written position description for the CEO. However, the Board set the following expectations with respect to the role and responsibilities of the individual currently holding the position of President and Chief Executive Officer:

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	COMMENTS
describe how the Board delineates the role and responsibilities of the CEO.	- Representing the Corporation vis-à-vis shareholders and members of the public; - Supervising work over the commercialization of *EGRIFTA*® and Trogarzo® in the United States and Canada; - Supervising work related to alliance management; - Canvassing the potential acquisition or in-licensing of new products and supervising the negotiation of agreements related to such transactions; - Overseeing the control of expenses; - Having leadership skills; - Understanding of finance; - Reporting to the Board; and - Maintaining good relationships with shareholders, employees and members of the public. All activities conducted by the Corporation that are not conducted in the "normal course of business" of the Corporation are discussed at the Board level. The Chair of the Board has frequent communications with the President and Chief Executive Officer and is aware of situations that do not qualify as "normal course of business".
4. (a) Briefly describe what measures the Board takes to orient new members regarding: (i) the role of the Board, its committees and its Directors, and (ii) the nature and operation of issuer's business.	The Board has a "Director Orientation and Continuing Education Policy" in place for new directors. For a description of this policy, see Appendix "C" to this Circular.
(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.	The Board oversees continuing education that is provided to the directors. Continuing education is provided in the following form: - Articles and books on topics relating to the Corporation's business, competitors, corporate governance and regulatory matters are provided to directors; - At Board meetings, members of management are invited to present on business activities; - Consultants offer seminars on various topics relating to the business of the Corporation; - Directors attending conferences or seminar addressing relevant topics to the Corporation; - Providing directors with published research reports written by healthcare analysts.
5. (a) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:	The Board has adopted a Code of Ethics (the "**Code**") on February 18, 2011. The Code was amended on December 19, 2017 and, more recently, in the last fiscal year.
(i) disclose how a person may obtain the code;	The Code is available on the website of the Corporation at www.theratech.com under the section "Investor Centre - Corporate Governance – Code of Ethics".
(ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and	The Board monitors compliance with the Code by requiring that all employees and executive officers certify on a yearly basis that they have read, understood and agreed to be bound by the Code. The Board also relies on management to report any conduct that is contrary to the Code to the Chair of the Board or the Chair of the Nominating and Corporate Governance Committee.
(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year ended that pertains to any conduct of a	The Corporation has not filed any material change report pertaining to any conduct of a director or executive officer that departs from the Code in the last fiscal year.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	COMMENTS
director or executive officer that constitutes a departure from the code.	
(b) Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.	The Board does not take any particular steps to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest. The Board relies on the loyalty, integrity and honesty of its directors to declare any interest a director has or may have in a transaction or an agreement. Corporate laws, the general by-laws of the Corporation and the Code require that a director disclose any interest it may have or has in any transaction or agreement. In the event a director has any such interest, the director will be asked to leave the Board or committee meeting during which discussions regarding the transaction or agreement will take place. The director will not be entitled to vote on any resolution regarding such transaction or agreement.
(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.	Other than having adopted the Code, the Board does not take any other particular step to encourage and promote a culture of ethical business conduct. It relies on the honesty and loyalty of each individual and the consequences an individual would suffer if his/her ethical business conduct was inadequate.
6. (a) Describe the process by which the Board identifies new candidates for Board nomination.	The Nominating and Corporate Governance Committee of the Board is responsible to identify new candidates for Board nomination. The identification of new candidates is undertaken after the Board has assessed the needs of the Corporation and the expertise at the Board level to meet those needs. The identification of new candidates may be done in different ways: - Knowledge by a Board member of one or more persons having the skills, experience, time and commitment required to act as directors of the Corporation; or - Retaining the services of a third-party specialized in the recruitment of directors. Prior to retaining any individual to act as director of the Corporation, the individual is met by the Chair of the Board and other Board members. In addition, the individual's history is reviewed.
(b) Disclose whether or not the Board has a nominating committee composed entirely of independent Directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.	The Nominating and Corporate Governance Committee was comprised of three (3) independent directors in the fiscal year ended November 30, 2018, namely: - Gérald A. Lacoste (chair); - Dale MacCandlish Weil; and - Dawn Svoronos.
(c) If the Board has a nominating committee, describe the responsibilities, powers and operations of the nominating committee.	The responsibilities, powers and operation of the Nominating and Corporate Governance Committee are described in Appendix "D" to this Circular.
7. (a) Describe the process by which the Board determines the compensation for the issuer's directors and officers.	The Board has delegated to the Compensation Committee the evaluation and assessment of the compensation of the Corporation's directors and executive officers. The Compensation Committee meets at least once a year at the end of the fiscal year of the Corporation. During this meeting, the Compensation Committee reviews, among other things, the compensation of the Corporation's executive officers for the ensuing fiscal year and assesses the performance of each executive officer against the Corporation's annual objectives and an executive officer's objectives to determine whether an executive officer is entitled to a bonus in the form of cash for his past services and/or the grant of stock options. The Compensation Committee has the power to retain the services of third parties to help in the determination of the annual

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	COMMENTS
.	compensation of an executive officer. Where the Compensation Committee does not retain the services of a third party, the Compensation Committee may review publicly-available information regarding the compensation of executive officers holding a position similar to the position under review or purchase such information from third parties. The Compensation Committee will also take into consideration publicly-available information relating to the average percentage increase in a particular year of the compensation generally paid to executive officers. The Compensation Committee reviews, from time to time, the compensation of the directors and members of the Board committees. The Compensation Committee has the power to retain the services of third parties to assist its members determining the compensation of directors and committee members. The Compensation Committee makes recommendations to the Board on the compensation to be paid to executive officers and directors and the Board has complete discretion to accept, reject or amend any recommendation made by the Compensation Committee.
(b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation. (c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The Compensation Committee was comprised of three (3) independent directors in the fiscal year ended November 30, 2018, namely: - Paul Pommier; - Jean-Denis Talon (chair); and - Dawn Svoronos. The responsibilities, powers and operation of the Compensation Committee are described in Appendix “E” to this Circular.
8. If the Board has standing committees other than the audit, compensation, nominating committees, identify the committees and describe their function.	None
9. Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committee, and its individual directors are performing effectively.	The Nominating and Corporate Governance Committee is responsible to ensure that a process is in place for the review of the performance of individual directors, the Board as a whole, the Board committees, as well as the Board and Committee Chairs. Assessments are done on an on-going basis. At the end of the last fiscal year, the Nominating and Corporate Governance Committee led the conduct of a formal evaluation of the Board, the Chair of the Board, the committees of the Board and each Board member. The evaluation was made through the use of a questionnaire sent to all Board members. The questionnaires were then sent to the Corporation’s external counsel for review. The Corporation’s external counsel reported to the Nominating and Corporate Governance Committee and the Chair of such committee reported to all Board members.
10. Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and if so, include a description of those director term limits or other mechanisms of board renewal.	Theratechnologies has adopted a policy regarding term limits, a summary of which is provided under “Item II - Subjects to be treated at the meeting – Election of Directors – Directors’ Mandatory Retirement Policy”.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	COMMENTS
11. (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.	Theratechnologies has not adopted a written policy relating to the identification and nomination of women directors. The Board desires to have discretion in selecting candidates since it has determined that it would be inappropriate for Theratechnologies to require that a minimum percentage of candidates at the Board or executive levels be comprised of women. However, at a Board meeting held in February 2017, the Board approved an amendment to the Charter of the Nominating and Corporate Governance Committee to embed in such Charter the obligation by the Nominating and Corporate Governance Committee to take into consideration gender diversity when the Committee needs to recruit candidates for directorship. Therefore, gender diversity is now one of the four criteria that the Committee will consider in recruiting a candidate to act as a director of the Corporation.
(b) If an issuer has adopted a policy referred to in 11(a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions; (ii) the measures taken to insure that the policy has been effectively implemented; (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy; and (iv) whether and if so, how the board and its nominating committee measures the effectiveness of the policy.	As stated above, no written policy has been adopted by the Board of Directors of Theratechnologies.
12. Disclose whether and, if so, how the Board or the nominating committee considers the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board. If the issuer does not consider a level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board, disclose the issuer reason for not doing so.	Both the Board of Directors and the nominating committee consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election. Whenever the issues of succession or addition of new board members are discussed, the members of the Board seek to obtain the candidacy of women who must fulfill the expertise sought by the Board. See Section 11(a) above.
13. Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.	Theratechnologies is sensitive to the representation of women in executive officer positions. However, as for Board candidacy, management will seek to retain the services of the most available skilled person(s) to fulfill available position(s).

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	COMMENTS
14. (a) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.	As previously mentioned, Theratechnologies has no target with respect to women acting as Board members. The Board wishes to retain its discretion in order to appoint successors or add additional members in order to be in a position to select the best available candidates while keeping in mind gender diversity.
(b) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer had not adopted a target, disclose why it has not done so.	As previously mentioned, Theratechnologies has no target with respect to women in executive officer positions. The Corporation wishes to retain discretion in order to appoint successors or add additional members in order to be in a position to select the best available candidates.
(c) If the issuer had adopted a target referred to in either paragraph 14(a) or 14(b), disclose: (i) the target; and (ii) the annual and cumulative progress of the issuer in achieving the target.	N.A.
15. (a) Disclose the number and proportion (in percentage terms) of directors on issuer's board who are women.	Ms. Dawn Svoronos is the Chair of the Board and both Ms. Dale MacCandlish Weil and Ms. Sheila Frame act as directors of the Corporation. If Ms. Svoronos, Ms. MacCandlish Weil and Ms. Frame are elected at the Meeting, the representation of women on the Board will account for 43% of independent directors and 38% of all Board members.
(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all measure subsidiaries of the issuer, who are women.	The number of executive officers at Theratechnologies amounts to seven (7), one of whom is a woman, namely Ms. Marie-Noël Colussi. Ms. Colussi acts as Vice President, Finance. Therefore, the proportion of women holding executive positions at Theratechnologies amounts to 14%.

1. Audit Committee Information

General

The audit committee (the "**Audit Committee**") is currently composed of three independent directors, namely, Mr. Paul Pommier, who acts as the Chair, Gérald A. Lacoste and Jean-Denis Talon. See "Item II – Subjects to Be Treated at the Meeting – Election of Directors - Nominees" above for the biography of each of the Audit Committee members. All of the Audit Committee members are financially literate within the meaning of *National Instrument 52-110 - Audit Committees*. The Audit Committee members are scheduled to meet without executive officers being present on a regular basis.

During the fiscal year ended November 30, 2018, the Audit Committee met a total of four (4) times. Each member attended all meetings.

Role and Responsibilities

The Audit Committee is responsible for assisting the Board to oversee the followings:

- the integrity of the Corporation's financial statements and information related thereto;
- the Corporation's internal control system;
- the appointment and performance assessment of the external auditors; and
- the Corporation's risk management matters.

A copy of the Charter of the Audit Committee describing the role and responsibilities of the Audit Committee is attached as Appendix "F" to this Circular.

Pre-Approval Policies and Procedures

The Audit Committee is responsible for the oversight of the independent external auditors' work. The Audit Committee pre-approves all audit and non-audit services provided by the external auditors. These services may include audit services, audit-related services, tax services and other services. The Audit Committee appoints the auditors and oversees and fixes the compensation for all such services. The external auditors and the Corporation's management report to the Audit Committee regarding the extent of services actually provided in accordance with the applicable pre-approval, and regarding the fees for services performed. The Audit Committee approved 100% of the fees listed in the table below under "Auditors' Fees".

Auditors' Fees

The fees paid to the Auditors of the Corporation for the fiscal years ended November 30, 2018 and 2017 are shown in the table above under "Item II. – Subjects to Be Treated at the Meeting – Appointment of Auditors".

2. Shareholder Proposals

The deadline by which the Corporation must receive proposals from shareholders under the Act for presentation at the next annual meeting of shareholders is January 13, 2020.

3. Additional Documentation

The Corporation is a reporting issuer in all Canadian provinces and is required to file its financial statements, annual information form (the "**AIF**") and Circular with each Canadian Securities Commission.

The financial information of the Corporation is provided in the Corporation's comparative financial statements and Management's Discussion & Analysis for its fiscal year ended November 30, 2018. Copies of the Corporation's financial statements, management proxy circular and AIF may be obtained on request to the Corporate Secretary of the Corporation at the following address: 2015 Peel Street, 11th Floor, Montreal, Québec, Canada, H3A 1T8 or by consulting the SEDAR Website at www.sedar.com. The Corporation may require the payment of a reasonable fee if the request is made by someone other than a security holder of the Corporation, unless the Corporation is in the course of a distribution of its securities pursuant to a short-form prospectus, in which case these documents will be provided free of charge.

4. Approval by the Board of Directors

The content and the sending of this Circular have been approved by the Board of the Corporation.

Montreal, Québec, Canada, April 12, 2019.

(signed) Jocelyn Lafond

Jocelyn Lafond
Corporate Secretary

APPENDIX A

RESOLUTION 2019-1 SHAREHOLDER RIGHTS PLAN

RESOLUTION OF THE SHAREHOLDERS OF

THERATECHNOLOGIES INC. (THE "CORPORATION")

1. That the approval by the board of directors of the Corporation of the amended and restated shareholder rights plan agreement entered into on April 10, 2019 between the Corporation and Computershare Trust Services of Canada, be and it is hereby ratified; and

2. That any director or officer of the Corporation be and is hereby authorized to execute and deliver such documents and instruments and to take such other actions as such director or officer may deem necessary or advisable to give effect to this resolution in his entire discretion, his determination being conclusively evidenced by the execution and delivery of such documents or instruments and the taking of such actions.

APPENDIX B

MANDATE OF THE BOARD OF DIRECTORS

I. Role

The Corporation's Board of Directors (the "**Board**") is ultimately responsible for the stewardship of the Corporation and executes its mandate directly or after considering recommendations from its related committees and Management.

Management is responsible for the Corporation's day-to-day activities and is charged with realizing strategic activities approved by the Board within the scope of its authorized business activities, capitalization plan and Corporation directives. Management must report regularly to the Board on matters relating to short-term results and long-term development activities.

II. Obligations and Responsibilities

The Board carries out the functions, performs duties and assumes the responsibilities entrusted by the laws and regulations. The Board may delegate some of its responsibilities to Board committees and Management within the scope of the Corporation's General By-laws, the laws and the regulations. Therefore, day-to-day management of the Corporation's activities is entrusted to Senior Management, which reports directly to the Board. One of the key functions of the Board is to appoint the senior management team.

The functions and duties of Board members include, without limitation, the following functions and duties:

A. Appointment, assessment, succession planning of Senior Management

1. Select and appoint the President and Chief Executive Officer of the Corporation.
2. Oversee the appointment of other members of Senior Management.
3. Ensure that the Corporation has a succession plan for the President and Chief Executive Officer.
4. Monitor the performance of the President and Chief Executive Officer and others Executive Officers, with respect to pre-established objectives.

B. Compensation of Directors

1. Establish the compensation of Directors.

C. Strategic Direction and Planning

1. Adopt the Corporation's strategic planning process.
2. Approve the Corporation's strategic plan and review Senior Management's performance in implementing the plan.

3. Review the strategic plan annually, taking into account opportunities and risks, and monitoring the Corporation's performance against the plan.

4. Review and approve the Corporation's annual plans towards financing the strategic plan.

5. Review and approve the Corporation's annual operating budget.

6. Identify key business risks facing the Corporation and the implementation of appropriate systems to manage these risks.

7. Discuss with Management how the strategic environment is changing and the key strategic issues.

D. Corporate Behaviour and Governance

1. Develop an approach to corporate governance, including the determination of principles and guidelines for the Corporation.

2. Obtain reasonable assurance of the integrity of the President and Chief Executive Officer and other senior members of Management, and that they uphold principles of integrity within the ranks of the Corporation.

3. Oversee the implementation of a Corporation disclosure policies and procedures.

4. Monitor the integrity of the Corporation's internal controls and disclosure systems.

5. Be available to receive feedback from stakeholders, which must be provided in writing, at the Corporation's head office, bearing the mention "Confidential".

E. Personal Behaviours

1. Keep up-to-date with the regular programs and employees of the Corporation.

2. Upon request, join a committee and actively participate at its meetings.

3. Be accessible, at least by telephone, to personnel and other Corporation Directors, as required.

4. Keep confidential information discussed during meetings.

5. Attend regular and special Board meetings.

6. Get to know other members of the Board and promote collegial decision-making.

III. External Advisors

In discharging its duties and responsibilities, the Board is empowered to retain external legal counsel or other external advisors, as appropriate. The Corporation shall provide the necessary funds to secure the services of such advisors.

IV. Composition of the Board

The Board consists of such number of Directors as the Board may determine from time to time by resolution. The Board must assure itself that it is composed of Directors that are sufficiently familiar with the business of the Corporation, and the risks it faces, to ensure active and effective participation in the deliberations of the Board. Directors should have diverse backgrounds and personal characteristics and traits as well as competencies and expertise that add value to the Corporation. Finally, a majority of the Directors must be independent for the purposes of National Policy 58-201 Corporate Governance Guidelines.

V. Board Meeting Procedures

The Board follows the procedure established in the Corporation's General By-Laws.

VI. Records

The Corporation's Secretary keeps the records required by law and any other relevant document.

VII. Effective Date

This written mandate was adopted by the Directors at its February 8, 2006 Board meeting.

APPENDIX C

DIRECTOR ORIENTATION AND CONTINUING EDUCATION POLICY

The Board must first ensure that every new nominee as Director possesses the necessary skill, expertise, availability and knowledge to properly fulfil its mandate. Once a Director is effectively elected, the Chairman of the Board, the President and Chief Executive Officer and Secretary provide him with the specific information required for a well-informed contribution.

I. Purpose

The purpose of this Director Orientation and Continuing Education Policy (the "**Policy**") is to set forth the Corporation's process of orientation for newly appointed Corporation Directors to familiarize them with the role of the Corporation's Board of Directors, its committees, its directors, and the nature and operation of the Corporation's business activities. The Policy also indicates the elements of continuing education of the Board of Directors to ensure the Corporation Directors maintain the skill and knowledge necessary to fulfill their obligations as directors.

II. Orientation of New Directors

Newly appointed Directors first meet with the Chairman of the Board to discuss the functioning of the Board of Directors. Then, they meet with the President and Chief Executive Officer to discuss the nature and operation of the Corporation's business activities. As required, meetings may be set up with other Senior Managers to further clarify some of the Corporation's business activities. Finally, the Secretary provides new directors with the following documents:

A. Copies of Board meeting minutes and written resolutions since the beginning of the fiscal year (which may include those of the preceding fiscal year, depending of the date of appointment), including a copy of the minutes of the last annual meeting;

B. A schedule of Board Meetings for the year;

C. The disclosure policies et procedures and the "Undertaking" form (for signature);

D. The policy on insider trading in force at Theratechnologies (with mention to register as an insider with the Canadian securities agency through SEDI.ca and to prepare an initial insider report within ten (10) days following appointment);

E. Theratechnologies' Share Option Plan;

F. The latest annual report and accompanying information on Theratechnologies (fact sheet, latest press releases, latest annual information form and corporate presentation);

G. The Director Disclosure Form (to complete and return within afforded time);

H. The General By-Laws, the Board's written mandate, the Audit Committee Charter, Compensation Committee Charter, Nominating and Corporate Governance Charter; and

I. The Directors and Senior Management coverage and compensation.

III. Continuing Education

The following actions are taken to ensure the continuing education of Directors:

A. Management provides Directors, from time to time, with pertinent articles and books relating to the Corporation's business, its competitors, corporate governance and regulatory issues;

B. Key Corporation executives make regular presentations to the Board on business activities;

C. Certain consultants present to the Board on matters relevant to their role and duties. Consultants such as insurance brokers presenting on risks faced by the Corporation or consultants presenting a long-term strategy for the Corporation;

D. The Secretary offers Directors continuing education in the form of presentations on new legal and regulatory requirements that impact the Board.

IV. Review

This Policy is reviewed and modified when the Board of Directors considers it necessary and desirable.

APPENDIX D

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

I. Mandate

The Nominating and Corporate Governance Committee (the "Committee") is responsible for assisting the Company's Board of Directors (the "Board") in overseeing the following:

A. Recruit candidates for the Board;

B. Review the size of the Board;

C. Composition of the Board;

D. Function of the Board;

E. Orientation and education of Board members; and

F. Governance.

II. Obligations and Duties

The Committee carries out the duties usually entrusted to a Nominating and Corporate Governance Committee and any other duty assigned from time to time by the Board. Specifically, the Committee is charged with the following obligations and duties:

A. Recruit Candidates for the Board

1. Identify potential candidates as members of the Company's Board of Directors. In so doing, the Committee will consider:

a. independence of candidates under the terms of National Policy 58-201 on corporate governance;

b. gender diversity;

c. the competencies, skills and personal characteristics sought in candidates. The Committee will determine what it considers necessary by assessing competencies, skills and personal characteristics of the candidates in relation to: (1) those generally required by the Board; (2) those already present in other Board members; and (3) those which are a welcome addition; and

d. the availability of candidates.

2. All Board members may submit to the Committee potential candidates for membership, and the Committee shall review such candidates in light of above described competencies and skills desirable for the Board.

3. The Committee shall proceed as follows for the recruitment of candidates:

   a. when determined by the Committee and the Board of Directors that Board vacancies must be filled or new members are desirable, the Chairman of the Board of Directors shall make contact with candidates that have been identified by the Committee per the above described criteria;

   b. upon a positive evaluation by the Chairman of the Board of Directors and positive reaction from the candidate, at least two (2) members of the Board shall meet with the candidate; and

   c. upon a positive evaluation by the two (2) Board members and the continuing interest of the candidate, the Committee shall make a recommendation to the Board of Directors, providing all pertinent background information for analysis and discussion by the Directors.

B. Board Size

The Board must be composed of 3 to 20 directors, as per the Company's Articles of Incorporation and the Law. As provided under the terms of the Company General By-Laws, the Board shall exercise its power to establish by resolution the exact number of directors. In this regard, the duties of the Committee are as follows:

1. Examine the size of the Board annually in view of assessing its effectiveness.

2. Consider modifications to the number of constituting members and issue its recommendations to the Board.

C. Composition of the Board

1. Ensure that the Board is composed of Directors that are sufficiently familiar with the business of the Company, and the risks it faces, to ensure active and effective participation in the deliberations of the Board.

2. Ensure that Directors have diverse backgrounds and personal characteristics and traits as well as competencies and expertise that add value to the Company.

3. Ensure that a majority of the directors are independent directors for the purposes of National Policy 58-201 Corporate Governance Guidelines.

D. Board Functioning

1. Examine the Board's functions and issue recommendations as to its obligations and role. Among others, the Committee must regularly review the Board's written mandate.

2. Determine and review, as needed, the roles and mandates of Board committees and issue recommendations.

E. Orientation and Continuing Education of Board Members

Develop an orientation and continuing education policy for Directors.

F. Governance

1. Follow corporate governance developments and, as required, advise the Board of appropriate actions.

2. Examine appropriate actions to promote ethical business conduct, issue relevant recommendations to the Board and oversee their implementation.

3. Examine conflict of interest issues that may be brought to the attention of the Board and offer solutions.

III. External Advisors

In discharging its duties and responsibilities, the Committee is empowered to retain external legal counsel or other external advisors, as appropriate. The Company shall provide the necessary funds to secure the services of such advisors.

IV. Composition of the Committee

The Committee is composed of any number of Directors, but no less than three, as may be determined by the Board from time to time by resolution. Each member of the Committee shall be independent from the Company, as determined by the Board in accordance with applicable laws, rules and regulations.

V. Term of the Mandate

Committee members are appointed by Board resolution to carry out their mandate extending from the date of the appointment to the next Annual General Meeting of Shareholders, or until successors are so appointed.

VI. Vacancy

The Board may fill vacancies at any time by resolution. Subject to the constitution of the quorum, the Committee's members can continue to act even if there is one or many vacancies on the Committee.

VII. Chairman

The Board appoints the Committee Chairman who will call and chair the meetings. The Chairman reports to the Board the deliberations of the Committee and its recommendations.

VIII. Secretary

Unless decided otherwise by resolution of the Board, the Secretary of the Company shall act as Committee Secretary. The Secretary must attend Committee meetings and prepare the minutes. He/she must provide notification of meetings as directed by the Committee Chairman. The Secretary is the guardian of the Committee's records, books and archives.

IX. Meeting Proceedings

The Committee establishes its own procedures as to how meetings are called and conducted. Unless it is otherwise decided, the Committee shall meet privately and independently from Management at each regularly scheduled meeting. In the absence of the regularly appointed Chairman, the meeting shall be chaired by another Committee member selected among attending participants and appointed accordingly. In the absence of the regularly appointed Secretary, Committee members shall designate someone else to carry out this duty.

X. Quorum and Vote

Unless the Board otherwise specifies by resolution, two Committee members shall constitute an appropriate quorum for deliberation of items on the agenda. During meetings, decisions are reached by a majority of votes from Committee members, unless the quorum is of two members, in which case decisions are made by consensus of opinion.

XI. Records

The Committee keeps records that are deemed necessary of its deliberations and reports regularly to the Board on its activities and recommendations.

XII. Effective Date

This charter was adopted by the Directors during the February 8, 2006 Board meeting and amended during the February 7, 2017 Board meeting.

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APPENDIX E

COMPENSATION COMMITTEE CHARTER

I. Mandate

The Compensation Committee (the "**Committee**") is responsible for assisting the Corporation's Board of Directors (the "**Board**") in overseeing the following:

A. compensation of Senior Management;

B. assessment of Senior Management;

C. compensation of Directors;

D. stock option grants;

E. overall increase in total compensation.

II. Obligations and Duties

The Committee carries out the duties usually entrusted to a compensation committee and any other duty assigned from time to time by the Board. Specifically, the Committee is charged with the following obligations and duties:

A. Compensation of Senior Management

1. Develop a compensation policy for the Corporation's Senior Management, notably the Senior Management compensation structure, annual salary adjustments as well as the creation and administration of short and long term incentive plans, stock options, indirect advantages and benefits proposed by the President and Chief Executive Officer.

2. Review and establish all forms of compensation to Senior Management.

3. Oversee, as required, employment contracts and terminations of Senior Management, notably severance pay.

4. Oversee the Corporation's annual report on Senior Management compensation part of the Corporation's continuous disclosure requirements under applicable laws and regulations.

B. Assessment of Senior Management

1. Develop a written position description for the President and Chief Executive Officer.

2. Establish general objectives annually for the President and Chief Executive Officer of the Corporation and for other members of senior management.

3. Examine and review annually the President and Chief Executive Officer's performance against specific performance criteria pre-established by the Committee.

4. Examine, in collaboration with the President and Chief Executive Officer, the annual performance assessment of other senior managers.

C. Compensation of Directors

1. Recommend to the Board approval of the Director's Compensation Policy.

2. Examine the compensation of Directors in relation to the risks and duties of their position.

D. Stock Option Grants

1. Oversee, review as needed and recommend Board approval of the Corporation Share Option Plan.

2. The Committee may delegate, at its discretion, the plan's administration to members of the Corporation's Management and employees.

3. Examine, oversee and recommend Board approval of stock option grants, specifically:

a. the people to whom options are granted;

b. the number of options granted;

c. the exercise price of the options;

d. the exercise period of the options; and

e. all other conditions relating to options granted.

4. Overall Increase in Total Compensation

Approve annually the Corporation's increase in overall compensation.

III. External Advisors

In discharging its duties and responsibilities, the Committee is empowered to retain external legal counsel or other external advisors, as appropriate. The Corporation shall provide the necessary funds to secure the services of such advisors.

IV. Composition of the Committee

The Committee is composed of any number of Directors, but no less than three, as may be determined by the Board from time to time by resolution. Each member of the Committee shall be independent from the Corporation, as determined by the Board, in accordance with applicable laws, rules and regulations.

V. Term of the Mandate

Committee members are appointed by Board resolution to carry out their mandate extending from the date of the appointment to the next annual general meeting of shareholders, or until successors are so appointed.

VI. Vacancy

The Board may fill vacancies at any time by resolution. Subject to the constitution of the quorum, the Committee's members can continue to act even if there is one or many vacancies on the Committee.

VII. Chairman

The Board appoints the Committee Chairman who will call and chair the meetings.

VIII. Secretary

Unless decided otherwise by resolution of the Board, the Secretary of the Corporation shall act as Committee Secretary. The Secretary must attend Committee meetings and prepare the minutes. He/she must provide notification of meetings as directed by the Committee Chairman. The Secretary is the guardian of the Committee's records, books and archives.

IX. Meeting Proceedings

The Committee establishes its own procedures as to how meetings are called and conducted. Unless it is otherwise decided, the Committee shall meet privately and independently from Management at each regularly scheduled meeting. In the absence of the regularly appointed Chairman, the meeting shall be chaired by another Committee member selected among attending participants and appointed accordingly. In the absence of the regularly appointed Secretary, Committee members shall designate someone to carry out this duty.

X. Quorum and Vote

Unless the Board otherwise specifies by resolution, two Committee members shall constitute an appropriate quorum for deliberation of items on the agenda. During meetings, decisions are reached by a majority of votes from Committee members, unless the quorum is of two members, in which case decisions are made by consensus of opinion.

XI. Records

The Committee keeps records that are deemed necessary for its deliberations and reports to the Board on its activities and recommendations on a regular basis.

XII. Effective Date

This charter was adopted by the Directors at its May 3, 2004 Board meeting. It was amended by the Directors during the February 8, 2006 Board meeting.

APPENDIX F

AUDIT COMMITTEE CHARTER

I. Mandate

The Audit Committee (the "Committee") is responsible for assisting the Company's Board of Directors (the "Board") in overseeing the following:

F. the integrity of the Company's financial statements and related information;

G. the internal control systems of the Company;

H. the appointment and performance of the external auditor; and

I. the supervision of the Company's Risk Management.

II. Obligations and Duties

The Committee carries out the duties usually entrusted to an audit committee and any other duty assigned from time to time by the Board. Management has the responsibility to ensure the integrity of the financial information and the effectiveness of the Company's internal controls. The external auditor has the responsibility to verify the fair presentation of the Company's financial statements; at the same time evaluating the internal control process to determine the nature, extent and timing of the auditing procedures used for the financial statement audit. The Committee has the responsibility to supervise the participants involved in the preparation process of the financial information and to report on this to the Board.

Specifically, the Committee is charged with the following obligations and duties:

A. Integrity of the Company's Financial Statements and Related Information

1. Review annual and quarterly consolidated financial statements and all financial information legally required to be disclosed by the Company, i.e. financial information contained in the "Management Discussion and Analysis" report, the Annual Information Form and the press releases, as the case may be, discuss such with management and the external auditor, as applicable, and suggest recommendations to the Board, as the case may be.
2. Approve the interim Financial Statements, the interim "Management Discussion and Analysis" reports and all supplements to these "Management Discussion and Analysis" reports which have to be filed with regulatory authorities.
3. On a periodic basis, review and discuss with management and the external auditor, as applicable, the following:

    a. major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;

b. the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and

c. the type and presentation of information to be included in press releases dealing with financial results (paying particular attention to any use of pro-forma information or information adjusted by means of non-generally accepted accounting principles).

4. Review and discuss reports from the external auditor on:

a. all critical accounting policies and practices used by the Company;

b. all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternate treatments and disclosures and the treatment preferred by the external auditor;

c. the external auditors' report to the Committee on the planning of external auditing; and

d. the external auditors' report to the Committee on the auditing results.

B. Supervision of the Company's Internal Control Systems

1. Review and discuss with management and, when appropriate, provide recommendations to the Board on the following:

a. actual financial data compared with budgeted data;

b. the Company's internal control system;

c. the relationship of the Committee with the management and audit committees of the Company's consolidated subsidiaries. With respect to the subsidiaries, the Committee must:

- obtain precisions as to the mandate of the audit committees;
- enquire about internal controls and study related risks;
- obtain copy of the minutes of the audit committees' meetings; and
- ensure that the critical accounting policies and practices are identical to the Company's.

2. Study the feasibility of implementing an internal auditing system and when implemented, establish its responsibilities and supervise its work.

3. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

C. Appointment and Performance Supervision of the External Auditor

1. Provide recommendations to the Board on the selection of the external auditor to be appointed by the shareholders.
2. Approve in advance and recommend to the Board the external auditor's remuneration and more specifically fees and terms of all audit, review or certification services to be provided by the external auditor to the Company and any consolidated subsidiary.
3. Supervise the performance of the external auditor in charge of preparing or issuing an audit report or performing other audit services or certification services for the Company or any consolidated subsidiary of the Company, where required, and review all related questions as to the terms of its mission and the revision of its mission.
4. Pre-approve all engagements for permitted non-audit services provided by the external auditor to the Company and any consolidated subsidiary, and to this effect and at its convenience, establish policies and procedures for the engagement of the external auditor to provide to the Company and any consolidated subsidiary permitted non-audit services, which shall include approval in advance by the Committee of all audit/review services and permitted non-audit services to be provided to the Company and any consolidated subsidiary by the external auditor.
5. At least annually, consider, assess and report to the Board on:

    a. the independence of the external auditor, including whether the external auditor's performance of permitted non-audit services is compatible with the external auditor's independence;

    b. the obtaining from the external auditor of a written or verbal statement i) describing all relationships between the external auditor and the Company that may reasonably be thought to bear on their independence; ii) assuring that lead audit partner rotation is carried out, as required by law; and iii) describing any other relationship that may reasonably be thought to affect the independence of the external auditor; and

    c. the evaluation of the lead audit partner, taking into account the opinions of management and the internal auditor.
6. At least annually, obtain and review a report by the external auditor describing:

    a. the external auditor's internal quality-control procedures; and

    b. any material issues raised by the most recent internal quality-control review (or peer review) of the external auditor's firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the external auditor's firm, and any steps taken to deal with any such issues.
7. Resolve any disagreement between management and the external auditor regarding financial reporting.
8. Review the audit process with the external auditor.
9. Review and discuss with the Chief Executive Officer and Chief Financial Officer of the Company the process for the certifications to be provided in the Company's public disclosure documents.
10. Meet periodically with the external auditor in the absence of management.

11. Establish procedures with respect to hiring the external auditor's employees and former employees.

D. Supervision of the Company's Risk Management

Review, report and, where appropriate, provide recommendations to the Board on the following:

1. the Company's processes for identifying, assessing and managing risk;
2. the Company's major financial risk exposures and the steps the Company has taken to monitor and control such exposures;
3. the Company's insurance portfolio and the adequacy of the coverage; and
4. the Company's investment policy.

III. External Advisors

In discharging its duties and responsibilities, the Committee is empowered to retain external legal counsel or other external advisors, as appropriate. The Company shall provide the necessary funds to secure the services of such advisors.

IV. Composition of the Committee

The Committee is composed of any number of Directors, but no less than three, as may be determined by the Board from time to time by resolution. Each member of the Committee shall be independent from the Company and is financially literate, as determined by the Board and in conformity with applicable laws, rules and regulations.

V. Term of the Mandate

Committee members are appointed by Board resolution to carry out their mandate extending from the date of the appointment to the next annual general meeting of the shareholders or until their successors are so appointed.

VI. Vacancy

The Board may fill vacancies at any time by resolution. Subject to the constitution of the quorum, the Committee's members can continue to act even if there is one or many vacancies on the Committee.

VII. Chairman

The Board appoints the Committee Chairman who will call and chair the meetings**.** The Chairman reports to the Board the deliberations of the Committee and its recommendations.

VIII . Secretary

Unless otherwise determined by resolution of the Board, the Secretary of the Company shall act as Committee Secretary. The Secretary must attend Committee meetings and prepare the minutes.

He/she must provide notification of meetings as directed by the Committee Chairman. The Secretary is the guardian of the Committee's records, books and archives.

IX. Meeting Proceedings

The Committee establishes its own procedures as to how meetings are called and conducted. Unless it is otherwise decided, the Committee shall meet privately and independently from Management at each regularly scheduled meeting. In the absence of the regularly appointed Chairman, the meeting shall be chaired by another Committee member selected among attending participants and appointed accordingly. In the absence of the regularly appointed Secretary, Committee members shall designate someone to carry out this duty.

The Committee shall meet at least four times a year with management and the external auditor, and at least once a year, separately in executive session in the absence of management and the external auditor. At least once a year, the Committee invites the Chief Financial Officer of each subsidiary to present the financial information and internal control systems related to such subsidiary.

X .. Quorum and Voting

Unless the Board otherwise specifies by resolution, two Committee members shall constitute an appropriate quorum for deliberation of items on the agenda. During meetings, decisions are reached by a majority of votes from Committee members, unless the quorum is of two members, in which case decisions are made by consensus of opinion.

XI. Records

The Committee keeps records that are deemed necessary of its deliberations and reports regularly to the Board on its activities and recommendations.

XII. Effective Date

This charter was adopted by the Directors at its May 3, 2004 Board meeting. It was amended by the Directors during the April 13, 2005, February 8, 2006 and February 25, 2015 Board meetings.

THERATECHNOLOGIES INC.

Computershare

8th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
www.computershare.com

THTQ 000001

SAM SAMPLE
123 SAMPLES STREET
SAMPLETOWN SS X9X X9X
CANADA

Security Class
COMMON SHARES

Holder Account Number
C9999999999 IND

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Form of Proxy - Annual Meeting to be held on May 15, 2019

This Form of Proxy is solicited by and on behalf of Management.

Notes to proxy

1. **Every holder has the right to appoint some other person or company of their choice, who need not be a holder, to attend and act on their behalf at the meeting or any adjournment or postponement thereof. If you wish to appoint a person or company other than the persons whose names are printed herein, please insert the name of your chosen proxyholder in the space provided (see reverse).**
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc.), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you must sign this proxy with signing capacity stated, and you may be required to provide documentation evidencing your power to sign this proxy.
3. This proxy should be signed in the exact manner as the name(s) appear(s) on the proxy.
4. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by Management to the holder.
5. **The securities represented by this proxy will be voted as directed by the holder; however, if such a direction is not made in respect of any matter, this proxy will be voted as recommended by Management.**
6. The securities represented by this proxy will be voted in favour or withheld from voting or voted against each of the matters described herein, as applicable, in accordance with the instructions of the holder, on any ballot that may be called for and, if the holder has specified a choice with respect to any matter to be acted on, the securities will be voted accordingly.
7. This proxy confers discretionary authority in respect of amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the meeting or any adjournment or postponement thereof.
8. This proxy should be read in conjunction with the accompanying documentation provided by Management.

Fold

Proxies submitted must be received by 5:00 pm, Eastern Time, on May 13, 2019.

VOTE USING THE TELEPHONE OR INTERNET 24 HOURS A DAY 7 DAYS A WEEK!

To Vote Using the Telephone

- Call the number listed BELOW from a touch tone telephone.

1-866-732-VOTE (8683) Toll Free

To Vote Using the Internet

- Go to the following web site: www.investorvote.com
- **Smartphone?** Scan the QR code to vote now.

If you vote by telephone or the Internet, DO NOT mail back this proxy.

Voting by mail may be the only method for securities held in the name of a corporation or securities being voted on behalf of another individual.
Voting by mail or by Internet are the only methods by which a holder may appoint a person as proxyholder other than the Management nominees named on the reverse of this proxy. Instead of mailing this proxy, you may choose one of the two voting methods outlined above to vote this proxy.

To vote by telephone or the Internet, you will need to provide your CONTROL NUMBER listed below.

CONTROL NUMBER 23456 78901 23456

SAM SAMPLE

C9999999999

IND C01

Appointment of Proxyholder

The undersigned shareholder of Theratechnologies Inc. (the "Corporation") hereby appoints: Dawn Svoronos, Chair of the Board, or failing her, Luc Tanguay, President and Chief Executive Officer

OR

Print the name of the person you are appointing if this person is someone other than the Management Nominees listed herein.

as my proxyholder to attend and act for and on my behalf at the Annual Meeting of Shareholders of the Corporation to be held at the McCord Museum, 690 Sherbrooke Street West, Montreal, Québec, on Wednesday, May 15, 2019 at 10:00 a.m., (the "Meeting"), and at any adjournment thereof, with full power of substitution and with all the powers which the undersigned could exercise with respect to his/her common shares if personally present at the Meeting. The shares are to be voted, on any ballot, in accordance with the instructions given below:

VOTING RECOMMENDATIONS ARE INDICATED BY HIGHLIGHTED TEXT OVER THE BOXES.

1. **Election of Directors**

	For	Withhold		For	Withhold		For	Withhold
01. Sheila Frame	☐	☐	02. Gérald Lacoste	☐	☐	03. Gary Littlejohn	☐	☐
04. Dale MacCandlish Weil	☐	☐	05. Paul Pommier	☐	☐	06. Dawn Svoronos	☐	☐
07. Jean-Denis Talon	☐	☐	08. Luc Tanguay	☐	☐			

Fold

	For	Withhold
2. **Appointment of Auditors** Vote FOR or WITHHOLD from voting with respect to the appointment of auditors.	☐	☐

	For	Against	Withhold
3. **Resolution 2019-1 Approving the Shareholder Rights Plan** Vote FOR, AGAINST or WITHHOLD from voting with respect to Resolution 2019-1 approving the amendments and renewal of the Shareholder Rights Plan.	☐	☐	☐

Fold

Authorized Signature(s) - This section must be completed for your instructions to be executed.

I/We authorize you to act in accordance with my/our instructions set out above. I/We hereby revoke any proxy previously given with respect to the Meeting. **If no voting instructions are indicated above, this Proxy will be voted as recommended by Management.**

Signature(s)

Date

DD / MM / YY

Interim Financial Statements - Mark this box if you would like to receive the Interim Financial Statements and accompanying Management's Discussion and Analysis by mail. ☐

Annual Financial Statements - Mark this box if you would like to receive the Annual Financial Statements and accompanying Management's Discussion and Analysis by mail. ☐

Information Circular - Mark this box if you would like to receive the Information Circular by mail for the next securityholders' meeting. ☐

If you are not mailing back your proxy, you may register online to receive the above financial report(s) by mail at www.computershare.com/mailinglist.

THTQ 292087 1APIZ AR1 99999

THERATECHNOLOGIES INC.

Computershare

8th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
www.computershare.com

THTQ 000002

SAM SAMPLE
123 SAMPLES STREET
SAMPLETOWN SS X9X X9X
AUSTRALIA

Security Class
COMMON SHARES

Holder Account Number
C9999999999 IND

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Form of Proxy - Annual Meeting to be held on May 15, 2019

This Form of Proxy is solicited by and on behalf of Management.

Notes to proxy

1. **Every holder has the right to appoint some other person or company of their choice, who need not be a holder, to attend and act on their behalf at the meeting or any adjournment or postponement thereof. If you wish to appoint a person or company other than the persons whose names are printed herein, please insert the name of your chosen proxyholder in the space provided (see reverse).**
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc.), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you must sign this proxy with signing capacity stated, and you may be required to provide documentation evidencing your power to sign this proxy.
3. This proxy should be signed in the exact manner as the name(s) appear(s) on the proxy.
4. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by Management to the holder.
5. **The securities represented by this proxy will be voted as directed by the holder; however, if such a direction is not made in respect of any matter, this proxy will be voted as recommended by Management.**
6. The securities represented by this proxy will be voted in favour or withheld from voting or voted against each of the matters described herein, as applicable, in accordance with the instructions of the holder, on any ballot that may be called for and, if the holder has specified a choice with respect to any matter to be acted on, the securities will be voted accordingly.
7. This proxy confers discretionary authority in respect of amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the meeting or any adjournment or postponement thereof.
8. This proxy should be read in conjunction with the accompanying documentation provided by Management.

Fold

Proxies submitted must be received by 5:00 pm, Eastern Time, on May 13, 2019.

VOTE USING THE TELEPHONE OR INTERNET 24 HOURS A DAY 7 DAYS A WEEK!

To Vote Using the Telephone

- Call the number listed BELOW from a touch tone telephone.

312-588-4290 Direct Dial

To Vote Using the Internet

- Go to the following web site: www.investorvote.com
- **Smartphone?** Scan the QR code to vote now.

If you vote by telephone or the Internet, DO NOT mail back this proxy.

Voting by mail may be the only method for securities held in the name of a corporation or securities being voted on behalf of another individual.

Voting by mail or by Internet are the only methods by which a holder may appoint a person as proxyholder other than the Management nominees named on the reverse of this proxy. Instead of mailing this proxy, you may choose one of the two voting methods outlined above to vote this proxy.

To vote by telephone or the Internet, you will need to provide your CONTROL NUMBER listed below.

CONTROL NUMBER 23456 78901 23456

SAM SAMPLE

C9999999999

IND C01

Appointment of Proxyholder

The undersigned shareholder of Theratechnologies Inc. (the "Corporation") hereby appoints: Dawn Svoronos, Chair of the Board, or failing her, Luc Tanguay, President and Chief Executive Officer

OR

Print the name of the person you are appointing if this person is someone other than the Management Nominees listed herein.

as my proxyholder to attend and act for and on my behalf at the Annual Meeting of Shareholders of the Corporation to be held at the McCord Museum, 690 Sherbrooke Street West, Montreal, Québec, on Wednesday, May 15, 2019 at 10:00 a.m., (the "Meeting"), and at any adjournment thereof, with full power of substitution and with all the powers which the undersigned could exercise with respect to his/her common shares if personally present at the Meeting. The shares are to be voted, on any ballot, in accordance with the instructions given below:

VOTING RECOMMENDATIONS ARE INDICATED BY HIGHLIGHTED TEXT OVER THE BOXES.

1. **Election of Directors**

	For	Withhold		For	Withhold		For	Withhold
01. Sheila Frame	☐	☐	02. Gérald Lacoste	☐	☐	03. Gary Littlejohn	☐	☐
04. Dale MacCandlish Weil	☐	☐	05. Paul Pommier	☐	☐	06. Dawn Svoronos	☐	☐
07. Jean-Denis Talon	☐	☐	08. Luc Tanguay	☐	☐			

Fold

	For	Withhold
2. **Appointment of Auditors** Vote FOR or WITHHOLD from voting with respect to the appointment of auditors.	☐	☐

	For	Against	Withhold
3. **Resolution 2019-1 Approving the Shareholder Rights Plan** Vote FOR, AGAINST or WITHHOLD from voting with respect to Resolution 2019-1 approving the amendments and renewal of the Shareholder Rights Plan.	☐	☐	☐

Fold

Authorized Signature(s) - This section must be completed for your instructions to be executed.

I/We authorize you to act in accordance with my/our instructions set out above. I/We hereby revoke any proxy previously given with respect to the Meeting. **If no voting instructions are indicated above, this Proxy will be voted as recommended by Management.**

Signature(s)

Date

DD / MM / YY

Interim Financial Statements - Mark this box if you would like to receive the Interim Financial Statements and accompanying Management's Discussion and Analysis by mail. ☐

Annual Financial Statements - Mark this box if you would like to receive the Annual Financial Statements and accompanying Management's Discussion and Analysis by mail. ☐

Information Circular - Mark this box if you would like to receive the Information Circular by mail for the next securityholders' meeting. ☐

If you are not mailing back your proxy, you may register online to receive the above financial report(s) by mail at www.computershare.com/mailinglist.

THTQ 292087 1APIZ AR1 99999

Exhibit 99.51

REPORT ON VOTING RESULTS

ANNUAL MEETING OF SHAREHOLDERS
HELD ON MAY 15, 2019

The Annual Meeting of shareholders of Theratechnologies was held on Wednesday, May 15, 2019 at 10:00 a.m., at Musée McCord located at 690 Sherbrooke Street West, Montreal, Québec, Canada. Four shareholders and/or proxy holders were present at the meeting, in person or by proxy, holding 50,326,691 common shares of Theratechnologies, representing approximately 65.44% of the total votes attached to all issued and outstanding shares of Theratechnologies as of the record date on April 12, 2019.

Election of Directors

All eight directors proposed for election at the Annual Meeting were elected on a vote by show of hands. All candidates were elected by a majority of the votes cast by shareholders present or represented by proxy at the meeting. The directors will remain in office until the next annual meeting of shareholders or until their successors are elected or appointed. The proxies received by management for the election of directors were as follows:

	Votes For		Votes Withheld	
	#	%	#	%
Sheila Frame	26,327,013	99.53	123,849	0.47
Gérald Lacoste	26,001,144	98.30	449,718	1.70
Gary Littlejohn	26,347,356	99.61	103,506	0.39
Dale Weil	26,326,615	99.53	124,247	0.47
Paul Pommier	26,212,977	99.10	237,885	0.90
Dawn Svoronos	26,262,580	99.29	188,282	0.71
Jean-Denis Talon	26,008,271	98.33	442,591	1.67
Luc Tanguay	26,350,717	99.62	100,145	0.38

Appointment of Auditors

The resolution to appoint KPMG LLP, chartered accountants, as Theratechnologies' auditors to hold office until the next annual meeting of shareholders or until their successors are appointed, and to authorize the directors to fix their remuneration, was adopted on a vote by show of hands. The proxies received by management for the appointment of the auditors were as follows:

	Votes For		Votes Withheld	
	#	%	#	%
Auditors	48,248,110	96.56	1,719,921	3.44

Resolution 2019-1 Approving the Shareholder Rights Plan

Resolution 2019-1 approving the renewal of the shareholder rights plan was passed on a vote by show of hands by a majority of the votes cast by the shareholders present or represented by proxy. The proxies received by management for the passing of resolution 2019-1 were as follows:

	Votes For		Votes Against		Votes Withheld	
	#	%	#	%	#	%
Resolution 2019-1	26,284,850	99.37	78,915	0.30	87,097	0.33

Interim Consolidated Financial Statements
(In thousands of United States dollars)

THERATECHNOLOGIES INC.

Three and six-month periods ended May 31, 2019 and 2018
and as at December 1, 2017

(Unaudited)

THERATECHNOLOGIES INC.

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(In thousands of United States dollars)
(Unaudited)

THERATECHNOLOGIES INC.

Interim Consolidated Statements of Financial Position
(In thousands of United States dollars)

As at May 31, 2019, November 30, 2018 and December 1, 2017
(Unaudited)

	Note	May 31, 2019	November 30, 2018	December 1, 2017
Assets				
Current assets:				
Cash		$ 30,089	$ 38,997	$ 1,365
Bonds and money market funds		10,122	9,691	16,524
Trade and other receivables		13,421	10,952	7,553
Inventories	5	12,861	11,084	7,244
Prepaid expenses and deposits		1,656	1,595	785
Derivative financial assets		1,007	1,287	1,120
Total current assets		69,156	73,606	34,591
Non-current assets:				
Bonds and money market funds		2,851	5,200	7,653
Property and equipment		1,180	101	48
Intangible assets	6	22,802	15,121	16,888
Other asset		14,646	17,088	–
Total non-current assets		41,479	37,510	24,589
Total assets		$ 110,635	$ 111,116	$ 59,180
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities		$ 20,633	$ 25,830	$ 17,997
Provisions	7	1,525	1,014	584
Current portion of long-term obligation	8	3,488	–	3,627
Deferred revenue		70	27	–
Total current liabilities		25,716	26,871	22,208
Non-current liabilities:				
Long-term obligation	8	3,347	–	3,524
Convertible unsecured senior notes	9	49,968	49,233	–
Other liabilities	10	246	–	–
Total non-current liabilities		53,561	49,233	3,524
Total liabilities		79,277	76,104	25,732
Equity				
Share capital		287,035	286,828	281,743
Equity component of convertible unsecured senior notes		4,457	4,457	–
Contributed surplus		9,262	8,788	12,389
Deficit		(269,368)	(264,966)	(260,604)
Accumulated other comprehensive loss		(28)	(95)	(80)
Total equity		31,358	35,012	33,448
Total liabilities and equity		$ 110,635	$ 111,116	$ 59,180

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

THERATECHNOLOGIES INC.

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

Three-month periods and six-month periods ended May 31, 2019 and 2018
(Unaudited)

	Note	For the three-month periods ended May 31,		For the six-month periods ended May 31,	
		2019	2018	2019	2018
		$	$	$	$
Revenues	3	15,609	9,598	30,705	17,711
Operating expenses:					
Cost of sales:					
Cost of goods sold		5,346	1,594	10,156	2,535
Other production related (income) costs		18	127	52	–
Royalties		–	450	–	1,340
Amortization of other asset		1,221	–	2,442	–
Research and development expenses		2,285	1,897	4,812	3,801
Selling and market development expenses		6,972	5,957	12,420	11,271
General and administrative expenses		1,784	1,279	3,300	2,481
		17,626	11,304	33,182	21,428
Loss from operating activities		(2,017)	(1,706)	(2,477)	(3,717)
Finance income	4	292	77	627	157
Finance costs	4	(1,449)	(283)	(2,552)	(439)
		(1,157)	(206)	(1,925)	(282)
Net loss for the period		(3,174)	(1,912)	(4,402)	(3,999)
Other comprehensive income (loss), net of tax:					
Items that may be reclassified to profit (loss) in the future:					
Net change in fair value of FVOCI financial assets, net of tax		30	2	62	(31)
Exchange differences on translation		5	–	5	–
		35	2	67	(31)
Total comprehensive loss for the period		(3,139)	(1,910)	(4,335)	(4,030)
Basic and diluted loss per share	11 (c)	(0,04)	(0,03)	(0,06)	(0,05)

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

THERATECHNOLOGIES INC.

Interim Consolidated Statements of Changes in Equity
(In thousands of United States dollars except per share amounts)

Six-month period ended May 31, 2019
(Unaudited)

		For the six-month period ended May 31, 2019						
		Share capital						
	Note	Number of shares	Amount	Equity component of convertible notes	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total
			$	$	$	$	$	$
Balance as at November 30, 2018		76,877,679	286,828	4,457	8,788	(264,966)	(95)	35,012
Total comprehensive loss for the period								
Net loss for the period		–	–	–	–	(4,402)	–	(4,402)
Other comprehensive income:								
Net change in fair value of financial assets at fair value through other comprehensive income, net of tax		–	–	–	–	–	62	62
Exchange differences in translation							5	5
Total comprehensive loss for the period		–	–	–	–	(4,402)	67	(4,335)
Transactions with owners, recorded directly in equity								
Issuance of common shares - Katana	6	900	5	–	–	–	–	5
Share based compensation plan:								
Share based compensation for stock option plan		–	–	–	566	–	–	566
Exercise of stock options:								
Monetary consideration		74,832	110	–	–	–	–	110
Attributed value		–	92	–	(92)	–	–	–
Total contributions by owners		75,732	207	–	474	–	–	681
Balance as at May 31, 2019		76,953,411	287,035	4,457	9,262	(269,368)	(28)	31,358

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

THERATECHNOLOGIES INC.

Interim Consolidated Statements of Changes in Equity (continued)
(In thousands of United States dollars except per share amounts)

Six-month period ended May 31, 2018
(Unaudited)

		For the six-month period ended May 31, 2018					
		Share capital					
	Note	Number of shares	Amount	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total
			$	$	$	$	$
Balance as at November 30, 2017		74,962,050	281,743	12,389	(260,604)	(80)	33,448
Total comprehensive loss for the period							
Net loss for the period		–	—	–	(3,999)	–	(3,999)
Other comprehensive (loss) income:							
Net change in fair value of available-for-sale financial assets, net of tax		–	–	–	–	(31)	(31)
Total comprehensive loss for the period		–	–	–	(3,999)	(31)	(4,030)
Transactions with owners, recorded directly in equity							
Share-based compensation plan:							
Share-based compensation for stock option plan		–	–	496	–	–	496
Exercise of stock options:							
Monetary consideration		193,068	251	–	–	–	251
Attributed value		–	203	(203)	–	–	–
Exercise of broker option		39,390	121	(26)	–	–	95
Issuance of common shares - TaiMed	11(c)	1,463,505	4,000	(4,000)	–	–	–
Total contributions by owners		1,695,963	4,575	(3,733)	–	–	842
Balance as at May 31, 2018		76,658,013	286,318	8,656	(264,603)	(111)	30,260

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

THERATECHNOLOGIES INC.

Interim Consolidated Statements of Cash Flows
(In thousands of United States dollars)

Three-month periods and six-month periods ended May 31, 2019 and 2018
(Unaudited)

	Note	For the three-month periods ended May 31,		For the six-month periods ended May 31,	
		2019	2018	2019	2018
		$	$	$	$
Cash provided from (used in):					
Operating					
Net loss		(3,174)	(1,912)	(4,402)	(3,999)
Adjustments for:					
Depreciation of property and equipment		60	5	65	8
Amortization of intangible assets and other asset		1,862	415	3,571	793
Share-based compensation		320	341	584	496
Write-down (reversal of) of inventories	5	–	126	3	(4)
Change in fair value of derivative financial assets		439	(1,017)	260	(1,041)
Change in fair value of liability related to deferred stock unit plan		(433)	1,006	(256)	1,030
Interest income		(292)	(77)	(627)	(157)
Interest received		329	129	688	238
Effect of change of foreign exchange		203	107	124	26
Accretion expense		448	189	805	413
Lease inducements and amortization		228	–	228	–
Changes in operating assets and liabilities:		(10)	(688)	1,043	(2,197)
Trade and other receivables		(5,435)	(2,721)	(2,469)	(236)
Inventories		(1,359)	(1,361)	(1,780)	(1,345)
Prepaid expenses		(159)	9	(61)	(108)
Accounts payable and accrued liabilities		(2,914)	1,604	(4,939)	292
Provisions		(130)	317	511	466
Deferred revenue		27	–	43	–
		(9,970)	(2,152)	(8,695)	(931)
Cash flows used in operating activities		(9,980)	(2,840)	(7,652)	(3,128)
Financing					
Repayment of long-term obligation		–	(4,000)	–	(4,000)
Proceeds from exercise of stock options		70	222	110	251
Proceeds from exercise of broker options		–	95	–	95
Cash flows from (used in) financing activities		70	(3,683)	110	(3,654)
Investing					
Acquisition of bonds and money market funds		(44)	(5,447)	(117)	(14,120)
Proceeds from sale of bonds and money market funds		575	12,961	1,932	21,872
Acquisition of intangible assets		(45)	–	(2,024)	(17)
Proceeds from disposal of derivative financial assets		–	–	–	26
Acquisition of property and equipment		(681)	(4)	(1,157)	(4)
Cash flows (used in) from investing activities		(195)	7,510	(1,366)	7,757
Net change in cash		(10,105)	987	(8,908)	975
Cash, beginning of period		40,194	1,353	38,997	1,365
Cash, end of period		30,089	2,340	30,089	2,340

See Note 12 for supplemental cash flow disclosures.

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

Theratechnologies Inc. is a specialty pharmaceutical company addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV.

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, 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, 2018 and the notes thereto.

These interim financial statements have been authorized for issue by the Company's Audit Committee on July 10, 2019.

(b) Summary of accounting policies:

Except as described in Note 2(b), the significant accounting policies as disclosed in the Company's annual consolidated financial statements for the year ended November 30, 2018 have been applied consistently in the preparation of these interim financial statements.

1. Basis of preparation (continued):

(c) Basis of measurement:

The Company's interim financial statements have been prepared on a going concern and historical cost bases, except for financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, derivative financial assets, liabilities related to cash-settled share-based arrangements and derivative financial liabilities, which are measured at fair value. Equity-classified shared-based payment arrangements are measured at fair value at grant date pursuant to IFRS 2, *Share-based payment*.

The methods used to measure fair value are discussed further in Note 14.

(d) 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 1 of the annual consolidated financial statements as at November 30, 2018.

(e) Functional and presentation currency:

The Company's functional currency is the United States dollar ("USD"). Prior to these interim financial statements beginning on December 1, 2018, the presentation currency was the Canadian dollar ("CAD"). In 2019, management decided to change the presentation currency from the CAD to the USD to better reflect the market the Company operates in. As such, these interim financial statements are now presented in USD, together with the comparative numbers as at November 30, 2018 and for the three and six months periods ended May 31, 2018. The Company has also presented an opening consolidated statement of financial position as at December 1, 2017 in USD.

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

2. Recent changes in accounting standards:

(a) Adoption of new accounting policies in the reporting periods:

Amendments to IFRS 3, *Business Combinations* (Definition of a Business)

On October 22, 2018, the IASB issued amendments to IFRS 3, *Business Combinations*, that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Early application is permitted. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.

The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The Company early adopted the amendments with a date of initial application of December 1, 2018 and applied the amendment in connection with the Katana acquisition (Note 6).

IFRS 9, *Financial Instruments*

The Company adopted all of the requirements of IFRS 9, *Financial Instruments* (“IFRS 9”) with a date of initial application of December 1, 2018. IFRS 9 does not require restatement of comparative periods. This standard establishes principles for the financial reporting classification and measurement of financial assets and financial liabilities. This standard also incorporates a new hedging model which increases the scope of hedged items eligible for hedge accounting and aligns hedge accounting more closely with risk management. This standard also amends the impairment model by introducing a new “expected credit loss” model for calculating impairment. This new standard increases required disclosures about an entity’s risk management strategy, cash flows from hedging activities and the impact of hedge accounting on the consolidated financial statements.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39, *Financial Instruments - Recognition and Measurement* (“IAS 39”). The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

2. Recent changes in accounting standards:

(a) Adoption of new accounting policies in the reporting periods (continued):

IFRS 9, *Financial Instruments* (continued)

The following summarizes the classification and measurement changes for the Company's non-derivative and derivative financial assets and financial liabilities as a result of the adoption of IFRS 9.

	IAS 39	IFRS 9
Financial assets:		
Cash	Loans and receivables	Amortized cost
Bonds	Available for sale	Fair value through other comprehensive income
Money market funds	Available for sale	Fair value through profit or loss
Trade and other receivables	Loans and receivables	Amortized cost
Non-hedge derivative assets	Fair value through profit or loss	Fair value through profit or loss
Financial liabilities:		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Convertible unsecured senior notes	Other financial liabilities	Amortized cost
Long-term obligation	Other financial liabilities	Amortized cost

The accounting for these instruments and the line item in which they are included in the balance sheet were unaffected by the adoption of IFRS 9, except for money market funds for which fair value was measured through other comprehensive income under IAS 39 and is now measured through profit or loss under IFRS 9.

The new expected credit loss ("ECL") impairment model applies to financial assets measured at amortized cost and debt investments at fair value through other comprehensive income ("FVOCI"). The Company has determined that the application of IFRS 9's impairment requirements as at December 1, 2018 results in no adjustment for the allowance for impairment on trade and other receivables. Over 98% of the Company's revenue is attributable to sales transactions with one customer: RxCrossroads (see Note 15). As at December 1, 2018 and May 31, 2019, none of the trade and other receivables were overdue and the total allowance for impairment of receivables recorded during the period was nil.

2. Recent changes in accounting standards:

(a) Adoption of new accounting policies in the reporting periods (continued):

IFRS 9, *Financial Instruments* (continued)

The Company also holds bonds that are classified and measured at FVOCI. Bonds held are mostly issued by government and municipalities, which have a high credit rating. As per IFRS 9, for the purposes of the impairment test, the credit risk on the bonds held is considered low as the borrowers have a strong capacity to meet their contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. As such, as of transition date, management has assumed that the risk on these financial instruments has not increased since initial recognition. The Company assessed the expected credit loss over a 12-month period to be minimal and impairment recorded during the period was nil.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces IAS 18, *Revenue*, IAS 11, *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. The Company has adopted IFRS 15 using the modified retrospective method without practical expedients, with the effect of initially applying this standard recognized at the date of initial application of December 1, 2018. Accordingly, the information presented for 2018 has not been restated. The adoption of the standard did not have a material impact on the financial statements.

(b) Update to significant accounting policies:

As a result to the initial adoption of IFRS 9 and IFRS 15, as described above, the Company has updated its significant accounting policies as follows:

Revenue from contracts with customers

Net sales

The Company derives revenue from the sale of finished goods, which include Trogarzo® and *EGRIFTA*®. The Company recognizes revenue at a point in time when it transfers control of the finished goods to a customer, which generally occurs upon delivery of the finished goods to the customer’s premises.

2. Recent changes in accounting standards (continued):

(b) Update to significant accounting policies (continued):

Revenue from contracts with customers (continued)

Net sales (continued)

Some arrangements for the sale of finished goods provide for customer cash discounts for prompt payment, allowances, rights of return, rebates on sales made under governmental and commercial rebate programs, chargebacks on sales made to government agencies and retail pharmacies and distribution fees, which gives rise to variable consideration. At the time of sale, estimates are made for items giving rise to variable consideration based on the terms of the arrangement. The variable consideration is estimated at contract inception using the most likely amount method and revenue is only recognized to the extent that a significant reversal of revenue is not expected to occur. The estimate is based on historical experience, current trends, relevant statutes with respect to governmental pricing programs, contractual sales terms, contractual terms with distributors and other known factors. Sales are recorded net of customer discounts, rebates, chargebacks, distribution fees and estimated sales returns, and exclude sales taxes. A refund liability and a right to recover returned goods asset are recognized for expected returns in relation to sales made before the end of the reporting period. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The Company reviews its estimate of expected returns on a quarterly basis, adjusting for the amounts of the asset and liability accordingly.

Financial instruments

Financial assets

The Company initially recognizes financial assets on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or issue. On initial recognition, the Company classifies its financial assets as measured at amortized cost, FVOCI or fair value through profit or loss ("FVPL"), depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

2. Recent changes in accounting standards (continued):

(b) Update to significant accounting policies (continued):

Financial instruments (continued)

Financial assets (continued)

(i) Financial assets measured at amortized cost

A financial asset is measured at amortized cost, using the effective interest method and net of any impairment loss, if it meets both of the following conditions and is not designated at fair value though profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company currently classifies its cash and trade and other receivables as financial assets measured at amortized cost.

(ii) Financial assets measured at fair value through other comprehensive income

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. When an investment is derecognized, gains or losses accumulated in other comprehensive income are reclassified to profit or loss.

2. Recent changes in accounting standards (continued):

(b) Update to significant accounting policies (continued):

Financial instruments (continued)

Financial assets (continued)

(ii) Financial assets measured at fair value through other comprehensive income (continued)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. These assets are subsequently measured at fair value. Dividends are recognized in profit or loss, unless the dividend clearly represents a repayment of part of the cost of the investment, and other net gains and losses are recognized in other comprehensive income and are never reclassified in profit or loss.

The Company currently classifies its bonds as financial assets measured at fair value through other comprehensive income.

(iii) Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. These assets are subsequently measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss. The Company currently classifies its money market funds as financial assets measured at fair value.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

2. Recent changes in accounting standards (continued):

(b) Update to significant accounting policies (continued):

Financial instruments (continued)

Financial liabilities

Financial liabilities are classified into the following categories:

(i) Financial liabilities at fair value through profit or loss

A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value are measured at fair value and net gains and losses, including interest expense, are recognized in profit or loss. The Company currently has no financial liabilities measured at fair value through profit or loss.

(ii) Financial liabilities measured at amortized cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. A financial liability is subsequently measured at amortized cost using the effective interest method. The Company currently classifies accounts payable and accrued liabilities, convertible unsecured senior notes and long-term obligation as financial liabilities measured at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Impairment

Financial assets

At each reporting date, the Company recognizes loss allowances for ECLs on financial assets carried at amortized cost and debt securities at FVOCI. The Company's trade and other receivables are accounts receivable with no financing component and which have maturities of less than 12 months and, as such, the Company has chosen to apply the simplified approach for ECL. As a result, the Company does not track changes in credit risk related to its trade and other receivables, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

(In thousands of United States dollars except for share and per share amounts)

2. Recent changes in accounting standards (continued):

(b) Update to significant accounting policies (continued):

Impairment (continued)

Financial assets (continued)

For other financial assets subject to impairment, the Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company considers a debt security to have a low credit risk when its credit risk rating is equivalent or above investment grade credit rating such as its bonds classified at FVOCI.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3. Disaggregation of revenue:

Net sales by product were as follows:

	For the three-month periods ended May 31,	
	2019	2018
EGRIFTA® net sales	$ 8,639	$ 8,674
Trogarzo® net sales	6,970	924
	$ 15,609	$ 9,598

(In thousands of United States dollars except for share and per share amounts)

3. Disaggregation of revenue (continued):

	For the six-month periods ended May 31,	
	2019	2018
EGRIFTA® net sales	$ 17,601	$ 16,787
Trogarzo® net sales	13,104	924
	$ 30,705	$ 17,711

4. Finance income and finance costs:

	For the three-month periods ended May 31,	
	2019	**2018**
	$	$
Interest income	292	77
Finance income	292	77
Accretion expense	(448)	(189)
Interest on convertible unsecured senior notes	(834)	–
Bank charges	(14)	(17)
Net foreign currency loss	(147)	(88)
(Loss) gain on financial instruments carried at fair value	(6)	11
Finance costs	(1,449)	(283)
Net finance cost recognized in net profit or loss	(1,157)	(206)

(In thousands of United States dollars except for share and per share amounts)

4. Finance income and finance costs (continued):

	For the six-month periods ended May 31,	
	2019	**2018**
	$	**$**
Interest income	627	157
Finance income	627	157
Accretion expense	(805)	(413)
Interest on convertible unsecured senior notes	(1,646)	–
Bank charges	(14)	(15)
Net foreign currency loss	(83)	(22)
(Loss) gain on financial instruments carried at fair value	(4)	11
Finance costs	(2,552)	(439)
Net finance cost recognized in net profit or loss	(1,925)	(282)

5. Inventories:

Inventories were written down to net realizable value by an amount of $3 in 2019 (2018 - $(4)) of which nil (2018 - $(1)) is recorded in cost of sales as other production-related (income) costs and $3 (2018 - $(3)) was recorded in cost of goods sold.

The write-downs in 2019 and 2018 are related to losses incurred during the conversion of raw materials to finished goods and losses associated with expired goods.

(In thousands of United States dollars except for share and per share amounts)

6. Intangible assets:

	Commercialization rights - Trogarzo® North American Territory	Commercialization rights - Trogarzo® European Territory	Commercialization rights - *EGRIFTA* ®	Oncology platform	Total
Cost					
Balance as at November 30, 2017 and 2018	$ 5,207	$ 3,055	$ 14,041	$ –	$ 22,303
Additions	6,765	–	–	2,045	8,810
Balance as at May 31, 2019	$ 11,972	$ 3,055	$ 14,041	$ 2,045	$ 31,113
Accumulated amortization					
Balance as at November 30, 2017	$ –	$ –	$ 5,415	$ –	$ 5,415
Amortization	257	–	1,510	–	1,767
Balance as at November 30, 2018	257	–	6,925	–	7,182
Amortization	373	–	756	–	1,129
Balance as at May 31, 2019	$ 630	$ –	$ 7,681	$ –	$ 8,311
Carrying amounts					
May 31, 2019	$ 11,342	$ 3,055	$ 6,360	$ 2,045	$ 22,802
November 30, 2018	4,950	3,055	7,116	–	15,121
December 1, 2017	5,207	3,055	8,626	–	16,888

6. Intangible assets (continued):

The amortization expense of $1,129 (2018 - $793) is included in selling and market development expenses.

Commercialization rights - Trogarzo® North American Territory

In the three-month period ended February 28, 2019, the Company accrued and recorded the first commercial milestone payment under the terms of its distribution and marketing agreement with TaiMed ("TaiMed Agreement") for an amount of $6,765 (Note 8) as the Company determined that it was probable that the milestone will be paid.

Oncology Platform

On February 25, 2019, the Company acquired Katana Biopharma Inc. ("Katana"). On May 21, 2019, Katana was wound up into the Company and then dissolved.

Katana (now the Company) is the worldwide exclusive licensee of a technology platform using peptides as a vehicle to specifically deliver existing cytotoxic agents to sortilin receptors, which are overexpressed on cancer cells. The license was entered into on February 25, 2019 with Transfert Plus, L.P. (an affiliate of Aligo Innovation, a university research company that commercializes the research results of universities and other institutional partners from various areas of innovation, including life sciences) (the "License Agreement").

This acquisition was accounted for as an asset acquisition. The Company recorded additions to intangible assets during 2019 of $2,045, which represented the payment at closing of $1,965 in cash, $5 through the issuance of 900 common shares of the Company and $75 of acquisition costs. The intangible asset is currently not being amortized. Amortization will begin when the asset is available for use.

Under the terms of the acquisition agreement, the purchase price is also subject to two milestone payments. The first milestone payment will occur when the first patient is enrolled in a Phase 1 clinical study. At that time, CAD2 million will be paid through the issuance of common shares of the Company.

The second milestone will be met when the proof of concept is demonstrated in human subjects. Payment will amount to CAD2.3 million and will be satisfied through the issuance of common shares of the Company.

As at May 31, 2019, no milestone payments were recognized. The milestone payments will be recorded in the cost of the intangible asset when it is probable that they will be paid.

6. Intangible assets (continued):

Oncology Platform (continued)

Under the License Agreement, Katana (now the Company) obtained the exclusive worldwide rights to develop, make, have made, use, sell, offer to sell, distribute, commercialize and import the technology related to the technology platform that uses peptides as a vehicle to deliver existing cytotoxic agents to sortilin receptors which are overexpressed on cancer cells.

Annual maintenance fees amount to CAD25 thousand for the first 5 years and CAD100 thousand thereafter, until royalties become payable beginning with the first commercial sale of a product developed using the licensed technology.

The royalties payable under the License Agreement vary between 1% to 2.5% on net sales of a product based on the licensed technology. If Katana enters into a sublicense agreement, it must then pay amounts varying between 5% to 15% of revenues received from such sublicense agreement.

The Company must also pay Transfert Plus the following milestone payments upon the occurrence of the following development milestones for the first product developed in the field of oncology:

(i) First Milestone Payment: CAD50 thousand upon the successful enrolment of the first patient in the first Phase 1 human clinical trial;

(ii) Second Milestone Payment: CAD100 thousand upon the successful enrolment of the first patient in the first Phase 2 human clinical trial;

(iii) Third Milestone Payment: CAD200 thousand upon the successful enrolment of the first patient in the first Phase 3 human clinical trial.

Also, the Company must pay CAD200 thousand for each product upon receiving the first approval for such product by a regulatory authority. The approval shall entitle the holder thereof to commercialize the product in the territory in which the approval was obtained.

The Company must also pay Transfert Plus the same milestone payments upon the occurrence of any of those development milestones for the first product developed outside the field of oncology.

(In thousands of United States dollars except for share and per share amounts)

7. Provisions:

	Chargebacks and rebates	Returns	Total
Balance as at December 1, 2017	$ 495	$ 89	$ 584
Provisions made	7,144	657	7,801
Provisions used	(6,744)	(627)	(7,371)
Balance as at November 30, 2018	$ 895	$ 119	$ 1,014
Provisions made	5,103	84	5,187
Provisions used	(4,660)	(16)	(4,676)
Balance as at May 31, 2019	$ 1,338	$ 187	$ 1,525

8. Long-term obligation:

First commercial milestone (note 6)	$ 6,835
Current portion	(3,488)
Non-current portion	$ 3,347

Under the terms of the TaiMed Agreement, a commercial milestone of $7,000 is payable in two equal annual installments of $3,500 after achieving aggregate net sales of $20,000 over four consecutive quarters of the Company's financial year. The Company accrued the discounted value of the obligation during the quarter ended February 28, 2019 because it was probable of being achieved. The milestone was achieved during the quarter ended May 31, 2019. The first payment of $3,500 will be paid in July 2019 and the second payment in June 2020.

(In thousands of United States dollars except for share and per share amounts)

8. Long-term obligation (continued):

The movement of the long-term obligation for the current period is as follows:

Balance as at November 30, 2018	$	–
First commercial milestone (note 6)		6,765
Accretion expense		70
Balance as at May 31, 2019	$	6,835

9. Convertible unsecured senior notes:

The movement in the carrying value of the convertible unsecured senior notes is as follows:

Proceeds allocated to liability component	$	51,122
Transaction costs		(2,517)
At date of issuance (June 19, 2018)		48,605
Accretion expense		628
Convertible unsecured senior notes as at November 30, 2018		49,233
Accretion expense		735
Convertible unsecured senior notes as at May 31, 2019	$	49, 968

		May 31, 2019
Interest accrued	$	1,646
Interest paid		1,764

10. Other liabilities:

		May 31, 2019
Deferred lease inducements	$	228
Stock appreciation rights (note 11 (b))		18
	$	246

(In thousands of United States dollars except for share and per share amounts)

10. Other liabilities (continued):

On November 2018, the Company entered into a new lease agreement with its current landlord to lease a 15,000 square feet (7,500 in 2018) office space. The Company's effective date of occupation was April 1st, 2019. The Company incurred $641 in leasehold improvements in 2018 and 2019 related to this new lease. In addition, the Company received lease inducements consisting of tenant allowances of $225 and rent-free periods, which are deferred and recognized over the lease term.

11. Share capital:

(a) Stock option plan:

The Company has established a stock option plan (the "Plan") under which it can 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 10 years after the grant date. A maximum number of 6,580,000 options can be granted under the Plan. Generally, the options vest at the grant date or over a period of up to three years. As at May 31, 2019, 1,630,017 options could still be granted by the Company (May 31, 2018 - 1,950,762) under the Plan.

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

Changes in the number of options outstanding during the past two years were as follows:

	Number of options	Weighted average exercise price per option	
		CAD	USD
Options as at November 30, 2017	2,335,895	$ 2.21	$ 1.71
Granted	251,544	9.56	7.49
Expired	(2,000)	8.50	6.74
Exercised (share price: CAD 9.56 - USD 7.49)	(193,068)	1.66	1.30
Options as at May 31, 2018	2,392,371	$ 3.02	$ 2.33
Options as at November 30, 2018	2,172,705	$ 3.15	$ 2.37
Granted	406,400	8.19	6.20
Forfeited	(85,655)	5.97	4.49
Exercised (share price: CAD7.78 - USD5.82)	(74,832)	1.96	1.46
Options outstanding as at May 31, 2019	2,418,618	$ 3.94	$ 2.92

(In thousands of United States dollars except for share and per share amounts)

11. Share capital (continued):

(a) Stock option plan (continued):

During the six-month period ended May 31, 2019, $566 (2018 - $496) were recorded as share-based compensation expense for the stock option plan. The fair value of options granted in 2019 was estimated at the grant date using the Black-Scholes model and the following weighted average assumptions:

	For the six-month periods ended May 31,	
	2019	**2018**
Risk-free interest rate	2.15%	2.14%
Expected volatility	57%	47%
Average option life	8 years	7 years
Expected dividends	–	–
Grant-date share price	$6.15 (CAD 8.19)	$9.56
Option exercise price	$6.15 (CAD 8.19)	$9.56

The risk-free interest rate is based on the implied yield on a Canadian government zero-coupon issue, with a remaining term equal to the expected term of the option. The volatility is based on weighted average historical volatility adjusted for changes expected due to publicly available information. The life of the options is estimated taking into consideration the vesting period at the grant date, the life of the option and the average length of time similar grants have remained outstanding in the past. The dividend yield was excluded from the calculation since it is the present policy of the Company to retain all earnings to finance operations and future growth.

(In thousands of United States dollars except for share and per share amounts)

11. Share capital (continued):

(a) Stock option plan (continued):

The following table summarizes the measurement date weighted average fair value of stock options granted during the period ended:

	For the six-month periods ended May 31,			
	2019		2018	
	Number of options	Weighted average grant-date fair value	Number of options	Weighted average grant-date fair value
		$		$
Options granted	406,400	3.69 (CAD 4.92)	251,544	3.63 (CAD 4.63)

The Black-Scholes model used by the Company to calculate option values was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company's stock option awards. This model also requires four highly subjective assumptions, including future stock price volatility and average option life, which greatly affect the calculated values.

(b) Stock appreciation rights ("SARs"):

On October 4, 2018, the Company's Board of Directors approved a SARs plan for its consultants that entitles the grantee to receive a cash payment based on the increase in the stock price of the Company's common shares from the grant date to the settlement date. The exercise date of an SAR may not be later than 10 years after the grant date. Generally, the SARs vest over a period up to three years.

(In thousands of United States dollars except for share and per share amounts)

11. Share capital (continued):

(b) Stock appreciation rights ("SARs") (continued):

During the six-month period ended May 31, 2019, $18 (2018 - nil) was recorded as share-based compensation expense for the SARs plan. Since these awards will be cash-settled, the fair value of SARs granted in 2019 is estimated at each reporting period using the Black-Scholes model and the following weighted average assumptions:

	Measurement date as at May 31, 2019
Risk-free interest rate	1.49%
Expected volatility	55%
Average option life in years	8 years
Grant-date share price	$5.01 (CAD6.77)
Option exercise price	$5.01 (CAD6.77)

The risk-free interest rate is based on the implied yield on a Canadian government zero-coupon issue, with a remaining term equal to the expected term of the SAR. The volatility is based on weighted average historical volatility adjusted for changes expected due to publicly available information. The life of the SARs is estimated taking into consideration the vesting period at the grant date, the life of the SARs and the average length of time similar grants have remained outstanding in the past. The dividend yield was excluded from the calculation since it is the present policy of the Company to retain all earnings to finance operations and future growth.

The following table summarizes the grant date weighted average fair value of SARs granted during the period ended:

	For the six-month period ended May 31	
	Number of SARs	Weighted average grant date fair value
2019	40,000	$2.80 (CAD3.79)

(In thousands of United States dollars except for share and per share amounts)

11. Share capital (continued):

(c) Loss per share:

For the three and six-month periods ended May 31, 2019, the weighted average number of common shares outstanding was calculated as follows:

	For the three-month periods ended May 31,	
	2019	**2018**
Issued common shares as at March 1	76,901,911	74,977,050
Effect of share options exercised	25,109	110,657
Effect of exercise of broker options	–	21,188
Effect of issue of common shares - TaiMed	–	270,430
Weighted average number of common shares	76,927,020	75,379,325

	For the six-month periods ended May 31,	
	2019	**2018**
Issued common shares as at December 1	76,877,679	74,962,050
Effect of share options exercised	24,871	70,607
Effect of issue of common shares - oncology platform (note 6)	475	–
Effect of exercise of broker options	–	10,710
Effect of issue of common shares - TaiMed	–	136,701
Weighted average number of common shares	76,903,025	75,180,068

For the three and six-month periods ended May 31, 2019, 2,458,618 share options (2018 - 2,392,371 share options) 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.

(In thousands of United States dollars except for share and per share amounts)

12. Supplemental cash flow disclosures:

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

	May 31, 2019
Additions to property and equipment included in accounts payable and accrued liabilities	$ 36
Additions to intangible assets included in accounts payable and accrued liabilities	16
Additions to intangible assets included in long-term obligation	6,765
Issuance of shares in connection with acquisitions of intangible assets	5

13. Financial instruments:

The nature and extent of the Company's exposure to risks arising from financial instruments are consistent with the disclosure in the annual consolidated financial statements as at November 30, 2018.

14. 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 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.

14. Determination of fair values (continued):

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

The fair value of the convertible unsecured notes, including the equity portion, as at May 31, 2019 were approximately $51,750 (Level 1) based on market quotes.

The long-term obligation was 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 4.2%. The Company has determined that the carrying value of the obligation approximates its fair value.

Share-based payment transactions

The fair value of the employee stock options and SARs are 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.

The deferred stock units 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 of the common shares of the Company.

15. Operating segments:

The Company has a single operating segment. Almost all of the Company's revenues are generated from one customer, RxCrossroads, which is domiciled in the United States.

	2019	2018
RxCrossroads	$ 29,970	$ 17,496
Others	735	215
	$ 30,705	$ 17,711

All of the Company's non-current assets are located in Canada as is the Company's head office.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX-MONTH PERIOD ENDED MAY 31, 2019

The following Management's Discussion and Analysis, or MD&A, provides Management's comments on the financial position and results of operations of Theratechnologies Inc., on a consolidated basis, for the three- and six-month periods ended May 31, 2019 as compared to the three- and six-month periods ended May 31, 2018. Unless otherwise indicated or unless the context requires otherwise, all references in this MD&A to "Theratechnologies", the "Company", the "Corporation", "we", "our", "us" or similar terms refer to Theratechnologies Inc. and its subsidiaries on a consolidated basis. This MD&A is dated July 09, 2019, was approved by our Audit Committee on July 10, 2019, and should be read in conjunction with our unaudited interim consolidated financial statements and the notes thereto as at May 31, 2019, or Interim Financial Statements, as well as the MD&A and audited annual consolidated financial statements, including the notes thereto, as at November 30, 2018.

Except as otherwise indicated, the financial information contained in this MD&A and in our audited consolidated financial statements has been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

Since the first quarter of 2019, the Company's reporting currency is the United States dollar, or USD. All monetary amounts set forth in this MD&A and the Interim Financial Statements are expressed in USD for reporting purposes. The average and closing exchange rates for the second quarter of fiscal 2019 (USD equivalents of 1 CAD) were 0.7462 and 0.7398 respectively, compared to 0.7786 and 0.7719 for the second quarter of fiscal 2018. References to $ and US$ are to USD and references to CA$ are to CAD.

In this MD&A, the use of *EGRIFTA*® refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy and Trogarzo® (ibalizumab-uiyk) injection refers to ibalizumab for the treatment of multidrug resistant HIV-1 infected patients.

Business Overview

We are a specialty pharmaceutical company addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV.

Our business strategy is to grow revenues from our existing and future assets in North America and Europe and to develop our portfolio of complementary products, compatible with our expertise in drug development and our commercialisation know-how.

Our first product, *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration, or FDA, in November 2010, by Health Canada in March 2015, and by COFEPRIS, Mexico's health agency, in March 2016. It is, to date, the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. We have established an integrated commercial platform to market *EGRIFTA*® in the United States and Canada.

Theratechnologies Inc.
2015 Peel, 11th Floor
Montreal, Quebec H3A 1T8

In March 2016, we entered into an agreement with TaiMed Biologics, Inc., or TaiMed, to acquire the commercial rights to Trogarzo® for the United States and Canada, or TaiMed Agreement. In March 2017, the TaiMed Agreement was amended to include the commercial rights to ibalizumab in the European Union countries and in other countries such as Israel, Norway, Russia and Switzerland.

Trogarzo® is a humanized monoclonal antibody and is indicated for the treatment of human immunodeficiency virus type 1, or HIV-1, infection in heavily treatment-experienced adults with multidrug resistant, or MDR, HIV-1 infection failing their current antiretroviral regimen. Trogarzo® was approved by the FDA on March 6, 2018 and has been commercially available since April 30, 2018 in the United States.

In Europe, the application for marketing authorization was filed with the European Medicines Agency, or EMA, on August 27, 2018. A recommendation from the CHMP is expected at the end of July 2019.

In February 2019, the Company became involved in the development of oncology products as a result of the acquisition of Katana Biopharma Inc., or Katana. Katana was wound up into Theratechnologies Inc. on May, 21, 2019 and was then dissolved.

Fiscal 2019 Business Plan Update

Consolidated revenue for the three-month period ended May 31, 2019 was $15,609,000 compared to $9,598,000 for the same period ended May 31, 2018, representing an increase of 62.6%.

For the six-month period ending May 31, 2019, consolidated revenue was $30,705,000 compared to $17,711,000 for the same period last year, representing an increase of 73.4%.

Revenue growth is primarily attributable to increasing sales of Trogarzo® which reached $6,970,000 in the second quarter of 2019 compared to $924,000 for the same quarter last year and $6,134,000 for the previous quarter of 2019, representing an increase of 13.6% on a sequential basis.

In Europe, the regulatory process towards the potential approval of Trogarzo® continued to make progress as last April, the Scientific Advisory Group, convened by the Committee for Medicinal Products for Human use (CHMP), made a positive recommendation regarding Trogarzo®.

On May 24, 2019, the Company announced that it had requested and obtained an additional month to complete answers in regard to the establishment of a post-approval registry to gather long-term data on patients taking Trogarzo® (ibalizumab) in Europe. These answers were submitted at the end of June 2019.

If approved, batches of Trogarzo® destined to the European market will be manufactured by Wuxi Biologics. Plants in Wuxi City and Shanghai, China, were each issued a Good Manufacturing Practice Certificate from the EMA following thorough inspections in January 2019.

On March 4, 2019, the Company announced that the Food and Drug Administration had authorized TMB-302, the study protocol to evaluate an intravenous slow push formulation of Trogarzo®.

On March 8, 2019, the Company announced that data presented at the Conference on Retrovirus and Opportunistic Infections confirmed that Trogarzo® maintains viral suppression at week 96.

Sales of *EGRIFTA*® reached $8,639,000 for the second quarter of 2019 compared to $8,674,000 for the same quarter last year. The slight decrease in *EGRIFTA*® revenues is in part due to a higher number of patients covered by Medicaid and other governmental payers.

Sales of *EGRIFTA*® are expected to resume growing as the new *EGRIFTA SV*™ (formerly known as the F4 formulation) launches in the fall of 2019. We expect that as the new formulation launches, rebate percentages will return to lower rates and patient compliance will increase due to the improved product features including room temperature storage, a single-vial presentation and a smaller injection volume and needle size.

Furthermore, while *EGRIFTA*® is not indicated for the treatment of NASH in HIV patients, positive data released on April 1, 2019 suggests that tesamorelin, the active ingredient of *EGRIFTA*®, is a potentially promising option for NASH in people living with HIV.

On June 17, 2019, the Company confirmed its decision to pursue the development of tesamorelin for NASH-HIV using a new patent-protected formulation scheduled to expire in 2033 in the United States and in 2034 in key European countries. Early research indicates that the total NASH-HIV population is estimated between 100,000 and 300,000 patients.

The Company also announced positive results for its targeted oncology platform on May 16, 2019. Currently used cytotoxic agents attached to our proprietary peptide tested *in vivo* and *in vitro* demonstrated potential benefits over cytotoxic agents alone in ovarian and triple-negative breast cancer models. Our goal is to advance programs in these two indications (ovarian and triple-negative breast cancer) as quickly as possible to enter human clinical trials in the second half of 2020, and to obtain proof of concept results approximately twelve months later.

Revenue

(in thousands of U.S. dollars)

	Three-month periods ended May 31,		Six-month periods ended May 31,	
	2019	2018	**2019**	2018
EGRIFTA® net sales	**8,639**	8,674	**17,601**	16,787
Trogarzo® net sales	**6,970**	924	**13,104**	924
Revenue	**15,609**	9,598	**30,705**	17,711

Consolidated revenue for the three- and six-month periods ended May 31, 2019 was $15,609,000 and $30,705,000 compared to $9,598,000 and $17,711,000 for the same periods ended May 31, 2018, an increase of 62.6% and 73.4%, respectively. Revenue growth for the last quarter compared to the same quarter last year reflects the increasing contribution of Trogarzo®.

Cost of Sales

For the three- and six-month periods ended May 31, 2019, cost of sales was $6,585,000 and $12,650,000 compared to $2,171,000 and $3,875,000 in the comparable periods of fiscal 2018. Cost of goods sold was $5,346,000 and $10,156,000 compared to $1,594,000 and $2,535,000 for the same periods last year. The increase in cost of goods sold is mainly due to the introduction of Trogarzo®.

Prior to the third quarter of 2018, cost of sales included royalties due under the terms of an agreement terminating our collaboration and licensing agreement with EMD Serono Inc., or EMD Serono. In the second quarter of 2018, royalties paid to EMD Serono amounted to $450,000. In June 2018, we made a full and final payment of $23,850,000 to EMD Serono which enabled Theratechnologies to realize savings from a reduction of future payment obligations including royalty payments.

The payment in connection with the settlement of the future royalty obligation has been accounted as “Other asset” on the consolidated statement of the financial position. Consequently, an amortization of $1,221,000 has been recorded in relation to this transaction in the second quarter of 2019 and $2,442,000 for the six-month period ending May 31, 2019.

R&D Expenses

R&D expenses in the three- and six-month periods ended May 31, 2019 amounted to $2,285,000 and $4,812,000 compared to $1,897,000 and $3,801,000 in the comparable periods of fiscal 2018.

The increase in R&D expenses is largely due to regulatory and medical activities in Europe and the investment in the oncology platform. This was partially offset by the decision of the FDA to release Theratechnologies from its last post-approval commitments relating to *EGRIFTA*®.

R&D expenses also included medical affairs initiatives aimed at raising awareness among physicians and nurses who interact with patients living with MDR HIV-1 and lipodystrophy, in addition to regulatory affairs activities, such as handling of the European filing of Trogarzo® and quality assurance.

Selling and Market Development Expenses

Selling and market development expenses in the three- and six-month periods ended May 31, 2019 amounted to $6,972,000 and $12,420,000 compared to $5,957,000 and $11,271,000 in the comparable periods of fiscal 2018.

The amortization of the intangible asset value established for the *EGRIFTA*® and Trogarzo® commercialization rights is also included in selling and market development expenses. As such, we recorded an expense of $641,000 for the second quarter of Fiscal 2019 compared to $415,000 for the same quarter last year and $1,129,000 for the six-month period ended May 31, 2019 and $793,000 for the same period last year.

General and Administrative Expenses

General and administrative expenses in the three- and six-month periods ended May 31, 2019 amounted to $1,784,000 and $3,300,000 compared to $1,279,000 and $2,481,000 reported in the comparable periods of fiscal 2018.

The increase is mainly associated with business growth and various initiatives related to the ramp-up of our activities in Europe.

Finance Income

Finance income, consisting of interest income, for the three- and six-month periods ended May 31, 2019 was $292,000 and $627,000 compared to $77,000 and $157,000 in the comparable periods of fiscal 2018.

Higher finance income is related to the interest on our higher liquidity position.

Finance Costs

Finance costs for the three- and six-month periods ended May 31, 2019 were $1,449,000 and $2,552,000 compared to $283,000 and $439,000 in the comparable periods of fiscal 2018. Finance costs in the second quarter of 2019 and for the six-month period ended May 31, 2019 mostly represent interest of $834,000 and $1,646,000, respectively on the senior convertible notes issued on June 18, 2019, compared to nil for the same periods last year.

Finance costs also included accretion expense, which was $448,000 for the second quarter of 2019 and $805,000 for the six-month period ended May 31, 2019 compared to $189,000 and $413,000 for the same periods last year. In the second quarter of 2019, the accretion expense was mainly associated with the senior convertible notes and the long-term obligation payable to TaiMed (See Note 8 of Interim Financial Statement). Previously, accretion expense related to the long-term obligation with EMD Serono, which was settled during the third quarter of 2018.

Adjusted EBITDA

Adjusted EBITDA for the three- and six- month periods ended May 31, 2019 was $453,000 and $1,974,000 compared to $(819,000) and $(2,424,000) in the comparable periods of fiscal 2018. See “Non-IFRS Financial Measures” below.

Net Loss

Taking into account the revenue and expense variations described above, we recorded a net loss of $3,174,000 or $(0.04) per share in the second quarter of fiscal 2019 and a net loss of $4,402,000 or $(0.06) per share for the six-month period ended May 31, 2019 compared to a net loss of $1,912,000 or $(0.03) per share in the three months ended May 31, 2018 and a net loss of $3,999,000 or $(0.05) per share compared to the six-month period ended May 31, 2018.

Financial Position

For the three- and six-month periods ended May 31, 2019, cash flow used in operating activities was $9,980,000 and $7,652,000 compared to $2,840,000 and $3,128,000 for the same periods last year.

In the second quarter of fiscal 2019, changes in operating assets and liabilities had a negative impact on cash flow of $9,970,000. These changes include an increase in trade and other receivables of $5,435,000 and an increase in inventories of $1,359,000, both related to higher sales. The change in operating assets and liabilities was also impacted by a decrease in account payable and accrued liabilities of $2,914,000.

In the first six months of fiscal 2019, changes in operating assets and liabilities negatively affected cash flow by $8,695,000 compared to a negative impact of $931,000 in the comparable period of fiscal 2018.

As at May 31, 2019, cash and bonds amounted to $43,062,000 compared to $53,888,000 at November 30, 2018. The decrease was primarily due to cash flows used in operating activities as explained above.

Quarterly Financial Information

The following table is a summary of our unaudited consolidated operating results for the last eight quarters.

(In thousands of US dollars, except per share amounts)

	2019				2018			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	15,609	15,096	13,983	13,523	9,598	8,113	10,034	8,718
Operating expenses								
Cost of sales								
Cost of goods sold	5,346	4,810	3,516	3,325	1,594	941	1,110	1,037
Other production-related costs	18	34	14	91	127	(127)	816	170
Royalties		—	—	—	450	890	881	860
Amortization of other asset	1,221	1,221	1,221	1,221	—	—	—	—
R&D	2,285	2,527	2,063	2,130	1,897	1,904	2,465	2,400
Selling and market development	6,972	5,448	5,233	5,189	5,957	5,314	6,361	5,498
General and administrative	1,784	1,516	1,865	1,482	1,279	1,202	1,268	1,005
Total operating expenses	17,626	15,556	13,912	13,438	11,304	10,124	12,901	10,970
Finance income	292	335	276	175	77	80	75	74
Finance costs	(1,449)	(1,103)	(1,330)	(1,247)	(283)	(156)	(559)	(82)
Net (loss) profit	(3,174)	(1,228)	(983)	282	(1,912)	(2,087)	(3,351)	(2,260)
Basic and diluted (loss) earnings per share	(0.04)	(0.02)	(0.01)	0.00	(0.03)	(0.03)	(0.04)	(0.03)

Factors Affecting the Variability of Quarterly Results

Results for the second quarter of 2019 reflect the increasing contribution of Trogarzo®.

There are quarter-over-quarter variations in net sales revenue, principally due to changes in distributor inventory levels with some additional impact from time to time related to average net selling price, which is affected by changes in the mix of private payors versus government drug reimbursement plans.

Recent Changes in Accounting Standards

Please refer to Note 2 to the Interim Financial Statements.

Outstanding Share Data

As at July 9, 2019, the number of common shares issued and outstanding was 76,953,411 while outstanding options granted under our stock option plan amounted to 2,418,618. We also had $57,500,000 aggregate principal amount of 5.75% convertible unsecured senior notes due June 30, 2023 issued and outstanding as a result of the offering of such debt instrument we closed on June 19, 2018. These notes are convertible into common shares at the option of the holder at a conversion price of $14.85, representing a conversion rate of approximately 67.3401 common shares per $1,000 principal amount of notes. The conversion of all of the outstanding notes would result in the issuance of 3,872,055 common shares.

Contractual Obligations

There was no material change in contractual obligations during the three-month period ended May 31, 2019, other than in the ordinary course of business, except those listed in Note 6 to the Interim Financial Statements.

Economic and Industry Factors

Economic and industry factors were substantially unchanged from those reported in our MD&A for the fiscal year ended November 30, 2018.

Internal Control

There was no change in the Company's internal control over financial reporting, or ICFR, that occurred during the period beginning on March 1, 2019 and ending on May 31, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Non-IFRS Financial Measures

Reconciliation of net profit or loss to adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-IFRS financial measure. A reconciliation of the Adjusted EBITDA to net profit (loss) is presented in the table below. We use adjusted financial measures to assess our operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Adjusted EBITDA to measure operating performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our business, and because we believe it provides meaningful information on our financial condition and operating results.

We obtain our Adjusted EBITDA measurement by adding to net profit or loss, finance income and costs, depreciation and amortization, lease inducements and amortization and income taxes. We also exclude the effects of certain non-monetary transactions recorded, such as share-based compensation for the stock option plan and write-downs (or related reversals) of inventories, for our Adjusted EBITDA calculation. We believe it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee remuneration and can vary significantly with changes in the market price of the Company's shares. In addition, other items that do not impact core operating performance of the Company may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of our operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other companies.

Adjusted EBITDA

(In thousands of U.S. dollars)

	Three-month periods ended May 31,		Six-month periods ended May 31,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Net loss	**(3,174)**	(1,912)	**(4,402)**	(3,999)
Add (deduct):				
Depreciation and amortization	**1,922**	420	**3,636**	801
Lease inducements and amortization	**228**	—	**228**	—
Finance costs	**1,449**	283	**2,552**	439
Finance income	**(292)**	(77)	**(627)**	(157)
Share-based compensation	**320**	341	**584**	496
Write-down of inventories	**0**	126	**3**	(4)
Adjusted EBITDA	**453**	(819)	**1,974**	(2,424)

Forward-Looking Information

This MD&A contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management's beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or the negatives of these terms, or variations of them. The forward-looking statements contained in this MD&A include, but are not limited to, statements regarding the growth of our revenues from the sale of our products, the launch of *EGRIFTA SV*™, the reduction in rebates following the launch of *EGRIFTA SV*™, patient compliance using *EGRIFTA SV*™, the timeline to obtain a decision from the EMA regarding Trogarzo® in Europe, the development of tesamorelin for NASH-HIV and our timeline to enter into human clinical trials and to obtain proof of concept results in connection with the development of our oncology platform.

Forward-looking statements are based upon a number of assumptions and include, but are not limited to, the following: sales of *EGRIFTA*® and Trogarzo® will continue to grow in the United States, Trogarzo® will be approved for commercialization in Europe and we will successfully launch it in this territory, no untoward side-effects will be discovered through the long-term use of both *EGRIFTA*® and Trogarzo®, EGRIFTA SVTM will be launched in the United States in the fall of 2019 and will be accepted by the marketplace, our results from the development of tesamorelin in NASH-HIV will lead to the approval of *EGRIFTA*® in the United States to treat this disease and results from the development of our oncology platform will be positive and will allow us to meet our timelines.

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statements contained in this MD&A. These risks and uncertainties include, among others, the risk that sales of *EGRIFTA*® and/or Trogarzo® decrease or cease to progress, that a recall of any of those products occur, that the EMA does not approve our marketing authorization application for Trogarzo® in Europe or seek additional studies as a condition precedent to approving Trogarzo®, that the marketplace does not accept *EGRIFTA SV*™, that tesamorelin does not show strong enough results to allow approval by the FDA of *EGRIFTA*® to treat NASH-HIV and that our timelines regarding the development of our oncology platform are not met.

We refer potential investors to the "Risk Factors" section of our annual information form dated February 20, 2019 for additional risks regarding the conduct of our business and Theratechnologies. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this MD&A and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this MD&A, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Philippe Dubuc, Senior Vice President and Chief Financial Officer of Theratechnologies Inc., certify the following:

1. ***Review***: I have reviewed the interim financial statements and interim MD&A, (together, the "interim filings") of Theratechnologies Inc. (the "issuer") for the interim period ended May 31, 2019.

2. ***No misrepresentations***: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation***: Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility***: The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. ***Design***: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officers(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework***: The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control over Financial Reporting – Guidance for Smaller Public Companies (COSO).

5.2 N/A

5.3 N/A

6. ***Reporting changes in ICFR***: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on March 1, 2019 and ended on May 31, 2019 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: July 11, 2019

(Signed) Philippe Dubuc

Philippe Dubuc
Senior Vice President and Chief Financial Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Luc Tanguay, President and Chief Executive Officer of Theratechnologies Inc., certify the following:

1. ***Review***: I have reviewed the interim financial statements and interim MD&A, (together, the "interim filings") of Theratechnologies Inc. (the "issuer") for the interim period ended May 31, 2019.

2. ***No misrepresentations***: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation***: Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility***: The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. ***Design***: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officers(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework***: The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control over Financial Reporting – Guidance for Smaller Public Companies (COSO).

5.2 N/A

5.3 N/A

6. ***Reporting changes in ICFR***: The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on March 1, 2019 and ended on May 31, 2019 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: July 11, 2019

(Signed) Luc Tanguay

Luc Tanguay
President and Chief Executive Officer

News Release

THERATECHNOLOGIES REGAINS CONTROL OVER DISTRIBUTION RIGHTS TO *EGRIFTA*® WORLDWIDE

Montreal, Canada – August 8, 2019 – Theratechnologies Inc. (Theratechnologies) (TSX: TH) is pleased to announce that it has regained complete control over distribution rights of *EGRIFTA*® worldwide, following the termination of agreements with commercial partners in various territories outside of the United States and Canada.

More specifically, the following agreements were terminated: Sanofi in Latin America, Africa and the Middle East; BL&H in South Korea; AOP in most European Union countries in addition to Switzerland and Russia; Praxis in Spain and PRX in Portugal.

“Given our announced objective to develop tesamorelin for NASH in people living with HIV and expansion into Europe, we have concluded that regaining rights to *EGRIFTA*® in territories outside of the United States and Canada is the best strategic position for us. The treatment of NASH in patients living with HIV represents a potential opportunity for *EGRIFTA*® many times the size of lipodystrophy. As we begin the clinical development for this indication, having complete control over the orientation of *EGRIFTA*® worldwide is the position we want to be in at this time,” said Luc Tanguay, President and Chief Executive Officer.

Agreements were terminated at no cost to all parties.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV. Further information about Theratechnologies is available on the Company’s website at www.theratech.com and on SEDAR at www.sedar.com.

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management’s beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as “may”, “will”, “should”, “could”, “would”, “outlook”, “believe”, “plan”, “envisage”, “anticipate”, “expect” and “estimate”, or the negatives of these terms, or variations of them. The forward-looking statements contained in this press release include, but are not limited to, statements regarding the development of tesamorelin for NASH.

Forward-looking statements are based upon a number of assumptions and include, but are not limited to, the following: the clinical development of tesamorelin for the treatment of NASH in HIV-infected people will yield positive results.

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statements contained in this press release. These risks and uncertainties include, among others, the risk that results from the clinical development of tesamorelin in NASH for HIV-infected people are not positive enough to pursue its commercial approval, the risk that EGRIFTA® is subject to a recall or to unknown adverse safety or efficacy effects.

We refer potential investors to the “Risk Factors” section of our annual information form dated February 20, 2019 for additional risks regarding the conduct of our business and Theratechnologies. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this press release and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this press release, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

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For media inquiries:
Denis Boucher
Vice President, Communications and Corporate Affairs
514-336-7800

Exhibit 99.57

Execution Copy

AMENDED AND RESTATED
DISTRIBUTION AND MARKETING AGREEMENT

DATED AS OF MARCH 6, 2017

BY AND BETWEEN

THERATECHNOLOGIES INC.

AND

TAIMED BIOLOGICS INC.

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AMENDED AND RESTATED DISTRIBUTION AND MARKETING AGREEMENT

THIS AMENDED AND RESTATED DISTRIBUTION AND MARKETING AGREEMENT (this "**Agreement**") made as of March 6, 2017 (the "**Execution Date**"), by and between THERATECHNOLOGIES INC., a corporation organized under the laws of the Province of Québec, having its head office and principal place of business at 2015 Peel Street, 5th Floor, in the City of Montréal, Province of Québec, Canada, H3A 1T8 ("**Theratechnologies**"), and TaiMed Biologics Inc., a corporation organized under the laws of Taiwan, having its head office and principal place of business at 3F., No. 607, Ruiguang Rd., Neihu Dist., Taipei City 11492, Taiwan ("**TaiMed**"). Theratechnologies and TaiMed may hereinafter be referred to individually as a "**Party**" or collectively as the "**Parties**".

WHEREAS, TaiMed and Theratechnologies entered into a distribution and marketing agreement as of March 18, 2016 (the "**Original Agreement**") pursuant to which TaiMed retained Theratechnologies as its exclusive distributor for the Product (as hereinafter defined) in Canada and in the United States of America;

WHEREAS, TaiMed wish to retain Theratechnologies as its exclusive distributor for the Commercialization of the Product in the European Territory (as hereinafter defined) in accordance with the terms and conditions of this Agreement; and

WHEREAS, the Parties wish to amend and restate the Original Agreement to define their rights and obligations with the addition of the European Territory (as hereinafter defined) to the Original Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the representations and warranties, covenants and agreements herein contained, the Parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1
DEFINITIONS

Unless otherwise specifically provided herein, the following terms shall have the following meanings:

1.1 "**Action**" has the meaning set forth in Section 10.10.2.

1.2 "**Adverse Event**" means the development of an undesirable medical condition or the deterioration of a pre-existing medical condition following or during exposure to the Product, whether or not considered causally related to such Product, the exacerbation of any pre-existing condition(s) occurring during the use of the Product, or any other adverse experience or adverse drug experience or reaction according to applicable Law.

1.3 "**Affiliate**" means, with respect to any entity, any corporation, firm, partnership or other entity which, at the time in question, directly or indirectly controls, is controlled by or is under common control with such entity. For the purposes of this definition, an entity shall be deemed to have "control" (including with correlative meanings, "controlled by," "controlling" and "under common control with") if such entity owns, directly or indirectly, more than fifty percent (50%) of (i) the voting stock of a corporation, (ii) the partnership interests in a partnership or (iii) the membership interests in a limited liability company.

1.4 "**Agreement**" has the meaning set forth in the Preamble of this Agreement.

1.5 "**Antibody**" means ibalizumab (TMB-355), a monoclonal antibody that binds to the CD4 receptor, the molecular formula of which is set forth in Schedule 1.5, owned or Controlled by TaiMed or its Affiliates.

1.6 "**Arrangement**" has the meaning set forth in Section 12.2.16.

1.7 "**Bi-Weekly (Once every two weeks) New Route of Administration Milestone**" has the meaning set forth in Section 8.3.

1.8 "**BLA**" means a Biologics License Application filed pursuant to the requirements of the FDA, as more fully defined in 21 C.F.R. § 601, as the same may be amended from time to time, and any equivalent application filed in Canada pursuant to the requirements of Health Canada, together, in each case, with all additions, deletions or supplements thereto.

1.9 "**BLA Acceptance**" means the receipt of written notice from the FDA that the filing of a BLA for the Product has been accepted pursuant to and in accordance with applicable Law, as the same may be amended from time to time.

1.10 "**Business Day**" means a day other than a Saturday, Sunday, or bank or other public holiday in Taipei, Taiwan or Montreal, Canada.

1.11 "**Calendar Quarter**" means each three (3)-month period beginning on the 1st of January, the 1st of April, the 1st of July or the 1st of October.

1.12 "**Calendar Year**" means each twelve (12)-month period beginning on the 1st of January and ending on the 31st of December of the same year.

1.13 "**Canadian Act**" means in Canada the Food and Drugs Act, as amended and the rules, regulations, guidances and requirements of Health Canada as may be in effect from time to time.

1.14 "**Change of Control**" means:

a) the acquisition by any person or group (within the meaning of Sections 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934) (other than any trustee or other fiduciary holding securities under an employee benefit plan of a Party or any entity controlled by a Party) of beneficial ownership of any capital stock of a Party or any direct or indirect parent of a Party, if after such acquisition, such person or group would be the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of securities of a Party or any direct or indirect parent of a Party representing more than fifty percent (50%) of the combined voting power of a Party's or such direct or indirect parent's then outstanding securities entitled to vote generally in the election of directors;

b) the consummation by a Party or any direct or indirect parent of a Party of a consolidation, amalgamation, merger, reorganization or arrangement with any Person or group, if the Persons who were not shareholders of such Party or such direct or indirect parent of such Party immediately prior to such consolidation, amalgamation, merger, reorganization or arrangement own immediately after such consolidation, amalgamation, merger, reorganization or arrangement more than fifty percent (50%) of (i) the continuing or surviving entity or (ii) any direct or indirect parent of such continuing or surviving entity; or

c) sale, assignment, spin-off, divestiture or other transfer by a Party or any of its Affiliates to any Person other than to an Affiliate of all or substantially all of the assets or business of a Party or any of its Affiliates involved in performing any of the obligations of such Party under this Agreement.

1.15 "**CIPO**" has the meaning set forth in Section 10.9.1.

1.16 "**Clinical Trial**" means a clinical trial in human subjects that has been approved by the FDA in the United States, Health Canada in Canada or the EMA in Europe and is designed to measure the safety and/or efficacy of a pharmaceutical or biotechnology product. Clinical Trials shall include Phase I Trials, Phase II Trials, Phase III Trials and Phase IV Trials.

1.17 "**Commercial Milestone**" has the meaning set forth in Section 8.3.

1.18 "**Commercial Milestone Payment**" has the meaning set forth in Section 8.3.

1.19 "**Commercial Sale**" means any sale or other transfer of the Product by Theratechnologies to a Third Party; provided that the following shall not constitute a "Commercial Sale": (a) the transfer, use or disposition of the Product to a Third Party or TaiMed for use solely in Clinical Trials, tests, studies, regulatory or governmental purposes or under NPS Program or other limited access programs, (b) the transfer, use or disposition of the Product in connection with patient assistance programs or for charitable or promotional purposes, and (c) sales or transfers of the Product between or among Theratechnologies and its Affiliates or Designees (or between or among a Designee and its Affiliates) until such time as there is a subsequent sale by any such Affiliate or Designee.

1.20 "**Commercialization**" or "**Commercialize**" means any and all activities directed to the commercial exploitation of the Product in accordance with applicable Laws before and after Marketing Approval has been obtained, including advertising, marketing, promoting, managed market activities, market and consumer research, customer services, Detailing, distributing, offering to sell and selling the Product. When used as a verb, "to Commercialize" and "Commercializing" means to engage in Commercialization and "Commercialized" has a corresponding meaning. For the purpose of this Agreement, "Commercialization" or "Commercialize" does not include producing or manufacturing the Product.

1.21 "**Commercialization Plan**" has the meaning set forth in Section 5.1.2.

1.22 "**Commercially Reasonable Efforts**" means (a) with respect to the efforts to be expended by a Party with respect to any objective, such reasonable, diligent and good faith efforts and resources, consistent with applicable Laws, as such Party would normally use to accomplish a similar objective under similar circumstances, and (b) with respect to any objective relating to Development, Regulatory Approval or Commercialization of the Product by a Party, the application by such Party, consistent with the exercise of its prudent scientific and business judgment, of diligent efforts and resources to fulfill the obligation in issue, consistent with the level of efforts such Party would normally devote to its own branded product at a similar stage in its product life as such Product and having profit potential comparable to that of such Product, taking into account, without limitation, scientific, development, technical, commercial and regulatory factors, target product profiles, product labeling, past performance, present and future market potential, present and future regulatory environment and competitive market conditions in the therapeutic area, the safety and efficacy of the Product and the strength of its proprietary position, all based on conditions prevailing at the time such efforts are due.

1.23 "**Competent Regulatory Body**" means any Governmental Body of a Country having authority over pharmaceutical or biotechnology products, including the FDA in the United States, Health Canada in Canada, and the EMA in the European Territory;

1.24 "**Competing Product(s)**" means any pharmaceutical or biotechnology product for any indication with respect to HIV which does not contain or include the Antibody, including any dosage or formulation thereof and associated Drug Devices therefor.

1.25 "**Competing Product Right of First Offer**" has the meaning set forth in Section 2.2.

1.26 "**Competing Product Right of First Offer Period**" has the meaning set forth in Section 3.10.4.

1.27 "**Confidential Information**" means any and all information, technical and non-technical, written and oral, regardless of media or format, which is not published or otherwise in the public domain, relating to a Party's business, operations, assets and products and information of Third Parties that a Party is obligated to keep confidential.

1.28 "**Consideration related to the Third Commercial Milestone Payment**" has the meaning set forth in Section 3.9.2.

1.29 "**Consideration Shares**" means the Theratechnologies' Common Shares to be issued pursuant to Section 8.1 and Section 8.2.

1.30 "**Controlled**" means, with respect to Patent Rights, Know-How or Materials, that the Party or one of its Affiliates owns in whole or in part or has a license or sublicense to such Patent Rights, Know-How or Materials (or in the case of Materials, has the right to physical possession of such Materials), subject to any restrictions expressly set forth in those agreements set forth on Schedule 1.30 as of the Execution Date, with the ability to grant further sublicenses and with respect to Patent Rights, Know-How or Materials that TaiMed or one of its Affiliates acquires or obtains from a Third Party license, sublicense or other right at any time after the Execution Date, subject to any restrictions to which TaiMed or its Affiliates is subject under any applicable agreement such as field of use restrictions.

1.31 "**Controlling Party**" has the meaning set forth in Section 10.11.3.

1.32 "**Country**" means each of the United States of America and its territories, including Puerto Rico and the District of Columbia (collectively, the "**United States**"), Canada, Albania, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Great Britain, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and Israel.

1.33 "**Cover**", "**Covering**" or "**Covered**" means, with respect to the Product, that the using, making, having made, selling, offering for sale or importing of such Product would, but for ownership of, the relevant Patent Rights, infringe a Valid Claim of the relevant Patent Rights in the country in which the activity occurs.

1.34 "**Definitive Agreement**" has the meaning set forth in Section 3.10.4.

1.35 "**Designee**" has the meaning set forth in Section 16.3.

1.36 "**Detail**" or "**Detailing**" means with respect to the Product, the promotional activity undertaken by a Sales Representative during a face-to-face meeting (including a live video presentation) with (a) a medical professional with authority to prescribe or issue hospital medical clinic orders for a pharmaceutical product, or (b) such other groups as may be mutually agreed by the Parties in writing, in which one or more Product's benefits or attributes are orally presented by the Sales Representative in a manner consistent with the requirements of this Agreement and applicable Laws. When used as a verb, "Detail" means to engage in the activities set forth in this Section 1.36.

1.37 "**Development**" or "**Develop**" means, with respect to a pharmaceutical or biotechnology product, the performance of any pre-clinical and clinical research and development (including any laboratory, animal or human subject efficacy, safety, toxicology, pharmacology, pharmacodynamic, pharmacokinetic, test method development and stability testing), process development, formulation development, quality control development, statistical analysis, Clinical Trials, excluding Phase IV Trials and post-Marketing Approval studies (including safety registries).

1.38 "**Development Plan**" has the meaning set forth in Section 3.13.

1.39 "**DRS**" means the Direct Registration System;

1.40 "**Drug Device**" means any device used to administer the Antibody or the Product in humans.

1.41 "**EMA**" means the European Medicines Agency.

1.42 "**EPO**" has the meaning set forth in Section 10.9.1.

1.43 "**Estimated Net Selling Price**" has the meaning set forth in Section 6.4.1.

1.44 "**European Development Milestone**" has the meaning set forth in Section 8.5.

1.45 "**European Development Milestone Payment**" has the meaning set forth in Section 8.5.

1.46 "**European Joint Regulatory Committee**" or "**EJRC**" has the meaning set forth in Section 4.7

1.47 "**European Launch Milestone**" has the meaning set forth in Section 8.5.

1.48 "**European Launch Milestone Payment**" has the meaning set forth in Section 8.5.

1.49 "**European Milestone**" has the meaning set forth in Section 8.5.

1.50 "**European Milestone Payment**" has the meaning set forth in Section 8.5.

1.51 "**European Territory**" means each of the following Countries, collectively: Albania, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Great Britain, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and Israel.

1.52 "**European Transfer Price of the Product**" means (i) an amount equal to fifty-two percent (52%) of the Net Selling Price of the Product in the relevant Country of the European Territory on annual Net Sales of the Product in the relevant Country of the European Territory up to, or equal to, fifty million USD (US $50,000,000); and (ii) an amount equal to fifty-seven percent (57%) of the Net Selling Price of the Product in the relevant Country of the European Territory on the portion of annual Net Sales of the Product in the European Territory that exceeds annual Net Sales of the Product in the European Territory of fifty million USD (US $50,000,000).

1.53 "**Execution Date**" has the meaning set forth in the Preamble of this Agreement.

1.54 "**Executive Officers**" has the meaning set forth in Section 15.2.

1.55 "**Ex-Territories Product Website**" has the meaning set forth in Section 2.4.5.

1.56 "**Fair Market Value of the Agreement**" has the meaning set forth in Section 14.6.

1.57 "**FDA**" means the United States Food and Drug Administration, or any successor Governmental Body thereto having authority over pharmaceutical or biotechnology products.

1.58 "**FFDC Act**" means the Federal Food, Drug, and Cosmetic Act, as amended, and the rules, regulations, guidances, guidelines and requirements of the FDA as may be in effect from time to time.

1.59 "**Financial Year**" means the financial year of Theratechnologies, beginning on December 1 of a Calendar Year and ending on November 30 of the following year, as it may be changed from time to time by Theratechnologies.

1.60 "**First Commercial Milestone Payment**" has the meaning set forth in Section 8.3.

1.61 "**First Commercial Sale**" means, with respect to the Product in the Territories, the first Commercial Sale of such Product in any Country of the Territories to a Third Party end user by Theratechnologies after Marketing Approval has been obtained in such Country.

1.62 "**First Formulation**" means the formulation of the Antibody for the Product which allows the intravenous injection of the Product.

1.63 "**First Offer**" has the meaning set forth in Section 3.10.4.

1.64 "**cGMP**" means the Good Manufacturing Practices regulations promulgated by the FDA, Health Canada, the EMA or any other Governmental Body applicable in any Country of the Territories and in effect as of the time of manufacture of the applicable Product.

1.65 "**Good Faith Offer**" means a written offer addressed to TaiMed by a Third Party for the purchase of rights in the Product, which consideration is payable in cash or by bank draft.

1.66 "**Governmental Body**" means any: (a) nation, principality, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, unit, body or entity and any court or other tribunal); (d) multi-national or supranational organization or body; or (e) individual, entity, or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority.

1.67 "**Gross-Up Amount**" has the meaning set forth in Section 9.5.2.

1.68 "**Health Canada**" means Health Canada, or any successor Governmental Body thereto having authority over pharmaceutical or biotechnology products in Canada.

1.69 "**HIV**" means human immunodeficiency virus, a retrovirus of the genus *Lentivirus* that causes AIDS (acquired immunodeficiency syndrome).

1.70 "**Improvement**" means any improvement or invention which during the term of this Agreement is Controlled by TaiMed.

1.71 "**Indemnitees**" has the meaning set forth in Section 13.2.

1.72 "**Initial Product Label**" means the following label for the First Formulation: "Ibalizumab IV in combination with other antiretroviral agents is indicated for the treatment of HIV-1 infection in treatment-experienced adult patients with documented multi-antiretroviral class resistance and evidence of HIV-1 replication despite ongoing antiretroviral therapy. Ibalizumab IV has not been studied in antiretroviral-naive HIV positive patients".

1.73 "**Joint Commercialization Committee**" or "**JCC**" has the meaning set forth in Section 5.6.

1.74 "**Joint Development Committee**" or "**JDC**" has the meaning set forth in Section 3.13.

1.75 "**Joint New Technology**" has the meaning set forth in Section 10.4.2.

1.76 "**Joint Patents**" means any Patent Rights that would be jointly owned by the Parties under the Laws pertaining to inventorship or authorship in the United States arising from or out of the performance of this Agreement.

1.77 "**Know-How**" means any scientific or technical knowledge, information and expertise to make or do something in any tangible or intangible form whatsoever including discoveries, inventions, trade secrets, databases, practices, protocols, Regulatory Filings, methods, processes, techniques, specifications, formulations, formulae, data and results (including pharmacological, biological, chemical, toxicological and clinical information, analytical, quality control, and stability data, studies and procedures), and manufacturing process and development information, whether or not patentable, all to the extent not Covered by a Patent Right.

1.78 "**Knowledge of TaiMed**" means, with respect to a matter that is the subject of a given representation and warranty by TaiMed, the knowledge of James Chang, Steven Weinheimer and Dr. Stanley Lewis after reasonable inquiry into the relevant subject matter.

1.79 "**Law**" or "**Laws**" means all laws, statutes, rules, regulations, ordinances and other pronouncements having the binding effect of law of any applicable Governmental Body.

1.80 "**Losses**" has the meaning set forth in Section 13.1.

1.81 "**Lower Sales Milestone**" has the meaning set forth in Section 8.3.

1.82 "**Low Shelf-Life Inventory**" has the meaning set forth in Section 6.2.2.

1.83 "**Manufacturing Designee**" has the meaning set forth in Section 6.1.1.

1.84 "**Marketing Approval**" means the approval of the Product by the FDA for the United States, Health Canada for Canada, or the EMA for the European Territory, necessary to market and sell the Product in any Country; the expression "**Marketing Approval**" further includes the obtaining of the Product pricing and reimbursement approval, where applicable, but exclude any authorization granted by the FDA, Health Canada or the EMA to conduct NPS Program or compassionate use programs.

1.85 "**Mark(s)**" means a trademark, service mark, trade name, trade dress, logos, brand name and other indicia of origin, including all common law rights with respect thereto, and all applications for registration and registrations of any such mark(s) and renewals for any of the foregoing, and all goodwill associated therewith.

1.86 "**Materials**" means all tangible chemical, biological and physical materials.

1.87 "**Negotiation Period**" has the meaning set forth in Section 3.10.4.

1.88 "**Net Sales**" means the gross amounts invoiced by Theratechnologies for Commercial Sales of the Product in the Territories to a Person, less the following deductions with respect to such Commercial Sales, as determined and allocated in accordance with International Accounting Standards, to the extent that such amounts are either included in the billing as a line item as part of the gross amount invoiced, or otherwise documented in accordance with International Financial Reporting Standards to be attributable to sales of the Product: (a) trade discounts, including trade, cash and quantity, other discounts, or rebates, credits

or refunds; (b) allowances or credits actually granted upon claims, returns or rejections of such Product, including recalls; (c) charges included in the gross sales price for freight, insurance, transportation, postage, handling, insurance and any other charges relating to the sale, transportation, delivery or return of such Product; (d) customs duties, sales, excise and use taxes and any other governmental charges (including value added tax) paid in connection with the transportation, distribution, use or sale of such Product (but excluding what is commonly known as income taxes); (e) rebates and chargebacks or retroactive price reductions to federal, state, or local governments (or their agencies), or any Third Party payor, administrator or contractor, including managed health organizations; (f) inventory management fees paid to warehousing management companies and wholesale customers in the ordinary course of business and consistent with inventory management practices with respect to such Person's other products (but only such portion of such fees that are applicable to the Product); and (g) co-pay assistance and other payment assistance provided by Theratechnologies or its Affiliates to patients in the ordinary course of business (but only such portion of such amounts that are applicable to the Product). Where the Product is sold by or on behalf of Theratechnologies other than in an arm's-length sale, then the amount used to calculate Net Sales hereunder shall be the price at which Theratechnologies would customarily sell the product.

1.89 "**New Route of Administration**" means any formulation of the Antibody for the Product which will allow the intra-muscular or subcutaneous injection of the Product on a bi-weekly (once every two weeks) (the "**Bi-Weekly New Route of Administration**") and/or monthly (once every four weeks or once a month) basis (the "**Monthly New Route of Administration**").

1.90 "**North American Joint Regulatory Committee** or "**NAJRC**" has the meaning set forth in Section 4.6.

1.91 "**North American Territory**" means, collectively, the United States of America and its territories, including Puerto Rico and the District of Columbia, and Canada.

1.92 "**North American Transfer Price of the Product**" means the total of: (i) a base amount equal to **[REDACTED: Percentage]** of the Net Selling Price of the Product in the relevant Country of the North American Territory (the "**Base Transfer Price of the Product in the North American Territory**") and (ii) an additional amount equal to ten percent (10%) of the Net Selling Price of the Product in the relevant Country of the North American Territory, such additional amount not to exceed US$5,500,000 in the aggregate**.**

1.93 "**Notice of Offer**" has the meaning set forth in Sections 3.10.3(b) and 3.10.5(b).

1.94 "**NPS Program**" means a named patient sales program.

1.95 "**Offer**" has the meaning set forth in Sections 3.10.3(b) and 3.10.5(b).

1.96 "**Overpaid Party**" has the meaning set forth in Section 9.4.2.

1.97 "**Owing Party**" has the meaning set forth in Section 9.4.2.

1.98 "**Party**" or "**Parties**" has the meaning set forth in the Preamble of this Agreement.

1.99 "**Patent Coordinator**" has the meaning set forth in Section 10.6.

1.100 "**Patent Rights**" means any: (a) unexpired issued or granted patent or registration covering one or more inventions, including any correction, supplemental protection certificate, registration, confirmation, reissue, reexamination, extension or renewal thereof; (b) pending patent application, including any continuation, divisional, continuation-in-part, substitute or provisional application thereof; and (c) all counterparts or foreign equivalents of any of the foregoing issued by or filed in any country or other jurisdiction; and, in the case of (a), (b) and (c), all inventions disclosed or claimed therein, and all associated rights granted therein or thereby.

1.101 "**Person**" means a natural person, corporation, firm, business, trust, joint venture, association, organization, company, partnership or other business entity, or any government or agency or subdivision thereof.

1.102 "**Phase I Trial**" means a Clinical Trial in which a pharmaceutical or biotechnology product is administered to human subjects at multiple dose levels with the primary purpose of determining safety, metabolism, and pharmacokinetic and pharmacodynamic properties of such product, and is conducted in accordance with applicable Laws of the Country in which it is conducted.

1.103 "**Phase II Trial**" means a Clinical Trial in which a pharmaceutical or biotechnology product is administered to human subjects, which study is designed: (a) to make a preliminary determination that such product is safe for its intended use; (b) to determine such product's optimal dose; (c) to obtain sufficient information about such product's efficacy to permit the design of Phase III Trials; and (d) is conducted in accordance with applicable Laws of the Country in which it is conducted.

1.104 "**Phase III Trial**" means a Clinical Trial in which a pharmaceutical or biotechnology product is administered to human subjects, which study is designed: (a) to establish that such product is safe and efficacious for its intended use; (b) to define warnings, precautions and adverse reactions that are associated with such product in the dosage range to be prescribed; and (c) is conducted in accordance with applicable Laws of the Country in which it is conducted.

1.105 "**Phase IV Trial**" means any research study or data collection effort for a pharmaceutical or biotechnology product that is initiated after receipt of Marketing Approval for an indication of such product to delineate additional information, including such product's risks, benefits and optimal use.

1.106 "**Product**" means any pharmaceutical or biotechnology product containing or comprising the Antibody, including any dosage, formulation (including the First Formulation and the New Route of Administration), presentation or Improvement thereof, and associated Drug Devices therefor, in each case, for the treatment of HIV. For greater certainty, the obligation of the Parties set forth herein apply for each component of the Product (including the First Formulation and each New Route of Administration), including for each Marketing Approval related thereto.

1.107 "**Product Labels and Inserts**" means (a) all labels and other written, printed or graphic matter affixed to any container, packaging or wrapper utilized in connection with the Product, or (b) the Product package inserts.

1.108 "**Product Marketing Standards**" means Theratechnologies' standards consistent with its standard operating procedures for the materials to be used in connection with the Product, including core marketing messages, concepts, strategies and tactics and standards and mock-ups of marketing and sales materials.

1.109 "**Promotional Materials**" means all written, printed, electronic and graphic materials (other than Product Labels and Inserts) provided by or on behalf of Theratechnologies in accordance with this Agreement for use by Sales Representatives.

1.110 "**Publisher**" has the meaning set forth in Section 11.4.1.

1.111 "**Regulatory Activities**" means with respect to the Product: (a) the preparation, review and filing of any and all Regulatory Filings; (b) maintaining contact and communication with the Competent Regulatory Body; and (c) otherwise complying with all requirements of a Sponsor and/or Marketing Authorization holder under applicable Law.

1.112 "**Regulatory Approval**" means any and all approvals, authorizations, designations, licenses, or registrations, of the Competent Regulatory Body, including innovative or orphan drug designations necessary for the Development, manufacture, Commercialization, use, handling, storage, import, or transport of the Product, including Marketing Approval.

1.113 "**Regulatory Filings**" means any applications, communications, data, documents, regardless of format or media, filed with or submitted to the Competent Regulatory Body for purposes of obtaining or maintaining Regulatory Approval.

1.114 "**Right of First Refusal**" has the meaning set forth in Section 3.10.3(a) and Section 3.10.5(b).

1.115 "**Rights in the Competing Product**" has the meaning set forth in Section 3.10.3(a).

1.116 "**Sales Force**" means all of the Sales Representatives and their direct supervisors and direct managers, in each case, who are employed by Theratechnologies or one of its Affiliates in the Territories.

1.117 "**Sales Representative**" means a sales representative employed by Theratechnologies, any of its Affiliates or Designees or a Third Party providing the services of a Sales Force to Theratechnologies in the Territories and whom Theratechnologies, such Affiliate or Designee has hired. For the avoidance of doubt, "**Sales Representative**" shall not include any medical scientific personnel.

1.118 "**Second Commercial Milestone Payment**" has the meaning set forth in Section 8.3.

1.119 "**Serious Adverse Event**" means in the United States (a) with respect to the Product that is subject to FDA's Investigational New Drug safety reporting regulations, a "serious adverse drug experience" defined at 21 C.F.R. § 312.32, as the same may be amended from time to time, and (b) with respect to the Product that is subject to FDA's New Drug Application post-marketing reporting regulations, a "serious adverse drug experience" defined at 21 C.F.R. § 312.80, as the same may be amended from time to time and, in each other Country, any equivalent provision of applicable Laws.

1.120 "**Sole New Technology**" has the meaning set forth in Section 10.4.1.

1.121 "**Sponsor**" in the context of a Clinical Trial governed by the FDA, Health Canada or the EMA, has the meaning provided in this respect in the FFDC Act, the Canadian Act or the Laws of the other Countries, as applicable.

1.122 "**Sublicensee**" means a Person to which Theratechnologies has, pursuant to Section 2.4.3, granted sublicense rights with respect to the Trademark.

1.123 "**TaiMed**" has the meaning set forth in the Preamble of this Agreement.

1.124 "**TaiMed Indemnitees**" has the meaning set forth in Section 13.1.

1.125 "**TaiMed Know-How**" means all Know-How Controlled by TaiMed as of the Execution Date and/or thereafter during the Term, in each case, related to the Antibody and/or the Product, including the First Formulation and any New Route of Administration relating thereto.

1.126 "**TaiMed Materials**" means Materials Controlled by TaiMed as of the Execution Date and/or thereafter during the Term, in each case, related to the Antibody and/or the Product, including the First Formulation and any New Route of Administration relating thereto.

1.127 "**TaiMed Patents**" means all Patent Rights Controlled by TaiMed as of the Execution Date and/or thereafter during the Term, in each case, related to the Antibody and/or the Product, including the First Formulation and any New Route of Administration relating thereto.

1.128 "**TaiMed Technology**" means the TaiMed Patents, the TaiMed Know-How, the TaiMed Materials, the Sole New Technology Controlled by TaiMed and TaiMed's interest in any Joint New Technology.

1.129 "**Term**" has the meaning set forth in Section 14.1.

1.130 "**Terminated Country(ies)**" has the meaning set forth in Section 14.4.2(a)(i).

1.131 "**Terminated Product**" has the meaning set forth in Section 14.4.2(a)(i).

1.132 "**Termination Date**" has the meaning set forth in Section 14.1.

1.133 "**Territories**" means the European Territory and the North American Territory.

1.134 "**Thera Product Websites**" has the meaning set forth in Section 2.4.5.

1.135 "**Theratechnologies**" has the meaning set forth in the Preamble of this Agreement.

1.136 "**Theratechnologies' Common Shares**" means the common shares of Theratechnologies listed on the Toronto Stock Exchange.

1.137 "**Theratechnologies Indemnitees**" has the meaning set forth in Section 13.2.

1.138 "**Third Commercial Milestone Payment**" has the meaning set forth in Section 8.3.

1.139 "**Third Party**" means any Person other than Theratechnologies, TaiMed or Affiliates of either of them.

1.140 "**Third Party Action**" has the meaning set forth in Section 10.11.1.

1.141 "**Third Party Licenses**" has the meaning set forth in Section 9.1.

1.142 "**Trademark**" means the Mark for use in connection with the Product and under which the Product will be Commercialized in the Territories.

1.143 "**Transaction**" has the meaning set forth in Section 3.10.4.

1.144 "**TSX**" has the meaning set forth in Section 8.7.

1.145 "**USD**" means the official currency of the United States of America.

1.146 "**US Prime Rate**" means the annual rate of interest charged by banks on commercial loans to their most credit worthy customers, as published from time to time by The Wall Street Journal.

1.147 "**US$150M European Milestone**" has the meaning set forth in Section 8.5.

1.148 "**US$200M Milestone**" has the meaning set forth in Section 8.3.

1.149 "**US$500M Milestone**" has the meaning set forth in Section 8.3.

1.150 "**US$500M European Milestone**" has the meaning set forth in Section 8.5.

1.151 "**US$1,000M Milestone**" has the meaning set forth in Section 8.3.

1.152 "**US$150M European Milestone Payment**" has the meaning set forth in Section 8.5.

1.153 "**US$500M European Milestone Payment**" has the meaning set forth in Section 8.5.

1.154 "**US$1,000M European Milestone Payment**" has the meaning set forth in Section 8.5.

1.155 "**USPTO**" has the meaning set forth in Section 10.9.1.

1.156 "**Valid Claim**" means a claim of an issued patent or pending patent application included within the Patent Rights, which claim has not (a) lapsed, been canceled or become abandoned, (b) been declared invalid or unenforceable by a non-appealable decision or judgment of a court or other appropriate body or authority of competent jurisdiction, or (c) been admitted to be invalid or unenforceable through reissue, disclaimer or otherwise.

1.157 "**Valuator**" has the meaning set forth in Section 3.9.3.

ARTICLE 2
COLLABORATION

2.1 General Terms of Collaboration

2.1.1 **Services provided by Theratechnologies.** Subject to the other applicable terms and conditions of this Agreement, TaiMed hereby grants to Theratechnologies an exclusive (even as to TaiMed, except as otherwise provided in this Section 2.1.1 and Section 2.4.3), right to:

(a) Commercialize the Product in the Territories (provided that Theratechnologies shall not be deemed to have exceeded the scope of this authorization to the extent that Commercialization activities conducted by or on behalf of Theratechnologies via the Internet or other global electronic means or methods targeted to Persons within the Territories may reach Persons outside of the Territories);

(b) upon Marketing Approval of a Product, to conduct any Phase IV Trials and any post-Marketing Approval studies (including the keeping of safety registries) on such Product in the Territories, subject, however, to the rights of TaiMed under Section 3.5;

(c) upon Marketing Approval of a Product in the United States, to conduct Regulatory Activities in the United States for such Product;

(d) to conduct Regulatory Activities in Canada, subject, however, to the rights of TaiMed under Section 3.3;

(e) to conduct Regulatory Activities in each of the Countries of the European Territory, subject, however, to the rights of TaiMed under Section 3.5; and

(f) to use the TaiMed Technology in the Territories in order for Theratechnologies and its Affiliates and Designees to exercise all of their other rights and obligations under this Agreement.

2.1.2 **Services provided by TaiMed.** Subject to the other applicable terms and conditions of this Agreement, TaiMed retains all rights and shall otherwise remain responsible for:

(a) the Development of the Product, including the conduct as Sponsor of all associated Clinical Trials (except Phase IV Trials and post-Marketing Approval studies (including the keeping of safety registries), but subject to the rights of TaiMed under Section 3.5) in the United States and in the European Territory;

(b) subject to Section 4.1.2, the Development of the Product, including the conduct as Sponsor of all associated Clinical Trials (except Phase IV Trials and post-Marketing Approval studies (including the keeping of safety registries), but subject to the rights of TaiMed under Section 3.3) in Canada; and

(c) manufacturing the Product.

2.2 Right of First Offer

TaiMed hereby grants to Theratechnologies an exclusive right of first offer with respect to each Competing Product, exercisable by Theratechnologies solely during the Competing Product Right of First Offer Period for such Competing Product, to Commercialize, at its sole discretion, any one or more Competing Products in the Territories in accordance with the terms and conditions set forth in Section 3.10 (the "**Competing Product Right of First Offer**").

2.3 Necessary Documentation

Within a reasonable period of time (and not to exceed **[REDACTED: Time Period]**) after the Execution Date, TaiMed and Theratechnologies will consult with each other in good faith to identify in writing a list of items of TaiMed Know-How and TaiMed Materials that the Parties identify as necessary or useful in order to seek Regulatory Approval from the EMA in the European Territory and for the Commercialization of such Product in the Territories in connection with Theratechnologies' exercise of its rights and obligations under this Agreement. With respect to the Product, as promptly as reasonably practicable after the Execution Date and the identification in writing by Theratechnologies of items from the list prepared by the Parties pursuant to the foregoing sentence (but in no event more than **[REDACTED: Time Period]** after such items are identified by Theratechnologies to TaiMed in writing), TaiMed will provide to Theratechnologies, at TaiMed's cost and expense, a copy of all such items of TaiMed Know-How and TaiMed Material identified by Theratechnologies. Thereafter, during the Term, TaiMed shall provide to Theratechnologies a copy of any other TaiMed Know-How or TaiMed Materials that become Controlled by TaiMed after the Execution Date that the Parties consider reasonably required by Theratechnologies in order to seek Regulatory Approval from the EMA in the European Territory and to Commercialize the Product in the Territories in connection with Theratechnologies' exercise of its rights and obligations under this Agreement. In addition and without limiting the foregoing, TaiMed shall, at TaiMed's cost and expense, make certain of its employees who are knowledgeable about the Product or the TaiMed Technology reasonably available to Theratechnologies for scientific and technical explanations, advice and related on-site support, if and to the extent reasonably requested by Theratechnologies and required in order to seek Regulatory Approval from the EMA in the European Territory and to Commercialize the Product in the Territories in connection with Theratechnologies' exercise of its rights and obligations under this Agreement. For the avoidance of doubt, all such TaiMed Know-How and TaiMed Material provided to Theratechnologies and all information and materials (in whatever form or medium) disclosed by or on behalf of TaiMed hereunder, including during any such on-site support, shall be and remain TaiMed's Confidential Information, subject to the terms and conditions of Article 11.

2.4 Trademarks

2.4.1 **Designation of Trademarks**. Theratechnologies shall have the right to designate a Trademark to be used in connection with the Commercialization of the Product in the Territories, provided that Theratechnologies shall inform TaiMed and obtain TaiMed's prior written approval. All cost and expense related to the research and designation of such Trademark shall be borne by Theratechnologies. For greater certainty, such cost and expense exclude the cost and expense related to the registration and maintenance of such Trademark in the Territories, all of which shall be assumed by TaiMed in accordance with the dispositions of Section 2.4.4(b).

2.4.2 **Ownership**. As between the Parties, Theratechnologies hereby acknowledges and agrees that, subject to the license granted to Theratechnologies pursuant to Section 2.4.3, as between the Parties, TaiMed shall own all right, title and interest in and to, and shall otherwise Control, any Trademark designated by Theratechnologies for use on or in connection with the Product in the Territories and that the ownership and all goodwill arising from the use of such Trademarks in the Territories shall vest in and inure to the sole benefit of TaiMed.

2.4.3 **Grant of Trademark License**. TaiMed hereby grants to Theratechnologies, and Theratechnologies hereby accepts an exclusive license, in consideration for an amount of US$1.00, with the right to grant sublicenses in accordance with the following paragraph, (a) to use the Trademarks to Commercialize the Product in the Territories, including the use of the Trademarks in a Thera Product Website, or a website of Theratechnologies or its Affiliates or Designees in the Territories, and (b) to use the Trademarks to perform the obligations and exercise rights of Theratechnologies and its Affiliates and Designees in the Territories under this Agreement. Notwithstanding anything contained herein, TaiMed shall not be deemed to have violated the rights and licenses granted to Theratechnologies pursuant to this Section 2.4 to the extent that commercialization activities conducted by or on behalf of TaiMed or its Affiliates or Designees via the Internet or other global electronic means or methods targeted to Persons outside of the Territories may reach Persons within the Territories.

Subject to Theratechnologies' compliance with the requirements of this Section 2.4.3, Theratechnologies shall have the right to sublicense the rights and licenses granted in this Section 2.4.3 to any Person (the "**Sublicensee**"). Theratechnologies shall (i) ensure that all Sublicensees are bound by valid and enforceable written agreements that are not inconsistent with, and which shall include and be subject to, all of the applicable terms and conditions set out in this Agreement, including all applicable obligations, covenants and agreements of Theratechnologies (regardless of whether an obligation, covenant or agreement set forth herein refers only to Theratechnologies or its Affiliates or also references its Sublicensees or Designees), (ii) provide within **[REDACTED: Time Period]** of execution of any sublicense agreement (and any amendments thereto) a copy thereof to TaiMed; provided that Theratechnologies may redact therefrom any financial terms or other similar type of information, and (iii) to the extent necessary to cure or prevent a breach of Theratechnologies under this Agreement, enforce all material terms and conditions of any such sublicense agreements.

2.4.4 **Certain Obligations of Theratechnologies**

(a) Theratechnologies shall not use, and shall ensure that its Affiliates, Designee and Sublicensees, as applicable, shall not use, any trademark other than the Trademarks to identify the Product in connection with the Commercialization of the Product in the Territories.

(b) As between the Parties, except as provided in Section 2.4.5 with respect to the Internet domain name registrations for the Thera Product Website and Ex-Territories Product Website, TaiMed is the owner of the Trademarks and shall have the sole right and obligation, at its cost and expense, to obtain and maintain any registration, or other form of protection, for the Trademarks for use in connection with the Product in the Territories. TaiMed acknowledges and agrees that it shall assume all cost and expense related to the Trademarks of the Product, including all applicable cost and expense payable to or imposed by a Governmental Body.

(c) Theratechnologies, at TaiMed's cost and expense, shall take such actions and provide such assistance as TaiMed may reasonably request from time to time, in connection with TaiMed filing, prosecuting or otherwise in connection with seeking any registration for any of the Trademarks for the Product in the Territories, and as may be reasonably necessary for TaiMed to renew, maintain, protect or enforce, any such Trademark or any pending application for registration or any registration therefor (including the filing of any applications for registration of any Trademark for use in connection with the Product in the Territories).

(d) Notwithstanding anything in this Agreement to the contrary, Theratechnologies and its Affiliates and Designees shall be permitted to use its names, trade dress and other Marks together with the Trademarks in connection with the Commercialization of the Product in the Territories. For the avoidance of doubt, Theratechnologies may Commercialize the Product with the Theratechnologies name, color scheme and trade dress, provided that it also includes, subject to applicable Law, the applicable designated Trademark of TaiMed and shall not take any action that does or may adversely affect the goodwill associated with the Trademarks.

2.4.5 **Thera Product Websites**. Subject to Section 14.4.2(a)(ii) which is applicable upon termination of this Agreement only, Theratechnologies shall have the exclusive right in its discretion to maintain the websites targeted to the Territories for the Product during the Term to be located at a URL or web-address to be selected by Theratechnologies (the "**Thera Product Websites**"). Where TaiMed is mentioned on Product Websites, TaiMed shall receive notification. If TaiMed maintains a website for the Product outside of the Territories (the "**Ex-Territories Product Websites**"), then the Thera Product Websites shall, subject to compliance with applicable Law, include a hyperlink to the Ex-Territories Product Websites. If Theratechnologies is mentioned on any Ex-Territories Website, Theratechnologies shall be notified of such reference. If Theratechnologies maintains the Thera Product Websites, then the Ex-Territories Product Websites shall include a hyperlink to the Thera Product Websites. Theratechnologies, at its cost and expense, shall apply for and own the Internet domain name registration for the Thera Product Websites.

ARTICLE 3
DEVELOPMENT ACTIVITIES

3.1 Development of Product in the United States

As between the Parties, TaiMed shall have sole control over and decision-making authority with respect to any and all Development related to the Product, including with respect to the First Formulation, and the New Route of Administration. TaiMed shall use Commercially Reasonable Efforts to (a) Develop the Product in its First Formulation, (b) obtain Marketing Approval thereof in the United States at the earliest practicable date, and (c) maintain such Marketing Approval thereafter up to the transfer of same to Theratechnologies in accordance with Section 4.2. Nothing contained herein shall obligate TaiMed or any of its Affiliates to conduct or continue any Development related to any New Route of Administration but once Developed, TaiMed shall use Commercially Reasonable Efforts to obtain Marketing Approval thereof in the United States at the earliest practicable date. TaiMed shall keep Theratechnologies reasonably informed through the JDC of the Development of the Product, and provide such additional information related to the Product as may be reasonably requested by Theratechnologies at TaiMed's sole cost and expense.

3.2 Costs of Product Development

TaiMed shall be responsible for all costs associated with the Development of the Product, including the Development of the First Formulation and any New Route of Administration.

3.3 Additional Development Related to Regulatory Filings in Canada

In the event the Parties decide to seek Marketing Approval of a Product in Canada as per Section 4.1.2, and additional Clinical Trials (excluding any Phase IV Trials or post-Marketing Approval studies (including registries)) in connection thereto are imposed by Health Canada or required by applicable Law, TaiMed shall be responsible and act as the Sponsor of the Clinical Trial and shall engage Theratechnologies to conduct such Clinical Trials (excluding any Phase IV Trials or post-Marketing Approval studies (including the keeping of registries)), subject to the entering into of a clinical study agreement, at terms and conditions customary in the market for similar agreements, which shall be satisfactory to Theratechnologies and TaiMed, acting reasonably. TaiMed shall be allowed to elect to appoint, at its sole discretion, another Designee in the event Theratechnologies is or has been in material breach of its obligations under the terms of the clinical study agreement entered into between Theratechnologies and TaiMed with respect to such Clinical Trial. For the avoidance of doubt, notwithstanding the fact that Theratechnologies seeks Marketing Approval of a Product in Canada, nothing contained herein shall prevent Theratechnologies from withdrawing any Regulatory Filings in that respect nor any Clinical Trial initiated in that respect from time to time, or obligate Theratechnologies to maintain Marketing Approval or Regulatory Approval of the Product in Canada.

3.4 Additional Development Related to Regulatory Filings in the European Territory

In connection with seeking Marketing Approval of a Product in the European Territory, if additional Clinical Trials (excluding any Phase IV Trials or post-Marketing Approval studies (including registries)) are imposed by the EMA or required by applicable Law, TaiMed and Theratechnologies shall consult with each other to develop a business case to carry out such Clinical Trials. TaiMed shall be responsible to estimate the out-of-pocket costs to be incurred outside of its organization for the conduct of such Clinical Trials and Theratechnologies shall be responsible to estimate the potential market in the European Territory. Both Parties shall unanimously agree on the extent of the additional Clinical Trials to be conducted and on the budget associated therewith prior to undertaking such Clinical Trials. If the Parties do not agree on the conduct of such Clinical Trials, or the budget associated therewith, Theratechnologies shall no longer be required to use its Commercially Reasonable Efforts to obtain Marketing Approval of a Product and shall be released from any of its obligations under this Agreement with respect to the European Territory. If the Parties agree to conduct such Clinical Trials, TaiMed shall act as the Sponsor of the Clinical Trial and shall conduct such Clinical Trials (excluding any Phase IV Trials or post-Marketing Approval studies (including the keeping of registries)). TaiMed shall keep Theratechnologies reasonably informed through the JDC of the Development of the Product, and provide additional information related to the Product as may be reasonably requested by Theratechnologies at Taimed's sole cost and expense.

3.5 Phase IV Trials and Post-Marketing Approval Studies in the Territories

Theratechnologies shall assume the conduct of any Phase IV Trials or post-Marketing Approval studies (including the keeping of safety registries) in the Territories, including those that are imposed by a Competent Regulatory Authority or required by applicable Law. On a case by case basis, Theratechnologies shall subcontract to TaiMed the conduct of any Phase IV Trial or post-Marketing Approval study imposed by a Competent Regulatory Authority or required by law, subject to the entering into of a clinical study agreement, at terms and conditions customary in the market for similar agreements, which shall be satisfactory to Theratechnologies, acting reasonably. Theratechnologies shall be allowed to elect to appoint, at its sole discretion, another Designee in the event TaiMed is or has been in material breach of its obligations under the terms of the clinical study agreement entered into between Theratechnologies and TaiMed with respect to a Clinical Trial or post-Marketing Approval study. If and as may be reasonably requested by TaiMed and necessary for it to conduct a Phase IV Trial or post-Marketing Approval study under this Section 3.5, Theratechnologies shall provide TaiMed with any pharmacovigilance data available at Theratechnologies' cost and expense.

3.6 Costs of Phase IV Trials and Post-Marketing Approval Studies in the United States

All cost and expense related to the conduct of any Phase IV Trial or post-Marketing Approval study imposed by the FDA for the Product in the United States (including the keeping of safety registries) shall be assumed by TaiMed. In the event Theratechnologies incur any costs or expenses related thereto (including with respect to the keeping of safety registries in the United States), TaiMed shall reimburse Theratechnologies, provided that Theratechnologies shall keep and maintain complete and accurate books

and records of such costs sufficient to verify such costs. Within **[REDACTED: Time Period]** during the Term, Theratechnologies shall submit to TaiMed an invoice for such costs and expenses incurred by Theratechnologies during **[REDACTED: Time Period]** (and any such costs payable by TaiMed in respect of **[REDACTED: Time Period]** that have not been paid to Theratechnologies), and TaiMed shall pay the amount reflected in such invoice within **[REDACTED: Time Period]** after receipt thereof (unless the amount of such invoice is then the subject of a good faith dispute between the Parties (provided that all amounts not in dispute have been paid in full)). The Parties shall discuss and attempt to resolve in good faith any and all disputed amounts within a reasonable period of time. Notwithstanding anything to the contrary contained herein, the Parties agree that all cost and expense related to the keeping of safety registries imposed by the FDA for the Product in the United States shall be shared by the Parties proportionate to each Party's share of Net Sales of the Product in the United States (at the time of execution of this Agreement, the Parties acknowledge such proportion being **[REDACTED: Percentage]** for TaiMed and **[REDACTED: Percentage]** for Theratechnologies).

3.7 Costs of Additional Development in Canada, Phase IV Trials and Post-Marketing Approval Studies in Canada

Theratechnologies shall be responsible for all cost and expense related to additional Clinical Trials conducted in accordance with Section 3.3 and any Phase IV Trial and any other post-Marketing Approval study in Canada (including safety registries).

3.8 Costs of Additional Development in the European Territory, Phase IV Trials and post-Marketing approval in the European Territory

TaiMed shall be responsible for all costs and expenses related to additional Clinical Trials conducted in accordance with Section 3.4 and Theratechnologies and TaiMed shall share **[REDACTED: Percentage]** the costs and expenses related to the conduct of any Phase IV Trial or post-Marketing Approval study related to the Product that is imposed by the EMA or the Governmental Body of a Country in the European Territory. In addition, both Theratechnologies and TaiMed agree that all costs and expenses related to the keeping of safety registries for the Product that are imposed by the EMA or the Governmental Body of a Country in the European Territory shall be shared by the Parties proportionate to each Party's share of the Net Sales of the Product in the European Territory (at the time of execution of this Agreement, the Parties acknowledge such proportion being 52% for TaiMed and 48% for Theratechnologies). The Parties shall keep and maintain complete and accurate books and records of such costs and expenses sufficient to verify such costs and expenses. In the event a Party incurs any costs or expenses related to any Phase IV Trial, post-Marketing Approval study or safety registries, such Party shall, within **[REDACTED: Time Period]** during the Term, submit to the other Party an invoice for such costs and expenses that they have incurred during **[REDACTED: Time Period]** (and any such costs payable by a Party in respect of **[REDACTED: Time Period]** that have not been paid to the other Party). A Party shall pay to the other Party its share of the costs and expenses agreed upon pursuant to this Section 3.8 within **[REDACTED: Time Period]** after receipt thereof (unless the amount of such invoice is then the subject of a good faith dispute between the Parties (provided that all amounts not in dispute have been paid in full)). The Parties shall discuss and attempt to resolve in good faith any and all disputed amounts within a reasonable period of time.

3.9 Presentation of New Route of Administration

3.9.1 **Submission of information**. Prior to **[REDACTED: Time Period]** for the Monthly New Route of Administration, TaiMed shall present such Monthly New Route of Administration to Theratechnologies for determination of the Consideration related to the Third Commercial Milestone Payment. TaiMed's presentation shall include the following information: **[REDACTED: List of Information]**.

3.9.2 **Determination of the amount of the Third Commercial Milestone Payment**. Within **[REDACTED: Time Period]** from the receipt by Theratechnologies from TaiMed of all relevant information set forth in Section 3.9.1, Theratechnologies and TaiMed shall negotiate in good faith the Consideration related to the Third Commercial Milestone Payment, which consideration cannot be less than **[REDACTED: Percentage]** of the cost of additional development to bring the Monthly New Route of Administration to BLA Approval, without exceeding in all cases US$50,000,000 (the "**Consideration related to the Third Commercial Milestone Payment**"). The Consideration related to the Third Commercial Milestone Payment shall be determined by the Parties taking into account all relevant information provided by TaiMed, including the additional cost of Development and the size of the market and the market exclusivity. If the Parties cannot reach an agreement on the Consideration related to the Third Commercial Milestone Payment within this **[REDACTED: Time Period]**, the Consideration related to the Third Commercial Milestone Payment shall be determined by a Valuator in accordance with the procedure set forth in Section 3.9.3.

3.9.3 **Determination of the Consideration related to the Third Commercial Milestone Payment.** Notwithstanding Article 15, if the Parties cannot agree on the Consideration related to the Third Commercial Milestone Payment, such amount shall be determined by a valuator who is a partner in New York of any of **[REDACTED: List of Firms]** and who is a member of the Canadian Institute of Chartered Business Valuators (the "**Valuator**"), provided, however, that the **[REDACTED: List of Firms]** shall be excluded from serving as the Valuator. The Valuator shall be chosen by Theratechnologies and TaiMed within **[REDACTED: Time Period]** following the expiration of the **[REDACTED: Time Period]** set forth in Section 3.9.2. Failing such an agreement, each Party shall choose a valuator in accordance with the foregoing criteria and the Valuator shall be appointed pursuant to a draw between those valuators. The Parties agree to equally share the fees and expenses of the Valuator. The Valuator shall be instructed to render its determination of the Consideration related to the Third Commercial Milestone Payment within **[REDACTED: Time Period]** following its

appointment by TaiMed and Theratechnologies. The decision regarding the Consideration related to the Third Commercial Milestone Payment of the Valuator shall be issued in writing, and a copy thereof, including the estimated amount of annual Net Sales of the Monthly New Route of Administration for the next thirty-six (36) months used by the Valuator for the determination of the Consideration related to the Third Commercial Milestone Payment, shall be delivered by the Valuator to TaiMed and Theratechnologies. The determination of the Consideration related to the Third Commercial Milestone Payment by the Valuator shall be final and without appeal and binding upon all of the Parties to this Agreement, save in case of manifest error. The determination of the Consideration related to the Third Commercial Milestone Payment shall be made after having taken into account the information and criteria set forth in Section 3.9.1. The Parties agree to reassess the Consideration related to the Third Commercial Milestone Payment if, on the thirty-sixth (36th) month from the First Commercial Sale of the Monthly New Route of Administration the annual Net Sales of the Monthly New Route of Administration for the last twelve (12)-month period are inferior or superior by **[REDACTED: Percentage]** or more than the estimated annual amount of Net Sales for the Monthly New Route of Administration used by the Valuator for the determination of the Consideration related to the Third Commercial Milestone Payment for the twelve (12)-month period preceding the expiration of the thirty-six (36)-month period from the First Commercial Sale of the Monthly New Route of Administration. The Consideration related to the Third Commercial Milestone Payment shall then be adjusted upward or downward by the same percentage than the percentage of variation upward or downward of the annual Net Sales for the twelve (12)-month period expiring on the thirty-sixth (36th) month from the First Commercial Sale of the Monthly New Route of Administration compared with the annual amount of Net Sales used by the Valuator for the determination of the Consideration related to the Third Commercial Milestone Payment for the twelve (12)-month period preceding the expiration of the thirty-six (36)-month period from the First Commercial Sale of the Monthly New Route of Administration. The total amount of payments in capital made in Consideration of the Third Commercial Milestone Payment shall not exceed US$50,000,000, taking into account any adjustment or any portion thereof. An example of the adjustment is attached hereto as Schedule 3.9.3.

3.10 Development of Competing Products

3.10.1 **Development of Competing Products**. Subject to Section 3.10.4, as between the Parties, TaiMed shall have sole control over and decision-making authority with respect to any and all Development related to any Competing Product; provided that nothing contained herein shall obligate TaiMed or any of its Affiliates to conduct or to continue any Development activities with respect to any Competing Product. If TaiMed or any Affiliate acquires or otherwise obtains Patent Rights, Know-How or Materials from a Third Party related to a Competing Product, then TaiMed shall obtain the right to grant

sublicenses under such Patent Rights, Know-How or Materials, which sublicense may be granted to Theratechnologies pursuant to the Definitive Agreement in the event that the Parties, acting in good faith, determine that such a sublicense is necessary or useful. If TaiMed or any of its Affiliates conducts or continues any Development with respect to any Competing Product, then TaiMed shall use its Commercially Reasonable Efforts to Develop such Competing Product free of any Third Party intellectual property rights that cannot be Commercialized by Theratechnologies in the Definitive Agreement. Until expiration of all applicable delays set forth in Section 3.10.3 with respect to a Competing Product, TaiMed shall keep Theratechnologies reasonably informed of the Development of such Competing Product through the JDC and provide such additional information related to any Competing Product as may be reasonably requested by Theratechnologies at TaiMed's sole cost and expense.

3.10.2 **Presentation of Competing Product**. Except if the Rights in the Competing Product have been disposed of or granted by TaiMed to a Third Party in accordance with Section 3.10.3, on or after **[REDACTED: Time Period]** for a Competing Product and not later than **[REDACTED: Time Period]** prior to **[REDACTED: Time Period]** for such Competing Product, TaiMed shall present such Competing Product to Theratechnologies for determination as to whether Theratechnologies wishes to exercise its Competing Product Right of First Offer. TaiMed's presentation shall include the following elements: **[REDACTED: List of Information]**.

3.10.3 **Right of TaiMed in a Competing Product Before the Completion of a Phase II Trial**

(a) Notwithstanding Section 3.10.2, if at any time before the **[REDACTED: Time Period]** related to a Competing Product, TaiMed receives a Good Faith Offer from a Third Party to dispose of, transfer or sell any or all of its rights in any Competing Product or grant any right in any Competing Product to any Third Party, including any Development or Commercialization right (the "**Rights in the Competing Product**"), that TaiMed wishes to accept, TaiMed cannot accept such Good Faith Offer before offering to Theratechnologies the right to acquire the Rights in the Competing Product in accordance with this Section 3.10.3 (the "**Right of First Refusal**").

(b) The Right of First Refusal shall be offered by TaiMed to Theratechnologies by a notice in writing of the conditions of the Good Faith Offer, including the identity of the interested Third Party in the Rights in the Competing Product and the terms upon which the Rights in the Competing Product will be disposed of or granted to the Third Party; such notice of TaiMed shall also include a copy of the Good Faith Offer and all documents related thereto (the "**Offer**") as well as a confirmation by TaiMed to Theratechnologies of its intention to accept the Good Faith Offer, subject to the provision of this Section 3.10.3 (the "**Notice of Offer**"). The Notice of Offer shall constitute an irrevocable offer by TaiMed made to Theratechnologies to dispose of or grant Rights in the Competing Product, in accordance with the terms and conditions of the Offer.

(c) Theratechnologies shall have **[REDACTED: Time Period]** from receipt of the Notice of Offer to exercise its Right of First Refusal to acquire the Rights in the Competing Product in accordance with the terms and conditions of the Offer by sending a notice of acceptance in writing to TaiMed. By giving a notice of acceptance of the Right of First Refusal, Theratechnologies shall be obliged to acquire all (and not less than all) of the Rights in the Competing Product indicated in the Notice of Offer. Subject to the terms and conditions of the Offer, the closing of the purchase of the Rights in the Competing Product by Theratechnologies hereunder shall take place at the offices of Theratechnologies within **[REDACTED: Time Period]** following delivery of Theratechnologies' notice of acceptance of the Right of First Refusal or the realization of the closing conditions set forth therein within the period provided in this respect. In the event Theratechnologies fails to notify TaiMed of the exercise of the Right of First Refusal within the **[REDACTED: Time Period]** or fails to close the purchase of the Rights in the Competing Product within the **[REDACTED: Time Period]** provided herein or the realization of the closing conditions set forth therein within the period provided in this respect, Theratechnologies shall be deemed to have waived and refused to exercise its Right of First Refusal in respect of the Rights in the Competing Product.

(d) If Theratechnologies failed to exercise its Right of First Refusal, TaiMed shall be entitled to dispose or grant the Rights in the Competing Product to the Third Party who submitted the Good Faith Offer in full compliance with the terms and conditions of the Offer. However, if the disposition or granting of Rights in the Competing Product to the Third Party who submitted the Good Faith Offer is not completed within **[REDACTED: Time Period]** following the expiry of the period set forth in Section 3.10.3 or if the disposition or granting of Rights in the Competing Product to the Third Party who submitted the Good Faith Offer cannot be made by TaiMed in compliance with the terms and conditions of the Offer, TaiMed may no longer dispose or grant the Rights in the Competing Product to the Third Party who submitted the Good Faith Offer and, if TaiMed still wishes to dispose or grant the Rights in the Competing Product, TaiMed shall re-offer them to Theratechnologies in accordance with this Section 3.10.3.

(e) Without limiting the scope of Section 3.10.5, during or after **[REDACTED: Time Period]** related to the Competing Product, TaiMed shall not dispose of or grant any Right in the Competing Product before the expiration of all delays provided in Section 3.10.4 and compliance with its terms and conditions.

3.10.4 **Designation of Competing Product.** Except if the Rights in the Competing Product have been disposed of, or granted by, TaiMed to a Third Party in accordance with Section 3.10.3, within **[REDACTED: Time Period]** from the receipt by Theratechnologies from TaiMed of all relevant information set forth in Section 3.10.2 with respect to the further Development of any Competing Product (such period of time, with respect to each Competing Product, the "**Competing Product Right of First Offer Period**"), Theratechnologies shall have the exclusive right to exercise its Competing Product Right of First Offer with respect to such Competing Product by sending a written notice to TaiMed during the Competing Product Right of First Offer Period for such Competing Product, which notification shall include an offer (the "**First Offer**") from Theratechnologies regarding the Commercialization of such Competing Product, including the material terms and conditions of the proposed transaction (the "**Transaction**"). TaiMed and Theratechnologies shall, for a **[REDACTED: Time Period]** following the receipt of the First Offer from Theratechnologies by TaiMed (the "**Negotiation Period**"), negotiate in good faith the terms and conditions of the definitive agreement of the Transaction which shall contain, *inter alia*, terms of collaboration similar to those included in Article 2 (the "**Definitive Agreement**"). Until the expiration of the Competing Product Right of First Offer Period with respect to such Competing Product and the expiration of the Negotiation Period allowed to Theratechnologies and TaiMed to enter into a Definitive Agreement if applicable, TaiMed shall not grant any rights in any Competing Product to any Third Party in accordance with Section 3.10.3. Upon execution of a Definitive Agreement between Theratechnologies and TaiMed related to any Competing Product, the obligations and liabilities of the Parties related to such Competing Product shall thereafter be governed by such Definitive Agreement exclusively.

3.10.5 **Right of TaiMed in the Competing Product After the Completion of the Phase II Trial**.

(a) After the completion of**[REDACTED: Time Period]**, if Theratechnologies submitted a First Offer to TaiMed within the Competing Product Right of First Offer Period but the Parties did not succeed in entering into a Definitive Agreement related to such Competing Product during the Negotiation Period, TaiMed or any of its Affiliates, either itself or with or through a Third Party, shall not have the right to dispose of or grant any Rights in the Competing Product to a Third Party, at terms and conditions for such Third Party less favorable than those offered by Theratechnologies in the First Offer, unless such disposition or sale is made in accordance with the provisions set forth in this Section 3.10.5. For the avoidance of doubt, TaiMed shall be entitled to dispose of or grant any Rights in the Competing Product to a Third Party at terms and conditions more favorable to TaiMed than those offered by Theratechnologies in the First Offer.

(b) Further to the receipt by TaiMed of a Good Faith Offer for the Rights in the Competing Product that TaiMed wishes to accept, TaiMed cannot accept such Good Faith Offer before offering to Theratechnologies the right to acquire the Rights in the Competing Product in accordance with this Section 3.10.5 (the "**Right of First Refusal**"). The Right of First Refusal shall be offered by TaiMed to Theratechnologies by a notice in writing of the conditions of the Good Faith Offer, including the identity of the interested Third Party in the Rights in the Competing Product and the terms upon which the Rights in the Competing Product will be disposed of or granted to the Third Party; such notice of TaiMed shall also include a copy of the Good Faith Offer and all documents related thereto (the "**Offer**") as well as a confirmation by TaiMed to Theratechnologies of its intention to accept the Good Faith Offer, subject to the provisions of this Section 3.10.5 (the "**Notice of Offer**"). The Notice of Offer shall constitute an irrevocable offer by TaiMed made to Theratechnologies to dispose of or grant Rights in the Competing Product in accordance with the terms and conditions of the Offer.

(c) Theratechnologies shall have **[REDACTED: Time Period]** from the receipt of the Notice of Offer to exercise its Right of First Refusal to acquire the Rights in the Competing Product in accordance with the terms and conditions of the Offer by sending a notice of acceptance in writing to TaiMed. By giving a notice of acceptance of the Right of First Refusal, Theratechnologies shall be obliged to acquire all (and not less than all) of the Rights in the Competing Product indicated in the Notice of Offer. Subject to the terms and conditions of the Offer, the closing of the purchase of the Rights in the Competing Product by Theratechnologies hereunder shall take place at the offices of Theratechnologies within **[REDACTED: Time Period]** following delivery of Theratechnologies' notice of acceptance of the Right of First Refusal or the realization of the closing conditions set forth therein within the period provided in this respect. In the event Theratechnologies fails to notify TaiMed of the exercise of the Right of First Refusal within the **[REDACTED: Time Period]** or fails to close the purchase of the Rights in the Competing Product within the **[REDACTED: Time Period]** provided herein or the realization of the closing conditions set forth therein within the period provided in this respect, Theratechnologies shall be deemed to have waived and refused to exercise its Rights of First Refusal in respect of the Rights in the Competing Product.

(d) If Theratechnologies fails to exercise its Right of First Refusal, TaiMed shall be entitled to dispose or grant the Rights in the Competing Product to the Third Party who submitted the Good Faith Offer in full compliance with the terms and conditions of the Offer. However, if the disposition or granting of Rights in the Competing Product to the Third Party who submitted the Good Faith Offer is not completed within **[REDACTED: Time Period]** following the expiry of the period set forth in Section 3.10.5(c) or if the disposition or granting to the Third Party who submitted the Good Faith Offer cannot be made by TaiMed in compliance with the terms and conditions of the Offer, TaiMed may no longer dispose or grant the Rights in the Competing Product to the Third Party who submitted the Good Faith Offer and, if TaiMed still wishes to dispose or grant the Rights in the Competing Product, TaiMed shall re-offer those Rights in the Competing Product in accordance with this Section 3.10.5.

(e) TaiMed shall upon the request of Theratechnologies provide Theratechnologies with any information or document reasonably requested by it in order to confirm the compliance of TaiMed with this Section 3.10.5, including with respect to the terms and conditions of any agreement with a Third Party, provided that TaiMed may request additional confidentiality undertakings from Theratechnologies regarding such agreement with such Third Party.

3.11 Development Costs for Competing Products

Except as otherwise provided in any Definitive Agreement or any other agreement entered into between Theratechnologies and TaiMed related to a Competing Product, TaiMed shall be responsible for all costs and expenses associated with the Development of any Competing Products.

3.12 Confirmation of the rights of TaiMed in the Product and Competing Product

TaiMed shall not be restricted to Develop or Commercialize the Product outside the Territories or, subject to compliance with Section 3.10, to dispose, transfer, sell, Develop or Commercialize, in or outside the Territories, any Competing Product.

3.13 Joint Development Committee

The Development of the Product shall be overseen during the Term by a joint development committee composed of two (2) representatives from each Party (the "**Joint Development Committee**" or "**JDC**"). The JDC shall be responsible for approving and overseeing a development plan outlining the overall development activities and budget therefor for the Product, including the First Formulation and the New Route of Administration, up to and until Marketing Approval of such Product and updating the same submitted by TaiMed on an at least annual basis (the "**Development Plan**"). TaiMed shall provide information to the JDC related to any Competing Product on a regular basis or as required from time to time by Theratechnologies. The JDC shall operate in a manner consistent with this Agreement.

3.13.1 **Membership**. Each Party shall designate two (2) representatives drawn from the ranks of senior management of each Party on the JDC within **[REDACTED: Time Period]** after the Execution Date by giving written notice to the other Party. The Parties shall notify one another in writing of any change in its representatives to the JDC. An alternate representative designated by a Party in advance of any JDC meeting may serve temporarily in the absence of a permanent representative of the JDC for such Party.

3.13.2 **JDC Chairperson**. A representative from TaiMed shall be the chairperson of the JDC. The chairperson shall establish the agenda for all JDC meetings after consultation with a representative of Theratechnologies and shall send notice of such meetings, including the agenda therefore to all JDC representatives; provided that either Party may request that specific items be included in the agenda and may request that additional meetings be scheduled as needed.

3.13.3 **Meetings**. A meeting of the JDC shall occur within **[REDACTED: Time Period]** of the Execution Date, and thereafter shall be held monthly by videoconference or teleconference. With the consent of the Parties, the JDC may be held in a form other than by videoconference or teleconference. The Party holding any JDC meeting shall appoint one person (who need not be a representative of the JDC) to attend the meeting as a secretary. The secretary shall prepare, within **[REDACTED: Time Period]** after each meeting, the minutes reporting in reasonable detail the actions taken by the JDC, issues requiring resolution and resolutions of previously reported issues. Such minutes shall be circulated to the representatives of the JDC promptly following the meeting for review, comment and approval. If no comments are received by the secretary from a Party within **[REDACTED: Time Period]** of the receipt of the minutes by a Party, they shall be deemed to be approved by such Party.

3.13.4 **Decision Making**. As a general principle, the JDC will operate by consensus with each Party collectively having one vote; provided, however, that at least one (1) representative for each of TaiMed and Theratechnologies must be present (whether in person or by telephone or videoconference) for a meeting of the Joint Development Committee to take place and for any decision to be made. In the event that the JDC representatives do not reach consensus with respect to a matter that is within the purview of the JDC within **[REDACTED: Time Period]** after they have met and attempted to reach such consensus, the matter shall be referred for resolution to the Chief Executive Officer of TaiMed and the Chief Executive Officer of Theratechnologies for their consideration and agreement. If such executive officers of the Parties are unable to agree after negotiation in good faith, or either Party's Chief Executive Officer does not participate, within **[REDACTED: Time Period]** of the submission of such matter to each Party's Chief Executive Officer, then the matter shall be resolved in accordance with TaiMed's position, except as provided for in Section 3.9.2. All decisions made pursuant to and in accordance with this Section 3.13.4 shall be final and binding on the Parties and shall not be subject to review pursuant to Article 15.

3.13.5 **Expenses**. Each Party shall bear all expenses of its representatives related to their participation in the Joint Development Committee.

ARTICLE 4
REGULATORY MATTERS

4.1 Regulatory Activities

4.1.1 **By TaiMed**. TaiMed shall be responsible, at its sole cost and expense (except as provided below in this Section 4.1), for all Regulatory Activities in the United States related to, and shall use Commercially Reasonable Efforts to obtain and maintain, Regulatory Approval of the Product in the United States until the effective date of transfer of Marketing Approval of such Product as per Section 4.2. TaiMed shall consult with and provide Theratechnologies with an opportunity to review and comment on any proposed Regulatory Filing with respect to the Product reasonably in advance of its submission and to participate in any communication with the FDA according to Section 4.3.

4.1.2 **By Theratechnologies**. From the effective date of transfer of Marketing Approval of a Product as per Section 4.2, Theratechnologies shall be responsible, at its sole cost and expense (except as provided below in this Section 4.1) for all Regulatory Activities related to such Product in the United States. In addition, subject to Section 3.3 and Section 3.4, Theratechnologies shall be responsible for, work with, and report to TaiMed in any and all Regulatory Activities related to the Product in Canada and the European Territory, including all Regulatory Filings for the purpose of obtaining Marketing Approval of the Product in Canada and the European Territory; provided, however, that nothing herein shall obligate Theratechnologies to seek Marketing Approval or any other Regulatory Approval of the Product in Canada or to maintain it in Canada; and provided, further, that Theratechnologies shall use Commercially Reasonable Efforts to obtain and maintain Regulatory Approval of a Product in the European Territory through the centralized procedure of the EMA. Theratechnologies shall be entitled to use and rely on the Regulatory Filings and any other relevant submission and documentation (including the results of Clinical Trials) made by TaiMed with the FDA for the purpose of seeking Marketing Approval for the Product in Canada and the European Territory, which TaiMed agrees to provide to Theratechnologies upon its reasonable request.

4.1.3 **Costs of Regulatory Activities**. From the effective date of transfer of Marketing Approval of a Product in the United States as per Section 4.2, Theratechnologies shall be responsible for all costs and expenses of all Regulatory Activities for such Product in the United States; provided that TaiMed shall reimburse Theratechnologies for (i) all of the costs and expenses incurred by Theratechnologies on behalf of TaiMed in connection with Regulatory Activities for such Product that were required by the FDA under applicable Law as a condition to obtaining Marketing Approval of such Product in the United States (ii) related to any Phase IV Trial or post-Marketing Approval studies in the United States (including safety registries); and provided, further, that Theratechnologies shall keep and maintain complete and accurate books and records of such costs sufficient to verify such costs to the extent Theratechnologies seeks reimbursement therefor from TaiMed pursuant to this Section 4.1.3. Within **[REDACTED: Time Period]** after the end of **[REDACTED: Time Period]** during the Term, Theratechnologies shall submit to TaiMed a statement for such costs and expenses for Regulatory Activities incurred by Theratechnologies during **[REDACTED: Time Period]** (and any such costs payable by TaiMed in respect of prior **[REDACTED: Time Period]** that have not been reimbursed to Theratechnologies), and TaiMed shall pay the amount reflected on such statement within **[REDACTED: Time Period]** after receipt thereof (unless the amount of such invoice is then the subject of a good faith dispute between the Parties (provided that all amounts not in dispute have been paid in full)). The Parties shall discuss and attempt to resolve in good faith any and all disputed amounts within a reasonable period of time. Notwithstanding anything to the contrary contained herein, the Parties agree that all costs and expenses of Regulatory Activities related to the keeping of safety registries imposed by the FDA for the Product in the United States and/or imposed by the EMA for the Product in the European Territory shall be shared by the Parties proportionate to each Party's share of Net Sales of the Product in each of the United States and the European Territory (at the time of execution of this Agreement, the Parties acknowledge such proportion being **[REDACTED: Percentage]** for TaiMed and **[REDACTED: Percentage]** for Theratechnologies). Theratechnologies shall be responsible for all cost and expense related to Regulatory Activities in Canada and in the European Territory.

4.2 Transfer of Regulatory Filings and Regulatory Approvals in the United States

4.2.1 **Transfer**. Effective immediately upon Marketing Approval for a Product (including for the First Formulation and any New Formulation) in the United States, TaiMed hereby assigns, conveys and transfers to Theratechnologies, for no additional consideration, all right, title and interest in and to the Regulatory Filings and all Regulatory Approvals for such Product in the United States. As soon as practical (and in any event within **[REDACTED: Time Period]** after Marketing Approval of the Product, TaiMed shall, at its costs and expense, deliver possession of such Regulatory Filings and Regulatory Approvals to Theratechnologies; provided that the BLA for such Product shall be assigned to Theratechnologies as soon as practical after Marketing Approval in the United States for such Product. TaiMed may retain copies of all such Regulatory Filings and all Regulatory Approvals for a Product.

4.2.2 **Further Assurances**. TaiMed agrees to cooperate and execute any such documentation and to take such action, at the cost and expense of TaiMed, as may be reasonably necessary and reasonably requested by Theratechnologies, to effect the transfer of the applicable Regulatory Approvals and Regulatory Filings to Theratechnologies as set forth in this Section 4.2.

4.2.3 **Ownership and Responsibility**. From the effective date of transfer of Marketing Approval of a Product in the United States, and for so long as Theratechnologies holds such Regulatory Filings and Regulatory Approvals during the Term, Theratechnologies shall hold such Regulatory Filings and maintain such Regulatory Approvals in the United States, at Theratechnologies' sole cost and expense, except for those cost and expense set forth in Section 4.1.3 which shall be assumed by TaiMed, and shall be solely liable and responsible for performing all obligations with respect thereto and for compliance with all applicable Laws in connection therewith.

4.3 Communications with the FDA

4.3.1 **By TaiMed**. Following the Execution Date and until the effective date of transfer of Marketing Approval of a Product in the United States as per Section 4.2, TaiMed will maintain contacts and communication with the FDA with respect to such Product; provided that TaiMed shall consult with and provide Theratechnologies with an opportunity to participate in any telephone, video conference or face-to-face communication with the FDA to the extent substantive or material. TaiMed shall keep Theratechnologies fully informed of its substantive and/or material contacts and communications (including substantive and/or material written and material oral communications) with the FDA related to such Product, and shall, upon Theratechnologies' reasonable request, promptly provide copies to Theratechnologies of all such reports and all submissions, filings and other correspondence to or from the FDA and other Governmental Bodies related to such Product in the United States (or, if applicable, minutes of any substantive or material oral communication).

4.3.2 **By Theratechnologies.** After the effective date of transfer of Marketing Approval of a Product in the United States as per Section 4.2, Theratechnologies will maintain contacts and communication with the FDA with respect to such Product; except to the extent TaiMed is required under applicable Law to make any such communications, or as may be set forth in any Development Plan or as required for TaiMed to perform its obligations or exercise its rights hereunder (including with respect to its rights and obligations as a Sponsor of a Clinical Trial conducted in the United States, where applicable). Theratechnologies shall keep TaiMed fully informed of its contacts and communications (including written and material oral communications) with the FDA and other Governmental Bodies related to

such Product in the United States, solely to the extent that such contacts and communications are material to the Commercialization of such Product in the Territories and/or are not made in the ordinary course of Theratechnologies' business. Upon the reasonable written request of TaiMed or as required by applicable Law, Theratechnologies shall promptly provide copies to TaiMed of all such contacts and communications (or, if applicable, minutes of any such oral communication).

4.3.3 **Other communications**. Theratechnologies shall be solely responsible for preparing and making all reports, submissions and responses to Governmental Bodies in the United States concerning a Product after Marketing Approval in the United States, including price reporting with respect to any of the foregoing required by applicable Law, each in conformance with applicable Law.

4.3.4 **Sharing of information**. Each Party shall immediately inform the other Party in the event that such Party or any of its Affiliates or Designees receives any notice from the FDA relating to any finding of deficiency, finding of non- compliance, investigation, penalty for corrective or remedial action or of any other compliance or enforcement action to the extent any of the foregoing could reasonably be expected to have a material adverse effect on the Development, Marketing Approval, Commercialization, manufacturing or supply of the Product in the Territories.

4.4 Communication with Health Canada

4.4.1 **By Theratechnologies.** Following the Execution Date, Theratechnologies will maintain contacts and communication with Health Canada with respect to any Product and the Commercialization of any Product, except to the extent TaiMed is required, under applicable Law, to make any such communication, or as may be set forth in any Development Plan or as required for TaiMed to perform its obligations or exercise its rights hereunder (including its rights and obligations as a Sponsor of Clinical Trials conducted in Canada, where applicable); provided that Theratechnologies shall consult with and provide TaiMed with an opportunity to participate in any telephone, video conference or face-to-face communication with Health Canada to the extent substantive or material. Theratechnologies shall keep TaiMed fully informed of its substantive and/or material contacts and communication (including substantive and/or material written and material oral communications) with Health Canada related to such Product solely to the extent such contacts and communication are material and are not made in the ordinary course of Theratechnologies' business. Theratechnologies shall, upon TaiMed's reasonable request, promptly provide copies to TaiMed of all such reports and all submissions, filings and other correspondence to or from Health Canada and other Governmental Bodies in Canada related to such Product in Canada (or, if applicable, minutes of any substantive or material oral communication).

4.4.2 **Other communications**. Theratechnologies shall be solely responsible for preparing and making all reports, submissions and responses to Governmental Bodies in Canada concerning the Product and its Commercialization, including price reporting with respect to any of the foregoing required by applicable Law, each in compliance with applicable Law.

4.4.3 **Sharing of information**. Each Party shall immediately inform the other Party, in the event that such Party or any of its Affiliates or Designees receives any notice from Health Canada relating to any finding of deficiency, finding of non-compliance, investigation, penalty for corrective or remedial action or of any other compliance or enforcement action to the extent any of the foregoing could reasonably be expected to have a material adverse effect on the Development, Marketing Approval, Commercialization, manufacturing or supply of the Product in the Territories.

4.5 Communication with EMA

4.5.1 **By Theratechnologies**. Following the Execution Date, Theratechnologies will maintain contacts and communication with the EMA with respect to any Product, the Regulatory Approval of any Product and the Commercialization of any Product, except to the extent TaiMed is required, under applicable Law, to make any such communication, or as may be set forth in any Development Plan or as required for TaiMed to perform its obligations or exercise its rights hereunder (including its rights and obligations as a Sponsor of Clinical Trials conducted in the European Territory, where applicable); provided that Theratechnologies shall consult with and provide TaiMed with an opportunity to participate in any telephone, video conference or face-to- face communication with the EMA to the extent substantive or material. Theratechnologies shall keep TaiMed fully informed of its substantive and/or material contacts and communication (including substantive and/or material written and material oral communications) with the EMA related to such Product solely to the extent such contacts and communication are material and are not made in the ordinary course of Theratechnologies' business. Theratechnologies shall, upon TaiMed's reasonable request, promptly provide copies to TaiMed of all such reports and all submissions, filings and other correspondence to or from the EMA and other Governmental Bodies in the European Territory related to such Product in the European Territory (or, if applicable, minutes of any substantive or material oral communication).

4.5.2 **Other communications**. Theratechnologies shall be solely responsible for preparing and making all reports, submissions and responses to Governmental Bodies in the European Territory concerning the Product, its marketing authorization application, its Marketing Approval and its Commercialization, including seeking reimbursement and price reporting with respect to any of the foregoing required by applicable Law, each in compliance with applicable Law.

4.5.3 **Sharing of information**. Each Party shall immediately inform the other Party, in the event that such Party or any of its Affiliates or Designees receives any notice from the EMA relating to any finding of deficiency, finding of non-compliance, investigation, penalty for corrective or remedial action or of any other compliance or enforcement action to the extent any of the foregoing could reasonably be expected to have a material adverse effect on the Development, Marketing Approval, Commercialization, manufacturing or supply of the Product in the European Territory.

4.6 Joint Regulatory Committee for the North American Territory.

TaiMed and Theratechnologies agree to maintain the existing joint regulatory committee (the "**North American Joint Regulatory Committee**" or "**NAJRC**") for the North American Territory. The NAJRC shall be responsible for discussing and overseeing the Regulatory Activities of the Product until the Marketing Approval for the Product from the relevant Competent Governmental Body is obtained in the North American Territory. The JDC, the NAJRC and the JCC require at least one representative from each of TaiMed and Theratechnologies who is a member of the JDC, the NAJRC and the JCC to assure a better coordination of the works of both committees and harmonize regulatory and commercial activities. Such representative shall act as coordinating member.

4.6.1 **Membership**. Each of TaiMed and Theratechnologies shall designate two (2) representatives drawn from the ranks of their respective senior management team on the NAJRC by giving written notice to the other Party. The Parties shall notify one another in writing of any change in its representatives to the NAJRC. An alternate representative designated by a Party in advance of any NAJRC meeting may serve temporarily in the absence of a permanent representative of the NAJRC for such Party.

4.6.2 **NAJRC Chairperson**. A representative from TaiMed shall be the chairperson of the NAJRC. The chairperson shall establish the agenda for all NAJRC meetings after consultation with a representative of Theratechnologies and shall send notice of such meetings, including the agenda therefor to all NAJRC representatives; provided that either Party may request that specific items be included in the agenda and may request that additional meetings be scheduled as needed.

4.6.3 **Meetings**. The meetings of the NAJRC shall be held at least monthly by videoconference or teleconference. With the consent of the Parties, the NAJRC meetings may be held in a form other than by videoconference or teleconference. The Party holding any NAJRC meeting shall appoint one Person (who need not be a representative of the NAJRC) to attend the meeting as a secretary. The secretary shall prepare, within **[REDACTED: Time Period]** after each meeting, the minutes reporting in reasonable detail the discussions held or actions taken by the NAJRC, issues requiring resolution and resolutions of previously reported issues. Such minutes shall be circulated to the representatives of the NAJRC promptly following the meeting for review, comment and approval. If no comments are received by the secretary from a Party within **[REDACTED: Time Period]** of the receipt of the minutes by a Party, they shall be deemed to be approved by such Party.

4.6.4 **Decision-Making**. As a general principle, the NAJRC will operate by consensus with each Party collectively having one vote; provided, however, that at least one (1) representative for each of TaiMed and Theratechnologies must be present (whether in person or by telephone or videoconference) for a meeting of the North American Joint Regulatory Committee to take place and for any decision to be made. In the event that the NAJRC representatives do not reach consensus with respect to a matter that is within the purview of the NAJRC within **[REDACTED: Time Period]** after they have met and attempted to reach such consensus, the matter shall be referred for resolution to the Chief Executive Officer of TaiMed and the Chief Executive Officer of Theratechnologies for their consideration and agreement. If the executive officers of such Parties are unable to agree after negotiation in good faith, or either Party's Chief Executive Officer does not participate, within **[REDACTED: Time Period]** of the submission of such matter to each Party's Chief Executive Officer, then the matter shall be resolved in accordance with TaiMed's position with respect to the United States and Theratechnologies' position with respect to Canada. All decisions made pursuant to and in accordance with this Section 4.6.3 shall be final and binding on the Parties and shall not be subject to review pursuant to Article 15.

4.6.5 **Expenses**. Each Party shall bear all expenses of its representatives related to its participation in the NAJRC.

4.7 Joint Regulatory Committee for the European Territory.

Promptly following the Execution Date, TaiMed and Theratechnologies agree to establish a joint regulatory committee for the European Territory (the "**European Joint Regulatory Committee**" or "**EJRC**"). The EJRC shall be responsible for discussing and overseeing the Regulatory Activities of the Product until the Marketing Approval for the Product from the relevant Competent Governmental Body is obtained in the European Territory. The JDC, the EJRC and the JCC require at least one representative from each of TaiMed and Theratechnologies who is a member of the JDC, the EJRC and the JCC to assure a better coordination of the works of both committees and harmonize regulatory and commercial activities. Such representative shall act as coordinating member.

4.7.1 **Membership**. Each of TaiMed and Theratechnologies shall designate two (2) representatives drawn from the ranks of their respective senior management team on the EJRC within **[REDACTED: Time Period]** after the Execution Date by giving written notice to the other Party. The Parties shall notify one another in writing of any change in its representatives to the EJRC. An alternate representative designated by a Party in advance of any EJRC meeting may serve temporarily in the absence of a permanent representative of the EJRC for such Party.

4.7.2 **EJRC Chairperson**. A representative from Theratechnologies shall be the chairperson of the EJRC. The chairperson shall establish the agenda for all EJRC meetings after consultation with a representative of TaiMed and shall send notice of such meetings, including the agenda therefor to all EJRC representatives; provided that either Party may request that specific items be included in the agenda and may request that additional meetings be scheduled as needed.

4.7.3 **Meetings**. The first meeting of the EJRC shall occur within **[REDACTED: Time Period]** of the Execution Date, and thereafter shall be held at least **[REDACTED: Time Period]** by videoconference or teleconference. With the consent of the Parties, the EJRC meetings may be held in a form other than by videoconference or teleconference. The Party holding any EJRC meeting shall appoint one Person (who need not be a representative of the EJRC) to attend the meeting as a secretary. The secretary shall prepare, within **[REDACTED: Time Period]** after each meeting, the minutes reporting in reasonable detail the discussions held or actions taken by the EJRC, issues requiring resolution and resolutions of previously reported issues. Such minutes shall be circulated to the representatives of the EJRC promptly following the meeting for review, comment and approval. If no comments are received by the secretary from a Party within **[REDACTED: Time Period]** of the receipt of the minutes by a Party, they shall be deemed to be approved by such Party.

4.7.4 **Decision-Making**. As a general principle, the EJRC will operate by consensus with each Party collectively having one vote; provided, however, that at least one (1) representative for each of TaiMed and Theratechnologies must be present (whether in person or by telephone or videoconference) for a meeting of the European Joint Regulatory Committee to take place and for any decision to be made. In the event that the EJRC representatives do not reach consensus with respect to a matter that is within the purview of the EJRC within **[REDACTED: Time Period]** after they have met and attempted to reach such consensus, the matter shall be referred for resolution to the Chief Executive Officer of TaiMed and the Chief Executive Officer of Theratechnologies for their consideration and agreement. If the executive officers of such Parties are unable to agree after negotiation in good faith, or either Party's Chief Executive Officer does not participate, within **[REDACTED: Time Period]** of the submission of such matter to each Party's Chief Executive Officer, then the matter shall be resolved in accordance with Theratechnologies' position. All decisions made pursuant to and in accordance with this Section 4.7.4 shall be final and binding on the Parties and shall not be subject to review pursuant to Article 15.

4.7.5 **Expenses**. Each Party shall bear all expenses of its representatives related to its participation in the EJRC.

4.8 Collaboration

Upon request from Theratechnologies, TaiMed shall collaborate with Theratechnologies, at its own cost and expense, with respect to all matters or document under its control that Theratechnologies may need or require to seek and obtain or maintain the Regulatory Approvals of the Product in Canada and in the European Territory.

ARTICLE 5
COMMERCIALIZATION

5.1 Theratechnologies Commercialization Responsibilities

5.1.1 **General Obligations**. Further to the Marketing Approval of a Product, Theratechnologies shall use Commercially Reasonable Efforts to Commercialize such Product in the Territories. Activities by Theratechnologies' Affiliates and Designees will be considered as Theratechnologies' activities under this Agreement for purposes of determining whether Theratechnologies has complied with any obligation to use Commercially Reasonable Efforts and for all other purposes under this Agreement. In addition to, and without limiting the foregoing obligations of Theratechnologies, with respect to the Product, Theratechnologies shall use Commercially Reasonable Efforts to ensure that the First Commercial Sale of such Product occurs in the United States within **[REDACTED: Time Period]** from the effective date of transfer of Marketing Approval of such Product and, in the European Territory, within **[REDACTED: Time Period]** from obtaining Marketing Approval in one of the Countries listed on Schedule 5.1.1; provided that, if such Product is to be supplied by TaiMed pursuant to Section 6.1, such **[REDACTED: Time Period]** or **[REDACTED: Time Period]**, as the case may be, shall be extended to account for any delay in delivery by TaiMed of any commercial quantities of such Product covered by any binding forecasts submitted by Theratechnologies in accordance with Section 6.4. Subject to Section 5.1.3, Theratechnologies shall have the exclusive right and authority in the Territories to Commercialize the Product itself or through an Affiliate or one (1) or more Designees designated by Theratechnologies.

5.1.2 **Commercialization**. Theratechnologies shall keep TaiMed informed with respect to all major aspects of the Commercialization of the Product in the Territories. Theratechnologies shall provide TaiMed with a copy, in advance, of its annual marketing plan with respect to the Product ("**Commercialization Plan**") and update TaiMed with respect to any material developments thereto on a regular basis. Theratechnologies will consider TaiMed's comments on the Commercialization Plan for the Territories with respect to the Product, but all decisions with respect to the Commercialization of the Product shall rest solely with Theratechnologies. For the avoidance of doubt, Theratechnologies shall have the sole right and responsibility for preparing the Commercialization Plan for the Product, and shall have the sole decision- making authority regarding the Commercialization of the Product. Theratechnologies shall be solely responsible for all of Theratechnologies' Commercialization costs and expenses and all of Theratechnologies' promotional and marketing costs and expenses with respect to the Product.

5.1.3 **Trade Shows and International Conferences**. Theratechnologies shall have the right to attend trade shows, international conferences and other commercial venues outside of the Territories and to hold events during such trade shows, international conferences and other commercial venues outside of the Territories, provided that a reasonable prior written notice shall be given to TaiMed in that respect.

5.2 Product Packaging, and Product Labels and Inserts

5.2.1 **Product**. TaiMed shall be responsible, at its cost and expense, for the Regulatory Activities related to the packaging and Product Labels and Inserts for the Product in the United States until Marketing Approval of the Product in the United States. Theratechnologies shall be responsible, at its cost and expense, for the Regulatory Activities related to the packaging and Product Labels and Inserts for the Product in Canada and in the European Territory. Theratechnologies shall, at its cost and expense, provide the proposed layout for the packaging and Product Labels and Inserts for the Product and its proposed artwork, including its corporate name and any related logos. After Marketing Approval of the Product in the United States, Theratechnologies shall be responsible, at its cost and expense, for the Regulatory Activities related to the packaging and Product Labels and Inserts for the Product in the United States and TaiMed shall be responsible, at its cost and expense, for producing, or having produced, the packaging and Product Labels and Inserts for the Product in the Territories in accordance with any instructions communicated by Theratechnologies from time to time. In the event that any changes are to be made to the packaging and/or Product Labels and Inserts for the Product after Marketing Approval of such Product in the United States, or at any time in Canada or in the European Territory, Theratechnologies shall discuss all such changes in good faith with TaiMed and, at Theratechnologies' sole cost and expense, Theratechnologies shall be responsible for ensuring compliance with all applicable Laws and for conducting all Regulatory Activities related thereto with any Governmental Bodies. Theratechnologies shall provide to TaiMed samples of the final packaging and Product Labels and Inserts for the Product after such discussion which shall then replace the prior version of such packaging and Product Labels and Inserts and be implemented by TaiMed within the delay prescribed by the Competent Governmental Body to implement the change or up to the date the inventory of manufactured Product as of that date is sold, without exceeding **[REDACTED: Time Period]** thereafter.

5.3 Product Pricing and Rebates

Theratechnologies shall have complete control and discretion over the price for the Product, including rebates and other price-related matters, but subject **[REDACTED: Product Pricing]** that require written consent by TaiMed, provided that such **[REDACTED: Product Pricing]** are compliant with applicable Laws. Promptly following any request from TaiMed, Theratechnologies shall provide TaiMed with Theratechnologies' published price list for all Product. Theratechnologies shall be solely responsible for complying with pricing requirements with respect to the Product in the Territories under applicable Laws and all related reporting.

5.4 Promotional Materials

Theratechnologies shall be responsible for developing and producing the Promotional Materials hereunder in compliance with all applicable Laws. Theratechnologies, in compliance with applicable Laws, shall determine the content of such Promotional Materials, including the messaging with respect to the Product. Subject to the foregoing, Theratechnologies shall use the Promotional Materials in connection with its Commercialization of the Product in the Territories in Theratechnologies' sole discretion. All Promotional Materials shall be the property of Theratechnologies notwithstanding the fact that they bear the Trademark.

5.5 Commercialization Efforts

Theratechnologies shall use Commercially Reasonable Efforts to Commercialize the Product in the Territories. After the First Commercial Sale of the Product in the North American Territory, Theratechnologies shall achieve **[REDACTED: Sales Level]** in the North American Territory for the Product in at least one (1) of the first **[REDACTED: Time Period]** following the First Commercial Sale of the Product. If Theratechnologies fails to achieve this financial threshold, TaiMed may send a notice in writing to Theratechnologies advising it of this situation and asking it to meet **[REDACTED: Sales Level]** for the **[REDACTED: Time Period]**. For greater certainty, if Theratechnologies achieves **[REDACTED: Sales Level]** in the North American Territory for the Product in any one (1) of **[REDACTED: Time Period]** following the First Commercial Sale of the Product in the North American Territory, TaiMed shall not be entitled to any right under this Section 5.5 and Section 14.2.3. Following **[REDACTED: Time Period]** from the receipt of such a notice from TaiMed, Theratechnologies shall submit a corrective plan to TaiMed which shall state the different actions Theratechnologies plans to undertake and implement in order to reach the **[REDACTED: Sales Level]** for the Product for **[REDACTED: Time Period]**. If Theratechnologies does not meet **[REDACTED: Sales Level]** of the Product in the North American Territory for a **[REDACTED: Time Period]** despite the implementation of the corrective plan, TaiMed shall be allowed to terminate this Agreement with respect to the North American Territory only in accordance with Section 14.2.3 within **[REDACTED: Time Period]** from the end of **[REDACTED: Time Period]**. If TaiMed does not exercise its right of termination within this **[REDACTED: Time Period]**, TaiMed cannot anymore exercise its rights of termination in accordance with this Section 5.5 and Section 14.2.3. Notwithstanding Section 14.4.1(b), the right of termination provided in this Section 5.5 shall be the only remedy available to TaiMed.

Theratechnologies shall achieve **[REDACTED: Sales Level]** in the European Territory for the Product in at least one (1) of the **[REDACTED: Time Period]** following the last date where the First Commercial Sale of the Product occurred in three of the Countries listed on Schedule 5.1.1. If Theratechnologies fails to achieve this financial threshold, TaiMed may send a notice in writing to Theratechnologies advising it of this situation and asking it to meet the **[REDACTED: Sales Level]** for the **[REDACTED: Time Period]**. For greater certainty, if Theratechnologies achieves **[REDACTED: Sales Level]** in the European Territory for the Product in any one (1) of the first **[REDACTED: Time Period]** following the last date where the First Commercial Sale of the Product occurred in three of those Countries, TaiMed shall not be entitled to any right under this Section 5.5 and Section 14.2.3. Following **[REDACTED: Time Period]** from the receipt of such a notice from TaiMed, Theratechnologies shall submit a corrective plan to TaiMed which shall state the different actions Theratechnologies plans to undertake and implement in order to reach the **[REDACTED: Sales Level]** for the Product for the **[REDACTED: Time Period]**. If Theratechnologies does not meet the **[REDACTED: Sales Level]** of the Product in the European Territory for a **[REDACTED: Time Period]** despite the implementation of the corrective plan, TaiMed shall be allowed to terminate this Agreement with respect to the European Territory only in accordance with Section 14.2.3 within **[REDACTED: Time Period]** from the end of the **[REDACTED: Time Period]**. If TaiMed does not exercise its right of termination within this **[REDACTED: Time Period]**, TaiMed cannot anymore exercise its rights of termination in accordance with this Section 5.5 and Section 14.2.3. Notwithstanding Section 14.4.1(b), the right of termination provided in this Section 5.5 shall be the only remedy available to TaiMed.

5.6 Joint Commercialization Committee.

Promptly following the Execution Date, the Parties agree to establish a joint commercialization committee (the "**Joint Commercialization Committee**" or "**JCC**"). The JCC's role shall be to discuss and review: (i) the Commercialization Plan; (ii) Commercial Sales forecasts of the Product in the Territories in connection thereto; (iii) the issues relating to the manufacture and/or supply of the Product in the Territories, it being understood, without limiting the generality of the foregoing, that TaiMed shall present to the JCC a detailed manufacturing plan once annual sales of the Product have reached **[REDACTED: Percentage]** of the manufacturing capacity used by TaiMed for the manufacturing of the Product, which plan shall address any additional capacity or second source of manufacturing of the Product and take into account future expected sales of the Product in the Territories; and (iv) the pricing and reimbursement strategy. The JDC, the JRC and the JCC require at least one representative from each of the Parties who is a member of the JDC, the JRC and the JCC to assure a better coordination of the works of both committees and harmonize regulatory and commercial activities. Such representative shall act as coordinating member.

5.6.1 **Membership**. Each of TaiMed and Theratechnologies shall designate two (2) representatives drawn from the ranks of their senior management team on the JCC within **[REDACTED: Time Period]** after the Execution Date by giving written notice to the other Party. The Parties shall notify one another in writing of any change in its representatives to the JCC. An alternate representative designated by a Party in advance of any JCC meeting may serve temporarily in the absence of a permanent representative of the JCC for such Party.

5.6.2 **JCC Chairperson**. A representative from Theratechnologies shall be the chairperson of the JCC. The chairperson shall establish the agenda for all JCC meetings after consultation with a representative of TaiMed and shall send notice of such meetings, including the agenda therefore to all JCC representatives; provided that either Party may request that specific items be included in the agenda.

5.6.3 **Meetings**. A meeting of the JCC shall occur within **[REDACTED: Time Period]** of the Execution Date, and thereafter shall be held at least annually or as determined by the chairperson, by videoconference or teleconference. With the consent of the Parties, the JCC meetings may be held in a form other than by videoconference or teleconference. The Party holding any JCC meeting shall appoint one person (who need not be a representative of the JCC) to attend the meeting as a secretary. The secretary shall prepare, within **[REDACTED: Time Period]** after each meeting, the minutes reporting in reasonable detail the discussions held or actions taken by the JCC, issues requiring resolution and resolutions of previously reported issues. Such minutes shall be circulated to the representatives of the JCC promptly following the meeting for review, comment and approval. If no comments are received by the secretary from a Party within **[REDACTED: Time Period]** of the receipt of the minutes by a Party, they shall be deemed to be approved by such Party.

5.6.4 **Decision Making**. While the JCC shall advise the Parties on those matters delegated to it, the JCC shall have no decision-making authority.

5.6.5 **Expenses**. Each of Party shall bear all expenses of its representatives related to their participation in the JCC.

ARTICLE 6
MANUFACTURING AND SUPPLY

6.1 TaiMed Supply Obligations

6.1.1 **Supply Generally**. TaiMed will, itself or through a designee that is approved by Theratechnologies in accordance with this Section 6.1 (such approval not to be unreasonably withheld, conditioned or delayed) (a "**Manufacturing Designee**"), manufacture and supply sufficient quantities of Product to satisfy commercial demands for quantities of Product in the Territories, including consistent with Theratechnologies' forecasts provided to TaiMed in accordance with Section 6.4 as applicable. Notwithstanding the foregoing, Theratechnologies acknowledges and agrees that TaiMed may subcontract or outsource, in whole or in part, any of its obligations under this Article 6 to any Person listed on Schedule 6.1 hereto (as such Schedule may be updated by the

mutual written consent of the Parties from time to time) (which Person shall be deemed to be a Manufacturing Designee for all purposes of this Agreement) upon written notice to Theratechnologies. In particular, TaiMed agrees and undertakes to enter into a Manufacturing Agreement with WuXi Apptec, prior to the full BLA submission to the FDA, for the manufacturing of the First Formulation of the Product.

6.1.2 **Quality Requirements**. All Product supplied by TaiMed will be tested, manufactured and released in accordance with all applicable quality standards and cGMP requirements and shall be supplied to Theratechnologies in the relevant product packaging and Product Labels and Insert as provided in Section 5.2. Except as otherwise provided in this Agreement, TaiMed shall be responsible, at its cost and expense, for all Regulatory Activities related to the manufacturing and supply of the Product.

6.1.3 **Subcontracting**. In the event that TaiMed proposes to subcontract or outsource, in whole or in part, any of its obligations under this Article 6 to any Person that is not listed on Schedule 6.1 hereto (as such Schedule may be updated by the mutual written consent of the Parties from time to time) (including for purposes of fulfilling its obligation to maintain a second source of supply hereunder), TaiMed shall present Theratechnologies with information on the identity and qualifications of the proposed subcontractor. Theratechnologies shall notify TaiMed in writing within **[REDACTED: Time Period]** following such presentation whether it approves or disapproves such proposed subcontractor (such approval not to be unreasonably withheld, conditioned or delayed).

6.1.4 **Inspections**. Upon reasonable notice to TaiMed, Theratechnologies shall have the right to make site visits to all facilities of TaiMed and Third Parties at which Product or active pharmaceutical ingredients used in the manufacturing of the Product are or will be manufactured, packaged, supplied, tested or released, including all second source suppliers of Product; provided that (a) any such site visits shall be conducted only during reasonable times during normal business hours and shall be reasonable in duration and shall not unreasonably interfere with TaiMed or any such Third Party's day-to-day operations; (b) all information obtained in connection with such visit (regardless of the form or medium) shall be TaiMed's Confidential Information and subject to obligations of confidentiality set forth in Article 11. TaiMed shall also allow any Governmental Body to inspect and access to such facilities and collaborate with them in connection with any site visit related to TaiMed or Theratechnologies.

6.2 Price and Payment

6.2.1 **Transfer Price of the Product**. Theratechnologies shall purchase Product from TaiMed that Theratechnologies orders pursuant to written purchase orders at a price equal to the North American Transfer Price of the Product or European Transfer Price of the Product, as the case may be, depending upon the intended end-users.

6.2.2 **Product Requirements**. Each Product manufactured for and supplied to Theratechnologies pursuant to this Agreement shall (a) be delivered to Theratechnologies in final, finished form in the relevant product packaging and Product Label and Insert for such Product (including all secondary packaging), (b) have a minimum shelf-life from the date of delivery between **[REDACTED: Time Period]** and one hundred percent (100%) of the shelf-life approved by the Competent Regulatory Body of a Country (provided that the Product may have a minimum shelf-life of **[REDACTED: Time Period]** ("**Low Shelf-Life Inventory**"), and (c) comply with applicable Law of a Country and meet the applicable specifications for such Product, unless otherwise approved in writing by Theratechnologies, at its sole discretion. Low Shelf-Life Inventory with less than **[REDACTED: Time Period]** of shelf-life remaining may be returned by Theratechnologies to TaiMed at Theratechnologies' sole discretion and TaiMed shall refund the Base Transfer Price of the Product in the North American Territory and, in the European Territory, the price paid by Theratechnologies in each case for such Low Shelf-Life Inventory. In the event of such return of Low Shelf-Life Inventory, Theratechnologies will bear all shipment related costs.

6.2.3 **Invoicing and Payment**. TaiMed shall submit invoices to Theratechnologies for purchased Product promptly after delivery of such Product in accordance with Section 6.4. Theratechnologies shall pay TaiMed for each shipment of Product in the amount invoiced within **[REDACTED: Time Period]** after the date of receipt of the invoice for the North American Transfer Price of the Product and within **[REDACTED: Time Period]** after the date of receipt of payment from each Person who was sold a Product in the European Territory, unless such shipment is rejected by Theratechnologies for failure to comply with required applicable specifications for such Product upon delivery.

6.3 Inventory

TaiMed shall maintain a minimum stock of inventory in its or its Designee's warehouses (specifically excluding any inventory in the distribution channel) of the Product, which shall not be less than the quantity necessary to meet the supply needs of Theratechnologies for the next Calendar Quarter, as forecasted by Theratechnologies pursuant to Section 6.4, in the form of finished Product and the supply needs of Theratechnologies for the next **[REDACTED: Time Period]**, as forecasted by Theratechnologies pursuant to Section 6.4, in the form of frozen bulk drug substance ready for filling to prepare such quantity of finished Product. Within **[REDACTED: Time Period]** after **[REDACTED: Time Period]** during the Term of this Agreement, TaiMed shall provide to Theratechnologies a written report setting forth in reasonable detail the inventory on hand of finished Product and frozen bulk drug substance.

6.4 Forecasts; Orders; Delivery; Risk of Loss

6.4.1 **Forecasts**. No later than **[REDACTED: Time Period]** following each of (i) BLA Acceptance in the United States, and (ii) confirmation of acceptance of a dossier by the EMA in the European Territory with respect to the Product, and prior to the beginning of **[REDACTED: Time Period]** thereafter during the Term, Theratechnologies shall provide to TaiMed a good faith rolling forecast setting forth orders Theratechnologies reasonably expects to place for the Product for each of the next **[REDACTED: Time Period]** following the delivery of such forecast (without regard to potential expiration or termination of this Agreement), including Theratechnologies estimated Net Selling Price of the Product on a Country-by-Country basis for the immediately following Financial Year. Based upon such information, TaiMed and Theratechnologies shall agree on an Estimated Net Selling Price for the Product to be applicable for invoicing by TaiMed pursuant to any order issued during such Financial Year (the "**Estimated Net Selling Price**"). Within **[REDACTED: Time Period]** after **[REDACTED: Time Period]**, Theratechnologies shall deliver to TaiMed a report setting forth in reasonable detail all relevant information in order to allow any adjustment between the Estimated Net Selling Price on a Country-by-Country basis and the definitive Net Selling Price of the Product on a Country-by-Country basis for the relevant period and any such required adjustment upward or downward shall be invoiced separately by TaiMed or Theratechnologies as applicable. The **[REDACTED: Time Period]** forecasts for the nearest **[REDACTED: Time Period]** in each such forecast shall constitute a binding commitment by Theratechnologies to purchase such minimum amount of Product, and shall be deemed a purchase order and shall be fulfilled by TaiMed on a **[REDACTED: Time Period]** basis; provided that Theratechnologies shall have no obligation to make any purchases of, and TaiMed shall have no obligation to supply, the Product hereunder until Marketing Approval has been obtained for such Product. The **[REDACTED: Time Period]** forecasts for the last **[REDACTED: Time Period]** in each forecast shall not be binding on Theratechnologies (except to the extent it reflects purchase orders previously submitted by Theratechnologies).

6.4.2 **Orders Greater than Forecast**. In the event that Theratechnologies places orders for the Product in excess of the amounts stated in the applicable binding forecast that covers such period, TaiMed shall use Commercially Reasonable Efforts to fulfill such additional orders, but shall have no obligation to supply such Product in excess of **[REDACTED: Percentage]** of the amounts stated in the preceding **[REDACTED: Time Period]** binding forecast for such Product.

6.4.3 **Capacity Issues**. If, upon receipt of any forecast, TaiMed has any concerns regarding manufacturing capacity (including capacity to meet such forecast), TaiMed shall promptly notify Theratechnologies and the Parties shall discuss in good faith how to address such concern; provided that the foregoing shall not relieve TaiMed of its obligations to supply Product to Theratechnologies pursuant to this Article 6. Theratechnologies' discussions with TaiMed regarding any such matter shall not constitute or be construed as a waiver or other limitation of Theratechnologies' rights and remedies under this Agreement.

6.4.4 **Purchase Orders**. All purchases of Product pursuant to this Agreement shall be made solely by written purchase orders; provided that the terms and conditions of this Agreement shall be controlling over any terms and conditions in such purchase orders; and provided further, subject to Sections 6.4.1 and 6.4.2, that each binding forecast shall be deemed a purchase order.

6.4.5 **Delivery**. Delivery of Product by TaiMed shall be **[REDACTED: Delivery Term]** as provided in the purchase order (which shall also refer to the quantity to be delivered in each Country). Without in any way amending the delivery terms contained herein, the Parties agree to discuss the delivery channel of a Product destined to the European Territory to minimize the costs and expenses to TaiMed. Transfer of title and risk of loss shall pass to Theratechnologies when **[REDACTED: Title and Risk of Loss Terms and Conditions]**. TaiMed will include with each shipment of Product the current material safety data sheet and a certificate of analysis reasonably acceptable to Theratechnologies, which shall, among other things, certify that each such Product meets all applicable specifications upon delivery.

6.4.6 **Inspection of the Product Upon Delivery**. Theratechnologies shall examine the Product upon delivery at Theratechnologies' designated facility and shall notify TaiMed of any non-delivery of a portion of the shipment or any defect in any of the Product that is reasonably discoverable upon visual inspection of the Product. Within **[REDACTED: Time Period]** after Theratechnologies' receipt of the Product, Theratechnologies shall furnish to TaiMed a description of the nature of any reasonably discoverable defect or shortage. Upon discovery, at any time, of any latent Product defects that existed when Product was delivered to Theratechnologies' facility, Theratechnologies shall furnish to TaiMed a description of the latent defect. Upon receipt of notice of any defect or shortage, TaiMed shall promptly replace any defective or shorted Product or issue Theratechnologies a full credit for such defective or shorted Product, as appropriate under the circumstances. In the absence of a written notice from Theratechnologies to TaiMed in accordance with the terms of this Section 6.4.6, a shipment of the Product shall be deemed to have been delivered and accepted by Theratechnologies as complete and in satisfactory condition as to defects reasonable discoverable upon visual inspection. Theratechnologies shall, at TaiMed's expense, follow TaiMed's instructions to permit TaiMed's inspection of the defective Product or to facilitate the return to TaiMed (or TaiMed's Third Party disposal company) of any of the defective Product delivered to Theratechnologies.

6.4.7 **Cost of Relaunching.** If for any reason TaiMed is in breach of supplying the Product in accordance with purchase orders submitted by Theratechnologies to TaiMed in accordance with this Agreement for **[REDACTED: Time Period]**, TaiMed shall, without limiting the other rights of Theratechnologies under this Agreement applicable in such circumstances, provided Theratechnologies does not exercise its right of termination of this Agreement in accordance with Section 14.3, reimburse to Theratechnologies all cost and expense incurred by Theratechnologies related to the relaunching of the Product, provided, further, that Theratechnologies shall keep and maintain complete and accurate books and records of such costs sufficient to verify such costs. Within **[REDACTED: Time Period]** after **[REDACTED: Time Period]** during the Term, Theratechnologies shall submit to TaiMed a statement for the costs and expenses of all relaunching cost and expense incurred by Theratechnologies during such **[REDACTED: Time Period]** (and any such costs payable by TaiMed in respect of prior **[REDACTED: Time Period]** that have not been paid to Theratechnologies), and TaiMed shall pay the amount reflected on such statement within **[REDACTED: Time Period]** after receipt thereof (unless the amount of such statement is then the subject of a good faith dispute between the Parties (provided that all amounts not in dispute have been paid in full)). The Parties shall discuss and attempt to resolve in good faith any and all disputed amounts within a reasonable period of time.

6.4.8 **Breach of Supply Obligations of TaiMed**. If for any reason TaiMed is in breach of its obligations set forth in this Article 6 and such breach is not settled or cured after a good faith discussion between the Parties within **[REDACTED: Time Period]**, Theratechnologies shall have the right to suspend any payment owed to TaiMed under Section 8.3. In addition, if TaiMed is in breach of its obligations to manufacture and supply sufficient quantities of Product to satisfy commercial demand for quantities of the Product for **[REDACTED: Time Period]** from the date the Commercialization of the Product in the Territories by Theratechnologies starts, TaiMed shall pay to Theratechnologies an amount equal to the aggregate of the amounts of the payments set forth in Section 8.1 plus interest calculated on the basis of the **[REDACTED: Interest Rate]** from the Execution Date up to the date of payment of such amount.

6.5 Manufacturing Designees

The use by TaiMed of a Manufacturing Designee in connection with the manufacture and supply of Product for Theratechnologies and its Affiliates and Designees pursuant to this Article 6 (including Third Parties that manufacture, package, supply, test or release the Product, and second source suppliers of the Product) shall not relieve TaiMed of any of its obligations under this Agreement, and TaiMed shall remain primarily liable and responsible for all acts and omissions of such Manufacturing Designees as if they were acts or omissions of TaiMed under this Agreement. TaiMed shall ensure that any Manufacturing Designee is bound by valid and enforceable written agreements that are not inconsistent with the applicable terms and conditions set out in this Agreement, including all applicable obligations, covenants and agreements of TaiMed set forth in this

Article 6 relating to the manufacture, testing, release, delivery and supply of the Product (regardless whether any such obligation, covenant or agreement set forth herein refers only to TaiMed or also references a Manufacturing Designee). Theratechnologies shall have the right to request a copy of any agreement between TaiMed and a Manufacturing Designee in connection with the manufacture and supply of Product for Theratechnologies, provided that TaiMed may redact therefrom any financial terms or other similar type of information or any confidential information in such agreement. Any such agreement with a Manufacturing Designee shall include the right of Theratechnologies, its Affiliates and their representatives to visit and inspect the facilities of such Manufacturing Designee at which the Product (or parts thereof) are manufactured, packaged, supplied, tested or released on, and subject to, the same terms and conditions applicable to any facility of TaiMed under Section 6.1.

ARTICLE 7
ADVERSE EVENTS; RECALLS

7.1 Notification

After the effective date of transfer of Marketing Approval of a Product in the United States as per Section 4.2, and after obtaining Marketing Approval of a Product in the European Territory, Theratechnologies shall notify appropriate Governmental Bodies in accordance with applicable Laws and, on a Calendar Quarter basis, notify TaiMed after receipt of information with respect to any Adverse Event during such Calendar Quarter that occurred in the Territories and is attributable to the use or application of such Product after the effective date of transfer of Marketing Approval of such Product in the United States as per Section 4.2, and after obtaining Marketing Approval of a Product in the European Territory; provided that Theratechnologies shall promptly notify TaiMed (but in no event later than contemporaneously with the notice that Theratechnologies provides to the appropriate Governmental Bodies) of all Serious Adverse Events that occurred in the Territories and is attributable to the use or application of such Product after the effective date of transfer of Marketing Approval of such Product in the United States as per Section 4.2. TaiMed shall notify appropriate Governmental Bodies in accordance with applicable Laws and, on a Calendar Quarter basis, notify Theratechnologies promptly after receipt of information with respect to any Adverse Event during such Calendar Quarter that occurred in the United States and is attributable to the use or application of a Product prior to the effective date of transfer of Marketing Approval of such Product in the United States as per Section 4.2 as well as to any Adverse Event during such Calendar Quarter that occurred outside of the North American Territory. Each Party also shall forward to the other, on a Calendar Quarter basis, information on any material difficulty associated with clinical use, studies, investigations, tests and prescriptions of, with respect to Theratechnologies, a Product in the Territories (after the effective date of transfer of Marketing Approval of such Product in the United States as per Section 4.2) and, with respect to TaiMed, a Product prior to the effective date of transfer of Marketing Approval of such Product in the United States as per Section 4.2 and any Product outside of the North American Territory. After the effective date of transfer of Marketing Approval of a Product in the United States as per Section 4.2, and after obtaining Marketing Approval of a Product in the European

Territory, Theratechnologies shall be responsible for any follow-up activities and all tracking, trending and signal detection for such Product in the Territories, and TaiMed shall be responsible for any follow-up activities and all tracking, trending and signal detection for such Product prior to the effective date of transfer of Marketing Approval of such Product in the United States as per Section 4.2 and any Product outside of the Territories. Each Party shall, without delay from its knowledge thereof, provide the other Party with any information of the nature of a Serious Adverse Event which occurred whether in or outside the Territories.

7.2 Reporting

Theratechnologies shall be responsible for preparing, processing, assessing, and submitting aggregate and periodic reports and expedited fifteen (15) day/seven (7) day adverse event reports within the Territories as required by Governmental Bodies. TaiMed shall be responsible for preparing, processing, assessing, and submitting aggregate and periodic reports and expedited fifteen (15) day/seven (7) day adverse event reports as required by Governmental Bodies for the Product outside the Territories. At each Party's request and expense, the other Party shall reasonably cooperate with the requesting Party in connection with the requesting Party's reporting responsibilities under this Section 7.2.

7.3 Literature Reports

From the Marketing Approval of a Product in the Territories, Theratechnologies shall be responsible for screening published scientific and medical literature for individual case safety reports related to such Product in the Territories. TaiMed shall be responsible for screening published scientific and medical literature for individual case safety reports related to a Product before the Marketing Approval of such Product and outside the Territories.

7.4 Global Database

To the extent required under applicable Law, after the effective date of transfer of Marketing Approval of a Product as per Section 4.2, Theratechnologies shall be responsible for the implementation of a database to allow tracking, trending and signal detection of Adverse Events attributable to the use or application of such Product in the Territories, provided, however, that in the event TaiMed implements a global database, Theratechnologies' responsibility shall be limited to reporting Adverse Events that occurred in the Territories on such global database. Upon issuance of any authorization to market and sell such Product outside of the Territories, TaiMed shall be responsible for the implementation of a global database to allow tracking, trending and signal detection of Adverse Events attributable to the use or application of such Product worldwide.

7.5 Recalls

7.5.1 Subject to applicable Law and any order of a Competent Regulatory Body, Theratechnologies shall administer all recalls or market withdrawals of the Product in the Territories in accordance with applicable Laws and Theratechnologies' standard operating procedures used in connection with any recalls or withdrawals of Theratechnologies products; provided that, to the extent reasonably practicable, Theratechnologies shall consult with TaiMed prior to the commencement of any recall or market withdrawal and, in any event, shall promptly notify TaiMed if Theratechnologies commences any such recall or market withdrawal. For the avoidance of doubt, TaiMed shall not initiate a recall or market withdrawal of the Product in the Territories. In the event of a recall or market withdrawal, Theratechnologies shall be responsible for all Regulatory Activities related to such recall and market withdrawal as well as for coordinating all Product subject to such recall or market withdrawal. The costs and expenses associated with such recalls or market withdrawals shall be allocated in accordance with Section 7.5.3. TaiMed shall cooperate with Theratechnologies with respect to, and use Commercially Reasonable Efforts to assist, any recall or market withdrawal of the Product.

7.5.2 Each Party shall promptly (but in any case, not later than **[REDACTED: Time Period]** (or earlier if required under applicable Law) notify the other in writing of any order, request or directive of a court or other Governmental Body to recall or market withdraw the Product of which such Party has notice of or is otherwise aware.

7.5.3 The costs and expenses associated with recalls (whether or not in connection with a market withdrawal) allocated to the Parties hereunder shall include only the direct costs of administering such recall or market withdrawal (including the replacement costs for the recalled Product). Subject to Article 13, such costs and expenses shall be allocated as follows:

(a) In the event such recall or market withdrawal is due to acts or omissions of Theratechnologies, its Affiliates or its Designees, Theratechnologies shall pay all costs and expenses related thereto;

(b) In the event such recall or market withdrawal is due to acts or omissions of TaiMed, its Affiliates or its Designees, TaiMed shall pay all costs and expenses related thereto; and

(c) If a recall not covered by Section 7.5.3(a) or Section 7.5.3(b) is initiated in accordance with Section 7.5.1, the Parties shall agree on the allocation of cost and expense in advance. If the Parties cannot reach agreement before the recall, the cost and expense of such recall shall be shared by the Parties based on a good faith discussion.

7.6 Pharmacovigilance Agreement and Quality Agreement.

Theratechnologies shall, at its cost and expense, adopt a pharmacovigilance program that complies with applicable Laws of the Territories and the Pharmacovigilance Agreement. The Parties agree to enter into a Pharmacovigilance Agreement after the filing of the BLA with the FDA but prior to the issuance of a decision on such filing by the FDA. The Parties agree to execute a Quality Agreement prior to the filing of the BLA with the FDA.

ARTICLE 8
FINANCIAL CONSIDERATION

8.1 Initial Payments for North American Territory

In partial consideration of TaiMed's grant to Theratechnologies of the exclusive right to Commercialize the Product in the North American Territory, Theratechnologies shall pay or cause to be paid to TaiMed or, if directed by TaiMed, one of its Affiliates, the following amounts: (i) US$1,000,000 in cash on March 18, 2016 (which amount TaiMed acknowledges having received); (ii) US$1,000,000, in Theratechnologies' Common Shares (subject to the compliance by Theratechnologies with applicable securities Law, based on the volume-weighted average trading price of the Theratechnologies' Common Shares on the TSX for the five (5) Business Days immediately preceding the March 18, 2016 date, converted into USD using the noon exchange rate of the Bank of Canada on the Business Day immediately preceding the March 18, 2016 date, and any fraction of Theratechnologies' Common Shares payable to TaiMed as a result of the foregoing calculation shall be paid in cash), to be issued and delivered promptly to TaiMed after the date on which both the First Commercial Sale in the North American Territory of the Product bearing the Initial Product Label and the entering into a Manufacturing Agreement with WuXi Apptec for the manufacturing of the First Formulation of the Product is achieved (the "**Share Release Date**"); (iii) US$2,000,000 in Theratechnologies' Common Shares to be issued and delivered promptly to TaiMed after the Share Release Date, subject to the prior approval of the TSX and to compliance by Theratechnologies with applicable securities Law, based on the volume-weighted average trading price of the Theratechnologies' Common Shares on the TSX for the five (5) Business Days immediately preceding the date of the Marketing Approval of the Product in the United States, converted into USD using the noon exchange rate of the Bank of Canada on the Business Day immediately preceding the date of the Marketing Approval of the Product in the United States, and any fraction of Theratechnologies' Common Shares payable to TaiMed as a result of the foregoing calculation shall be paid in cash; and (iv) US$1,000,000 in Theratechnologies' Common Shares to be issued and delivered promptly to TaiMed after the Share Release Date, subject to the prior approval of the TSX and to compliance by Theratechnologies with applicable securities Law, based on the volume-weighted average trading price of the Theratechnologies' Common Shares on the TSX for the five (5) Business Days immediately preceding the date of the First Commercial Sale of the Product in the North American Territory by Theratechnologies, converted into USD using the noon exchange rate of the Bank of Canada on the Business Day immediately preceding the date of the First Commercial Sale of the Product in the North American Territory by Theratechnologies, and any fraction of Theratechnologies' Common Shares payable to TaiMed as a result of the foregoing calculation shall be paid in cash.

8.2 Initial Payments for European Territory

In partial consideration of TaiMed's grant to Theratechnologies of the exclusive right to Commercialize the Product in the European Territory, Theratechnologies shall issue and deliver to TaiMed 906,077 Theratechnologies' Common Shares (subject to the prior approval of the TSX and to compliance by Theratechnologies with applicable securities Law). The issuance of Theratechnologies' Common Shares shall be made within 30 days from the Execution Date of this Agreement.

8.3 North American Commercial Milestone Payments

As further partial consideration for TaiMed's grant to Theratechnologies of the exclusive right to Commercialize the Product in the North American Territory, Theratechnologies shall pay or cause to be paid to TaiMed or, if directed by TaiMed, one of its Affiliates, the following one-time payments upon the first occurrence of the following commercial event milestones achieved by Theratechnologies (each, a "**Commercial Milestone**", and each such amount, a "**Commercial Milestone Payment**"):

Commercial Milestones	**Commercial Milestone Payment**
(a) Achieving aggregate Net Sales of US$20 million over four (4) consecutive quarters of a Financial Year (it being understood that they may overlap two Financial Years) (the "**Lower Sales Milestone**") in the North American Territory	US$7,000,000 (the "**First Commercial Milestone Payment**")
(b) Upon the date of the first Commercial Sale in the North American Territory of the Bi-Weekly New Route of Administration (the "**Bi-Weekly New Route of Administration Milestone**")	US$3,000,000 (the "**Second Commercial Milestone Payment**")
(c) Upon the first Commercial Sale in the North American Territory of the Monthly New Route of Administration (the "**Third Commercial Milestone**")	Amount of the Consideration related to the Third Commercial Milestone Payment determined in accordance with Section 3.9.2 (the "**Third Commercial Milestone Payment**")
(d) Upon first achieving annual Net Sales of US$200,000,000 in the North American Territory in any Financial Year (the "**US$200M Milestone**")	US$10,000,000 ("the "**US$200M Milestone Payment**")
(e) Upon first achieving annual Net Sales of US$500,000,000 in the North American Territory in any Financial Year (the "**US$500M Milestone**")	US$40,000,000 (the "**US$500M Milestone Payment**")
(f) Upon first achieving annual Net Sales of US$1 Billion in the North American Territory in any Financial Year (the "**US$1,000M Milestone**")	US$100,000,000 ("the "**US$1,000M Milestone Payment**")

Theratechnologies shall provide TaiMed with a written notice regarding the achievement of any Commercial Milestone. Each of the Commercial Milestone Payments to be made under this Section 8.3 shall be due and payable only once.

8.4 North American Payments

The Commercial Milestone Payments to be made under this Section 8.4 shall be due and payable as follows and shall be made according to Section 9.1.

8.4.1 **Payment of the First Commercial Milestone Payment**. The First Commercial Milestone Payment of US$7,000,000 is payable in two (2) equal instalments of US$3,500,000 each. The first instalment shall be paid by Theratechnologies to TaiMed within thirty (30) days from the end of the quarter of the Financial Year of Theratechnologies during which the Lower Sales Milestone is achieved and the second instalment, twelve (12) months thereafter.

8.4.2 **Payment of the Second Commercial Milestone Payment**. The Second Commercial Milestone Payment of US$3,000,000 shall be paid by Theratechnologies to TaiMed in two (2) equal instalments of US$1,500,000. The first instalment shall be paid within thirty (30) days from the date of achieving the Bi-Weekly New Route of Administration Milestone and the second instalment shall be paid twelve (12) months thereafter.

8.4.3 **Payment of the Consideration related to the Third Commercial Milestone Payment**. Subject to the adjustment set forth in Section 3.9.3, if any, the Consideration related to the Third Commercial Milestone Payment shall be paid by Theratechnologies to TaiMed in instalments, within thirty (30) days from the end of each quarter of its Financial Year, equal to ten percent (10%) of the Net Sales during such quarter (without exceeding the outstanding principal amount at the end of such quarter). Such quarterly instalments shall include an interest portion, calculated using an annual interest rate equal to the US Prime Rate plus one point five percent (1.5%), based on the outstanding balance of the Consideration related to the Third Commercial Milestone Payment at the end of the relevant quarter of the Financial Year of Theratechnologies and a principal portion, representing the balance of the payment after having deducted the interest portion thereof. An example of the calculation of the payment of the Consideration related to the Third Commercial Milestone Payment is attached hereto as Schedule 8.4.3.

8.4.4 **Payment of the US$200M Milestone**. The payment of the US$200M Milestone in the amount of US$10,000,000 shall be paid by Theratechnologies to TaiMed within thirty (30) days from the date of approval of the annual audited financial statements of Theratechnologies for the Financial Year during which the US$200M Milestone was reached.

8.4.5 **Payment of the US$500M Milestone**. The payment of the US$500M Milestone in the amount of US$40,000,000 shall be paid by Theratechnologies to TaiMed within thirty (30) days from the date of approval of the annual audited financial statements of Theratechnologies for the Financial Year during which the US$500M Milestone was reached.

8.4.6 **Payment of the US$1,000M Milestone**. The payment of the US$1,000M Milestone in the amount of US$100,000,000 shall be paid by Theratechnologies to TaiMed within thirty (30) days from the date of approval of the annual audited financial statements of Theratechnologies for the Financial Year during which the US$1,000M Milestone was reached.

8.5 European Commercial Milestone Payments

As further partial consideration for TaiMed's grant to Theratechnologies of the exclusive right to Commercialize the Product in the European Territory, Theratechnologies shall pay or cause to be paid to TaiMed or, if directed by TaiMed, one of its Affiliates, the following one-time payments upon the first occurrence of the following event milestones achieved by Theratechnologies (each, a "**European Milestone**", and each such amount, a "**European Milestone Payment**"):

European Milestones	**European Milestone Payment**
(a) Upon Marketing Approval of a Product by the EMA if, at the request of the EMA, TaiMed conducted additional Development work (the "**European Development Milestone**") and incurred Development costs associated therewith pursuant to Section 3.5	50% of all direct out-of- pocket Development costs mandated by the EMA to obtain Marketing Approval (the "**European Development Milestone Payment**")
(b) Upon the date of the First Commercial Sale in the European Territory of a Product (the "**European Launch Milestone**")	US$10,000,000 (the "**European Launch Milestone Payment**")
(c) Upon first achieving aggregate Net Sales of US$150,000,000 in the European Territory over four (4) consecutive financial quarters of a Financial Year (it being understood that they may overlap two Financial Years) (the "**US$150M European Milestone**")	US$10,000,000 (the "**US$150M European Milestone Payment**")
(d) Upon first achieving aggregate Net Sales of US$500,000,000 in the European Territory over four (4) consecutive financial quarters of a Financial Year (it being understood that they may overlap two Financial Years) (the "**US$500M European Milestone**")	US$20,000,000 (the "**US$500M European Milestone Payment**")
(e) Upon first achieving aggregate Net Sales of US$1,000,000,000 in the European Territory over four (4) consecutive financial quarters of a Financial Year (it being understood that they may overlap two Financial Years) (the "**US$1,000M European Milestone**")	US$50,000,000 (the "**US$1,000M European Milestone Payment**")

Theratechnologies shall provide TaiMed with a written notice regarding the achievement of any European Milestone. Each of the European Milestone Payments to be made under this Section 8.5 shall be due and payable only once.

8.6 European Payments

The European Milestone Payments to be made under this Section 8.6 shall be due and payable as follows and shall be made according to Section 9.1 when paid in cash.

8.6.1 **Payment of the European Development Milestone Payment**. The European Development Milestone Payment shall be paid by Theratechnologies to TaiMed in instalments, within thirty (30) days from the end of each quarter of its Financial Year, equal to five percent (5%) of the Net Sales during such quarter (without exceeding the outstanding principal amount at the end of such quarter).

8.6.2 **Payment of the European Launch Milestone Payment**. The European Launch Milestone Payment of US$10,000,000 shall be paid in cash by Theratechnologies to TaiMed in two (2) equal instalments of US$5,000,000. The first instalment shall be paid twelve (12) months after the First Commercial Sales of a Product in the European Territory and the second instalment shall be paid twelve (12) months after first achieving aggregate Net Sales in the European Territory of US$50,000,000 over four (4) consecutive financial quarters of a Financial Year (it being understood that they may overlap two Financial Years).

8.6.3 **Payment of the US$150M European Milestone Payment**. The payment of the US$150M European Milestone Payment in the amount of US$10,000,000 shall be paid by Theratechnologies to TaiMed within thirty (30) days from the date of approval of the annual audited financial statements of Theratechnologies for the Financial Year during which the US$150M European Milestone was reached.

8.6.4 **Payment of the US$500M European Milestone Payment**. The payment of the US$500M European Milestone Payment in the amount of US$20,000,000 shall be paid by Theratechnologies to TaiMed within thirty (30) days from the date of approval of the annual audited financial statements of Theratechnologies for the Financial Year during which the US$500M European Milestone was reached.

8.6.5 **Payment of the US$1,000M European Milestone Payment**. The payment of the US$1,000M European Milestone Payment in the amount of US$50,000,000 shall be paid by Theratechnologies to TaiMed within thirty (30) days from the date of approval of the annual audited financial statements of Theratechnologies for the Financial Year during which the US$1,000M European Milestone was reached.

8.7 Consideration Shares

The Theratechnologies' Common Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "TH". In connection with the issuance of the Consideration Shares, TaiMed acknowledges and agrees that:

8.7.1 The Consideration Shares will be issued pursuant to an exemption under applicable Canadian securities legislation and will not be qualified by any prospectus or registration statement in any jurisdiction;

8.7.2 No securities regulatory authority has made any finding or determination as to the merit for investment in, or made any recommendation or endorsement with respect to, the Consideration Shares;

8.7.3 The Consideration Shares will be subject to restrictions on resale in accordance with applicable Canadian securities legislation and this Section 8.7, and the Direct Registration System ("DRS") advice evidencing the Consideration Shares issued to TaiMed (and any share certificate requested by TaiMed) will bear restrictive legends to that effect;

8.7.4 The Theratechnologies' Common Shares are not listed on any stock exchange other than the TSX, and there is currently no market, nor any plan to develop any market, through which the Consideration Shares may be sold other than in Canada;

8.7.5 TaiMed did not ask for, and was not provided with, any offering memorandum or other disclosure document in respect of the Consideration Shares, other than documents that are publicly-available and may be accessed on the SEDAR Website at www.sedar.com;

8.7.6 TaiMed has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Consideration Shares, and TaiMed is capable of bearing the economic risks of such investment, including a complete loss of its investment in the Consideration Shares; and

8.7.7 THERATECHNOLOGIES DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER WITH RESPECT TO THERATECHNOLOGIES OR THE CONSIDERATION SHARES, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT.

8.8 Holding Periods

8.8.1 TaiMed hereby agrees that it will not, directly or indirectly, in any manner whatsoever, for a period commencing on the date of issuance of the Consideration Shares pursuant to Section 8.1. and continuing for a period of **[REDACTED: Time Period]** thereafter, (i) offer, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize the Consideration Shares issued pursuant to Section 8.1 (including without limitation any short sale, put option or call option), (ii) enter into any swap or any form of agreement or arrangement the consequence of which is to alter the economic exposure to the Consideration Shares issued pursuant to Section 8.1, whether any such swap, agreement or arrangement is to be settled by delivery of Consideration Shares issued pursuant to Section 8.1, in cash or otherwise, or (iii) publicly announce an intention to do any of the foregoing.

8.8.2 TaiMed hereby agrees that it will not, directly or indirectly, in any manner whatsoever, for a period commencing on the date of issuance of the Consideration Shares pursuant to Section 8.2 and continuing for a period of **[REDACTED: Time Period]** thereafter, (i) offer, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize the Consideration Shares issued under these Sections (including without limitation any short sale, put option or call option), (ii) enter into any swap or any form of agreement or arrangement the consequence of which is to alter the economic exposure to the Consideration Shares issued under these Sections, whether any such swap, agreement or arrangement is to be settled by delivery of Consideration Shares issued under these Sections, in cash or otherwise, or (iii) publicly announce an intention to do any of the foregoing.

During the period beginning on each date of the issuance of the Consideration Shares pursuant to Section 8.2 and continuing for a period of **[REDACTED: Time Period]** thereafter, Theratechnologies will not, without the written consent of TaiMed, such consent not to be unreasonably withheld or delayed, issue or sell any Common Shares or any financial instruments convertible into or exchangeable for Common Shares or convertible securities, except (a) for purposes of compensation or incentive stock options for services provided by officers, directors, employees and consultants of Theratechnologies, (b) in connection with the exercise of stock options currently held by a director, officer, employee or consultant, (c) to satisfy existing instruments or agreements of Theratechnologies already issued as of the date of this Agreement, including the outstanding common share purchase warrants and brokers' options or (d) as full or partial consideration for direct or indirect arm's-length acquisitions.

ARTICLE 9
PAYMENT, REPORTING, AUDITING

9.1 Mode of Payment; Currency; and Invoicing

Any payments made by one Party to the other Party under this Agreement shall be made in U.S. dollars by electronic transfer in immediately available funds via either a bank wire transfer, an ACH (automated clearing house) mechanism, or any other means of electronic funds transfer, at the paying Party's election, of immediately available funds in

the requisite amount to such bank account as the receiving Party may from time to time designate by written notice to the paying Party at least **[REDACTED: Time Period]** before the payment is due. The Parties may vary the method of payment set forth herein at any time upon mutual agreement, and any change shall be consistent with the local Law at the place of payment or remittance. In the event TaiMed owes any amount to Theratechnologies pursuant to this Agreement, including in the event that one or more intellectual property licenses from Third Parties are required in order to offer to sell, sell or import Product (hereinafter **"Third Party Licenses**"), then any amount owed by TaiMed to Theratechnologies, including the consideration actually paid under such Third Party Licenses by Theratechnologies, its Affiliates or Sublicensees for sale of such Product, shall be deducted against payments due by Theratechnologies to TaiMed under Article 8.

9.2 Records Retention

For **[REDACTED: Time Period]** after each sale of the Product or such longer period as may be required by applicable Laws, Theratechnologies shall keep and maintain (and shall ensure that its Affiliates and Sublicensees shall keep and maintain) complete and accurate books and records of such sales of the Product, Net Sales of the Product including all deductions, and all amounts payable by Theratechnologies to TaiMed hereunder in sufficient detail to confirm the accuracy of the calculations hereunder. During the Term and for **[REDACTED: Time Period]** following the Calendar Year to which such books and records relate or such longer period as may be required by applicable Laws, each Party shall keep (and, as applicable, shall ensure that its Affiliates shall keep and Theratechnologies shall ensure that its Sublicensees shall keep) complete and accurate books and records of all transactions relating to Product in the Territories, including accurate records and documentation of all costs required to be paid by the other Party pursuant to this Agreement.

9.3 Interest

All late payments under this Agreement shall bear interest from the date due until paid at a rate equal to the **[REDACTED: Interest Rate Percentage]**in effect on the date that such payment was due.

9.4 Rights of Inspection

9.4.1 Without limiting either Party's other inspection and audit rights set forth in this Agreement, during the Term and for up to **[REDACTED: Time Period]** following, as applicable, an obligation for a Party to make a payment based upon Net Sales or other cost and expense required to be reimbursed by a Party under this Agreement, upon the written request of a Party (the "**Requesting Party**"), and not more than once in each Calendar Year, the other Party shall permit, and shall cause its Affiliates and Designees to permit, an independent certified public accounting firm of nationally or internationally recognized standing selected by the Requesting Party, and reasonably acceptable to the other Party or such Affiliate or Designee, to have access to and to review, during normal business hours upon reasonable prior written notice, the

applicable books and records of the other Party and its Affiliates or Designees to verify the accuracy of the payments and the amount and calculation based upon Net Sales or other costs expressly required to be shared or reimbursed by a Party under this Agreement. Such review may cover the books and records for sales made and costs incurred in any Calendar Year ending not more than **[REDACTED: Time Period]** prior to the date of such request, and any Calendar Year may only be audited once during the Term of this Agreement. The accounting firm shall disclose to the Parties only whether the amount of Net Sales or amounts required to be shared or reimbursed by a Party are correct or incorrect and the specific details concerning any discrepancies. No other information concerning the other Party or its Affiliates or Designees shall be provided to the Requesting Party.

9.4.2 If such accounting firm concludes that additional reimbursement amounts or other payments were owed during any Calendar Year ending not more than **[REDACTED: Time Period]** prior to the date of such request, the Party from whom such amounts are due and owing (the "**Owing Party**") shall pay such additional amounts (together with any interest payable pursuant to Section 9.3) to the other Party or, if directed by such other Party, one of its Affiliates, within **[REDACTED: Time Period]** after the date such other Party delivers to the Owing Party such accounting firm's written report. If such accounting firm concludes that an overpayment was made, the Party to whom such overpayment was made (the "**Overpaid Party**") shall repay such overpayment to the other Party within **[REDACTED: Time Period]** after the date such other Party delivers to the Overpaid Party such accounting firm's written report. The Requesting Party shall pay for the cost of such audit, provided, however, that if the audit shows an underpayment or overpayment of any reimbursement or other amounts of more than **[REDACTED: Percentage]** of the amount due for the applicable period, then the Owing Party or the Overpaid Party, as applicable, shall promptly reimburse the other Party for all costs incurred in connection with such audit.

9.4.3 Each Party shall treat all information that it receives under this Section 9.4 in accordance with the confidentiality provisions of Article 11 of this Agreement, and shall cause its accounting firm to enter into an acceptable confidentiality agreement with the other Party obligating such accounting firm to retain all such financial and other information in confidence pursuant to such confidentiality agreement, except to the extent necessary for such Party to enforce its rights under the Agreement.

9.5 Taxes

9.5.1 TaiMed shall be responsible for the payment of any and all income taxes, and any levies or other duties that are levied on and in connection with all payments made to TaiMed or its Affiliates by Theratechnologies under this Agreement. If applicable Law requires that an amount of Canadian income tax be deducted or withheld from any payment made by Theratechnologies to TaiMed or its Affiliates under this Agreement, Theratechnologies shall

withhold the full amount of such Canadian income tax from such payment (as increased pursuant to Section 9.5.2) and shall pay such amount on behalf of TaiMed or its Affiliates to the proper Governmental Body. Theratechnologies shall send evidence of the obligation together with proof of payment to TaiMed within **[REDACTED: Time Period]** following such payment.

9.5.2 In the event that Theratechnologies is required to deduct or withhold an amount of Canadian income tax in respect of a payment made to TaiMed or its Affiliates pursuant to Section 8.3 and/or Section 8.5 of this Agreement, other than the Third Commercial Milestone Payment, the US$200M Milestone Payment, the US$500M Milestone Payment, and the US$1,000M Milestone Payment, such payment shall be increased by an amount equal to the lesser of (i) the required deduction or withholding and (ii) ten percent (10%) of the payment (the "**Gross-Up Amount**").

9.5.3 For any payment increased by Gross-Up Amount pursuant to Section 9.5.2, TaiMed or its Affiliates shall take, or cause to be taken, all reasonable steps to claim any tax refund available under any applicable Law in respect of such payment. If TaiMed or any of its Affiliates is entitled to claim or receive a tax refund from such payment, after deducting any service fees for filing such tax refund, TaiMed shall pay the remaining amount to Theratechnologies.

9.5.4 It is understood and agreed between the Parties that any payments made by Theratechnologies under this Agreement are inclusive of any sales, use, exercise, value-added or similar tax imposed upon such payment.

9.5.5 The Parties agree to cooperate and produce on a timely basis any tax forms or reports reasonably requested by the other Party in connection with any payment made by one Party to the other Party or one of its Affiliates under this Agreement, all at the cost an expense of the requesting Party. Each Party further agrees to provide reasonable cooperation and documentation to the other Party, at the other Party's cost and expense, in connection with any official or unofficial tax audit or contest relating to payments made by one Party to the other Party or one of its Affiliates under this Agreement and in connection with the indemnity provided for in Section 9.5.1.

ARTICLE 10
INVENTIONS AND PATENTS

10.1 Certification Under Drug Price Competition and Patent Restoration Act

Each Party shall immediately give written notice to the other Party of any certification of which they become aware filed pursuant to 21 U.S.C. § 355(j)(2)(A) (or any amendment or successor statute thereto) or equivalent Law of a Country claiming that any TaiMed Patents covering the Antibody or the Product are invalid or will not be infringed by the manufacture, use or sale of a product by a Third Party.

10.2 Listing of Patents

If applicable, the Parties shall, under good faith discussion, determine which of the TaiMed Patents shall be listed for inclusion in the Approved Drug Products with Therapeutic Equivalence Evaluations pursuant to 21 U.S.C. § 355 (or any successor), or equivalent Law with respect to the Product in the Territories; provided that Theratechnologies shall act in the ordinary course of business and consistent with practices within the pharmaceutical industry in making such listings and applicable Law.

10.3 Canadian Patent Register

If applicable, the Parties shall, under good faith discussion, determine which, if any, of the TaiMed Patents shall be listed for inclusion in the Patent Register pursuant to the Patented Medicines (Notice of Compliance) Regulations (SOR/93-133), or any successor Law with respect to the Product in Canada. TaiMed hereby agrees to the inclusion of any and all TaiMed Patents by Theratechnologies on the Patent Register; provided that nothing contained herein shall obligate Theratechnologies to exercise a right of action or institute any proceedings available under the Patented Medicines (Notice of Compliance) Regulations (SOR/93-133). In the event that Theratechnologies decides to exercise such right of action or institute such proceedings, TaiMed hereby agrees to provide reasonable assistance to Theratechnologies.

10.4 Title to New Technology

10.4.1 All Patent Rights, Know-How and Materials (including all associated intellectual property rights) arising from or out of the performance of this Agreement (including the exercise of any rights and the performance of any obligations) authored, invented, reduced to practice, developed or otherwise created by one or more employees or independent contractors of either Party or its Affiliates ("**New Technology**") shall be solely owned by and be the sole property of TaiMed ("**TaiMed's Sole New Technology**"), provided that in the event such New Technology is developed by Theratechnologies independently from TaiMed and its Affiliates and without reference to any information obtained or received under the performance of this Agreement, such New Technology shall be solely owned by and be the sole property of Theratechnologies ("**Theratechnologies's Sole New Technology**").

10.4.2 In the event any New Technology cannot be determined as TaiMed's Sole New Technology or Theratechnologies's Sole New Technology pursuant to Section 10.4.1 and the laws pertaining to inventorship or authorship in the United States, such New Technology shall be jointly owned by TaiMed and Theratechnologies ("**Joint New Technology**").

10.5 Further Assurances

10.5.1 Each Party shall cause all of its Affiliates, employees, consultants, contractors and any Third Parties working on its or their behalf, and with respect to Theratechnologies, Sublicensees, to assign to such Party all of such Person's right, title and interest in and to any Joint New Technology.

10.6 Patent Coordinators

10.6.1 TaiMed and Theratechnologies shall each appoint a patent coordinator reasonably acceptable to the other Party (each, a "**Patent Coordinator**") to serve as such Party's primary liaison with the other Party on matters relating to patent filing, prosecution, maintenance and enforcement. Each Party may replace its Patent Coordinator at any time by notice in writing to the other Party. The initial Patent Coordinators shall be:

For TaiMed: **[REDACTED: Name and Number]**

For Theratechnologies: **[REDACTED: Name and Number]**

10.7 Inventorship

In case of a dispute between Theratechnologies and TaiMed over inventorship or title of Joint New Technology or Sole New Technology, such dispute shall be resolved in accordance with US patent law and Article 15.

10.8 Cooperation

Each Party shall, and shall cause its Affiliates and any Third Parties working on its or their behalf and, with respect to Theratechnologies, Sublicensees, to, cooperate with and assist the other Party, if and as may be requested by such other Party, to effect the intent of this Article 10, including by executing such documents and taking such actions, and making its employees and independent contractors available to execute documents and provide information to such other Party or to such other Party's authorized attorneys, agents or representatives, as necessary to achieve the foregoing allocation of ownership rights.

10.9 Patent Filing, Prosecution and Maintenance

10.9.1 **TaiMed Patents**. TaiMed shall have the first right, but not the obligation, to file, prosecute and maintain TaiMed Patents, at the sole cost and expense of TaiMed. TaiMed shall provide Theratechnologies with all official correspondence received from the United States Patent and Trademark Office (the "**USPTO**"), the Canadian Intellectual Property Office (the "**CIPO**") and the European Patent Office (the "**EPO**") relating to the prosecution of TaiMed Patents and all draft documents at least **[REDACTED: Time Period]** before filing such documents with the USPTO, the CIPO or the EPO, in each case to the extent that such correspondence or other documents within the prosecution files are not subject to a claim of privilege by TaiMed or any of its Affiliates. Theratechnologies shall have the right to provide comments and make suggestions concerning all prosecution matters relating to the TaiMed Patents, which TaiMed shall take into consideration but shall not be bound by such

suggestions. TaiMed shall have final decision-making authority with respect to any aspect of the preparation, filing, prosecution or maintenance of the TaiMed Patents, including whether to file any patent term extensions for any of the TaiMed Patents. At TaiMed's request, Theratechnologies will provide TaiMed with reasonable assistance in prosecuting TaiMed Patents to the extent reasonably possible, including providing such data and information in Theratechnologies' Control that is, in TaiMed's reasonable judgment, needed to support the prosecution of a TaiMed Patent; provided that TaiMed shall reimburse Theratechnologies for Theratechnologies' costs and expenses incurred in providing such assistance. TaiMed shall provide Theratechnologies with a routine annual update of the patent status of the TaiMed Patents in the Territories and shall provide Theratechnologies with a copy of all documents relating to the TaiMed Patents filed at the USPTO, at the CIPO or at the EPO by or on behalf of TaiMed within **[REDACTED: Time Period]** of such filing.

10.9.2 **Joint New Technology**. In the case of Joint New Technology, the Parties shall meet through the Patent Coordinators to discuss in good faith and agree upon which of the Parties shall be responsible for filing, controlling prosecution and maintaining any patent applications for any inventions included in such Joint New Technology. The Party selected by the Patent Coordinators to be responsible for filing, controlling, prosecuting and maintaining any patent application for an invention included in the Joint New Technology shall timely provide the other Party the opportunity to review such patent application prior to filing with the USPTO or equivalent Governmental Body in any jurisdiction outside the United States and all official communications received from the USPTO or equivalent Governmental Body in any jurisdiction outside the United States and provide comments and suggestions on all filings with the USPTO or equivalent Governmental Body in any jurisdiction outside the United States regarding such patent application. The Parties shall share the costs equally in respect of the preparation of the applications, filing, prosecution, grant and maintenance of any Joint Patent. In the event that one Party (a) is not interested, or (b) not willing to equally share the related cost and expense, with respect to any Joint Patent in a given jurisdiction, then the other Party shall have the right, at its own cost and expense, to file for and prosecute such Joint Patent in such country in both Parties' names.

10.10 Enforcement and Defense of Patents and Trademarks

10.10.1 **Notice**. If either Party becomes aware or reasonably believes that any TaiMed Technology or Trademark is being infringed in the Territories by a Third Party or if a Third Party claims that any TaiMed Patent (including any Joint Patent) is invalid or unenforceable, or challenges the validity, enforceability, ownership or use of any Trademark, the Party possessing such knowledge or reasonable belief shall promptly notify the other Party and provide it with details of such infringement or claim that are known by such Party. If either

Party becomes aware or reasonably believes that any Third Party is infringing or claims that any TaiMed Patent is invalid or unenforceable in a country where TaiMed manufactures or has manufactured Product for import into the Territories, such Party shall promptly notify the other Party and provide the other Party all details of such infringement or claim that are known to such Party.

10.10.2 **Right to bring an Action**. Theratechnologies shall have the right, but not the obligation, to attempt to resolve any Third Party infringement, claim or challenge relating to any Trademark. If Theratechnologies elects to resolve such Third Party infringement, claim or challenge relating to Trademarks, including by filing an infringement suit, defending against such claim or challenge or taking other similar action (each, an "**Action**"), (i) TaiMed shall have the right, but not the obligation to join as a party plaintiff or defendant to such Action, and to be represented by independent counsel of its own choice, at its own cost and expense, and (ii) Theratechnologies shall consult with TaiMed and take into consideration TaiMed's comments and views, and Theratechnologies shall incorporate and act on such comments and views of TaiMed to the extent reasonable in defending against any (A) challenge with respect to any Trademark, and/or (B) Action with respect to which Theratechnologies seeks indemnification from TaiMed pursuant to Section 13.2. If Theratechnologies does not intend to prosecute or defend an Action in respect of any Trademark, Theratechnologies shall promptly inform TaiMed. If Theratechnologies does not initiate an Action with respect to such Third Party infringement, claim or challenge in respect of any Trademark prior to the earlier of (a) **[REDACTED: Time Period]** following notice thereof, and (b) **[REDACTED: Time Period]** before the time limit, if any, set forth in the applicable Laws for such actions, TaiMed shall then have the right to take an Action to attempt to resolve such Third Party infringement, claim or challenge. The Party initiating such Action shall have the sole and exclusive right to select counsel for any suit initiated by it pursuant to this Section 10.10. In order to establish standing, each Party hereby agrees to execute all papers and to perform such other acts as may be reasonably required and requested by the Party initiating such Action so that such Party may enforce its rights in the Trademark, including joining as a party plaintiff or defendant in any such Action if requested by such Party. Each Party shall consult with the other Party with respect to such enforcement or defense and shall keep the other Party fully informed of any determinations or material developments in any suit initiated by it pursuant to this Section 10.10.

10.10.3 **Costs of an Action**. Subject to the respective indemnity obligations of the Parties set forth in Article 13, the Party initiating an Action under Section 10.10.2 shall pay all costs and expenses associated with such Action, other than (subject to Section 10.10.5) the expenses of the other Party if the other Party elects to join such Action or is required to join such Action in order to establish standing. Subject to the respective indemnity obligations of the Parties set forth in Article 13, each Party shall have the right to join an Action relating to any TaiMed Technology or Trademark taken by the other Party at its own cost and expense.

10.10.4 **No Settlement without Consent**. Neither Party shall settle or otherwise compromise any Action without the other Party's written consent (not to be unreasonably withheld, delayed or conditioned); provided that consent shall not be required from either Party for any settlement or compromise for which the settling Party will not seek indemnification from the other Party under this Agreement (provided that neither Party shall settle or otherwise compromise any Action in a manner that imposes any obligation on the other Party or its Affiliate or that adversely affects or would reasonably be expected to adversely affect the other Party (including by admitting that any TaiMed Patent or Joint New Technology is invalid or unenforceable or in a manner that admits fault or negligence on the part of the other Party or its Affiliate) without the written consent of the other Party, which consent shall not be unreasonably withheld, delayed or conditioned.

10.10.5 **Reasonable Assistance**. The Party not enforcing or defending any TaiMed Technology or Trademark shall provide reasonable assistance to the other Party, as may be reasonably requested by the other Party, including providing access to relevant documents and other evidence (provided that the Parties shall enter into a joint defense agreement with respect to the common interest privilege protecting such communications in a form reasonably acceptable to the Parties) and making its employees available, subject to the other Party's reimbursement of any costs and expenses incurred by the non-enforcing or non-defending Party in providing such assistance.

10.10.6 **Distribution of Amounts Recovered**. Any amounts recovered by the Party initiating an Action pursuant to this Section 10.10, whether by settlement or judgment, shall be allocated in the following order: (a) to reimburse the Party initiating such Action for any costs and expenses incurred, (b) to reimburse the Party not initiating such Action for its costs and expenses incurred in such Action, including if it joins such Action, and (c) any remaining amount shall be split between the Parties, with the Party initiating an Action receiving **[REDACTED: Percentage]** and the other Party receiving **[REDACTED: Percentage]**.

10.10.7 **Joint Defense Agreement**. The Parties shall enter into a joint defense agreement with respect to the common interest privilege protecting any communications between the Parties in connection with any such Action and any Third Party Action in connection with Section 10.11 in a form reasonably acceptable to the Parties.

10.11 Third Party Actions Claiming Infringement

10.11.1 **Notice**. If a Party becomes aware of any claim or action by a Third Party against either Party that claims that the development, manufacture, advertising, marketing, promotion, distribution, labeling, storage, handling, use, sale or offer for sale of or any other commercialization activity in connection with the Product in the Territories or the use of any Trademark or TaiMed Technology in the Territories infringes such Third Party's intellectual property rights (each, a "**Third Party Action**"), such Party shall promptly notify the other Party in writing of all details regarding such claim or action that is reasonably available to such Party. For the avoidance of doubt, to the extent that the procedures set forth in this Section 10.11 conflict with the indemnity procedures set forth in Section 13.1, except as otherwise provided in Section 10.11.2 with respect to Section 13.2, the procedures set forth herein shall control.

10.11.2 **Right to Defend**. Without limiting the indemnification obligations of either Party set forth in Article 13, TaiMed shall have the first right, but not the obligation to defend a Third Party Action described in Section 10.11.1 through counsel of its choosing. If TaiMed declines or fails to assert its intention to defend such Third Party Action within **[REDACTED: Time Period]** of receipt/sending of notice under Section 10.11.1, then Theratechnologies shall have the right to defend such Third Party Action. The Party defending such Third Party Action shall have the sole and exclusive right to select counsel for such Third Party Action. If TaiMed is the Controlling Party, TaiMed shall consult with Theratechnologies and take into consideration Theratechnologies' comments and views, and TaiMed shall incorporate and act on such comments and views of Theratechnologies to the extent reasonable in defending against any Third Party Action (or Action) (A) involving (x) any challenge to the validity or enforceability of any TaiMed Patent (including any Joint Patent) and any challenge with respect to any Trademark, and/or (y) any TaiMed Technology, and/or (B) with respect to which TaiMed seeks indemnification from Theratechnologies pursuant to Section 13.1.

10.11.3 **Consultation**. The Party defending a Third Party Action pursuant to Section 10.11.2 shall be the "**Controlling Party**". The Controlling Party shall consult with the non-Controlling Party on all material aspects of the defense. The non-Controlling Party shall have a reasonable opportunity for meaningful participation in decision-making and formulation of defense strategy. The Parties shall reasonably cooperate with each other in all such Third Party Actions. Each Party shall have the right to join a Third Party Action defended by the other Party and to be represented by independent counsel of its own choice, at its own cost and expense.

10.11.4 **Appeal**. In the event that a judgment in a Third Party Action is entered against the Controlling Party and an appeal is available, the Controlling Party shall have the first right, but not the obligation, to file such appeal. In the event the Controlling Party does not desire to file such an appeal, it will promptly, in a reasonable time period (i.e., with sufficient time for the non-Controlling Party to take whatever action may be necessary) prior to the date on which such right to appeal will lapse or otherwise diminish, permit the

non-Controlling Party to pursue such appeal at such non-Controlling Party's own cost and expense. In such case, if requested by the non-Controlling Party, the Controlling Party shall join the appeal as a nominal party and shall provide reasonable cooperation to the non-Controlling Party at the non-Controlling Party's cost and expense.

10.11.5 **Costs of an Action**. Subject to the respective indemnity obligations of the Parties set forth in Article 13, the Controlling Party shall pay all costs and expenses associated with such Third Party Action other than the expenses of the other Party if the other Party elects to join such Third Party Action or is required to join such Third Party Action in order to establish standing. Each Party shall have the right to join a Third Party Action defended by the other Party, at its own expense.

10.11.6 **No Settlement without Consent**. No Controlling Party shall settle or otherwise compromise any Third Party Action from the non-Controlling Party without the non-Controlling Party's written consent (not to be unreasonably withheld, delayed or conditioned); provided that consent shall not be required from either Party for any settlement or compromise for which the settling Party will not seek indemnification from the other Party under this Agreement (provided that neither Party shall settle or otherwise compromise any Third Party Action in a manner that imposes any obligation on the other Party or its Affiliate or that adversely affects or would reasonably be expected to adversely affect the other Party (including by admitting that any TaiMed Patent or Joint New Technology is invalid or unenforceable or in a manner that admits fault or negligence on the part of the other Party or its Affiliate) without the written consent of the other Party, which consent shall not be unreasonably withheld, delayed or conditioned).

ARTICLE 11
CONFIDENTIALITY

11.1 Confidentiality Obligations

Each Party shall, and shall ensure that its Affiliates and its and their officers, directors, employees and agents shall, keep and maintain completely confidential and not publish or otherwise disclose and not use for any purpose except as expressly permitted hereunder any Confidential Information disclosed to it by the other Party pursuant to this Agreement. Information disclosed by a Party hereunder shall not constitute Confidential Information for any purpose under this Agreement to the extent that the receiving Party can demonstrate that such Confidential Information:

11.1.1 Was already known to the receiving Party or its Affiliates, other than under an obligation of confidentiality, at the time of disclosure;

11.1.2 Was generally available to the public or otherwise part of the public domain at the time of its disclosure to the receiving Party;

11.1.3 Became generally available to the public or otherwise part of the public domain after its disclosure and other than through any direct or indirect act or omission of the receiving Party in breach of this Agreement;

11.1.4 Was subsequently lawfully disclosed to the receiving Party or its Affiliates by a Third Party without an obligation of confidentiality other than in contravention of a confidentiality obligation of such Third Party; or

11.1.5 Was developed or discovered by employees, consultants, contractors or agents of the receiving Party or its Affiliates who had no access to the Confidential Information of the disclosing Party.

11.2 Permitted Exceptions

Notwithstanding the above obligations of confidentiality and non-use, a Party may disclose information to the extent that such disclosure is reasonably necessary in connection with:

11.2.1 Prosecuting or defending litigation subject to the terms of Sections 10.10 or 10.11;

11.2.2 Conducting pre-clinical studies or Clinical Trials or other post Marketing Approval research and Development (including safety registries) hereunder;

11.2.3 Seeking Regulatory Approval of the Product hereunder; or

11.2.4 Complying with a judicial order, or applicable Law, including securities Law and the rules or requirements of any securities exchange or market on which a Party's securities are listed or traded and the requirements of any regulatory authority.

In making any disclosures set forth in Sections 11.2.1 through 11.2.4 above, the disclosing Party shall, where reasonably practicable, give such advance notice to the other Party of such disclosure requirement as is reasonable under the circumstances, disclose no more of the other Party's Confidential Information than reasonably necessary and will use its reasonable efforts to cooperate with the other Party in order to secure confidential treatment of such Confidential Information required to be disclosed. In addition, in connection with any permitted filing by either Party of this Agreement with any Governmental Body, the filing Party shall endeavor to obtain confidential treatment of economic, trade secret information and such other information as may be requested by the other Party, subject to applicable Law, and shall provide the other Party with the proposed confidential treatment request with reasonable time for such other Party to provide comments, and shall include in such confidential treatment request all reasonable comments of the other Party. With respect to financial and sales information, either Party may also disclose such information, subject to reasonable obligations of confidentiality, at least as stringent as those set forth herein, to actual and prospective acquirers, investors and other sources of finance (and to their respective advisors, agents and representatives) and actual and prospective permitted assignees.

11.3 Return of Confidential Information

Upon the request of either Party, upon termination or expiration of this Agreement, each Party shall promptly return to the other Party or destroy and certify destruction of all of the other Party's Confidential Information, including all copies, excerpts or summaries thereof, in whatever form or medium, and thereafter shall not make any use of any such Confidential Information of the other Party, in each case except as expressly permitted hereunder; provided that in the event any Confidential Information of a Party, under such Party's prior written consent, has become integrated with other business records of the other Party (the "**Integrated Confidential Information**"), such other Party shall not be obligated to return or destroy the Integrated Confidential Information; provided further that such other Party shall continue to be bound by the confidentiality obligations under this Agreement with respect to any such Integrated Confidential Information that is not so returned or destroyed.

11.4 Scientific Publications

11.4.1 Each party ("**Publisher**") shall provide the other Party with the opportunity to review and comment upon any proposed scientific publications that relate to the Product (a) based on trials or studies sponsored by such Publisher or its Affiliates, and/or (b) with respect to which such Publisher or its Affiliates or employee of same is an author, in each case to the extent that such Publisher has the right to disclose to the other Party as set forth herein, at least **[REDACTED: Time Period]** prior to any disclosure to any Third Party (other than to a Third Party outside the Territories that is bound by obligations of confidentiality) or any intended submission for publication to obtain the other Party' prior written consent (such consent not to be unreasonably withheld, delayed or conditioned). The Publisher shall in good faith take into consideration the comments of the other Party that are reasonable and provided in a timely manner. The requirements of this Section 11.4.1 shall not apply to any information in any scientific publication by the Publisher or its Affiliates to the extent submitted for publication as of or prior to the Execution Date or to the extent a Third Party has publication rights in connection with an agreement set forth on Schedule 11.4.1 or relating solely to products of the Publisher other than a Product, and, for the avoidance of doubt, neither the Publisher nor any of its Affiliates shall have any obligation to seek the other Party's prior written consent, or provide the other Party with an opportunity to review and comment, before making any scientific publication to the extent submitted for publication as of or prior to March 18, 2016 or relating solely to products of the Publisher other than a Product.

11.5 Press Releases and Disclosure

The Parties hereby acknowledge and agree that upon the Execution Date, either Party may issue the press release attached at Schedule 11.4.1 without the consent of the other Party. Neither Party shall make any other press release or public announcements regarding the terms of this Agreement or relating to the Product (including the Development or Commercialization thereof) without the prior written consent of the

other Party; provided that (a) TaiMed shall be permitted to make press releases and public announcements about Product that are being developed for Commercialization, or Commercialized outside the Territories (provided that TaiMed shall provide Theratechnologies with at least one (1) Business Day notice of any press release or public announcement concerning any adverse publicity or other negative news concerning the Product outside the Territories), (b) each Party shall be permitted to disclose the execution, terms and conditions of this Agreement if and to the extent required by (i) judicial order, or (ii) applicable Laws, including securities Laws and the rules or requirements of any securities exchange or market on which such Party's securities are listed or traded and the requirements of any regulatory authority, provided that, with respect to subsections (i) and (ii), the Party seeking disclosure shall provide the other Party with reasonable advance notice of such disclosure (including the text thereof), disclose no more information relating to the terms of this Agreement or the Product than reasonably necessary and shall, to the extent practical, use its reasonable efforts to cooperate with such other Party in seeking confidential treatment of such information, (c) each Party shall have the right to disclose the execution, terms and conditions of this Agreement and information relating to the Product to the extent already disclosed by either Party pursuant to and in accordance with this Article 11 in connection with any investor calls or presentations (or other similar types of disclosures) in connection with disclosures about such Party's business and (d) each Party shall have the right to disclose information to its attorneys, accountants and other professional advisors who are under an obligation to keep such information confidential.

ARTICLE 12
REPRESENTATIONS AND WARRANTIES

12.1 Representations and Warranties

Each Party represents and warrants to the other Party that, as of the Execution Date:

12.1.1 It is duly organized and validly existing under the Laws of the jurisdiction of its incorporation or organization;

12.1.2 It has taken all action required by Law, its articles of incorporation, by-laws or other organizational documents, or any agreement to which it is a party or to which it may be subject, and all other action necessary to authorize and approve the execution and delivery of this Agreement and the performance of its obligations under this Agreement (other than obtaining any Regulatory Approvals relating to the manufacture, use, importation, marketing or sale of the Antibody or the Product);

12.1.3 This Agreement is a legal and valid obligation of the Party, binding upon the Party, and enforceable against the Party in accordance with the terms of this Agreement, except as enforcement may be limited by applicable bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally and by general equitable principles (regardless whether such enforceability is considered in a proceeding in equity or at law). Neither the execution and delivery of this

Agreement nor the performance hereof by the Party shall conflict with, breach or create in any Third Party the right to accelerate, terminate, rescind, renegotiate or modify any agreement or instrument to which such Party is a party or by which such Party is bound relating to the transactions contemplated by this Agreement, except for those breaches or rights that would not adversely affect the ability of the Party to perform its obligations under this Agreement, and does not and shall not violate any Law or any order of any court or any Governmental Body having authority over such Party, except for such violations that would not have an adverse effect on the ability of such Party to perform its obligations under this Agreement;

12.1.4 There is no action, claim, demand, suit, proceeding, arbitration, grievance, citation, summons or subpoena served upon the Party and the Party has not received any written notice of any ongoing inquiry, investigation or threat of any nature, civil, criminal, regulatory or otherwise, in law or in equity, relating to the transactions contemplated by this Agreement, except for any of the foregoing that would not adversely affect the ability of the Party to perform its obligations under this Agreement; and

12.1.5 It has all right, power and authority to enter into this Agreement, to perform its obligations and grant rights under this Agreement.

12.2 TaiMed Representations and Warranties

TaiMed represents and warrants to Theratechnologies that, as of the Execution Date unless indicated otherwise:

12.2.1 Except as set forth in Schedule 12.2.1, TaiMed owns the TaiMed Technology that covers or is used in connection with the Product in the Territories, free and clear of all liens, charges and encumbrances, and TaiMed has not prior to March 18, 2016 licensed, assigned, transferred or otherwise conveyed any right, title or interest in and to the TaiMed Technology that cover or are used in connection with the Product to any Third Party in the Territories and no other person, corporate or other private entity or Governmental Body has or shall have any claim of ownership whatsoever with respect to the TaiMed Technology;

12.2.2 The agreements listed in Schedule 12.2.1 represent all the material agreements TaiMed has entered into that may affect Theratechnologies' exercise of the rights granted under this Agreement;

12.2.3 TaiMed and its Affiliates are in compliance, and it shall comply, and shall cause its Affiliates to comply, in all material respects, with all agreements listed in Schedule 12.2.1;

12.2.4 TaiMed and its Affiliates shall not, during the Term, amend any agreement listed in Schedule 12.2.1 in any manner that adversely affects the rights granted to Theratechnologies hereunder or Theratechnologies' ability to materially perform its obligations hereunder;

12.2.5 TaiMed and its Affiliates shall not, during the Term, do or fail to do any acts, which cause to be terminated or result in the termination of any agreements listed in Schedule 12.2.1 or result in the loss of any rights under any such agreements, which would adversely affect the rights granted to Theratechnologies hereunder or Theratechnologies' ability to materially perform its obligations hereunder;

12.2.6 TaiMed and its Affiliates shall not, during the Term, assign, convey or grant to a Third Party any right, title or interest in the TaiMed Technology that would adversely affect the rights granted to Theratechnologies hereunder or Theratechnologies' ability to materially perform its obligations hereunder;

12.2.7 No claims have been asserted or threatened in writing by a Third Party against TaiMed: (a) challenging the validity, enforceability or ownership of the TaiMed Technology that cover or are used in connection with the Product; and/or (b) alleging that the use, reproduction, modification, manufacturing, distribution, licensing, sublicensing, sale or any other exercise of rights under any TaiMed Technology, that cover or are used in connection with the Product infringes or will infringe any intellectual property right of such Third Party;

12.2.8 There is no unauthorized use, infringement or misappropriation of any of the TaiMed Technology that cover or are used in connection with the Product by any employee or former employee of TaiMed, or by any Third Party in the Territories;

12.2.9 No Third Party has filed against TaiMed, or threatened in writing to TaiMed to file any claim, lawsuit, complaint or other action alleging that any TaiMed Technology that cover or are used in connection with the Product in the Territories is invalid or unenforceable;

12.2.10 To the Knowledge of TaiMed, the exercise of any right granted to Theratechnologies herein does not and shall not infringe or result in the infringement of any intellectual property rights of any Third Party;

12.2.11 TaiMed has the full right to provide the TaiMed Materials to Theratechnologies pursuant to this Agreement, and, to the Knowledge of TaiMed, neither Theratechnologies' use of the TaiMed Materials as contemplated by this Agreement nor such provision of such TaiMed Materials will infringe the intellectual property rights of any Third Party in the Territories with respect to the Product;

12.2.12 All employees of TaiMed who have performed any activities on its behalf in connection with research and development regarding the Antibody have assigned to TaiMed the whole of their rights in any intellectual property made, discovered or developed by them within the scope of their employment as a result of such research;

12.2.13 To the Knowledge of TaiMed, while this Agreement is in effect no Third Party licenses will be necessary to make, have made, use, offer for sale or sell the Product in the Territories;

12.2.14 (i) TaiMed is a corporation having net assets of at least CDN$5,000,000 as shown on its most recently prepared financial statements, is acting as principal for its own account and is not an entity created or being used solely to purchase or hold securities, and (ii) the issuance and distribution of the Consideration Shares to TaiMed is lawful in its jurisdiction of residence and will not require the filing of any prospectus or registration statement or otherwise trigger any disclosure or filing requirement in such jurisdiction;

12.2.15 TaiMed is a non-resident of Canada for Canadian income tax and sales tax purposes, does not carry on business in Canada, does not have a permanent establishment in Canada for Canadian income tax and sales tax purposes and is not registered or required to be registered for Canadian sales tax purposes;

12.2.16 TaiMed is a resident of the territory over which the Taxation Administration, Ministry of Finance, Taiwan exercises jurisdiction, for purposes of the Arrangement Between the Canadian Trade Office in Taipei and the Taipei Economic and Cultural Office in Canada for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**Arrangement**"),

12.2.17 TaiMed is not aware of any fact that may have an adverse effect on the exercise by Theratechnologies of any of its rights set forth herein.

ARTICLE 13
INDEMNIFICATION AND INSURANCE

13.1 Indemnification by Theratechnologies

Theratechnologies shall indemnify, defend and hold TaiMed and its Affiliates and each of their respective employees, officers, directors and agents (the "**TaiMed Indemnitees**") harmless from and against any and all liabilities, obligations, claims, demands, judgments, losses, costs, damages, expenses, fines, royalties, governmental penalties or punitive damages, interest, settlement amounts, awards and judgments (including reasonable attorneys' fees and expenses) (collectively, "**Losses**"), arising out of any Third Party claim or suit related to: (a) the gross negligence or willful misconduct of any Theratechnologies Indemnitee or any Designee; (b) the advertising, marketing, promotion, distribution, storage, handling, use, sale or offer for sale of or any other Commercialization activity in connection with the Product by or on behalf of any Theratechnologies Indemnitee; and/or (c) the misrepresentation or breach by Theratechnologies of its representations, warranties and covenants set forth in this Agreement and any breach by any Sublicensee of the terms or conditions of any sublicense agreement; provided that Theratechnologies' obligations pursuant to this Section 13.1 shall not apply to the extent that such Losses are the subject of TaiMed's indemnification obligation under Section 13.2.

13.2 Indemnification by TaiMed

TaiMed shall indemnify, defend and hold Theratechnologies and its Affiliates and Designees and each of their respective agents, employees, officers and directors (the "**Theratechnologies Indemnitees**", and together with TaiMed Indemnitees, the "**Indemnitees**") harmless from and against any and all Losses to the extent arising out of Third Party claims or suits related to: (a) the failure of the Product manufactured for and supplied to Theratechnologies by or on behalf of TaiMed pursuant to Article 6 to comply with applicable Laws in the Territories, cGMP requirements in the Territories and the applicable specifications for such Product in the Territories upon delivery in accordance with the delivery terms set forth in Article 6; (b) the gross negligence or willful misconduct of any TaiMed Indemnitee or any Manufacturing Designee; (c) any personal injury, death, risk of personal injury and/or Product Liability arising out of or related to the use of the Product as per applicable Law in the Territories; (d) any infringement or misappropriation, or alleged infringement or misappropriation, of any intellectual property rights of a Third Party in the Territories resulting from the manufacture, use or offer for sale or sale or Commercialization in the Territories of the Product; and (e) the misrepresentation or breach by TaiMed of its representations, warranties and covenants set forth in this Agreement and any breach by any Manufacturing Designee of the terms or conditions of any manufacturing agreement; provided that TaiMed's obligations pursuant to this Section 13.2 shall not apply to the extent that such Losses are the subject of Theratechnologies' indemnification obligation under Section 13.1.

13.3 NO CONSEQUENTIAL DAMAGES

IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATES BE LIABLE TO THE OTHER PARTY OR ANY OF ITS AFFILIATES FOR SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, WHETHER IN CONTRACT, WARRANTY, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY BREACH HEREOF, EXCEPT TO THE EXTENT THAT ANY SUCH DAMAGES (A) ARE PAYABLE TO A THIRD PARTY AS PART OF A THIRD PARTY CLAIM PURSUANT TO ANY INDEMNITY SET FORTH IN SECTION 13.1 OR SECTION 13.2, OR (B) ARISE OUT OF OR RELATE TO A BREACH BY EITHER PARTY OF ITS CONFIDENTIALITY OBLIGATIONS SET FORTH IN Article 11 OF THIS AGREEMENT.

13.4 Notification of Claims; Conditions to Indemnification Obligations

As a condition to an Indemnitee's right to receive indemnification under this Article 13, it shall: (a) promptly notify the indemnifying Party as soon as it becomes aware of a claim or suit for which indemnification may be sought pursuant hereto, provided that any failure to so notify the indemnifying Party will not relieve the indemnifying Party from any liability that it may have to the indemnified Party under this Article 13 with respect

to such claim or suit, except to the extent that the ability of the indemnifying Party to defend such claim or suit is materially prejudiced by the indemnified Party's failure to give such notice; (b) reasonably cooperate, and cause the individual Indemnitees to reasonably cooperate, with the indemnifying Party in the defense, settlement or compromise of such claim or suit; and (c) except as set forth in Section 10.10 with respect to Actions and Section 10.11 with respect to Third Party Actions, permit the indemnifying Party to control the defense, settlement or compromise of such claim or suit, including the right to select defense counsel, provided that, subject to Section 10.10 with respect to Actions and Section 10.11 with respect to Third Party Actions, in the case of any such claim or suit related to the Product that has obtained Marketing Approval, Theratechnologies shall have the sole authority to control the defense of such claim or suit in accordance with Sections 10.10 and 10.11. The party controlling any claim or suit pursuant to this Section 13.4 shall consult with the other Party on all material aspects of such claim or suit. The non-controlling Party shall have a reasonable opportunity for meaningful participation in decision-making and formulation of defense strategy. The Parties shall reasonably cooperate with each other in all such claims and suits. In no event, however, may a Party settle or otherwise compromise any claim or suit (A) in a manner that imposes any obligation on the other Party or its Affiliate or that adversely affects or would reasonably be expected to adversely affect the other Party (including by admitting that any TaiMed Patent or Joint New Technology is invalid or unenforceable or in a manner that admits fault or negligence on the part of any Indemnitee) without the prior written consent of the Indemnitee, which consent shall not be unreasonably withheld, delayed or conditioned, or (B) for which indemnification may be sought pursuant hereto without the other Party's prior written consent (such consent not to be unreasonably withheld, delayed or conditioned).

13.5 Insurance

During the Term, each Party shall obtain and maintain, at its sole cost and expense, comprehensive general liability insurance (written on an occurrence basis and including any self-insured arrangements) covering bodily injury (including death) and property damage, and including coverage for product liability in amounts that are reasonable and customary in the United States or, with respect to Theratechnologies, Canada and Europe, in the pharmaceutical and biotechnology industry for companies engaged in comparable activities. It is understood and agreed that this insurance shall not be construed to limit either Party's liability with respect to its indemnification obligations hereunder. Each Party will provide to the other Party upon request a certificate evidencing the insurance such Party is required to obtain and keep in force under this Section 13.5. Such certificate will provide that such insurance will not expire or be cancelled or modified without at least **[REDACTED: Time Period]** prior notice to the other Party. Upon expiration or termination of this Agreement, after the Commercialization of the Product, each Party shall maintain the insurance such Party is required to obtain and keep in force under this Section 13.5 in full force and effect for a period of **[REDACTED: Time Period]**.

ARTICLE 14
TERM AND TERMINATION

14.1 Term and Expiration

The term of this Agreement (the "**Term**") shall be deemed to have commenced on March 18, 2016, and, unless earlier terminated as provided in this Article 14 (the date of any such termination, the "**Termination Date**"), shall continue in full force and effect, on a Country-by-Country basis until the twelfth (12th) anniversary date of the Marketing Approval of a Product in each Country.

14.2 Termination of the Agreement by TaiMed or Theratechnologies for specific events

14.2.1 Theratechnologies shall have the right to terminate this Agreement for a Country or the Territories with respect to the Product which is withdrawn from the market by a Competent Governmental Body of such Country or Territories upon **[REDACTED: Time Period]** prior written notice to TaiMed.

14.2.2 Theratechnologies shall have the right to terminate this Agreement in its entirety or with respect to the Product with respect to a Country or the Territories, upon **[REDACTED: Time Period]** prior written notice to TaiMed if the Product is deleted from the list of reimbursable Product of a Country or Territories or if the Commercialization of the Product in a Country or the Territories is not economically feasible for Theratechnologies.

14.2.3 TaiMed shall have the right to terminate this Agreement in its entirety or with respect to the Product with respect to a Country or the Territories, upon **[REDACTED: Time Period]** prior written notice to Theratechnologies if Theratechnologies fails to meet the requirement set forth in Section 5.5, subject to the other conditions set forth therein.

14.3 Termination upon Material Breach

14.3.1 If a Party breaches any of its material obligations under the Agreement (other than with respect to any payments due hereunder which shall be governed by Section 14.3.2), the Party not in default may deliver to the breaching Party a written notice specifying the nature of the default, requiring it to cure such breach, and stating its intention to terminate this Agreement if such breach is not cured within **[REDACTED: Time Period]**. If such breach is not cured within **[REDACTED: Time Period]** after the receipt of such notice, the Party not in default shall be entitled to terminate this Agreement, effective immediately upon written notice to the other Party.

14.3.2 If a Party breaches any of its obligations with respect to any payments under the Agreement (other than with respect to any amount that is the subject of a good faith dispute between the Parties (provided that all amounts not in dispute have been paid in full)), the Party not in default may deliver to the breaching Party (with a copy to the breaching Party's Chief Financial Officer at the address set forth in Section 16.11) (a) a written notice specifying the amount of the payment on which the breaching Party is in default (including any interest due pursuant to Section 9.3) and requiring it to cure such breach within **[REDACTED: Time Period]**, and (b) if such breach is not cured within such **[REDACTED: Time Period]**, a second notice stating its intention to terminate this Agreement if such breach is not cured within **[REDACTED: Time Period]** after receipt of such second notice. If such breach is not cured within **[REDACTED: Time Period]** after the receipt of such second notice, the Party not in default shall be entitled to terminate this Agreement, effective immediately upon written notice to the other Party; provided that such notice is given within **[REDACTED: Time Period]** of the expiration of the **[REDACTED: Time Period]** (provided that such breach remains uncured at the time of the receipt of such written notice of termination by the defaulting Party).

14.3.3 Any dispute regarding an alleged material breach of this Agreement shall be resolved in accordance with Article 15 hereof.

14.4 Effects of Termination

14.4.1 **Survival**.

(a) The following Articles and Sections of this Agreement shall survive the expiration or termination of this Agreement for any reason: Section 9.1, Section 9.2, Section 9.4, Section 9.5, Section 10.4, Section 10.7, Section 10.8, Section 11.1, Section 11.2, Section 11.3, Article 13, Section 14.4, Section 14.5, , Section 16.1, Section 16.8, Section 16.9, Section 16.10, Section 16.11, Section 16.12, Section 16.13, Section 16.14 and Article 1 to the extent that any defined terms in Article 1 are used in the foregoing Sections and Articles.

(b) Termination of this Agreement shall not relieve the Parties of any liability that accrued hereunder prior to the effective date of such termination. In addition, termination of this Agreement shall not preclude either Party from pursuing all rights and remedies it may have hereunder or at Law or in equity with respect to any breach of this Agreement nor prejudice either Party's right to obtain performance of any obligation.

14.4.2 **Licenses**.

(a) Upon termination of this Agreement hereunder by either Party whether in whole or in part, with respect to the Product for a Country or the Territories (provided that if this Agreement is terminated in part, with respect to the Product for a Country or the Territories, then the following provisions shall only apply with respect to such Product and such Country or the Territories):

(i) Theratechnologies shall (and if applicable, shall cause its Affiliates and Sublicensees to) promptly after such termination, but in no event later than **[REDACTED: Time Period]** thereafter, assign, convey and transfer to TaiMed (or its Designee), for no consideration, all of Theratechnologies' right, title and interest in and to (i) all Regulatory Filings and Regulatory Approvals (including all BLAs, as applicable, and all related data), all data and databases relating to Adverse Events and Serious Adverse Events and post Marketing Approval safety registries prepared or obtained by or on behalf of Theratechnologies prior to the date of such termination, to the extent relating solely to the applicable Product(s) and Terminated Country(ies) that are subject to such termination (the "**Terminated Product**" and "**Terminated Country(ies)**") and expressly excluding any Theratechnologies Sole New Technology, (ii) all regulatory correspondence Controlled by Theratechnologies' or any of its Affiliate's or Designee's, to the extent relating solely to the Terminated Product(s) and Terminated Country(ies), and if applicable, to transfer and transition to TaiMed (or its designee), if and as may be reasonably requested by TaiMed, the conduct of any ongoing Phase IV Trials and other post-Marketing Approval research and Development in a manner and within such timing as mutually agreed upon by the Parties so as to not disrupt such Clinical Trials, except that, with respect to each of the foregoing subsections (i) and (ii), Theratechnologies may retain copies of such information, data, reports, records, regulatory correspondence and other materials as may be necessary for Theratechnologies to comply with applicable Law, and (iii) cooperate and assist TaiMed at TaiMed's cost and expense (to the extent that TaiMed pre-approves such costs and expenses) in taking such actions and making such filings with the relevant Governmental Bodies as necessary to effect such assignments and transfers;

(ii) Theratechnologies shall assign (and if applicable, shall cause its Affiliates to assign), for no consideration, to TaiMed all right, title and interest in and to the Internet domain name registrations for the Thera Product Website for the Terminated Product(s) and Terminated Country(ies) at TaiMed's cost and expense and shall cease operation of such Thera Product Website;

(iii) TaiMed shall not (and shall ensure its Affiliates and Designees do not) make any press release or public announcements (whether written or oral or in any other form or medium) about any Terminated Product and Terminated Country(ies), except to the extent permitted under Section 11.4.1;

(iv) Theratechnologies shall, upon written request by TaiMed, either return or destroy all relevant records and materials in Theratechnologies' or its Affiliates' possession or Control containing or comprising any TaiMed Know-How, TaiMed Materials or any other TaiMed Technology or a tangible embodiment thereof (in whatever form or medium), or such other Confidential Information of TaiMed, in each case solely related to the Terminated Product and Terminated Country(ies); provided that Theratechnologies shall not be obligated to return or destroy any Integrated Confidential Information that has become integrated with other business records of Theratechnologies or its Affiliates or Designees; provided further that Theratechnologies shall continue to be bound by the confidentiality obligations under this Agreement with respect to any such Integrated Confidential Information that is not so returned or destroyed;

(v) TaiMed has the right to purchase from Theratechnologies the Terminated Product it has in inventory at the Transfer Price of the Product plus applicable taxes, unless otherwise agreed between TaiMed and Theratechnologies;

Each Party shall bear its cost and expense incurred in connection with or arising out of the assignment, transfer and conveyance in accordance with Sections 14.4.2(a)(i) and 14.4.2(a)(ii), provided that, if this Agreement is terminated by Theratechnologies as a result of a breach by TaiMed of its obligations herein, TaiMed shall reimburse Theratechnologies for all cost and expense incurred in connection with or arising out of the assignment, transfer and conveyance in accordance with Sections 14.4.2(a)(i) and 14.4.2(a)(ii).

(b) Upon termination of this Agreement hereunder by either Party whether in whole or in part, with respect to the Product and Country or the Territories, each Sublicensee shall continue to have the rights and license set forth in its sublicense agreements for a period of **[REDACTED: Time Period]** following the termination of this Agreement, but such sublicense agreement shall thereafter automatically and immediately terminate unless TaiMed agrees in writing to assume such sublicense agreement (and if TaiMed agrees to such assignment, then Theratechnologies shall promptly assign to TaiMed, and TaiMed shall assume, such sublicense agreement).

14.5 No Public Statements

The Parties agree that if this Agreement is terminated, neither Party shall disclose to any Third Party any reason for not proceeding without the express written consent of the other Party, and the Parties shall agree on statements for public disclosure, such agreement not to be unreasonably withheld or delayed. Notwithstanding the foregoing, each Party shall be permitted to make such disclosures if and to the extent required by (a) judicial order, or (b) applicable Laws, including any rules or requirements under any stock exchange on which such Party is listed or may be listed or by any regulatory authorities, provided that, with respect to subsections (a) and (b), the Party seeking disclosure shall provide the other Party with advance notice and shall to the extent practical and requested by the other Party, cooperate with such other Party in seeking confidential treatment of such information.

14.6 Fair Market Value of the Agreement

If TaiMed elects to terminate the Agreement, or to terminate the rights of Theratechnologies with respect to the North American Territory or the European Territory, in accordance with Section 14.2.3, TaiMed shall, in addition to all other obligations of the Parties set forth in Section 14.4 and Section 14.5, pay to Theratechnologies an amount equal to the fair market value as of the effective date of termination of its rights in this Agreement, in the North American Territory or the European Territory on the day preceding the effective date of termination (the "**Fair Market Value of the Agreement**") plus applicable taxes, if any. The Fair Market Value of the Agreement, the North American Territory and the European Territory, shall be determined by a valuator who is a partner in New York, United States, of any of Deloitte LLP, KPMG LLP, Richter LLP, Ernst & Young LLP or PricewaterhouseCoopers LLP and who is a member of the Canadian Institute of Chartered Business Valuators, provided, however, that the auditors of Theratechnologies and TaiMed shall be excluded from serving as the Valuator. The Valuator shall be chosen by Theratechnologies and TaiMed within **[REDACTED: Time Period]** following the effective date of termination of this Agreement, or the rights of Theratechnologies with respect to the North American Territory or the European Territory, in accordance with Section 14.2.3. Failing such an agreement, each Party shall choose a valuator in accordance with the foregoing criteria and the Valuator shall be appointed pursuant to a draw between those valuators. The Parties agree to equally share the fees and expenses of the Valuator. The Valuator shall be instructed to render its determination of the Fair Market Value of the Agreement, or the rights of Theratechnologies with respect to the North American Territory or the European Territory, within **[REDACTED: Time Period]** following its appointment by Theratechnologies and TaiMed. The decision regarding the Fair Market Value of the Agreement of the Valuator shall be issued, in writing, and a copy thereof, and shall be delivered by the Valuator to Theratechnologies and TaiMed. The determination of the Fair Market Value of the Agreement or of the rights of Theratechnologies with respect to the North American Territory or the European Territory, as the case may be, by the Valuator shall be final and without appeal and binding upon all the Parties to this Agreement, same in case of manifest error. The Fair Market Value of the Agreement or of the rights of Theratechnologies with respect to the North American Territory or the

European Territory, as the case may be, shall be paid by TaiMed to Theratechnologies within **[REDACTED: Time Period]** from the determination of the Fair Market Value of the Agreement or of the rights of Theratechnologies with respect to the North American Territory or the European Territory, as the case may be, by the Valuator, plus interest at the **[REDACTED: Percentage]** from the effective date of termination up to the payment of the Fair Market Value of the Agreement or of the rights of Theratechnologies with respect to the North American Territory or the European Territory, as the case may be, by TaiMed to Theratechnologies.

ARTICLE 15
DISPUTE RESOLUTION

15.1 Disputes

The Parties recognize that disputes as to certain matters may from time to time arise during the Term which relate to either Party's rights and/or obligations hereunder. It is the objective of the Parties to establish procedures to facilitate the resolution of disputes arising under this Agreement in an expedient manner by mutual cooperation and without resort to litigation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Article 15 if and when a dispute arises under this Agreement.

15.2 Escalation to Executive Officers

Either Party may, by written notice to the other Party, request that a dispute arising between the Parties in connection with the Development, Regulatory Activities or Commercialization of the Product be referred to the Chief Executive Officer of Theratechnologies (or an executive of Theratechnologies designated by the Chief Executive Officer) and the Chief Executive Officer of TaiMed (or an executive of TaiMed designated by the Chief Executive Officer) (the "**Executive Officers**") for resolution. The Executive Officers shall meet within ten (10) days of such other Party's receipt of written notice of such dispute. If the Executive Officers cannot resolve such dispute within thirty (30) days of written notice of such dispute, then, at any time after such thirty (30)-day period, either Party may bring the dispute to arbitration as provided in Section 15.3. Each Party shall bear the cost of its own attorneys' fees and its own costs and expenses (including, without limiting, any expert fees and expenses) associated with dispute resolution by the Executive Officers and any arbitration. Either Party may proceed to enforce any and all of its rights with respect to such dispute. Notwithstanding the foregoing, nothing in this Sections 15.2 and in Section 15.3 shall be construed as precluding a Party from bringing an action for injunctive relief or other equitable relief prior to the initiation or completion of the above procedure.

15.3 Arbitration

All disputes or controversies arising out of, in connection with or related to the present Agreement and this Article 15 shall be submitted to the International Court of Arbitration of the International Chamber of Commerce and shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three (3) arbitrators appointed in accordance with the said Rules. For greater certainty, but without limiting, the Arbitral

Tribunal shall decide, *inter alia*, all issues of jurisdiction, if any, and all other issues, including all issues of merits and all measures. The seat, or legal place, of arbitration shall be the city of New York, in New York, United States. The language to be used in arbitral proceedings shall be English. The arbitration shall be confidential. No punitive damages may be awarded. All amounts awarded shall be in US Dollars.

ARTICLE 16
MISCELLANEOUS PROVISIONS

16.1 Relationship of the Parties

Nothing in this Agreement is intended or shall be deemed to constitute a partnership, agency, joint venture or employer-employee relationship between the Parties.

16.2 Assignment

16.2.1 Either Party may assign or otherwise transfer this Agreement in its entirety to (a) any Affiliate of such Party, provided that any such assignment or other transfer to an Affiliate shall not relieve the Party of any of its obligations under this Agreement, (b) any Third Party in connection with a Change of Control or sales of all or substantially all of the business or division of the Party in which this Agreement is part, and (c) any Third Party with the prior written consent of the other Party, which consent shall not be unreasonably withheld, delayed or conditioned. Neither Party shall have the right to assign this Agreement in part. Notwithstanding the foregoing, neither Party shall have the right to assign, delegate or sublicense this Agreement, in whole or in part, to any Person identified as an "excluded person" on the United States Health and Human Services Office of Inspector General and Government Services Administration Websites for excluded persons. For greater certainty, this Section 16.2.1 does not limit the right of the Parties set forth in Section 16.3.

16.2.2 This Agreement shall be binding upon the successors and permitted assigns of the Parties.

16.2.3 Any assignment not in accordance with Section 16.2.1 shall be void.

16.3 Performance by the Parties

Subject to the rights of Theratechnologies set forth in Article 6, each Party shall have the right to have any of its obligations hereunder performed, or its rights hereunder exercised, by, any of its Affiliates or designee of its choice (including a Sublicensee) (the "**Designee**") and the performance of such obligations by any such Affiliate(s) or Designee shall be deemed to be performance by the Party; provided that any such delegation by a Party to any of its Affiliates or Designee shall not relieve the delegating Party of any of its obligations under this Agreement and the delegating Party shall ensure the performance of its obligations under this Agreement in accordance with the terms and conditions of this Agreement and that any failure of any Affiliate performing any

obligations of the delegating Party hereunder shall be deemed to be a failure by the delegating Party to perform such obligations. Each Party and any of its Affiliates or Designee performing any of the Party's obligations or receiving any benefits under this Agreement shall be responsible for all acts or omissions of the Party or its Affiliates' Designees, directors, officers, employees, contractors or consultants. Each Party and any such Affiliate (for greater certainty excluding any Designee which is not one of its Affiliates) shall be jointly and severally liable hereunder, and each Party shall have the right to enforce the terms of this Agreement against any such Affiliate of the other Party as if it were a Party. In the event an Affiliate of Theratechnologies ceases to be an Affiliate of Theratechnologies, any engagement with such Affiliate with respect to this Agreement shall automatically and immediately terminate. Furthermore, for any Designee that is not an Affiliate of Theratechnologies to perform obligations of Theratechnologies hereunder, prior written consent of TaiMed shall be required (such approval not to be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing, TaiMed acknowledges and agrees that Theratechnologies may subcontract or outsource, in whole or in part, any of its obligations under this Agreement to any Person listed on Schedule 16.3 hereto (as such Schedule may be updated by the mutual written consent of the Parties from time to time).

16.4 Compliance with Laws

Each of TaiMed and Theratechnologies shall conduct, and shall use Commercially Reasonable Efforts to cause its Affiliates and Designees and its and its Affiliates' and Designees' employees, contractors and consultants to conduct, all activities contemplated under this Agreement in accordance with all applicable Laws.

16.5 Further Actions

Each Party agrees to execute, acknowledge and deliver such further instruments and to do all such other acts as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

16.6 Accounting Procedures

All monetary amounts expressed in this Agreement are expressed in U.S. dollars. Each Party shall calculate all amounts hereunder and perform other accounting procedures required hereunder and applicable to it in accordance with the conventions, rules and procedures promulgated by the International Accounting Standards Committee (International Accounting Standards).

16.7 Force Majeure

Neither Party shall be liable to the other for failure or delay in the performance of any of its obligations under this Agreement for the time and to the extent such failure or delay is caused by acts of God, earthquake, riot, civil commotion, terrorism (or the threat thereof), war, strikes or other labor disputes, fire, flood, failure or delay of transportation, default by suppliers or unavailability of raw materials, governmental acts or restrictions or any other reason which is beyond the control of the respective Party. If any Manufacturing

Designee is affected by any force majeure event, it shall be deemed to be a force majeure of TaiMed as well, and if any Designee is affected by any force majeure event, it shall be deemed to be a force majeure of Theratechnologies as well. The Party affected by force majeure shall provide the other Party with full particulars thereof as soon as it becomes aware of the same (including its best estimate of the likely extent and duration of the interference with its activities), and will use Commercially Reasonable Efforts to overcome the difficulties created thereby and to resume performance of its obligations hereunder as soon as practicable.

16.8 Entire Agreement of the Parties; Amendments

This Agreement and the schedules and exhibits hereto constitute and contain the entire understanding and agreement of the Parties respecting the subject matter hereof and cancel and supersede any and all prior negotiations, correspondence, understandings and agreements between the Parties, whether oral or written, regarding such subject matter, including the Distribution and Marketing Agreement dated as of March 18, 2016 and entered into between the Parties. No waiver, modification or amendment of any provision of this Agreement shall be valid or effective unless made in a writing referencing this Agreement and signed by a duly authorized officer of each Party.

16.9 Construction

Except where expressly stated otherwise in this Agreement, the following rules of interpretation apply to this Agreement: (a) “include,” “includes” and “including” are not limiting and shall be deemed to be followed by “without limitation”; (b) definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms; (c) references to an agreement, statute or instrument mean such agreement, statute or instrument as from time to time amended, modified or supplemented; (d) references to a Person are also to its permitted successors and assigns; (e) captions and other headings to this Agreement are for convenience only, and shall have no force or effect in construing or interpreting any of the provisions of this Agreement or any other legal effect; (f) references to “Parties”, “Article”, “Section”, “Exhibit” or “Schedule” refer to the Parties to, an Article or Section of, or any Exhibit or Schedule to, this Agreement unless otherwise indicated; (g) the word “will” shall be construed to have the same meaning and effect as the word “shall” and vice versa; and (h) the word “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or”.

16.10 Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of New York, excluding application of any conflict of laws principles that would permit or require application of the Law of a jurisdiction outside of New York and will be subject to the exclusive jurisdiction of the courts of competent jurisdiction located in New York. The Convention for the International Sale of Goods shall not apply to this Agreement and is hereby expressly disclaimed.

16.11 Notices and Deliveries

All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the Party to be notified, (b) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient, and if not during normal business hours of the recipient, then on the next Business Day, (c) five (5) calendar days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) three (3) Business Days after deposit with a nationally recognized overnight courier, with written verification of receipt. All communications shall be sent to the Parties at the following addresses:

(i) if to Theratechnologies, to:

Theratechnologies Inc.
2015 Peel, 5th Floor
Montréal, Québec, Canada H3A 1T8
Attention: **[REDACTED: Name]**
Facsimile: **[REDACTED: Fax Number]**

with a copy to:

Theratechnologies Inc.
2015 Peel, 5th Floor
Montréal, Québec, Canada H3A 1T8
Attention: **[REDACTED: Name]**
Facsimile: **[REDACTED: Fax Number]**

(ii) if to TaiMed, to:

TaiMed Biologics Inc.
3F., No. 607, Ruiguang Rd.
Neihu District Taipei City 11492, Taiwan
Attention: **[REDACTED: Name]**
Facsimile: **[REDACTED: Fax Number]**

with a copy to:

TaiMed Biologics Inc.
2 Executive Circle
Irvine, CA 92614 USA
Attention: **[REDACTED: Time Period]**
Facsimile: **[REDACTED: Fax Number]**

or to such other address as the addressee shall have last furnished in writing in accordance with this provision to the addressor.

16.12 Waiver

A waiver by either Party of any of the terms and conditions of this Agreement in any instance shall not be deemed or construed to be a waiver of such term or condition for the future, or of any other term or condition hereof. All rights, remedies, undertakings, obligations and agreements contained in this Agreement shall be cumulative and none of them shall be in limitation of any other remedy, right, undertaking, obligation or agreement of either Party.

16.13 Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid to the fullest extent permitted under applicable Law, but if one or more provisions of this Agreement are held to be unenforceable or invalid under or in contravention of applicable Law by any court of competent jurisdiction, such provision shall be interpreted to the fullest extent permitted by applicable Law, and the Parties shall negotiate in good faith to replace such provision with a provision which effects to the fullest extent possible the original intent of such provision.

16.14 Counterparts

This Agreement may be executed in one or more counterparts, each of which will be deemed an original, and all of which together will be deemed to be one and the same instrument. A facsimile copy of this Agreement, including the signature pages, will be deemed an original.

[Remainder of this page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their respective duly authorized officers as of the day and year first above written, each copy of which shall for all purposes be deemed to be an original.

THERATECHNOLOGIES INC.

By: *(Signed) Luc Tanguay*
Name: Luc Tanguay
Title: President and Chief Executive Officer

TAIMED BIOLOGICS INC.

By: *(Signed) James N. Chang*
Name: James N. Chang
Title: President and Chief Executive Officer

LIST OF SCHEDULES

1.	Schedule 1.5	–	Molecular formula of the Antibody
2.	Schedule 1.30	–	Controlled
3.	Schedule 3.9.3	–	Adjustment to the Consideration related to the Third Commercial Milestone Payment
4.	Schedule 5.1.1	–	List of Countries
5.	Schedule 6.1	–	Manufacturing Designees
6.	Schedule 8.4.3	–	Calculation of Third Commercial Milestone Payment
7.	Schedule 11.4.1	–	Scientific Publications
8.	Schedule 11.4.1	–	Press Release
9.	Schedule 12.2.1	–	TaiMed Representations and Warranties
10.	Schedule 16.3	–	Theratechnologies’ authorized Designees

SCHEDULE 1.5

MOLECULAR FORMULA OF THE ANTIBODY

[REDACTED: Molecular Formula]

SCHEDULE 1.30

CONTROLLED

[REDACTED: List of Controlled Information]

SCHEDULE 3.9.3

ADJUSTMENT TO THE CONSIDERATION RELATED TO THE THIRD COMMERCIAL MILESTONE PAYMENT

[No Information Available.]

SCHEDULE 5.1.1

LIST OF COUNTRIES

[REDACTED: List of Countries]

SCHEDULE 6.1

MANUFACTURING DESIGNEES

WuXi Apptec

SCHEDULE 8.4.3

CALCULATION OF THIRD COMMERCIAL MILESTONE PAYMENT

[REDACTED: Calculation]

SCHEDULE 11.4.1

SCIENTIFIC PUBLICATIONS

[REDACTED: List of Scientific Publications]

SCHEDULE 11.4.1

PRESS RELEASE

News Release

THERATECHNOLOGIES ACQUIRES COMMERCIAL RIGHTS TO IBALIZUMAB IN THE EUROPEAN UNION AND FOUR ADDITIONAL TERRITORIES

Montreal, Canada – March 6, 2017 – Theratechnologies Inc. (Theratechnologies) (TSX: TH) is pleased to announce that it has reached an agreement with TaiMed Biologics, Inc. for the acquisition of the commercial rights to ibalizumab in the European Union, Israel, Norway, Russia and Switzerland.

Ibalizumab is an investigational humanized monoclonal antibody currently being developed for the potential treatment of multidrug resistant (MDR) HIV-1 infection. Theratechnologies first acquired the commercial rights to ibalizumab in the United States and Canada in March 2016. The existing agreement between both companies has been amended to include the additional territories and related new obligations.

“Based on clinical trial results obtained, we believe that there is tremendous potential for ibalizumab. After the United States, Europe is the second most important market in the world. Early market research results indicate that the European Union is a significant opportunity,” said Luc Tanguay, President and Chief Executive Officer, Theratechnologies inc.

“If approved in Europe, ibalizumab will serve to sustain our growth over the long-term. This shows that our business plan is working as we are now gathering momentum,” added Mr. Tanguay.

“Our experience with Theratechnologies ever since the beginning of our partnership in the United States has convinced us that it represented the ideal partner to bring our product to the European market. We are very pleased to see our relationship with Theratechnologies grow with the addition of these new territories for the commercialization of ibalizumab,” said James Chang, President and CEO, TaiMed Biologics, Inc.

Transaction terms

Under the terms of the agreement, Theratechnologies will assume regulatory responsibilities and associated costs.

Clinical trial activity required by the EMA, if any, and associated costs will be the responsibility of TaiMed.

Both parties have agreed to a transfer price of 52% for annual European sales up to US$50M. The transfer price will increase to 57% on annual sales above the US$50M threshold.

The agreement also provides for development, launch and sales milestones including:

- An upfront payment of US$3M payable through the issuance of 906,077 common shares of Theratechnologies;

- An approval milestone representing 50% of the cost of the clinical trials and all associated development activities required, if any, to obtain approval in Europe, payable through transfer price increase of 5% of net sales;
- A launch milestone payment of US$10M, payable as follows:
  - US$5M, one year after launch; and
  - US$5M, one year after reaching European sales of US$50M over four consecutive quarters;
- A milestone of US$10M upon European sales reaching US$150M over four consecutive quarters;
- A milestone of US$20M upon European sales reaching US$500M over four consecutive quarters;
- A milestone of US$50M upon European sales reaching US$1B over four consecutive quarters;

The agreement has a 12-year term following marketing approval on a country-by-country basis.

Theratechnologies intends to initiate discussions with the European Medicines Agency (EMA) as soon as possible to discuss the strategy in regards to the potential filing of an application.

While a definitive sales and marketing strategy has yet to be developed, Theratechnologies will analyze different options to ensure the optimal commercialization approach in Europe.

About ibalizumab

Ibalizumab is an investigational humanized monoclonal antibody currently being developed for the potential treatment of Multiple Drug Resistant Human Immunodeficiency Virus-1 (MDR HIV-1) infection. Unlike other antiretroviral agents, ibalizumab binds primarily to the second extracellular domain of the CD4+ T cell receptor, away from major histocompatibility complex II molecule binding sites. It potentially prevents HIV from infecting CD4+ immune cells while preserving normal immunological function. Ibalizumab is active against HIV-1 resistant to all approved antiretroviral agents. Ibalizumab has been tested in Phase I and II clinical trials and the Phase III trial was the last pivotal clinical study necessary for the completion of a Biologics License Application (BLA) expected to be submitted to the Food and Drug Administration (FDA).

Ibalizumab has received “Breakthrough Therapy” designation from the FDA. This designation is given to a therapy that may provide a substantial improvement over what is currently available to address a serious and life-threatening condition. Ibalizumab also received “Orphan Drug” designation by the FDA.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company addressing unmet medical needs to promote healthy living and an improved quality of life among HIV patients. Further information about Theratechnologies is available on the Company’s website at www.theratech.com and on SEDAR at www.sedar.com.

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management's belief and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate" or the negatives of these terms, or variations of them. The forward-looking statements contained in this press release include, but are not limited to, discussions that we intend to have with the EMA, the approval and sale of ibalizumab for the treatment of MDR HIV-1 infected patients in Europe and in the other countries mentioned in this press release and the growth of Theratechnologies based on such approval and the sales of ibalizumab related thereto.

Forward-looking statements are based upon a number of assumptions and are subject to a number of risks and uncertainties, many of which are beyond Theratechnologies' control that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These assumptions include but are not limited to, the following: all data obtained from the conduct of the Phase I, II and III clinical trials will support the filing of a marketing authorization application with the EMA and the other European countries mentioned herein, ibalizumab will be approved for the treatment of MDR HIV-1 infected patients by the EMA and the other European countries mentioned herein and, if approved, Theratechnologies will have set-up on time the necessary infrastructure to launch and commercialize ibalizumab in Europe. These risks and uncertainties include, but are not limited to, the risk that the data obtained so far from the Phase I, II and III clinical trials do not support the filing of a marketing authorization application in Europe and that additional studies need to be conducted, that the EMA or any one of the regulatory authorities in the other countries mentioned herein does not approve ibalizumab as a treatment for MDR HIV-1 infection and, if approved, that the EMA or these regulatory authorities impose a significant limitation on its use resulting in a smaller patient population who could benefit from ibalizumab.

We refer potential investors to the "Risk Factors" section of our Annual Information Form (AIF) dated February 7, 2017 for additional risks and uncertainties about Theratechnologies. The AIF is available on the Corporation's website at www.theratech.com and on SEDAR at www.sedar.com.

The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this press release and represent our expectations as of that date. We undertake no obligation to update or revise the information contained in this press release, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

-30-

Contact:
Philippe Dubuc
Senior Vice President and Chief Financial Officer
Tel.: (514) 336-7800, ext. 297

SCHEDULE 12.2.1

REPRESENTATIONS AND WARRANTIES

N/A

SCHEDULE 16.3

THERATECHNOLOGIES' DESIGNEES

[REDACTED: List of Designees]

AMENDMENT#1

This **AMENDMENT #1 TO AMENDED AND RESTATED DISTRIBUTION AND MARKETING AGREEMENT** (the "**Amendment**"), effective as of November 6, 2018 (the "**Amendment Effective Date**"), is made by and between **TAIMED BIOLOGICS INC**., a Taiwan corporation with the registered company address at 3F, No. 607, Ruiguang Road, Neihu District, Taipei City 11492, Taiwan, R.O.C. ("**TaiMed**"), and **THERATECHNOLOGIES INC.**, a Canadian corporation organized under the laws of the Province of Quebec having its head office and principal place of business located at 2015 Peel Street, 5th floor, in the City of Montreal, Province of Quebec, Canada H3A 1T8 ("**Theratechnologies**").

WHEREAS, TaiMed and Theratechnologies are parties to the Amended and Restated Distribution and Marketing Agreement dated the sixth day of March, 2017 (the "**Agreement**");

Now, THEREFORE, in consideration of the mutual covenants set forth below (and good and valuable consideration the receipt and sufficiency of which both parties hereby acknowledge), TaiMed and Theratechnologies agree (and hereby amend the Agreement) as follows:

1. Definitions. All initially capitalized terms used but not defined in this Amendment have the meanings given in the Agreement, except that where explicitly stated, as used in this Amendment, "Sections" will refer to the sections of this Amendment rather than those of the Agreement. As used in this Amendment and the Agreement, the terms "include, Includes," "including" and derivative forms of them shall be deemed followed by the phrase "without limitation".

2. New Route of Administration. Section 1.89 of the Agreement is hereby deleted in its entirety and replaced with the following new Section 1.89:

" **New Route of Administration**" means any formulation of the Antibody for the Product which will allow the intra-muscular, subcutaneous, or intravenous-push (either fast or slow) injection of the Product on a bi-weekly (once every two weeks) (the "**Bi-Weekly New Route of Administration**") and/or monthly (once every four weeks or once a month) basis (the "**Monthly New Route of Administration**"). "

3. Legal Miscellany.

(a) This Amendment shall come into effect on the Amendment Effective Date and shall terminate or expire concurrently with the termination or expiration of the Agreement.

(b) This Amendment amends the Agreement as explicitly stated above, but does not otherwise alter the Agreement or its interpretation. Except as expressly modified and/or amended herein, all of the terms, covenants and conditions contained in the Agreement shall remain unchanged and in full force and effect.

(c) The term “Agreement”, as used in the Agreement, and all other instruments and agreements executed thereunder after the Amendment Effective Date shall for all purposes refer to the Agreement as amended by this Amendment.

IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate.

THERATECHNOLGIES INC.

Per: /s/ Luc Tanguay

TAIMED BIOLOGICS INC.

Per: /s/ James Chang

AMENDED AND RESTATED
MASTER SERVICE AGREEMENT

This Amended and Restated Master Service Agreement (this "Agreement") is made as of December 14, 2016 (the "Effective Date") by and between inVentiv Commercial Services, LLC with an office located at 500 Atrium Drive, Somerset, NJ 08873 ("inVentiv") and Theratechnologies Inc., a Canadian corporation with offices located at 2015 Peel Street, 5th Floor, Montreal, Quebec, Canada H3A 1T8 ("Client"). Client and inVentiv may each be referred to herein as a "Party" and collectively, the "Parties".

RECITALS

A. inVentiv and Client are Parties to that Master Services Agreement dates as of December 10, 2013 ("Original MSA").

B. The Parties desire to amend and restate the Original MSA as set forth herein.

C. inVentiv and its Affiliates (as defined herein) offer a wide range of services and offerings to clients in the pharmaceutical and biotechnology arena.

D. Client hereby engages inVentiv, and inVentiv hereby accepts such engagement, to provide various types of services pursuant to the terms hereof and each separate project agreement in the form attached hereto as Exhibit A (each a "Project Agreement") to be executed by the Parties. Client and inVentiv shall enter into a Project Agreement for each program they wish to be governed by the terms and conditions of this Agreement.

E. As of the Effective Date of this Agreement, this Agreement shall supersede and replace the Original MSA and any outstanding Project Agreements as of such Effective Date shall be subject to the terms and conditions of this Agreement.

1. Interpretation and Construction

(a) The Parties desire for the terms and conditions set forth in this Agreement to govern the relationship between the Parties. Unless otherwise specifically set forth in a Project Agreement, in the event of a conflict or inconsistency between the terms and conditions set forth in this Agreement and the terms and conditions set forth in a Project Agreement, the terms and conditions set forth in this Agreement shall take precedence, govern and control.

(b) The Parties hereby acknowledge that the terms set forth in this Agreement shall be incorporated by reference into each Project Agreement, as if fully set forth at length therein.

(c) The Parties acknowledge that in addition to inVentiv, certain of inVentiv's Affiliates may provide certain services to Client and may directly enter into a Project Agreement with Client, subject to Client's prior written consent, pursuant to which such inVentiv Affiliate shall provide certain services to Client, as set forth in detail in said executed Project Agreement. In such event, the Project Agreement shall confirm that this Agreement shall govern the relationship between Client and the particular inVentiv Affiliate, and such parties agree to be bound by the terms set forth herein. Client agrees that inVentiv acts solely on its own behalf and shall not be liable, or otherwise responsible, for the acts and/or omissions of any inVentiv Affiliate under any circumstances in connection with any Project Agreement that is not signed by inVentiv. Further, each inVentiv Affiliate acts solely on its own behalf and shall not be liable, or otherwise responsible, for the acts and/or omissions of inVentiv or any other inVentiv Affiliate under any circumstances in connection with this Agreement or any Project Agreement that is not signed by that inVentiv Affiliate. As set forth above, the term Affiliate means, with respect to any entity, any other entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with such entity. As used in this definition, the term "control" (including controlled by" or "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, as trustee, by contract or otherwise. The Parties presently anticipate the participation of the inVentiv Affiliates set forth on Exhibit B.

2. The Services

(a) Client shall retain inVentiv to provide services as set forth in one or more Project Agreements (hereinafter the "Services").

(b) Client has no obligation to inVentiv for Services under this Agreement in the absence of an executed Project Agreement covering such Services.

(c) Each Project Agreement shall allocate responsibility for project management and quality assurance activities necessary to perform the Services. inVentiv will provide regular updates as to the progress of the Services at a frequency and in a manner designated by the Parties in the Project Agreement.

3. Representations and Warranties of the Parties

(a) inVentiv represents, warrants and covenants that:

(i) during the Term (as defined herein) of this Agreement and any Project Agreement, it shall perform the Services in a professional, workmanlike manner and in accordance with those specifications which inVentiv and Client agree to (in writing), any timelines agreed upon (in writing);

(ii) during the Term of this Agreement and any Project Agreement, it shall maintain in full force and effect all necessary licenses, permits, approvals (or waivers) and authorizations required by law, and where applicable, standard operating procedures, processes and protocols to carry out its obligations under this Agreement and any Project Agreement;

(iii) the execution, delivery and performance of this Agreement by inVentiv and the consummation of the transaction(s) contemplated hereby has been duly authorized by all requisite corporate action; that the Agreement constitutes the legal, valid, and binding obligation of inVentiv, enforceable in accordance with its terms (except to the extent enforcement is limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and by general principles of equity); and that this Agreement and performance hereunder does not violate or constitute a breach under any organizational document of inVentiv or any contract, other form of agreement, or judgment or order to which inVentiv is a party or by which it is bound;

(iv) during the Term of this Agreement and any Project Agreement, the personnel assigned to perform Services rendered under this Agreement and any Project Agreement shall be capable professionally, duly trained and qualified to perform the Services hereunder and in each Project Agreement;

(v) it is not a party to any agreement which would prevent it from fulfilling its obligations under this Agreement and any Project Agreement and that during the Term of this Agreement and any Project Agreement, it will not enter into any agreement to provide services which would in any way prevent it from performing the Services under this Agreement and any Project Agreement; and

(vi) during the Term of this Agreement and any Project Agreement, the Services shall be provided in compliance with all statutes, federal and state applicable laws, ordinances, rules or regulations of any governmental or regulatory authority including (but not limited to) the OIG Compliance Program Guidance for Pharmaceutical Manufacturers, the PhRMA Code on Interactions with Healthcare Professionals, the Accreditation Council for Continuing Medical Education requirements for continuing medical education, the American Medical Association Ethical Guidelines on Gifts to Physicians from Industry, the Federal Food, Drug and Cosmetic Act ("FDCA"), the Medicare/Medicaid anti-kickback statute, the Prescription Drug Marketing Act ("PDMA"), the Health Insurance Portability and Accountability Act, and similar state laws, rules and regulations (collectively, "Applicable Law"), as well as with the standard operating procedures and business rules adopted by Client, provided in advance and in writing to inVentiv and agreed to by inVentiv in writing, which approval may be in the form of an electronic communication.

(b) Client represents, warrants and covenants that:

(i) the execution, delivery and performance of this Agreement by Client and the consummation of the transaction(s) contemplated hereby has been duly authorized by all requisite corporate action; this Agreement constitutes the legal, valid, and binding obligation of Client, enforceable in accordance with its terms (except to the extent enforcement is limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and by general principles of equity); and this Agreement and performance hereunder does not violate or constitute a breach under any organizational document of Client or any contract, other form of agreement, or judgment or order to which Client is a party or by which it is bound

(ii) Client shall apply the degree of skill and care necessary to provide inVentiv with the information and materials necessary for inVentiv to provide the Services and deliverables that will be of high quality, proper and sufficient for the purpose contemplated, and in accordance with the standards of care and diligence regularly practiced by pharmaceutical companies contracting to receive the same or similar services;

(iii) Client will act in good faith to provide inVentiv with the necessary materials, information, product knowledge, and assistance required to enable inVentiv to perform the Services in compliance with all Applicable Law. Client obligations and responsibilities unique to a specific Project Agreement shall be specified within that Project Agreement;

(iv) Client shall ensure all content (product or otherwise), materials, documentation and information provided by it to inVentiv are in compliance with all Applicable Laws. Should Client desire to not abide by any guidance, code or protocols as those referred to under Section 3(a)(vi) that are deemed best practices in the pharmaceutical industry to the extent they do not have the force of law, then inVentiv shall not be required to use or implement the resulting materials, documentation or information;

(v) Client shall provide inVentiv with any and all knowledge necessary regarding the Client product(s) to allow inVentiv to carry out training with those who will be providing the Services under any of the Project Agreements and Client shall be responsible for all costs and expenses of such training, including inVentiv personnel travel, lodging, meals, and miscellaneous;

(vi) Client's products shall be promoted under trademarks owned by or licensed to Client and are products which are either owned by Client and/or as to which Client has all lawful authority necessary to market and sell the products. Client represents and warrants that its trademarks, trade names and trade dress do not infringe on any intellectual property or product marketing rights of any other person or entity. Client further represents and warrants that the promotion of any Client product by inVentiv does not infringe on any intellectual property or product marketing rights of any other person or entity;

(v) it is not a party to any agreement which would prevent it from fulfilling its obligations under this Agreement and any Project Agreement and that during the Term of this Agreement and any Project Agreement, it will not enter into any agreement which would in any way prevent or restrict inVentiv from performing the Services under this Agreement; and

(vi) it is solely responsible for reviewing and approving Client's product promotional materials and literature and for ensuring all such materials comply with Applicable Law; and

(vii) Client shall notify inVentiv in the event it is subject to or becomes subject to a Federally Mandated Corporate Integrity Agreement ("CIA") or other compliance obligations which require inVentiv to provide Client with data, training, analysis, oversight or certifications that are not contemplated by the Services described herein. In such event, the Parties shall mutually agree on an appropriate allocation of costs and expenses associated with inVentiv's provision of such CIA related data, training, analysis, oversight or certifications not included in the scope of Services provided under this Agreement or any related Project Agreement.

4. Independent Contractors; inVentiv Personnel

(a) inVentiv and its directors, officers, employees and any persons providing services under the Agreement and any Project Agreement are at all times independent contractors with respect to Client. Persons provided by inVentiv to perform Services shall not be deemed employees of Client. Neither this Agreement nor the Services to be rendered hereunder shall for any purpose whatsoever or in any way or manner create any employer-employee relationship between inVentiv, its directors, officers, employees and any persons providing Services under the Agreement and Client. Client understands that inVentiv may utilize independent contractors in connection with its performance of the Services.

(b) inVentiv is, and at all times shall remain, solely responsible for the human resource and performance management functions of all inVentiv personnel provided to perform the Services. inVentiv shall be solely responsible and liable for all disciplinary, probationary and termination actions taken by it, and for the formulation, content and dissemination of all employment policies and rules (including written disciplinary, probationary and termination policies) applicable to its employees, agents and contractors (individually, a "inVentiv Employee" and collectively, "inVentiv Employees").

(c) inVentiv shall obtain and maintain worker's compensation insurance and other insurances required for inVentiv Employees performing the Services and acknowledges that Client does not, and shall not obtain or maintain such insurances, all of which shall be inVentiv's sole responsibility.

(d) Except as otherwise set out in this Agreement or in a Project Agreement, Client shall have no responsibility to inVentiv or any inVentiv Employee for any compensation, expense reimbursements or benefits (including, without limitation, vacation and holiday remuneration, healthcare coverage or insurance, life insurance, pension or profit-sharing benefits and disability benefits), payroll-related or withholding taxes, or any governmental charges or benefits (including, without limitation, unemployment and disability insurance contributions or benefits and workers compensation contributions or benefits) that may be imposed upon or be related to the performance by inVentiv or its employees, agents or contractors of the obligations under this Agreement or any Project Agreement, all of which shall be the sole responsibility of inVentiv. To clarify, Client will not withhold any income tax or payroll tax of any kind on behalf of inVentiv.

(e) Any request by Client for removal of a inVentiv Employee assigned to provide Service(s) shall be made in writing, supported by the Client's reasons for requesting the removal and documentation of the inVentiv staff member's actions and/or behavior that support the request. All employment decisions regarding an inVentiv Employee shall be made solely and exclusively by inVentiv and is subject to compliance at all times with inVentiv's human resource policies and procedures.

5. inVentiv Compensation

(a) In consideration of the performance of the Services, Client shall pay inVentiv the fees (collectively, the "Fees") as set forth in each Project Agreement. The Fees shall not exceed those set forth in a Project Agreement and any increase related to those Fees shall be approved in writing by Client prior to invoicing same. In addition, Client shall not be obligated to pay for Services or expenses not covered by a Project Agreement. inVentiv shall bill Client as set forth in each Project Agreement and invoices shall be sent by inVentiv to Client on a monthly basis for the Fees for Services. All such invoices shall be accompanied with such documentation substantiating the Fees set forth on such invoices as Client may reasonably require and in such details as Client may reasonably require.

(b) In addition to the Fees set forth in a Project Agreement, certain necessary and reasonable expenses will be charged to Client on a pass-through basis. These expenses will be billed to Client at actual cost incurred by inVentiv. Pass-through costs specific to a particular Service shall be set forth in the Project Agreement.

(c) Payments are due upon Client's receipt of each applicable invoice from inVentiv. If an invoice is not paid within **[REDACTED: Time Period]** of Client's receipt, inVentiv reserves the right to impose a finance charge of **[REDACTED: Interest Rate]** on all amounts not paid when due.

(d) In the event Client will be issuing purchase orders for payment of inVentiv invoices, Client shall issue such purchase orders in a timely manner in accordance with the terms and conditions set forth herein. The Parties understand and agree that all terms and conditions set forth in a purchase order are null and void, it being understood and agreed that this Agreement provides the terms and conditions governing the relationship between the Parties.

6. Confidentiality

(a) During the performance of the Services contemplated by this Agreement, including those performed under the Original MSA, each Party may learn confidential, proprietary, and/or trade secret information of the other Party ("Confidential Information"). The Party disclosing Confidential Information shall be referred to as the "Disclosing Party" and the Party receiving Confidential Information shall be referred to as the "Receiving Party."

(b) Confidential Information means any information, unknown to the general public, which is disclosed or created by the Disclosing Party to the Receiving Party under this Agreement and the Original MSA. Confidential Information includes, without limitation, the terms set forth in this Agreement and the Original MSA, technical, trade secret, commercial and financial information about either Party's (i) research or development; (ii) marketing plans or techniques, contacts or customers; (iii) organization or operations; (iv) business development plans (i.e., licensing, supply, acquisitions, divestitures or combined marketing); (v) products, licenses, trademarks, patents, other types of intellectual property or any other contractual rights or interests (including without limitation processes, procedures and business practices involving trade secrets or special know-how), (vi) pricing and financial information, and (vii) in the case of inVentiv, the names and contact information (i.e. phone number, address and e-mail address) of the inVentiv Employees. The Receiving Party shall neither use nor disclose Confidential Information received from the Disclosing Party for any purpose other than as specifically allowed by this Agreement.

(c) Upon the expiration or termination of this Agreement and receipt of Disclosing Party's written request, Receiving Party, at its option, shall promptly either (a) return to the Disclosing Party all tangible forms of Confidential Information in its possession, including any and all copies and/or derivatives of Confidential Information made by either Party or their employees as well as any writings, drawings, specifications, manuals or other printed or electronically stored material based on or derived from, Confidential Information, or (b) destroy Confidential Information in its possession and deliver to Disclosing Party a certification that such destruction has occurred; provided however, that Receiving Party may retain a copy of any information, including Confidential Information, that the Receiving Party reasonably believes is required to comply with Applicable Law. The Receiving Party shall not disclose to third parties any Confidential Information or any reports, recommendations, conclusions or other results of work under this Agreement and the Original MSA without prior consent of an officer of the Disclosing Party. The obligations set forth in this Section 6, including the obligations of confidentiality and non-use shall be continuing and shall survive the expiration or termination of this Agreement and the Project Agreement and will continue for a period of **[REDACTED: Time Period]** from the date of such expiration or termination.

(d) The obligations of confidentiality and non-use set forth herein shall not apply to the following: (i) Confidential Information at or after such time that it is or becomes publicly available through no fault of the Receiving Party; (ii) Confidential Information that is already independently known to the Receiving Party as shown by prior written records, other than if acquired pursuant to the Original MSA; (iii) Confidential Information at or after such time that it is disclosed to the Receiving Party by a third party with the legal right to do so; and (iv) solely with respect to the specific relevant process, order or request, Confidential Information required to be disclosed pursuant to judicial process, court order or administrative request, provided that the Receiving Party shall so notify the Disclosing Party sufficiently prior to disclosing such Confidential Information as to permit the Disclosing Party to seek a protective order. inVentiv acknowledges and agrees that Client shall not be in breach of this Agreement and any Project Agreement if the Agreement and any Project Agreement are filed with Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission on a non-confidential basis for the purposes of complying with its continuous disclosure obligations under securities regulation; provided, however, that Client shall provide inVentiv with reasonable notice of the required disclosure and shall consider in good faith any redactions proposed by inVentiv.

7. Restrictions on Solicitation

(a) Neither Party may solicit the employees or independent contractors of the other Party, whom they become aware of through the Services provided by inVentiv in a Project Agreement, to become employees of, or consultants to, the other Party during the Term of this Agreement and any Project Agreement and for a **[REDACTED: Time Period]** following the termination of both this Agreement and any Project Agreement. The provisions of this Section 7 shall not apply with respect to either Party's employees or independent contractors who seek employment from the other Party on their own initiative, such as, but not limited to, in response to a Party's general vacancy announcement or advertisement.

(b) Client agrees during the Term of this Agreement and for **[REDACTED: Time Period]** thereafter not: (i) to provide any contact information (including name, address, phone number or e-mail address) of any inVentiv Employee to any third party which provides or proposes to provide Client with the same services being provided by inVentiv pursuant to a Project Agreement, or (ii) to assist actively in any other way such a third party in employing or retaining such inVentiv Employee.

(c) Client shall pay to inVentiv or cause the third party to pay to inVentiv, as the case may be, **[REDACTED: Amount]** for each inVentiv Employee so employed or retained as liquidated damages for breach of Sections 7(a) and 7(b).

(d) inVentiv (or an inVentiv Affiliate, as applicable) agrees **[REDACTED: Negative Covenant Regarding Solicitation of Employees]**.

(e) inVentiv (on its own behalf and on behalf of its Affiliates) shall pay to Client **[REDACTED: Amount]** for each such employee so employed or retained by any of inVentiv or any Affiliate with an active Project Agreement under this Agreement as liquidated damages for breach of Sections 7(a) and 7(d).

8. Indemnification

(a) inVentiv shall indemnify and hold Client, its officers, directors, agents and employees harmless from and defend them against any and all third party liabilities, losses, proceedings, suits, actions, damages, claims or expenses of any kind, including court costs and reasonable attorneys' fees (collectively, "Losses") which are caused by: (i) any negligent acts or omissions by or the willful misconduct of inVentiv, its agents, directors, officers, or employees, and (ii) any material breach of this Agreement or any Project Agreement by inVentiv, its agents, directors, officers or employees.

(b) Client shall indemnify and hold inVentiv, its officers, directors, agents, and employees harmless from and defend against any and all Losses which are caused by: (i) any negligent acts or omissions by or the willful misconduct of Client, its agents, directors, officers or employees, (ii) any material breach of this Agreement or any Project Agreement by Client, its agents, directors, officers or employees, (iii) any product liability claims, whether arising out of warranty, negligence, strict liability (including manufacturing, design, warning or instruction claims) or any other product based statutory claim, and (iv) any intellectual property infringement claims relating to any trademarks owned by or licensed to Client.

(c) In case any action, proceeding or claim shall be brought against one of the Parties hereto (an "Indemnified Party") based upon any of the above claims and in respect of which indemnity may be sought against the other Party hereto (the "Indemnifying Party") such Indemnified Party shall promptly notify the Indemnifying Party in writing. The failure by an Indemnified Party to notify the Indemnifying Party of such Claim shall not relieve the Indemnifying Party of responsibility under this Section, except to the extent such failure adversely prejudices the ability of the Indemnifying Party to defend such claim. The Indemnifying Party at its expense, with counsel of its own choice, shall defend against, negotiate, settle or otherwise deal with any such claim, provided that the Indemnifying Party shall not enter into any settlement or compromise of any claim which could lead to liability or create any financial or other obligation on the part of the Indemnified Party without the Indemnified Party's prior written consent. The Indemnified Party may participate in the defense of any claim with counsel of its own choice and at its own expense. The parties agree to cooperate fully with each other in connection with the defense, negotiation or settlement of any such claims. In the event that the Indemnifying Party does not undertake the defense, compromise or settlement of any claim, the Indemnified Party shall have the right to control the defense or settlement of such claim with counsel of its choosing.

(d) Client shall reimburse inVentiv for all reasonable actual out-of-pocket expenses incurred by inVentiv in connection with responses to subpoenas and other similar legal orders issued to inVentiv in respect to Client's product or the Services performed under this Agreement and the applicable Project Agreement. However, Client shall have no obligation to reimburse inVentiv for any such expenses (and to the extent paid by Client to inVentiv, shall be repaid by inVentiv to Client) arising out of, in connection with or otherwise relating to actions or omissions of inVentiv or its employees, agents, officers, directors and/or Affiliates that violate this Agreement or Applicable Law.

9. Limitation of Liability

Neither Party shall be liable to the other Party with respect to any subject matter of this Agreement or any Project Agreement under any contract, tort, negligence, strict liability, breach of warranty (express or implied) or other theory for any indirect, incidental, special, punitive, exemplary or consequential damages, nor for any loss of revenues or loss of profits, even if advised of the possibility of such damages. The foregoing limitation shall not apply to the Parties indemnification obligations set forth in Section 8 above. In addition, the total liability of inVentiv to Client for direct damages resulting from the performance of the services set forth in this Agreement and in any one or more Project Agreements between the Parties shall be limited to **[REDACTED: Maximum Liability Calculation]** giving rise to the claim(s) during the **[REDACTED: Time Period]** immediately preceding the event giving rise to the claim(s). Notwithstanding the foregoing, inVentiv's total liability to Client for direct damages shall be unlimited if it is based upon, arises out of, or is in connection with, any willful misconduct or gross negligence of inVentiv or any of its Affiliates and their respective agents, directors, officers and employees.

10. Intellectual Property; Ownership

(a) Except as set forth in Sections 10(b) below, all documents, materials, reports and deliverables provided by inVentiv to Client pursuant hereto whether or not patentable, copyrightable, or susceptible to any other form of legal protection which are made, conceived, reduced to practice or authored by inVentiv, or inVentiv's employees, representatives or agents (if any) as a result of the performance of Services, or which are derived from use or possession of Client's Confidential Information (collectively, the "Deliverables") shall be the sole and exclusive property of Client. Each Deliverable constituting an original work shall be considered a work made for hire under applicable copyright laws. Subject to Section 10(b) below, inVentiv hereby assigns and agrees to assign to Client all right, title and interest in all worldwide intellectual property rights in the Deliverables, including without limitation, patents, copyrights, and trade secrets.

(b) Notwithstanding anything to the contrary set forth herein, to the extent any Deliverable or work made for hire include inVentiv's concepts, ideas, models, know-how, software, methodologies, technology, techniques, procedures, management tools, workshops, manuals, macros, data files, inventions, and other intellectual capital and property that inVentiv has developed, created or acquired prior to, in the course of, or independent of performing Services under this Agreement (the "inVentiv Materials"), inVentiv shall retain exclusive ownership in such inVentiv Materials. inVentiv hereby grants Client a non-exclusive, royalty-free right and license, for it to use the inVentiv Materials solely in connection with its use of the Deliverables created by inVentiv in connection with the Services.

11. Term

The Agreement shall be in effect as of the Effective Date and shall remain in effect until November 30, 2019 (the "Term") or until such later date as may be set forth in a Project Agreement (it being understood that this Agreement will not terminate in the event the term set forth in a Project Agreement is longer than the term set forth herein). The Parties may extend this Agreement for additional periods of one year each (each an "Additional Term") by mutual written agreement not less than **[REDACTED: Time Period]** prior to the end of the then current Term.

12. Termination

(a) This Agreement and any Project Agreement may be terminated by inVentiv or Client upon giving written notice as follows:

(i) by inVentiv, if any undisputed payment to inVentiv by Client is not made when due and such payment is not made within **[REDACTED: Time Period]** from the date of written notice from inVentiv to Client of such nonpayment;

(ii) by either Party, in the event that the other Party has committed a material breach of this Agreement and such breach has not been cured within **[REDACTED: Time Period]** of receipt of written notice from the non-breaching Party of such breach (provided that, during the **[REDACTED: Time Period]** cure period for termination due to breach, each Party will continue to perform its obligations under the Agreement);

(iii) by either Party, in the event the other Party is either debarred from federal contracting or is a "Sanctioned Entity". For purposes hereof, a Sanctioned Entity is an entity that:

(A) Is currently under indictment or prosecution for, or has been convicted (as defined in 42 C.F.R. § 1001.2) of: (1) any offense related to the delivery of an item or service under the Medicare or Medicaid programs or any program funded under Title V or Title XX of the Social Security Act (the Maternal and Child Health Services Program or the Block grants to States for Social Services programs, respectively), (2) a criminal offense relating to neglect or abuse of patients in connection with the delivery of a health care item or service, (3) fraud, theft, embezzlement, or other financial misconduct in connection with the delivery of a health care item or service, (4) obstructing an investigation of any crime referred to in (1) through (3) above, or (5) unlawful manufacture, distribution, prescription, or dispensing of a controlled substance; or

(B) Has been required to pay any civil monetary penalty regarding false, fraudulent, or impermissible claims under, or payments to induce a reduction or limitation of health care services to beneficiaries of, any state or federal health care program, or is currently the subject of any investigation or proceeding which may result in such payment; or

(C) Has been excluded from participation in the Medicare, Medicaid, or Maternal and Child Health Services (Title V) program, or any program funded under the Block Grants to States for Social Services (Title II) program; or

(iv) by either Party, in the event that the other Party has become insolvent or has been dissolved or liquidated, filed or has filed against it, a petition in bankruptcy and such petition is not dismissed within **[REDACTED: Time Period]** of the filing, makes a general assignment for the benefit of creditors; or has a receiver appointed for a substantial portion of its assets;

(v) by either Party, at any time, upon **[REDACTED: Time Period]** prior written notice; provided, however, that each Project Agreement may set forth specific consequences of termination, which may include an appropriate wind down process and termination fees due.

(b) Upon the effective date of such termination, the parties shall have no further obligation to each other (other than those set forth in Sections 4, 6, 7, 8, 9, 10 and 13), except that Client shall pay the amounts set forth or provided for in any Project Agreement through the actual date of termination.

13. Venue and Jurisdiction

This Agreement shall be construed according to the laws of the State of New Jersey (without reference to any principles regarding conflicts of law) and any action brought by either inVentiv or Client in connection with this Agreement shall be brought in the state or federal courts located in the State of New Jersey.

14. Miscellaneous

(a) Each Party undertakes to maintain, as applicable, General Liability insurance of **[REDACTED: Amount]** annual aggregate, , Employer's Liability insurance of **[REDACTED: Amount],** Completed Operations and Professional Errors and Omissions Liability insurance of **[REDACTED: Amount]** per occurrence/ **[REDACTED: Amount]** annual aggregate In addition, Client shall carry product liability insurance in the amount of at least **[REDACTED: Amount]** and inVentiv shall carry cyber liability insurance in an amount of at least **[REDACTED: Amount]**. Limits may be provided with Umbrella/Excess insurance. Insurance companies must have an AM Best Rating of "A-/VII" or better, or an analogous rating by a similar organization if the insurance company is not a United States company. Client's indemnity shall not be capped by its insurance limits. The addition of a Party as an additional insured shall be limited to liability arising out of this Agreement. In addition, upon written request, each Party will provide the other with evidence of coverage complying with this Section. The Parties understand and agree that additional insurance requirements may be set forth in the Project Agreements.

(b) Neither inVentiv nor Client may assign or transfer this Agreement or any Project Agreement or any of its rights, duties or obligations hereunder without the other Party's prior written consent; provided, however, that either inVentiv or Client may assign or transfer its rights, duties and obligations as part of an acquisition or purchase of inVentiv or Client, without the prior written consent of the other Party when: (i) such assignment is to a successor-in-interest to all or substantially all of the ownerships interest or business assets of such Party whether in a merger, sale of stock, sale of assets or other similar transaction; and (ii) the successor is a financially capable business entity. Any permitted successor or assignee of this Agreement and the rights and/or obligations hereunder, will be in writing (satisfactory in form and substance) to the other Party, expressly assume this Agreement and any existing Project Agreement and the rights and obligations hereunder. If such a writing is not received, any proposed assignment or transfer need not be recognized and shall be null and void.

(c) This Agreement supersedes all prior arrangements and understandings between Parties related to the subject matter hereof.

(d) Except for Client's payment obligations, noncompliance with the obligations of this Agreement due to a state of force majeure, the laws or regulations of any government, regulatory or judicial authority, war, civil commotion, destruction of facilities and materials, fire, flood, earthquake or storm, shortage of materials, failure of public utilities or common carriers, and any other similar causes beyond the reasonable control of the applicable Party, shall not constitute a breach of contract.

(e) If any provision of this Agreement is finally declared or found to be illegal or unenforceable by a court of competent jurisdiction, both Parties shall be relieved of all obligations arising under such provision, but, if capable of performance, the remainder of this Agreement shall not be affected by such declaration or finding.

(f) This Agreement, together with each applicable Project Agreement (including any attachments or exhibits hereunder or thereunder), contains all of the terms and conditions of the agreement between the Parties and constitutes the complete understanding of the Parties with respect thereto. No modification, extension or release from any provision hereof shall be affected by mutual agreement, acknowledgment, acceptance of contract documents, or otherwise, unless the same shall be in writing signed by the other Party and specifically described as an amendment or extension of this Agreement.

(g) The form and content of any public announcement to be made by one Party regarding this Agreement, or the subject matter contained herein, shall be subject to the prior written consent of the other Party (which consent may not be unreasonably withheld), except as may be required by Applicable Law, in which event the other Party shall endeavor to give the other Party reasonable advance notice and review of any such disclosure. Notwithstanding the above, either Party may, in connection with its general marketing materials and without the consent of the other Party, list the name of the other Party in a nondescriptive fashion, in a list of the names of other similarly situated third parties that such Party does business with.

(h) This Agreement may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original and all of which together shall constitute one and the same document.

(i) Any notices required or permitted under this Agreement shall be given inperson or sent by first class, certified mail to:

To Client: Theratechnologies Inc. Address: 2015 Peel Street, 5th Floor Montreal, Quebec, Canada H3A 1T8	To inVentiv: inVentiv Commercial Services, LLC Address: 500 Atrium Drive Somerset, NJ 08873, USA
Attention: **[REDACTED: Position]** Fax: **[REDACTED: Fax Number]**	Attention: **[REDACTED: Position]** Fax: **[REDACTED: Fax Number]**
Copy To: Theratechnologies Inc. 2015 Peel Street, 5th Floor Montreal, Quebec, Canada H3A 1T8 Attention : **[REDACTED: Position]** Fax: **[REDACTED: Fax Number]**	Copy To: inVentiv Health, Inc. 500 Atrium Drive Somerset, NJ 08873 USA Attn: **[REDACTED: Position]** Fax**[REDACTED: Fax Number]**

or to such other address or to such other person as may be designated by written notice given from time to time during the term of this Agreement by one Party to the other.

(j) Each of the Parties shall do, execute and perform and shall procure to be done and perform all such further acts deeds documents and things as the other Party may reasonably require from time to time to give full effect to the terms of this Agreement.

(k) Except as otherwise expressly provided in this Agreement, each Party shall pay its own expenses and costs incidental to the preparation of this Agreement and to the consummation of the transactions contemplated by this Agreement or each Project Agreement.

WHEREFORE, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

THERATECHNOLOGIES INC.

By: *(signed) Luc Tanguay*
Name: Luc Tanguay

INVENTIV COMMERCIAL SERVICES, LLC

By: *(signed) Theodore Wong*
Name: Theodore Wong

Title:	President and Chief Executive Officer	Title: VP & CFO
Date:	December 14, 2016	Date:12/20/2016

By: *(signed) Philippe Dubuc*
Name: Philippe Dubuc

Title: Senior Vice president and Chief Financial Officer

Date: December 14, 2016

Exhibit A
PROJECT AGREEMENT

This Project Agreement (the "Project Agreement") is made as of _____ ____, 20__ (the "Effective Date") by and between inVentiv Commercial Services, LLC with an office located at 500 Atrium Drive, Somerset, NJ 08873 ("inVentiv") and _____ with an office located at _____ ("Client"). Client and inVentiv may each be referred to herein as a "Party" and collectively, the "Parties".

RECITALS

A. Client and inVentiv have entered into a Master Services Agreement dated as of _____ ___, 20__ (the "MSA").

B. Client and inVentiv desire to enter into this Project Agreement (the "Project Agreement") pursuant to which inVentiv shall provide **(DESCRIPTION)** services as set forth more fully in Exhibit A attached hereto.

Interpretation and Construction

(a) The Parties confirm that the MSA shall govern the relationship between the Parties. Unless otherwise specifically set forth herein, in the event of a conflict or inconsistency between the terms and conditions set forth in the MSA and the terms and conditions set forth in this Project Agreement, the terms and conditions set forth in this Project Agreement shall take precedence, govern and control.

(b) The Parties hereby acknowledge that the terms set forth in the MSA are incorporated herein by reference, as if fully set forth at length therein.

2. The Services

A detailed description of the services (the "Services") is set forth on Exhibit A attached hereto.

3. Fees

Set forth on Exhibit B attached hereto is a summary of the costs and fees to be paid by Client to inVentiv for the performance of the Services.

4. Term

This Project Agreement shall be in effect as of the Effective Date and shall remain in effect until (INSERT DATE), unless extended as provided herein (the "Term"). The Term may be extended for additional periods of **[REDACTED: Time Period]** (each an "Additional Term") upon the mutual written agreement of the Parties not less than **[REDACTED: Time Period]** before the end of the Term or any Additional Term.

5. Termination

(a) Either Party may terminate this Project Agreement in accordance with Section __ of the MSA.

(b) Either Party may terminate this Project Agreement by providing the other Party with at (INSERT) days prior written notice.

WHEREFORE, the parties hereto have caused this Project Agreement to be executed by their duly authorized representatives.

CLIENT	**INVENTIV COMMERCIAL SERVICES, LLC**
By: _____	By: _____
Title: _____	Title: _____

Exhibit B
INVENTIV COMMERCIAL SERVICES, LLC AFFILIATES

Pharmaceutical Institute, LLC.
inVentiv Health Consulting, Inc.
inVentiv Health Public Relations, LLC.
inVentiv Communications, Inc.
Gerbig, Snell/Weisheimer Advertising, LLC
Palio + Ignite, LLC
The Navicor Group, LLC
Chandler Chicco Agency, LLC
Allidura Communications, Inc.
BioSector 2 LLC
Chamberlain Communications Group, LLC
inVentiv Medical Communications, Inc.
Addison Whitney, LLC
inVentiv Canada, Inc.
inVentiv Health Research & Insights, LLC

FIRST AMENDMENT TO
AMENDED AND RESTATED
MASTER SERVICE AGREEMENT

This First Amendment (the "Amendment") dated February 27, 2019 (the "Effective Date") is made by and between inVentiv Commercial Services, LLC, a Syneos Health™ group company, with an office at 500 Atrium Drive, Somerset, N.J. 08873 ("Syneos Health") and Theratechnologies Inc., a Canadian corporation with an office located at 2015 Peel Street, 5th Floor, Montreal, Quebec, Canada H3A IT8 (as the "Client"). Syneos Health and Client may each be referred to herein as a "Party" and, collectively, as the "Parties."

W I T N E S S E T H:

WHEREAS, Syneos Health and Client are parties to an Amended and Restated Master Service Agreement dated December 14, 2016 (the "Agreement"); and

WHEREAS, Syneos Health and Client desire to amend the Agreement to add Client Affiliates as a party to the Agreement as set forth herein.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, it is agreed as follows:

1. Except as provided in this Amendment, the terms and conditions set forth in the Agreement shall remain unaffected by execution of this Amendment. To the extent any provisions or terms set forth in this Amendment conflict with the terms set forth in the Agreement, the terms set forth in this Amendment shall govern and control. Terms not otherwise defined herein, shall have the meanings set forth in the Agreement.

2. All references to "inVentiv" are hereby replaced with "Syneos Health".

3. Section 1(c) is hereby deleted in its entirety and replaced with the following:

"The Parties acknowledge that in addition to Syneos Health and Client, certain of either Party's Affiliates may provide certain services and may directly enter into an applicable Project Agreement, pursuant to which Syneos Health or Syneos Health's Affiliate shall provide certain services to Client or Client Affiliate, as set forth in detail in said executed Project Agreement. In such event, the Project Agreement shall confirm that this Agreement shall govern the relationship between the particular Client Affiliate and the particular Syneos Health Affiliate, and such parties agree to be bound by the terms set forth herein. Further, each Affiliate acts solely on its own behalf and shall not be liable, or otherwise responsible, for the acts and/or omissions of either Party' or any other Affiliate under any circumstances in connection with this Agreement or any Project Agreement that is not signed by that Affiliate. As set forth above, the term Affiliate means, with respect to any entity, any other entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with such entity. As used in this definition, the term "control" (including controlled by" or "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, as trustee, by contract or otherwise.

4. This Amendment may be executed simultaneously in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Execution and delivery of this Amendment by via pdf file bearing the facsimile signature of a party hereto shall constitute a valid and binding execution and delivery of this Amendment by such party. Such pdf versions shall constitute enforceable original documents.

5. The terms of this Amendment are intended by the Parties to be the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous agreement. The Parties further intend that this Amendment constitute the complete and exclusive statement of its terms and shall supersede any prior agreement with respect to the subject matter hereof.

[SIGNATURE PAGE FOLLOWS]

WHEREFORE, the parties hereto have caused this Amendment to be executed by their duly authorized representatives.

THERATECHNOLOGIES INC.

By: /s/Luc Tanguay
Name: Luc Tanguay
Title: President and CEO
Date: March 1, 2019

INVENTIV COMMERCIAL SERVICES, LLC

By: /s/Theodore Wong
Name: Theodore Wong
Title: Vice President and CFO
Date: March 5, 2019

AMENDED & RESTATED MASTER SERVICES AGREEMENT

This Amended and Restated Master Services Agreement ("Agreement") is made as of the 1st day of November, 2017, by and between RxC Acquisition Company d/b/a RxCrossroads ("RxCrossroads"), a Delaware corporation with its principal place of business at 10350 Ormsby Park Place, Suite 500, Louisville, Kentucky 40223, and Theratechnologies Inc. ("Customer"), a corporation governed by the laws of Québec with a principal place of business at 2015 Peel Street., Suite 500, Montréal, Québec, H3A 1T8, Canada. RxCrossroads and Customer agree as follows:

1. Definitions. Capitalized terms not otherwise defined shall have the meanings set forth as follows:

"Affiliate" shall mean any person or entity which is now, or hereafter becomes, controlled by or under the common control with, either of the parties to this Agreement, by virtue of greater than fifty percent (50%) ownership of issued and outstanding voting securities or voting rights, directly or indirectly.

"Agreement", "hereof" and "hereunder" and words of similar import shall mean this Agreement and all Statements of Work entered under this Agreement, and as the same may be amended from time to time in accordance with the terms set forth herein.

"Arising Intellectual Property" shall mean Intellectual Property, whether patentable or not, created, conceived or reduced to practice by RxCrossroads, either alone or in combination with others, which was created, conceived or reduced to practice for Customer for the sole purpose of carrying out the Services. Notwithstanding the foregoing, the parties acknowledge and agree that Arising Intellectual Property does not include, and each party retains all rights, title, interest and/or ownership in and to, all Background Intellectual Property. Further, the parties acknowledge and agree that Arising Intellectual Property does not include any Intellectual Property owned or licensed by any third-party and/or which is derivative of, an enhancement or extension to, and or wholly incorporative of any Intellectual Property owned by any third-party.

"Background Intellectual Property" shall mean all Intellectual Property owned or licensed by the respective parties as of May 12, 2014 and/or any Intellectual Property conceived, reduced to practice, used or developed by either party outside the scope of this Agreement, and any improvements or enhancements thereof, and that is under the control of either party and that is reasonably necessary, relevant or otherwise useful for performing the Services under this Agreement. For the purposes of this definition "control" means ownership and/or right to grant access or licenses to third-parties. The parties acknowledge and agree that all Background Intellectual Property is not deemed Arising Intellectual Property or "work made for hire" under this Agreement or any Statement of Work, and each party retains all right, title and/or interest in and to any Background Intellectual Property. For purposes of clarity, any processes, procedures, methodologies, formulas, practices and know-how which has general application or use for RxCrossroads' business shall be considered RxCrossroads' Background Intellectual Property.

"Intellectual Property" shall mean inventions, discoveries and/or improvements, patents, patent applications, trademarks (whether registered or unregistered), trademark applications, trade names, service marks (whether registered or unregistered), service mark applications, copyrights (whether registered or unregistered), copyright applications, creative works, derivative works, moral rights, trade secrets, proprietary information, rights to use, industrial designs, Software, propriety information, know-how, technology, development tools, ideas, concepts, design right, moral right, data base right, methodology, proprietary materials, including chemical and biological materials, and all proprietary tools, computer programs, algorithms, databases, methods and techniques, processes and other materials and ideas.

"Services" shall mean those services set forth in a Statement of Work.

"Software" shall mean software programs, including without limitation firmware, object code, source code and media, in machine readable and printed form, and any improvement, addition, modification or new version thereof.

"Statement of Work" shall mean a mutually agreed description of the services to be performed by RxCrossroads for Customer which is executed and dated by the parties and which may set forth, as applicable (i) functional specifications, work plans, acceptance criteria and deliverables, (ii) a detailed timetable for performing the work, (iii) fees to be paid, associated payment dates and any payment adjustment and credit provisions, and (iv) any other information necessary for a full understanding of the services to be performed and the obligations of the parties.

2. Scope of Services and Engagement.

2.1 Services. RxCrossroads will provide Services for or on behalf of Customer pursuant to separate Statements of Work. Each Statement of Work will specify the products of Customer ("Products") to which the Services pertain. Each Statement of Work shall be subject to all of the terms and conditions of this Agreement, in addition to the specific details set forth in the Statement of Work. A Statement of Work may provide that RxCrossroads is the exclusive provider of the Services. To the extent any terms or provisions of a Statement of Work conflict with the terms and provisions of this Agreement, the terms and provisions of this Agreement will prevail, except to the extent that the applicable Statement of Work expressly and specifically states an intent to supersede this Agreement on a specific matter. All terms, provisions, and conditions of any Purchase Order issued by the Customer shall be considered null and void and of no force and effect as to the parties, and the terms and conditions of this Agreement shall govern all Purchase Orders. RxCrossroads shall not begin providing any Services until the applicable Statement of Work has been executed by both parties. The Statements of Work are an integral part of this Agreement and are hereby incorporated into this Agreement by reference. The Services may be changed only by written amendments to the Statements of Work as agreed to and signed by the parties hereto.

2.2 Complete Information. Notwithstanding anything contained herein or elsewhere to the contrary, RxCrossroads shall be under no obligation to provide Services under the applicable Statement of Work until RxCrossroads has received all the information necessary to enable it to provide said Services in accordance with applicable local, state and federal laws and regulations. RxCrossroads will promptly provide Customer with notice of any missing information that RxCrossroads requires to perform the Services.

2.3 Cooperation and Coordination. RxCrossroads will utilize its standard operating procedures in providing the Services. Upon request by Customer, RxCrossroads will provide copies of such standard operating procedures to Customer. Customer may request that RxCrossroads reasonably accommodate Customer requested modifications to RxCrossroads' standard operating procedures; provided however, that material modifications shall be performed at Customer's cost at those fees set forth in the applicable Statement of Work. Where no such standard operating procedure exists, the parties agree to adopt mutually agreeable protocols to support the delivery of Services, with the cost to develop the subject standard operating procedures to be shared equally by the parties.

3. Term and Termination.

3.1 Term. The initial term of this Agreement shall begin November 1, 2017 (the "Effective Date") and shall continue for a period of two (2) years following the date ibalizumab is brought into RxCrossroads' inventory (the "Term"), subject to earlier termination in accordance with Section 3.2 herein. All references in this Agreement to days are references to calendar days, unless otherwise stated. Notwithstanding anything contained in this Agreement to the contrary, unless terminated in accordance with the terms of Section 3.2, this Agreement will remain in effect after termination or expiration for the sole purpose of, and until the completion of, all Statements of Work and the performance of all of RxCrossroads' duties under all Statements of Work.

3.2 Termination of the Agreement.

3.2.1 Termination for Fraudulent or Criminal Conviction. Either party may terminate this Agreement immediately upon written notice to the other in the event that the other party is convicted of engaging in fraudulent or criminal conduct in connection with the Services or the marketing, sale or distribution of Products.

3.2.2 Termination for Breach or Default. Either party may terminate this Agreement if the other party has committed a breach of its representations, warranties, covenants or obligations under this Agreement and the breaching party has not cured said breach within **[REDACTED: Time Period]** after receipt of written notice of such breach; provided, however, that if the party providing such written notice of breach to the breaching party determines that the nature of the breach is such that more than **[REDACTED: Time Period]** may be required for its cure, then the party providing such written notice of breach may grant the breaching party a longer period of time to cure such breach.

3.2.3 Termination for Insolvency. To the extent permitted by applicable laws, and upon prior written notice, Customer may terminate this Agreement upon the insolvency of RxCrossroads, and RxCrossroads may terminate this Agreement upon the insolvency of Customer as appropriate. The "insolvency" of a party shall mean the filing of a petition commencing a voluntary case against such party under the United States Bankruptcy Code or similar laws outside of the United States; a general assignment by such party for the benefit of creditors; the inability of such party to pay its debts as they become due; such party's seeking or consenting to, or acquiescence in, the appointment of any trustee, receiver or liquidation of it, or any material party of its property; the commencement against such party of an involuntary case under the United States Bankruptcy Code or similar laws outside of the United States; proceeding under any receivership, composition, readjustment, liquidation, insolvency, dissolution, or like law or statute, which case or proceeding is not dismissed or vacated within **[REDACTED: Time Period]**; or the filing of a petition under chapter 11 of the United States Bankruptcy Code or similar laws outside of the United States.

3.2.4 Termination for Product Withdrawals. This Agreement shall automatically terminate in the event that all Statements of Work have been terminated due to any order, decree or judgment of any governmental body in the United States that enjoins or prevents the marketing, promotion and sale of the Products in the United States, provided that all fees, costs and expenses which are due under all Statements of Work shall have been paid in full by the Customer. In the event Customer begins to promote, market, sell and/or distribute a Product in the United States within **[REDACTED: Time Period]** of the effective date of the termination of this Agreement under this Section 3.2.4, Customer and RxCrossroads will reinstate this Agreement and the applicable Statement(s) of Work only for the time period remaining in the term of the subject Statement of Work. The parties agree that the foregoing sentence shall survive the termination of this Agreement.

3.2.5 Termination for Lack of Agreement. Either party may terminate this Agreement upon **[REDACTED: Time Period]** prior written notice to the other if the parties are unable to agree on a price adjustment pursuant to Section 10.4(c) of this Agreement.

3.2.6 Termination for Force Majeure. Either party may terminate this Agreement and any applicable Statement of Work upon **[REDACTED: Time Period]** prior written notice to the other if the party who has invoked "force majeure" is unable to comply with its obligations under this Agreement and any Statement of Work after **[REDACTED: Time Period]** of the existence of a "force majeure".

3.3 Termination of a Statement of Work.

3.3.1 Termination for Breach or Default. Either party may terminate a Statement of Work if the other party has committed a breach of its obligations under a Statement of Work and the breaching party has not cured said breach within **[REDACTED: Time Period]** after receipt of written notice of such breach; provided, however, that if the party providing such written notice of breach to the breaching party determines that the nature of the breach is such that more than **[REDACTED: Time Period]** may be required for its cure, then the party providing such written notice of breach may grant the breaching party a longer period of time to cure such breach.

3.3.2 Termination of the Agreement. The termination of this Agreement by either party pursuant to Section 3.2 shall automatically terminate any and all Statements of Work, unless otherwise agreed.

3.3.3 Termination Rights in a Statement of Work. A Statement of Work may be terminated in accordance with the termination provisions, if any, set forth in the applicable Statement of Work without terminating this Agreement.

3.4 Effect of Expiration or Termination. Upon expiration or termination of this Agreement for any reason, each party, at its own cost, shall promptly return all copies of the other party's Confidential Information (as hereinafter defined) or, at the direction of the other party, shall instead certify that such Confidential Information has been destroyed, unless a party is required to maintain such information by any law, rule or regulation, or to comply with auditing requirements or to ensure compliance with this Agreement. Further, upon expiration or termination of this Agreement or a Statement of Work relating to Products, RxCrossroads shall transfer or dispose of any Products in its possession as directed by Customer and at Customer's expense. Provided that no undisputed invoices are outstanding and overdue, RxCrossroads agrees to assist Customer, by performing all reasonably requested tasks and provide reasonable access to records specifically relating to the Services for a period of **[REDACTED: Time Period]** following the termination of this Agreement or the applicable Statement of Work, at Customer's expense, in the decommissioning and transition of the Services to Customer or Customer's agent to ensure a smooth transition and uninterrupted service. Such tasks may include, but shall not be limited to, continuation of Services pursuant to terms of the Agreement and the referral to Customer or its agent of all inquiries relating to Customer or the Products. Upon termination or expiration of this Agreement or a Statement of Work, Customer agrees to pay to RxCrossroads an amount corresponding to the work actually performed by RxCrossroads until the date of termination of the Services and any and all costs and expenses associated with the termination and/or transition of the Services less any amounts which have been paid by the Customer to RxCrossroads in advance for the work that will not be undertaken as a result of the termination of the Services.

4. Insurance.

4.1 RxCrossroads' Insurance. During the term of this Agreement, RxCrossroads will maintain policies of insurance of the following types and amounts:

4.1.1 Commercial General Liability insurance with limits of **[REDACTED: Amount of Insurance]** combined single limit, per occurrence, or a combination of Commercial General Liability and Umbrella Liability.

4.1.2 Workers Compensation insurance as required by any applicable state law and Employer's Liability insurance with a minimum of **[REDACTED: Amount of Insurance]**.

4.1.3 Inventory insurance coverage for the goods of others, inclusive of spoilage, with limits of **[REDACTED: Amount of Insurance]**, subject to any limitations of liability set forth in a Statement of Work.

4.2 Customer's Insurance. During the Term of this Agreement, Customer will maintain policies of insurance of the following types and amounts:

4.2.1 Commercial General Liability insurance with limits of **[REDACTED: Amount of Insurance]** combined single limit, per occurrence, or a combination of Commercial General Liability and Umbrella Liability. Customer shall also maintain employer's liability insurance with limits being no less than **[REDACTED: Amount of Insurance]**.

4.2.2 Property insurance coverage with limits of **[REDACTED: Amount of Insurance]** per loss.

4.2.3 Product Liability insurance with coverage equal to or greater than **[REDACTED: Amount of Insurance]** per claim and per policy aggregate.

4.2.4 Errors and Omission Liability insurance with coverage equal to or greater than **[REDACTED: Amount of Insurance]** per claim and per policy aggregate.

Customer shall provide RxCrossroads with no less than **[REDACTED: Time Period]** prior written notice of any cancellation of any such insurance coverage of Customer and with **[REDACTED: Time Period]** written notice of any notice of cancellation received from the insurance company(ies) issuing the policies. Any employee, officer, director or representative of Customer who is injured while visiting a RxCrossroads' facility shall seek recovery for any expenses, loss wages or damages solely from the Canadian Commission de la Santé et de Sécurité au Travail. Customer shall further cause its independent contractors in the United States to maintain workers' compensation insurance and employer's liability insurance with limits being no less than the statutory minimums at any time when such contractors or their employees are at a RxCrossroads' facility. Except with respect to property insurance coverage, Customer shall name RxCrossroads as an additional insured under its insurance coverage solely with respect to liability of Customer arising under this Agreement and any Statement of Work. All insurance required to be maintained by Customer hereunder shall: **[REDACTED: Terms and Conditions of Insurance]**.

4.3 Certificates of Insurance. Terms of all insurance coverage shall be evidenced by certificates of insurance issued by recognized insurers to be furnished to the other party at the place for notices provided under this Agreement. All insurance required under this Section 4 shall be rated by A.M. Best's Rating Service as "A", and a class size of "VII" or better. Each party will furnish certificates or memorandums of insurance to the other party evidencing the insurance required by this Agreement. Insurers shall be licensed to do business in the state where operations are maintained. RxCrossroads shall not commence any Services until all of the insurance coverage required herein shall have been obtained by Customer, and Customer has furnished certificates or memorandums of insurance to RxCrossroads evidencing the insurance required by this Agreement.

4.4 No Impact or Liability. None of the requirements contained under this Section 4 as to types and limits of insurance coverage to be maintained by the parties are intended to, nor shall they in any manner, limit, expand or qualify the liabilities or obligations assumed by a party hereunder or under any Statement of Work.

5. Limits of Liability

5.1 **NO LIABILITY FOR SPECIAL DAMAGES. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT OR ANY OTHER AGREEMENTS BETWEEN THE PARTIES, NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PRODUCTION, LOSS OF INCOME, OR LOSS OF PROFITS, EVEN IF NOTICE WAS GIVEN OF THE POSSIBILITY OF SUCH DAMAGES AND EVEN IF SUCH DAMAGES WERE REASONABLY FORESEEABLE, WHETHER IN CONTRACT, WARRANTY, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR ANY BREACH HEREOF, EXCEPT TO THE EXTENT THAT ANY SUCH DAMAGES (A) ARE PAYABLE TO A THIRD PARTY AS PART OF A THIRD-PARTY CLAIM PURSUANT TO AN INDEMNITY UNDER SECTION 6 BELOW, OR (B) ARISE OUT OF OR RELATE TO A BREACH BY EITHER PARTY OF ANY OBLIGATION OF CONFIDENTIALITY OR RESTRICTION ON USE PROVIDED IN SECTION 14.12 BELOW.**

6. Indemnification.

6.1 By RxCrossroads. Subject to any limits set forth in a Statement of Work, RxCrossroads will indemnify, defend, and hold Customer and its officers, directors and employees harmless from and against any and all liabilities, damages, fines, penalties, costs, claims, interest, and expenses, including expenses for death of or injury to persons or damage to or destruction of property (including costs of defense, settlement, and reasonable attorneys' fees but excluding in-house counsel fees), collectively "Losses", which are generated by claims, allegations, actions, causes of action, demands, assertions, adjudications, or suits by or of third-parties, which Losses are attributable to (a) the negligence or willful misconduct of RxCrossroads or its agents, employees, and its subcontractors (excluding delivery/postage service subcontractors) in performing its obligations under this Agreement, or (b) violations of any federal, provincial, state or local law, statute, regulation, rule, ordinance, order, or government directive to RxCrossroads and arising out of or in connection with the Services, or (c) RxCrossroads' breach of any representation, warranty, covenant or obligation set forth in this Agreement or any Statement of Work, except that RxCrossroads shall not defend, indemnify, or save harmless Customer or its officers, agents, directors or employees for any such Losses (x) caused by the negligence or willful misconduct of Customer, its agents, employees, or subcontractors or (y) which are covered by Section 6.2.

6.2 By Customer. Customer will indemnify, defend and hold RxCrossroads and its officers, directors and employees harmless from and against any and all Losses which are generated by claims, allegations, actions, causes of action, demands, assertions, adjudications, or suits by or of third-parties, which Losses are attributable to (a) any and all product liability relating to Products, (b) the physical illness, injury or death of a person caused by or alleged to have been caused by a Product, (c) the negligence or willful misconduct of Customer or its employees, agents and subcontractors in performing its obligations under this Agreement or receiving the benefits of this Agreement, (d) any claims, enforcement actions, fines, costs, or recalls or retrievals of Products, (e) violations of any federal, provincial, state or local law, statute, regulation, rule, ordinance, declaration, act, code, order, or government directive by Customer including, without limitation, those relating to the manufacture, sale, distribution, promotion, possession and use of the Product, protection of the environment or public health, (f) any breach of this Agreement by Customer, including without limitation, any breach of any representation, warranty or covenant or any misrepresentation made by Customer in this Agreement or any Statement of Work, (g) infringement of patent or proprietary rights, or (h) the injuries of any employee, officer, director or representative of Customer who is injured while visiting a RxCrossroads' facility; except that Customer shall not defend, indemnify, or save harmless RxCrossroads for any Losses (x) caused by the negligence or willful misconduct of RxCrossroads, its agents, employees, or subcontractors (excluding delivery/postage service subcontractors) or (y) which are covered by Section 6.1.

6.3 Indemnification Procedure. If either party seeks indemnification hereunder (the "indemnified party") from the other party (the "indemnifying party") with respect to a third-party claim, the indemnified party will notify the indemnifying party as promptly as practicable and give the indemnifying party an opportunity to defend the claim. The indemnified party will extend reasonable cooperation in connection with such defense. If the indemnifying party fails to defend the claim within a reasonable time, the indemnified party may, upon written notice to the indemnifying party, assume the defense thereof, and the indemnifying party will repay the indemnified party for all reasonable expenses incurred in connection with such defense (including reasonable attorneys' fees, but excluding in-house counsel fees, settlement payments, and payments of judgments) until the indemnifying party assumes such defense. The foregoing indemnity obligations will extend only to the Losses actually suffered by the indemnified party, reduced by any offsetting assets, payments or services received from any third-party including any insurer. Subject to the provisions of Section 4.2, the indemnifying party will be subrogated to all rights of the indemnified party against any third-party with respect to any claim for which indemnity was paid.

6.4 Settlement. No compromise or settlement of any third-party claim may be effected by the indemnifying party without the indemnified party's written consent (which consent shall not be unreasonably withheld or delayed), unless (a) there is no finding or admission of any violation of law or any violation of the rights of any person and no effect on any other claims that may be made against the indemnified party, (b) the sole relief provided is monetary damages that are paid in full by the indemnifying party, and (c) the indemnified party's rights under this Agreement are not adversely affected. The indemnified party shall have no right to settle any such third-party claim without the prior written consent of the indemnifying party (and any such settlement without the prior written consent of the indemnifying party shall relieve the indemnifying party of its obligations under this Section 6.4 with respect to such settlement) unless (w) there is no finding or admission of any violation of law or any violation of the rights of any person and no effect on any other claims that may be made against the indemnifying party, (x) the sole relief provided is monetary damages that are paid in full by the indemnified party, in which case the indemnified party waives all rights against the indemnifying party, and (y) the indemnifying party's rights under this Agreement are not adversely affected, or (z) if the indemnifying party refuses or fails to assume the defense of the indemnified party.

7. Compliance With Law.

7.1 By Both Parties. RxCrossroads and Customer hereby certify that they will not violate the Anti-Kickback Statute (42 U.S.C. §1320a-7b(b)) with respect to their performance under this Agreement and any Statement of Work.

7.2 By RxCrossroads. RxCrossroads will comply with all United States federal, state and local laws, regulations, orders, or rules which are applicable to the performance of the Services and obtain all necessary licenses and permits in connection with this Agreement and the performance of the Services. All such licenses and permits shall remain valid, in full force and effect during the term of this Agreement. As of the Effective Date, RxCrossroads has not received any notice (written or verbal) that it is under investigation by any governmental authority, nor has received any request for information or other proceeding by any governmental authority, including warning letters or Section 483 letters under the FFDCA. During the term of this Agreement, RxCrossroads shall promptly provide Customer after receipt thereof with any copy of correspondence received from a governmental authority which affects the performance of the Services, but excluding those correspondence which deal with RxCrossroads' general business operations. RxCrossroads shall provide Customer with a copy of any correspondence it intends to issue to a governmental authority in response to any investigation prior to providing same to such governmental authority.

7.3 By Customer. Customer will comply with all United States federal, state, and local laws, regulations, orders, or rules that are applicable to the performance of Customer's obligations under this Agreement and obtain any necessary licenses or permits in connection with this Agreement, except permits and licenses necessary to distribute the Products in each state of the United States. Upon request, Customer agrees to provide RxCrossroads with copies of all required licenses or permits. Such licenses or permits, where required, must be active and in full force and effect for such jurisdictions for RxCrossroads to provide services into the respective jurisdictions.

8. Representations, Warranties and Covenants

8.1 By Customer.

8.1.1 Organization and Standing. Customer is a corporation duly organized, validly existing and in good standing under the laws of Québec.

8.1.2 Power and Authority. Customer has all requisite corporate power and authority to execute, deliver, and perform this Agreement and the other instruments to be executed and delivered by it pursuant hereto and to consummate the transactions contemplated herein. The execution, delivery, and performance of this Agreement by Customer does not, and the consummation of the transactions contemplated hereby will not, violate (a) any provisions of Customer's organizational documents; or (b) any agreement, mortgage, lease, instrument, order, judgment, or decree to which Customer is a party or by which Customer is bound; in each case as would not have a material adverse effect.

8.1.3 Action; Binding Effect. Customer has duly and properly taken all action required by applicable laws or its organizational documents to authorize the execution, delivery, and performance of this Agreement and the other instruments to be executed and delivered by it pursuant hereto and thereto and the consummation of the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by Customer and constitutes and the other instruments contemplated hereby, when duly executed and delivered by Customer will constitute, legal, valid, and binding obligations of Customer enforceable against it in accordance with their respective terms, except as enforcement may be affected by bankruptcy, insolvency, or other similar laws and by general principles of equity.

8.1.4 Products Marketing Authorization. Customer represents and warrants that the Products have received or are exempt from marketing clearances, approvals, or authorizations ("marketing authorizations") required by any state or federal law, including but not limited to the Federal Food Drug & Cosmetic Act ("FFDCA"), the Federal Public Health Service Act ("PHSA") and the regulations promulgated under both the FFDCA and the PHSA, and therefore, may be legally marketed and distributed in accordance with such marketing authorizations or under a legally recognized exemption from such marketing authorizations. Customer represents and warrants that it shall comply with all laws, rules and regulations that apply to the promotion and sale of the Products, including but not limited to the FFDCA, the PHSA, the Prescription Drug Marketing Act ("PDMA"), the Medicare and Medicaid Anti-Kickback Statute, the Civil False Claims Act, the Health Care Fraud Act, and the Criminal False Claims Act. Furthermore, Customer represents and warrants that the Products' labeling and promotional materials are accurate, complete, and in compliance with the laws, rules, and regulations stated herein.

8.1.5 Trademark; Patent Infringement. Customer represents that, to the best of Customer's knowledge, the manufacture, sale, and distribution of the Products do not and will not during the term of this Agreement, infringe any patent or other proprietary rights of third-parties.

8.1.6 Continuing Guaranty. Customer represents and warrants and guarantees that all Products shall be in compliance with all federal, state, and local laws, ordinances, regulations, rules, declarations, interpretations, and orders issued thereunder. Furthermore, Customer guarantees that the Products comprising each shipment or other delivery hereafter made by Customer to RxCrossroads at any of RxCrossroads' facilities are, as of the date of such shipment or delivery, to be, on such date, not adulterated or misbranded within the meaning of the FFDCA, and not an article which may not, under the provisions of section 404, 505, or 512 of the FFDCA, be introduced into interstate commerce.

8.1.7 Products Recall. In the event Customer recalls any of the Products, the party who has caused such recall shall bear all of the costs and expenses of such recall, including, without limitation, expenses, or obligations to third-parties, the cost of notifying customers, and costs associated with the shipment or recalled Products. RxCrossroads shall maintain complete and accurate records for such periods of recall as may be required by applicable law. The parties will cooperate fully with each other in effecting any recall of the Products, including communications with any customers or users.

8.1.8 Customer Complaint Reporting. Customer shall be responsible for notifying the appropriate federal, state, and local authorities of any customer complaints or other events regarding the Products, which are required by any applicable law, rule, or regulation to be reported. RxCrossroads shall provide Customer with any information it receives regarding such complaints or events. Customer shall be responsible for submitting trend analysis, adverse event reports (including, but not limited to medical and non-medical product complaints), and all other events regarding the Products which is required by any applicable law, rule, or regulation to be reported to the appropriate federal, state, and local authorities.

8.2 By RxCrossroads

8.2.1 Organization and Standing. RxCrossroads is a corporation duly organized, validly existing and in good standing under the laws of Delaware.

8.2.2 Power and Authority. RxCrossroads has all requisite corporate power and authority to execute, deliver, and perform this Agreement and the other instruments to be executed and delivered by it pursuant hereto and to consummate the transactions contemplated herein. The execution, delivery, and performance of this Agreement by RxCrossroads does not, and the consummation of the transactions contemplated hereby will not, violate (a) any provisions of RxCrossroads' organizational documents; or (b) any agreement, mortgage, lease, instrument, order, judgment, or decree to which RxCrossroads is a party or by which RxCrossroads is bound; in each case as would not have a material adverse effect.

8.2.3 Action; Binding Effect. RxCrossroads has duly and properly taken all action required by its organizational documents to authorize the execution, delivery, and performance of this Agreement and the other instruments to be executed and delivered by it pursuant hereto and thereto and the consummation of the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by RxCrossroads and constitutes and the other instruments contemplated hereby, when duly executed and delivered by RxCrossroads will constitute, legal, valid, and binding obligations of RxCrossroads enforceable against it in accordance with their respective terms, except as enforcement may be affected by bankruptcy, insolvency, or other similar laws and by general principles of equity.

8.2.4 RxCrossroads' Regulatory Approvals. RxCrossroads represents, warrants and covenants that it currently has received and that it shall diligently maintain in good standing all necessary licenses, approvals and authorizations required by United States federal, state or local law, statute, regulation, rule, ordinance, order, government directive or guideline relating to persons or companies engaged in importing the Products to the United States; distributing the Products to end-users in the United States; packaging the Products for distribution purposes, and disseminating, receiving, monitoring, and dispensing prescribed Product, including but not limited to PDMA and FFDCA.

8.2.5 Debarment. As of the Effective Date, RxCrossroads has not been debarred and is not subject to debarment pursuant to Section 306 of the FFDCA, nor is it the subject of a conviction described under such section.

8.2.6 Quality of Services. During the term of this Agreement, and of any Statement of Work, RxCrossroads shall perform the Services in a professional, workmanlike manner and in accordance with those specifications which RxCrossroads and Customer agree to in the applicable Statement of Work.

8.2.7 Personnel. During the term of this Agreement and of any Statement of Work, the personnel assigned to perform the Services shall be capable professionally and duly trained and qualified to perform the Services.

9. Intellectual Property.

9.1 Nothing in this Agreement shall affect a party's rights to its Background Intellectual Property nor imply a grant of any license to a party's Background Intellectual Property unless expressly set forth herein or in any Statement of Work.

9.2 The parties hereby acknowledge and agree that the ownership and use rights of any Arising Intellectual Property shall be set forth in the Statement of Work under which the subject Arising Intellectual Property is being developed.

9.3 (a) During the term of this Agreement, each party hereby grants to the other party a non-exclusive license to its Background Intellectual Property to the extent such is reasonably required for performing the Services. For the avoidance of doubt, except as otherwise mutually agreed in writing, neither party may commercially exploit the other's Background Intellectual Property independently of its performance and/or obligations under this Agreement. Neither party may reverse engineer or create derivative works from the other's Background Intellectual Property. Unless otherwise agreed in an individual Statement of Work, the license granted under this Subsection 9.3(a) shall terminate upon termination or expiration of this Agreement. Any physical media provided to either party under this Agreement, which contains the other party's Background Intellectual Property, shall be returned upon termination or expiration of this Agreement. Customer's rights under this limited license may not be transferred except to a successor in interest of Customer's entire business who assumes the obligations of this Agreement. Customer shall not have the right to sublicense the rights granted to it under this Subsection 9.3(a) without the express permission of RxCrossroads.

9.4 In the event that, during the term of this Agreement, either party becomes aware of any pending or threatened infringement of any third-party rights arising from activities under this Agreement or from the exploitation of Arising Intellectual Property and/or Background Intellectual Property, such party shall notify the other party thereof in writing within a reasonable time period after confirming the validity of such infringement.

10. Financial Terms, Billing and Payment.

10.1 Payment Terms. RxCrossroads shall invoice, either by regular mail or email, Customer no more than once each calendar month for the Services based on the fees and charges set forth in the applicable Statement of Work. Payments on undisputed invoices are due and payable to RxCrossroads within **[REDACTED: Time Period]** of the date of invoice. RxCrossroads may charge interest on late payments on undisputed invoices beginning **[REDACTED: Time Period]** from the date of invoice at the rate of **[REDACTED: Interest Rate]** per month or the maximum rate allowed by law, whichever is lower. Customer will notify RxCrossroads, in writing, of any disputed invoices within **[REDACTED: Time Period]** of the date of invoice. RxCrossroads will investigate Customer's claim regarding a disputed invoice and reply to Customer with information necessary to resolve the dispute. The parties will work in good-faith to resolve all disputes in a timely manner. Payment on disputed invoices is due within **[REDACTED: Time Period]** of dispute resolution. Customer will be responsible for collection costs, including reasonable attorneys' fees, on unpaid amounts placed by RxCrossroads for collection from Customer only. RxCrossroads may require payment of cash in advance if Customer fails to satisfy RxCrossroads' normal credit standards. To the extent permitted in a Statement of Work, RxCrossroads may offset from any payment due from RxCrossroads to Customer the amount of any undisputed past due amounts due to RxCrossroads from Customer.

10.2 Adjustment of Fees. Unless otherwise agreed in a Statement of Work, fees for Services shall be adjusted by RxCrossroads **[REDACTED: Frequency]** beginning **[REDACTED: Frequency]** of this Agreement. Adjustments shall not exceed the net change over the Base Year (month and year of the Effective Date of the Agreement) in the **[REDACTED: Computation Method for Adjustments]**.

10.3 Adjustment of Price to Avoid Hardship. A party may request that the parties establish new rates at any time to the extent that there is a (a) material change in the scope of Services, (b) a material change or imposition of law or regulations that impact the Services, or (c) a material change in the market or industry that increases RxCrossroads' operational costs to the extent that the application of the agreed price for Services would create an undue hardship on RxCrossroads' ability to perform Services.

If a party requests that new rates/Services be established as provided above, the parties agree to negotiate in good faith to resolve the issue(s) to the satisfaction of both parties within **[REDACTED: Time Period]** of written notification to one party by the other.

10.4 Effect of No Agreement for the Adjustment of Price. In the event that the parties cannot mutually agree upon an adjustment in price pursuant to Section 10.3, the parties agree to operate under the following conditions as applicable: (a) with respect to Subsection 10.3(a) a party is not required to comply with a change in scope of the Services; (b) with respect to Subsection 10.3(b) RxCrossroads shall comply with minimum requirements of the law or regulation impacting Services and pass the cost through to Customer; (c) with respect to Subsection 10.3(c) either party may terminate the Agreement pursuant to **[REDACTED: Time Period]** prior written notice and during the **[REDACTED: Time Period]** the Customer shall pay to RxCrossroads an amount equal to **[REDACTED: Amount]** of the increase in RxCrossroads' operational costs due to the change in the market or industry.

11. Records and Audits.

11.1 Record Retention. RxCrossroads shall keep full, complete and accurate records in connection with its provision of the Services, including, without limitation, financial records, inventory records, warehouse and distribution information, the delivery status of the Products, evidence of regulatory and quality assurance compliance and a complete record of all data sent to and received from Customer (the "Records"). The Records shall be retained by RxCrossroads for a period of no less than (a) **[REDACTED: Time Period]** after any termination or expiration of this Agreement or (b) such longer period as may be required by law. RxCrossroads shall perform periodic backups of any of the Records stored electronically in accordance with a reasonable backup schedule and shall implement commercially reasonable technological safeguards to protect Records stored electronically from damage, loss or unintended disclosure.

11.2 Audits. Subject to applicable laws, including those governing confidentiality, Customer shall have the right to audit no more than **[REDACTED: Frequency]** (unless such audit is "for cause") and for no more than **[REDACTED: Time Period]** per audit, during normal business hours, the Records. Audit requests will be in writing and given not less than **[REDACTED: Time Period]** prior to the anticipated date of the audit. For any audits (not for cause) in excess of **[REDACTED: Frequency]**, Customer shall pay RxCrossroads for the participation of RxCrossroads' personnel in such audit at the hourly fees set forth in the applicable Statement of Work. Overcharges of Service fees and pass-throughs by RxCrossroads in excess of **[REDACTED: Amount]** which are discovered during any audit shall incur interest of a rate of **[REDACTED: Rate]** per month or the maximum rate allowed by law, whichever is lower, from the date of payment by the Customer. At Customer's cost and expense, RxCrossroads shall provide copies of the Records (i) at Customer's request during the term of this Agreement and thereafter, and (ii) prior to any destruction thereof. For purposes of this Section 11, the term "for cause" shall mean that RxCrossroads has violated, or is alleged to have violated by a regulatory agency, applicable law, SOPs or general industry practices or a corrective action plan developed as a result of a prior audit or in response to the request of a regulatory agency.

In the event that such audit is conducted by a third-party auditor, (a) such third-party auditor must not have a conflict of interest with RxCrossroads or its affiliates and must sign RxCrossroads' standard form of confidentiality and non-disclosure agreement prior to commencing the audit, and (b) Customer shall provide RxCrossroads with a set of written guidelines and instructions that it has given such third-party auditor in connection with the audit. In the event that a third-party auditor obtains access to any patient information in connection with such audit, Customer shall indemnify RxCrossroads for any liability associated with (x) such disclosure by RxCrossroads to the third-party auditor, and (y) the disclosure of such information by the third-party auditor. Customer cannot request an audit later than **[REDACTED: Time Period]** after expiration or termination of this Agreement.

12. **Trademarks**. Each party acknowledges each other party's sole and exclusive ownership of its respective trade names, commercial symbols, trademarks and service marks, whether presently existing or later established (collectively, the "Marks"). No party shall use the other party's Marks in advertising or promotional materials or otherwise without the owner's prior written consent. During the term of this Agreement and any Statement of Work (and during any transition period after termination in accordance with Section 3.4 herein), Customer hereby licenses to RxCrossroads (and its affiliates and subcontractors, as applicable) the ability to use the name "*EGRIFTA*" and any future branded support program names for the Services solely in connection with the performance of the Services.

13. **Force Majeure**. The parties shall not be liable in any manner for any delay or failure to perform their obligations hereunder which are beyond their reasonable control, including without limitation, any delay or failure due to strike, labor disputes, riots, earthquakes, storms, floods, blizzards, tornados, hurricanes or other extreme weather conditions, fires, explosion, acts of God, embargoes, war other outbreak of hostilities, terrorist activities, government acts or regulations which directly prevent RxCrossroads or Customer from performing the Services or its obligations contracted for in a Statement of Work, or the failure or inability of carriers, suppliers, delivery services, or telecommunications providers to provide services necessary to enable the parties to perform their obligations hereunder. This provision shall not relieve Customer of its obligation to pay RxCrossroads for Services already rendered or storage charges during the period of Force Majeure, unless the event of Force Majeure prevents RxCrossroads from fulfilling the subject storage obligations. Further the affected party shall use its commercially reasonable efforts to avoid or remove such causes of non-performance and shall continue performance with the utmost dispatch whenever such causes are removed.

14. **Miscellaneous.**

14.1 Governing Law and Venue. This Agreement and the relationship of the parties hereunder will be governed by and interpreted in accordance with the laws of the State of New York without regard to rules of conflicts of laws. The parties hereto hereby waive the right to a trial by jury. The exclusive jurisdiction, forum and venue for any action to enforce or interpret this Agreement shall be in the Supreme Court located in New York, New York County, New York (and all appellate courts therefrom) for any such action filed in state court, or in the United States District Court for the Southern District of New York (and all appellate courts therefrom), for any such action filed in federal court. The parties agree that the United Nations Convention on Contracts for the International Sale of Goods is specifically excluded from application to this Agreement.

14.2 Modification. This Agreement may not be modified or supplemented by any agreement or representation that is not contained in this document or the attached Appendices. Amendments to this Agreement must be in writing and signed by the parties.

14.3 Captions. Caption designations are for reference only. They do not interpret, modify, or in any way limit the meaning of this Agreement.

14.4 Waiver. No waiver of breach of any covenant or condition shall be construed to be a waiver of any subsequent breach. No act, delay, or omission done, suffered, or permitted by the parties shall be deemed to exhaust or impair any right, remedy, or power of the parties hereunder.

14.5 Notices. Except as otherwise specified herein, all notices, demands, requests, or other communications which may be or are required to be given, served, or sent by either party to the other party pursuant to this Agreement shall be in writing and shall be (a) delivered personally, (b) mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, or (c) by overnight courier to the address for such party set forth below or to such other address as may be designated in writing by such party. Notices shall be deemed delivered upon receipt (or refusal to accept receipt) in the case of personal delivery; within three (3) days of mailing in the case of first class mail and within one day of mailing in the case of overnight courier.

(a) If to RxCrossroads: RxC Acquisition Company d/b/a
RxCrossroads
Attn: **[REDACTED: Position]**
10350 Ormsby Park Place, Suite 500
Louisville, KY 40223

With copy of same to (which shall not constitute notice):
RxC Acquisition Company d/b/a RxCrossroads
Attn: **[REDACTED: Position]**
10350 Ormsby Park Place, Suite 500
Louisville, KY 40223

(b) If to Customer: Theratechnologies Inc.
2015 Peel Street
Suite 500
Montreal, Québec, Canada, H3A 1T8

14.6 Severability. In the event that any provision of this Agreement is invalid or unenforceable, such invalid or unenforceable provision shall not invalidate or affect the other provisions of this Agreement which shall remain in effect to be construed as if such provision were not a part hereof, provided that if the invalidation or unenforceability of such provision shall have a material effect on a party's rights or obligations under this Agreement, then the parties agree to negotiate in good faith a mutually acceptable amendment of this Agreement within **[REDACTED: Time Period]** of good faith negotiations, then either party shall have the right to terminate this Agreement upon **[REDACTED: Time Period]** prior written notice to the other party.

14.7 Integration; Amendments. This Agreement, and any other documents incorporated herein by reference, constitutes the entire understanding of the parties hereto and supersedes any prior oral or written communication between the parties with respect to the subject matter hereof, including the Master Services Agreement entered into between RxCrossroads and Customer on May 12, 2014. No modification, alteration, or waiver of any term, covenant, or condition of this Agreement shall be valid unless in writing and signed by both parties.

14.8 Conflicts. In cases of any conflicts between the terms of this Agreement and the terms of any Appendix or Exhibit to this Agreement, the terms of the Agreement will control.

14.9 No Rule of Strict Construction. The parties chose the language used in this Agreement to express their mutual intent. No rule of strict construction shall apply where evidence of intent otherwise is applicable.

14.10 Successor and Assigns. The rights and obligations under this Agreement may not be transferred or assigned to a third-party by either party without the prior written consent of the other party, provided, however, Customer consents to RxCrossroads subcontracting for delivery/postage services, IT services, translation services and temporary workers. Notwithstanding anything contained herein to the contrary, this Agreement can be assigned without prior consent to (a) an Affiliate of the assigning party provided that the assigning party shall remain liable for performance hereunder, or (b) any successor in connection with a merger, acquisition, or sale or transfer of substantially all of the party's assets or business. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

14.11 Independent Contractors. No provision of this Agreement is intended to create or shall be construed to create any relationship between Customer and RxCrossroads, other than that of independent entities contracting with each other solely for the purpose of effecting the provisions of this Agreement. Neither party, nor any of their respective representatives, shall be construed to be the partner, agent, employee, or representative of the other and neither party shall have the right to make any representation concerning the duties, obligations or services of the other except as consistent with the express terms of this Agreement or as otherwise authorized in writing by the party about which such representation is asserted.

14.12 Ownership and Use of Information.

14.12.1 Ownership and Use of Information. Except as provided below or by applicable law, all information collected during the performance of the Services including, but not limited to, records and other data provided to RxCrossroads by Customer shall remain the property of Customer and/or the patient, as applicable. Each party covenants to the other that it shall have received from each patient, consent for the collection, possession, and any use of patient-specific information to the extent required by law. Notwithstanding anything contained herein to the contrary, all information, records and data that RxCrossroads (or any of its Affiliates or contractors) is required to maintain by law, including but not limited to patient records, prescription records and pharmacy records shall be considered the property of RxCrossroads (or such Affiliate or subcontractor, as applicable).

14.12.2 Confidentiality. During the term of this Agreement, it is contemplated that each party may disclose to the other, proprietary and confidential technology, including but not limited to, sales and marketing information, pricing information, strategic business plans, customer information, inventions, reporting packages, system information, proprietary software and related user documentation, clinical and other manuals, pharmacy records, operating procedures, sales and marketing strategies, technical information specifications and protocols, material, reagents, biological materials and the like which are owned or controlled by the party providing such information or which that party is obligated to maintain in confidence ("Confidential Information"). Each party agrees not to disclose and to maintain the Confidential Information of the other party in confidence and not to disclose any such Confidential Information of the other party to a third-party without the prior written consent of the disclosing party and not to use such Confidential Information for any purpose other than as referenced under this Agreement. The receiving party shall only use the Confidential Information of the disclosing party to the extent necessary to perform its obligations hereunder. The obligations of confidentiality will not apply to information which: (a) is in the public domain at the time of disclosure; (b) subsequently becomes known to the public by some means other than a breach of this Agreement, including publication and/or laying open to inspection of any patent applications or patents; (c) is subsequently disclosed to the receiving party by a third-party having a lawful right to make such disclosure and who is not under an obligation of confidentiality to the disclosing party; (d) is approved for public release by the parties. The provisions of this section shall survive the term or termination of this Agreement for any reason for a period of **[REDACTED: Time Period]**. For the avoidance of doubt, Customer Confidential Information shall not include patient and prescription records that RxCrossroads or its Affiliates are required by law to maintain. Upon termination of this Agreement, the receiving party shall cease using the disclosing party's Confidential Information, and all such information provided to the receiving party shall be returned to the disclosing party or destroyed immediately upon disclosing party's request, unless the receiving party is required to maintain such information by any law, rule or regulation, or to comply with auditing requirements or to ensure compliance with this Agreement.

The provisions of this Section 14.12.2 or elsewhere in this Agreement shall not preclude disclosures required by law; provided, however, that prior to disclosing any Confidential Information of the disclosing party pursuant to a subpoena, court order, or other legal requirement, the receiving party will, to the extent permitted by applicable law, notify the disclosing party of such requirement, and permit and provide reasonable cooperation with the disclosing party in taking such steps as the other party reasonably deems appropriate, at the expense of the party seeking to protect the material, including obtaining a protective order, consistent with applicable law to, minimize any loss of confidentiality and protect the disclosing party's interests in such disclosed material.

This Section 14.12.2 replaces and supersedes any similar provision entered into by the parties prior to May 12, 2014 regarding non-use and confidentiality of Confidential Information.

14.12.3 Confidentiality Regarding Physician and Patient Specific Protected Health Information.

(a) The parties shall maintain the confidentiality of any patient specific data in accordance with applicable federal and state laws and regulations. The parties agree that Protected Health Information ("PHI"), as defined in 45 CFR Section 164.501 that generally includes all patient identifying information, shall be obtained, stored, used and disclosed in compliance with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the Health Information Technology for Economic and Clinical Health Act, Title XIII of Division A and Title IV of Division B of ARRA ("HITECH") and, where applicable, state law. The parties represent and warrant that they will (i) use PHI only to provide Services (ii) limit access to PHI to those employees who have a need to access PHI to perform the Services (iii) protect and safeguard PHI from unauthorized access and disclose only in a manner acceptable under applicable law (iv) require any contractors and agents to agree to comply with the restrictions to which the parties are bound under this Section 14.12.3, and (v) obtain consent and, where applicable, patient authorization in accordance with applicable law. Notwithstanding anything to the contrary, RxCrossroads shall not provide to any third-party, including Customer or its designees, information identifiable as relating specifically to any patient without the patient's prior consent or authorization unless otherwise allowable under applicable law and in accordance with the terms hereof.

(b) RxCrossroads shall maintain the confidentiality of any records relative to prescription data containing patient and prescriber identifiable data in accordance with state law and regulations.

14.12.4 Disclosure. To the extent that either party reasonably determines that it is required to make a filing or any other public disclosure with respect to this Agreement and/or any Statements of Work or the transactions contemplated hereby to comply with the requirements, rules, laws or regulations of any applicable stock exchange, Nasdaq or any governmental or regulatory authority or body, including, without limitation, the U.S. Securities and Exchange Commission (the "SEC") (collectively, the "Disclosure Obligations"), or if either party reasonably determines that it is required to file a copy of this Agreement and/or any Statements of Work to comply with the Disclosure Obligations, such party shall promptly inform the other party thereof, and prior to making any such disclosure or filing of a copy of this Agreement and/or any Statements of Work, the parties shall mutually agree on the provisions of this Agreement and/or the applicable Statements of Work which the parties shall try to keep confidential by seeking confidential treatment, it being understood that if one party determines that it would like to seek confidential treatment for a provision for which the other party does not, then the parties will use reasonable efforts in connection with such filing to seek the confidential treatment of any such provision.

14.13 Solicitation and Hire of Employees. The parties agree that during the Term, and for a period of **[REDACTED: Time Period]** thereafter that neither party will directly solicit for purposes of employment, or employ any person presently employed by the other party without the prior written consent of the current employing party. For purposes of this Agreement, "directly solicit" means to initially call or to initiate contact in any other manner with an employee of the other party for the purpose of inducing such employee to leave his or her present position, but such term shall not include as wrongful any contact with, interview or hiring of those employees who (a) have answered standard advertisements, (b) have already resigned their positions without inducement by the other party, or (c) initiate the contact with the other party regarding employment with that party.

14.14 Marketing and Promotional Materials; Press Releases. Customer is responsible for the marketing and promotion of Products in accordance with applicable law. Customer shall approve all written materials used by RxCrossroads in conjunction with the Services. The timing and content of any press releases relating to the relationship between the parties shall be subject to the mutual agreement of the parties; provided that each party may make reference to the existence of this Agreement and describe in general terms the relationship between the parties in connection with any required securities filings without seeking prior consent.

14.15 Ad Valorem Taxes. RxCrossroads shall not be liable for any ad valorem taxes placed upon Products held by RxCrossroads on behalf of Customer at an RxCrossroads' facility.

14.16 Interpretation. The headings used herein are for convenience only and do not limit the contents of this Agreement. All pronouns and all variations thereof will be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the identity of the person, persons, or entity may require.

14.17 Third-Party Beneficiary Exclusion. This Agreement is not a third-party beneficiary contract, nor shall this Agreement create any rights on behalf of patients or any other third-parties as against RxCrossroads or Customer. Customer and RxCrossroads reserve the right to amend, cancel, or terminate this Agreement without notice to, or consent of, any patient or other third-party.

14.18 Survival. Any provisions of this Agreement creating obligations that by their terms extend beyond the term of this Agreement will survive the expiration or termination of this Agreement, regardless of the reason for the termination. Without limiting the generality of the foregoing, the following provisions shall survive any expiration or termination hereof: Subsections 3.2.4 (second to last sentence), 3.4 and 4.2, Sections 5, 6, 8, 9, 11, 12, 14 and Subsection 10.1, and all definitional provisions corresponding to the foregoing.

14.19 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original copy of the Agreement, and all of which, when taken together, shall be deemed to constitute one and the same Agreement. Signatures to this Agreement transmitted by fax, by electronic mail in "portable document format" (".pdf"), or by any other electronic means intended to preserve the original graphic and pictorial appearance of the Agreement, shall have the same effect as physical delivery of the paper document bearing the original signature.

14.20 Currency. All payments, costs, expenses, charges and/or assessments which are due under or are to be made in accordance with this Agreement or any Statement of Work shall be in U.S. dollars. Any reference to currency or dollars in this Agreement or any Statement of Work shall be to U.S. dollars.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF the parties have executed this Agreement by their duly authorized officers as of the Effective Date first referenced above.

RxC Acquisition Company d/b/a RxCrossroads	**Theratechnologies Inc.**
By: /s/ Rob Brown	By: /s/ Luc Tanguay
Name: Rob Brown	Name: Luc Tanguay
Title: Vice President	Title: CEO
	By: Marie-Noël Colussi
	Name: Marie-Noël Colussi
	Title: Vice President, Finance

Amended and Restated Statement of Work #1

[3PL]

This Amended and Restated Statement of Work #1 ("SOW") is entered into as of the 1st day of November, 2017 pursuant to and shall be governed by the terms and conditions set forth in that certain Amended and Restated Master Services Agreement by and between Theratechnologies Inc. ("Customer") and RxC Acquisition Company d/b/a RxCrossroads ("RxCrossroads") dated November 1st, 2017 (the "Agreement"). All capitalized terms used herein shall have the same meanings as set forth in the Agreement unless otherwise specifically defined herein.

1.0 Services.

RxCrossroads will provide the warehousing and logistical support services set forth in Section 2.0 (collectively, the "Services") to support the storage and distribution of Customer's prescription drug products in their finished forms: *EGRIFTA*®, the *EGRIFTA*® injection kits and ibalizumab (collectively, the "Products"). New products may be added upon the mutual agreement of the parties and pursuant to a written amendment to this SOW. RxCrossroads shall be Customer's exclusive 3PL provider for all of Customer's products, in the United States. RxCrossroads shall make available the appropriate personnel necessary for successful implementation of all Services, including a project manager. RxCrossroads shall conduct regular business reviews and quality improvement reviews to assure mutual success.

2.0 Description of Logistics Services.

2.1 **Hours of Service.**

RxCrossroads will provide Services from 8:00am to 7:00pm ET (collectively, the "Hours of Service"), Monday through Friday, excluding RxCrossroads' Recognized Holidays (as hereinafter defined). By prior agreement of the parties, Products may be received or shipped outside of the Hours of Service. The charges for such Services outside of the Hours of Service will be established in advance of such Services, to the extent not set forth in this SOW.

"RxCrossroads' Recognized Holidays" shall be defined as: New Year's Day, Memorial Day, Independence Day (as recognized), Labor Day, Thanksgiving Day and Christmas Day (as recognized) and two floating holidays as noticed by RxCrossroads to Customer each year no later than January 15.

2.2 **Product Receiving.**

Customer will give RxCrossroads at least **[Redacted: Time Period]** advance notice of Products which are to be sent to the Warehouse (as hereinafter defined) by Customer or its vendors.

RxCrossroads will unload trailers upon arrival at the Warehouse when received during the Hours of Service.

RxCrossroads shall receive inbound shipments of Products from Customer (or Customer's designee) and reconcile bill of lading.

RxCrossroads will visually inspect each shipment of Products in accordance with RxCrossroads' Standard Operating Procedures (SOPs) and Customer's reasonable written requirements, as agreed upon in advance. RxCrossroads will promptly notify Customer upon RxCrossroads' discovery of any damage or loss to Products or non-compliance with written temperature control requirements.

Customer shall ship Products to RxCrossroads in a commercial released status.

If any Products require special handling by RxCrossroads, Customer will notify RxCrossroads, in advance and in writing, of such special handling.

2.3 **Warehousing.**

RxCrossroads will locate and store items in the required temperature control area in accordance with RxCrossroads' SOPs and Customer's written Products storage requirements, which shall be provided to RxCrossroads in advance.

RxCrossroads shall store the Products to protect it against customary perils and complying with all applicable federal, state, or local laws or regulations relating to the storage of such Products and all applicable storage specifications required for the Products as specified by the Customer in accordance with HDMA Standard Product Information Forms.

Customer will ensure that all Products are sent to the Warehouse in shipping containers and in individual Product packaging which is sufficient for identifying the Products and for storing such Products.

RxCrossroads shall pay for all security costs for the Warehouse and any other warehouse locations where Products may be stored in accordance with the terms of this SOW.

Customer is responsible for any personal property taxes or other taxes applicable to the ownership, sale, and distribution of Products and/or the Services. RxCrossroads is responsible for any tax based on the income of RxCrossroads or RxCrossroads' employees. The parties agree that no provision for such taxes is included within the fees for Services set forth in this SOW.

RxCrossroads will work with Customer to create a quarterly destruction schedule for all outdated, returned, and damaged Products. The destruction schedule shall list the NDC and lot number of the Product to be destroyed. Customer shall approve (for which an email will suffice) the destruction schedule prior to the destruction of any Product. All transportation and destruction costs will be borne by Customer.

2.4 **Import and Export Services.**

Customer will serve as the importer of record on all inbound shipments of *EGRIFTA*® from Customer's Canadian manufacturing facility or Canadian designated 3PL warehouse to the Warehouse. RxCrossroads will work with Customer to establish an importing schedule (the "Schedule"). Once the Schedule is established, Customer will work with RxCrossroads, the freight forwarder, and the third-party carrier to plan the movement of *EGRIFTA*® from Customer's manufacturing facility or designated 3PL facility to the Warehouse. Customer will provide detailed information to the freight forwarder to allow for the appropriate clearance paperwork to be completed and filed prior to any *EGRIFTA*® shipment leaving Customer's manufacturing facility or designated 3PL facility. Based on the Schedule, Customer will work with the freight forwarder to ensure all customs' documentation is filed and clearance has been given before *EGRIFTA*® moves toward the United States border. Once Product is delivered to the Warehouse, RxCrossroads will follow the receipt process set forth in Section 2.2.

All fees (including any fines) related to the importing process will be paid by Customer.

2.5 **Inventory Control.**

RxCrossroads shall maintain sufficient records to determine the location, quantity and lot number of Products in inventory. System/records will also delineate between the various product statuses in accordance with the mutually agreed inventory and order management business processes.

RxCrossroads will conduct quarterly inventory cycle counts.

RxCrossroads shall provide Customer, at RxCrossroads' expense, one (1) physical Products inventory per calendar year and routine cycle counts. RxCrossroads shall perform additional physical Products inventories upon Customer's request and for an additional labor charge. Any such additional physical inventory requested by Customer will be scheduled based upon a written request from Customer and a mutually agreed upon inventory date. Physical inventory requests require at least **[Redacted: Time Period]** advance written notice.

RxCrossroads shall ensure that any end of lot discrepancies evidenced by a difference in physical to computer system inventory as noted during Products distribution will trigger inventory counts and reconciliation by RxCrossroads to verify and determine, where possible, the cause for the discrepancy.

RxCrossroads shall not track Products by serial numbers unless required by federal law, and if required by federal law, RxCrossroads shall negotiate applicable fees with Customer.

2.6 **Distribution.**

RxCrossroads will remove Products from inventory to fulfill orders received (including purchase of product by RxCrossroads for Title Inventory (as defined in SOW#2)). Inventory shall be picked pursuant to RxCrossroads' SOPs. Notwithstanding RxCrossroads' SOP, Products shall always be released from inventory on a first-expiry basis.

2.7 **Information Technology Services and Reporting.**

RxCrossroads will provide Customer with access to RxCrossroads' ERP system to view standard online reports detailing Products inventory balances, receipts and shipments via RxCrossroads' web portal, Exegis™. Customer is responsible for providing authorization for user access to the portal.

RxCrossroads shall ensure that access to the Exegis™ web portal will be available to Customer 24 hours per day, 7 days per week except for routine scheduled maintenance windows (normally Sunday morning 5 a.m. – 10 a.m. (ET)). RxCrossroads will contact Customer with reasonable notice of any non-availability of the Exegis™ web portal due to non-routine system maintenance undertaken by RxCrossroads. The Exegis™ web portal will be the repository of information available to RxCrossroads regarding Products and related standard reports, including but not limited to daily inventory reports and inventory adjustments.

2.8 **On-Call Support.**

RxCrossroads shall maintain an on-call support line for answering Customer's questions, receiving requests for correction of errors and providing consulting services relative to the functionality and usage of the Exegis™ web portal. The support line will be available from 8:00 a.m. – 5:00 p.m. (ET) Monday-Friday except for RxCrossroads' Recognized Holidays.

2.9 **System Back-Ups.**

RxCrossroads shall perform back-up of all Customer transactions at the end of each business day. Such back-up will be performed at a scheduled time each day and will use a utility product to copy all RxCrossroads' Customer data on a media selected by RxCrossroads. Backup tapes shall be stored off-site.

2.10 **System Disaster Recovery.**

RxCrossroads shall maintain in place disaster-relief plans consisting of disaster recovery procedures, telecommunications switch over during disaster or emergency period, and ERP System switch over during disaster or emergency period (collectively, "Disaster Plans"). RxCrossroads will maintain the Disaster Plans during the term of this SOW.

2.11 **Audits.**

Audits shall be conducted as set forth in the Agreement. For those audits and inspections which are conducted at Customer's expense, there will be a charge for the participation of RxCrossroads' personnel at the hourly fees set forth in Section 5.0 of this SOW.

2.12 **Record Retention Guidelines (Customer Operations).**

RxCrossroads will retain records according to established written SOPs for each functional area.

2.13 **Account Management.**

RxCrossroads will provide a designated point of contact for management of the Services.

RxCrossroads will conduct periodic business reviews of the Services with Customer personnel.

2.14 **Quality Assurance Oversight.**

Quality Assurance activities will be conducted in accordance with the Quality Agreement, dated as of May 7, 2014 between the parties. Customer and RxCrossroads agree to amend such Quality Agreement within **[Redacted: Time Period]** to reflect the addition of ibalizumab therein. RxCrossroads will maintain SOPs describing activities provided herein. Customer specific work instructions will be developed describing mutually agreed upon business rules and processes.

3.0 Customer Access to Products in Warehouse.

Customer, its employees and agents, may enter the Warehouse upon prior written notice to RxCrossroads for the purpose of examining its Products, counting its Products or examining RxCrossroads' records regarding the Services, during normal business hours provided that Customer abides by all established RxCrossroads' safety rules and security procedures.

4.0 Warehouse Facilities.

The receipt and storage Services that RxCrossroads will perform for Customer (as described in Section 2.0 above) will be provided at a facility located at 5101 Jefferson Commerce Drive, Louisville, Kentucky 40219 and/or 1001 Cheri Way, Fairdale KY 40118, or such other facility that is approved by Customer in writing for the provision of Services ("Warehouse").

5.0. Fees.

[Redacted: List of Tasks and Fees]

** Subject to Customer's prior written approval for which an email will suffice

5.1. Fees will be billed monthly as incurred and payment shall be due from Customer in accordance with the Agreement.

All Invoices from RxCrossroads to Customer should be delivered to:

Theratechnologies Inc.
2015 Peel Street
Suite 500
Montréal, Québec H3A 1T8
Canada
Attention: **[Redacted: Name of Individual]**

Email: **[Redacted: Address of Individual]**

All payment from Customer to RxCrossroads should be remitted to:

P.O. Box 116643
Atlanta, GA 30368-6643

5.2 **Reimbursement of Customer Requested Travel.** For travel that has been requested and pre-approved by Customer, Customer shall reimburse RxCrossroads for the travel time of its personnel at the standard hourly consulting rate, plus all reasonable and necessary out-of-pocket travel expenses incurred by RxCrossroads in the performance of services that have been approved by Customer and subject to applicable law.

5.3 **Additional Services.** Activities that are not specifically included in this SOW shall be provided on a project basis, per a separate statement of work, and at a rate to be mutually agreed upon by the parties.

5.4 **Adjustment Fees [Redacted: Price Increase Computation].** Fees for Services shall be increased **[Redacted: Time Period]** in accordance with the terms of Section 10.2 of the Agreement.

5.5 **Pricing Assumptions.** This SOW does not include software documentation development (e.g., requirements specifications, etc.) of any kind but may include changes to existing software required to provide Services within the scope of this SOW.

6.0 Term and Suspension.

6.1 The initial term of this SOW shall begin on November 1, 2017 (the "SOW Effective Date") and shall continue for a period of two (2) years following the date ibalizumab is brought into RxCrossroads' inventory (the "SOW Initial Term). Thereafter, this SOW shall automatically renew for additional one (1) year terms, subject to renegotiation of fees hereunder, unless a party hereto provides written notice of cancellation of this SOW no later than **[Redacted: Time Period]** prior to the conclusion of the SOW Initial Term or the then current term.

6.2 Either party may suspend the Services under this SOW immediately upon written notice to the other in the event that any order, decree or judgment of any governmental body in the United States enjoins or prevents the marketing, promotion and sale of all of the Products in the Territory (as defined in SOW #2). In such event, Customer shall continue to pay the Monthly Fixed Fee (set forth in Section 5 above) for the remainder of the SOW Initial Term or the current one (1) year renewal term, as applicable, and any other ongoing fees or charges. In the event Customer begins to promote, market, sell and/or distribute any of the Products in the Territory any time during the SOW Initial Term or the current one (1) year renewal term, as applicable, Customer and RxCrossroads will reinstate the Services only for the time period remaining in the SOW Initial Term or the current one (1) year renewal term, as applicable.

7.0 Changes to Specifications.

Any change to this SOW must be made via a written document, mutually agreed by the parties ("Change Order"). Customer Change Orders to the requirements specified in this document will be considered against the existing fees set forth in Section 5.0. All Change Orders shall be documented in writing and incorporated by reference to this SOW. Customer will be informed of Change Orders to the requirements that cannot be accommodated within the existing Fees set forth in Section 5.0, and RxCrossroads will provide an estimate and a separate statement of work will be developed accordingly, specific to the new requirements.

8.0 Limits of Liability, Risk of Loss and Product Damage Claims Process.

8.1 Customer shall bear all risk of loss or damage with respect to the Products except to the extent loss or damage results from the gross negligence or willful misconduct of RxCrossroads, its employees or agents, or from a breach of the covenants, obligations and undertakings under this SOW and provided that the loss or damage exceeds a shrinkage allowance of **[Redacted: Limit of Liability]** by RxCrossroads under this SOW for the **[Redacted: Time Period]** directly prior to the date of

loss or damage. Notwithstanding anything contained herein to the contrary, RxCrossroads' maximum aggregate liability for loss or damage of Products under this SOW is **[Redacted: Limit of Liability]**. The value of Products lost or damaged is **[Redacted: Definition of Value of Products]**. In no event will Customer's damages (including its attorneys' fees and including any Losses for which RxCrossroads is obligated to indemnify Customer pursuant to Section 6.1 of the Agreement) for any act, omission, or other failure of RxCrossroads to perform hereunder (excluding liability for loss or damage to Products as stated herein above) be in excess of **[Redacted: Limitation of Liability]**, provided however, that **[Redacted: Limitation of Liability]**.

8.2 Title to the Products, while in the care, custody or control of RxCrossroads, shall remain with Customer.

8.3 **Notice, Evaluation and Settlement of Claim**

8.3.1 Notice of potential claims by the Customer must be presented in writing to RxCrossroads within a reasonable time and in no event longer than **[Redacted: Time Period]** after the Date of Potential Loss. Date of Potential Loss is defined as the date of delivery of the Products by RxCrossroads to the customer of record or the last known holder of record or the date that RxCrossroads reports to Customer that an incident has occurred that may have caused loss or damage to all or part of the Products, whichever time is shorter. Where Products remain in storage with RxCrossroads, then time limitations begin with the date of notice given by RxCrossroads.

8.3.2 Customer shall submit in writing within **[Redacted: Time Period]** of the Date of Potential Loss all documents necessary to support the report of claim to include how Customer determined the value of the claim and any reasonable salvage value of damaged Products.

8.3.3 RxCrossroads, when it has received a written claim for loss or damage submitted timely and pursuant to the steps in Subsections 8.3.1 and 8.3.2, shall pay, decline or make a firm compromise to settle the claim within **[Redacted: Time Period]** after receipt of such claim; provided that if the claim cannot be processed and disposed of within **[Redacted: Time Period]** after receipt thereof, RxCrossroads will at that time and at the expiration of each **[Redacted: Time Period]** period while the claim remains pending advise Customer in writing of the status of the claim and the reason for delay in making a final disposition. RxCrossroads will use best efforts to actively pursue resolution of the claim within the **[Redacted: Time Period]** following receipt of a properly submitted claim.

8.3.4 Customer has **[Redacted: Time Period]** to appeal a claim that is denied by RxCrossroads or to respond to an offer of settlement by RxCrossroads. An appeal of denial may not be based on Customer's failure to follow the requirements of this Section 8.3. If Customer does not timely appeal a denied claim or respond to an offer of settlement within **[Redacted: Time Period]** period, it shall be conclusively presumed that Customer accepts RxCrossroads' response to such claim. The claims process described in this Section 8.3 shall be the exclusive process for resolving claims relating to Products damage claims under this SOW.

8.4 **Liens on Products**

Other than to secure the payment of any amounts due under this SOW, RxCrossroads shall not mortgage, pledge, encumber or otherwise create any lien on the Products during the term of this SOW.

9.0 Classification of Materials.

Customer shall notify RxCrossroads, prior to RxCrossroads' receipt of Products, or if at any time during storage at RxCrossroads, if the Products are classified as Hazardous Materials (as defined herein) or require any special handling, and Customer will provide RxCrossroads with material safety data sheets (MSDS) and standard instructions for use in the storage, handling, and transportation of the Products under this SOW. So long as RxCrossroads correctly follows the written MSDS received from Customer, Customer shall defend, indemnify, protect and hold RxCrossroads and its officers, directors, employees and representatives harmless from and against all Losses attributable to the MSDS provided by Customer.

RxCrossroads in its sole discretion may decline to provide Services for any Product that is classified as a Hazardous Material. In the event that RxCrossroads agrees to support a Hazardous Material, RxCrossroads and Customer shall mutually agree upon appropriate rates or fees for such Services. For purposes of this SOW, "Hazardous Materials" means any substance (including scheduled or controlled substances), which is or becomes regulated under any federal, state, or local law, statute, regulation, ordinance, rule, or order relating to the environment, or to the controlled transportation, distribution or storage of such goods, materials, or substances.

10.0 Certification.

Customer and RxCrossroads hereby certify that they will not violate the Anti-Kickback Statute (42 U.S.C. §1320a-7b (b)) with respect to their performance under this SOW.

11.0 Counterparts.

This SOW may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute one and the same document, binding on all parties notwithstanding that each of the parties may have signed different counterparts. Facsimile and scanned signatures shall be accepted.

12.0 No Medical Services.

Customer will not require RxCrossroads to perform any medical services or make any medical judgments.

13.0 Miscellaneous.

All rights to any software and related documentation developed by RxCrossroads in connection with this SOW will remain the sole property of RxCrossroads.

Ownership of any equipment acquired or implemented in support of this SOW by RxCrossroads will remain the sole property of RxCrossroads.

No Arising Intellectual Property is being developed under this SOW.

Upon the SOW Effective Date, this SOW shall replace and supersede the statements of work entered into between RxCrossroads and Customer as of May 12, 2014 regarding the warehousing services provided for therein.

14.0 Acceptance.

This SOW is hereby accepted by the authorized signatories of the RxCrossroads and Customer and shall serve to govern the services described herein.

[Voluntarily left blank]

RXC ACQUISITION COMPANY D/B/A RXCROSSROADS

/s/ Rob Brown

Signature

Rob Brown

Name

Vice President

Title

THERATECHNOLOGIES INC.

/s/ Luc Tanguay

Signature

Luc Tanguay

Name

CEO

Title

/s/ Marie-Noël Colussi

Signature

Marie-Noël Colussi

Name

Vice President, Finance

Title

Amended and Restated Statement of Work #2
[Title Model]

This Amended and Restated Statement of Work #2 ("SOW #2") is entered into as of the 1st day of November, 2017 pursuant to and shall be governed by the terms and conditions set forth in that certain Amended and Restated Master Services Agreement by and between Theratechnologies Inc. ("Customer") and RxC Acquisition Company d/b/a RxCrossroads ("RxCrossroads") dated November 1st, 2017 (the "Agreement"). All capitalized terms used herein shall have the same meanings as set forth in the Agreement unless otherwise specifically defined herein.

1.0 Definitions.

1.1 "3PL Inventory" shall mean the inventory of Products received and stored by RxCrossroads for Customer pursuant to the amended and restated statement of work dated November 1st, 2017 by and between RxCrossroads and Customer relating to 3PL services ("SOW #1").

1.2 "Client" shall mean any of the authorized wholesalers listed in **Exhibit A** hereto.

1.3 "DSA" shall have the meaning ascribed thereto in Section 7.1.2 of this SOW #2.

1.4 "Products" shall mean EGRIFTA, together with its injection kits and ibalizumab.

1.5 "Unit" shall mean either a box of EGRIFTA, an EGRIFTA injection kit box or a box of ibalizumab. Each Unit shall be packaged and labeled in accordance with the requirements of the approval for the marketing and sale of the Products received by Customer from the U.S. Food and Drug Administration ("FDA").

1.6 "Services" shall mean those storage and distribution services set forth in this SOW #2.

1.7 "Territory" shall mean the United States of America and the District of Columbia.

1.8 "Title Inventory" shall mean the inventory of Products transferred from the 3PL Inventory and stored and distributed by RxCrossroads pursuant to this SOW #2.

1.9 **[Redacted: Definition of Purchase Price]**

2.0 Appointment.

2.1 Customer hereby appoints RxCrossroads, and RxCrossroads hereby accepts appointment, as its exclusive first-party distributor of the Products in the Territory. Customer shall not distribute or sell any Product directly to any Client, pharmacy or healthcare provider in the Territory.

2.2 New products may be added upon the mutual agreement of the parties and pursuant to a written amendment to this SOW #2. RxCrossroads shall be Customer's exclusive provider in the Territory of all distribution services relating to the Products.

3.0 Description of Services.

3.1 **Hours of Service.**

RxCrossroads will provide Services from 8:00 am to 7:00 pm ET (collectively, the "Hours of Service"), Monday through Friday, excluding RxCrossroads' Recognized Holidays (as hereinafter defined). By prior agreement of the parties, Products may be shipped outside of the Hours of Service.

"RxCrossroads' Recognized Holidays" shall be defined as: New Year's Day, Memorial Day, Independence Day (as recognized), Labor Day, Thanksgiving Day and Christmas Day (as recognized) and two floating holidays as noticed by RxCrossroads to Customer each year no later than January 15.

3.2 **Products Ordering for Title Inventory.**

RxCrossroads will place orders with Customer or its designee by faxing, mailing or emailing purchase orders to Customer's designated numbers or addresses, which purchase order shall specify the quantity of the Products to be ordered and the lot number(s). It is anticipated that purchase orders will be placed weekly. The price for Products purchased by RxCrossroads shall be **[Redacted: Purchase Price]**. Customer will approve purchase orders within two (2) business days of receipt. Upon receipt of Customer's approval of a purchase order, the subject Products shall be transferred to the Title Inventory. RxCrossroads intends to maintain approximately a **[Redacted: Time Period]** supply of Title Inventory.

3.3 **Receiving.**

RxCrossroads will visually inspect each shipment of Products to be transferred to the Title Inventory in accordance with RxCrossroads' Standard Operating Procedures ("SOPs") and Customer's reasonable written requirements, as agreed upon in advance. RxCrossroads will promptly notify Customer upon RxCrossroads' discovery of any damage or loss to Products or non-compliance with written temperature control requirements.

3.4 **Warehousing.**

RxCrossroads will locate and store Title Inventory in the required temperature control area in accordance with RxCrossroads' SOPs and Customer's written Products storage requirements, which shall be provided to RxCrossroads in advance.

RxCrossroads shall store the Title Inventory to protect it against customary perils and complying with all applicable federal, state, or local laws or regulations relating to the storage of such Products and all applicable storage specifications required for the Products as specified by the Customer in accordance with HDMA Standard Product Information Forms.

RxCrossroads is responsible for any personal property taxes on the Title Inventory and other taxes applicable to the Services provided under this SOW #2 and for any tax based on the income of RxCrossroads.

RxCrossroads will work with Customer to create a quarterly destruction schedule for all outdated, returned, and damaged Products. The destruction schedule shall list the NDC and lot number of the Products to be destroyed. Customer shall approve (for which an email will suffice) the destruction schedule prior to the destruction of any Products. All transportation and destruction costs will be borne by Customer.

3.5 **Inventory Control.**

RxCrossroads shall maintain sufficient records to determine the location, quantity and lot number of Products in the Title Inventory. System/records will also delineate between the various product statuses in accordance with the mutually agreed inventory and order management business processes.

RxCrossroads shall not track Products by serial numbers unless required by federal law, and if required by federal law, RxCrossroads shall negotiate applicable fees with Customer.

3.6 **Distribution.**

Client orders shall be fulfilled from Title Inventory. Title Inventory shall be picked pursuant to RxCrossroads' SOPs, and packed pursuant to Customer packaging instructions. Notwithstanding RxCrossroads' SOPs, Products shall be released from Titled Inventory on a first-expiry basis.

RxCrossroads will use commercially reasonable efforts to ship commercial orders received by 3:00 p.m. ET the same business day. RxCrossroads shall also use its best efforts to ensure that orders received after 3:00 p.m. ET will be processed no later than the next business day.

Customer shall be solely responsible for negotiating the prices of the Products with the Clients.

3.7 **Client Service.**

RxCrossroads will provide a dedicated inbound phone number for Clients to phone in for inquiries and for general information.

RxCrossroads will establish and maintain a dedicated toll free fax number for Clients to place orders.

RxCrossroads will be responsible for initial set up and on-going maintenance of Client master files, including bill-to files for Bill-To Clients and ship-to files for Ship-To Clients. The initial Client master file will be provided by Customer. Customer shall provide general familiarity training on Product and RxCrossroads shall ensure that all employees taking such calls have satisfactorily completed such training prior to being assigned to such task and will answer questions related to availability, delivery and pricing of Product.

Any medical questions will be referred to the Customer designated medical affairs provider. Customer will not require RxCrossroads to perform any medical services or make any medical judgments.

3.8 **Order Processing.**

RxCrossroads will receive orders via facsimile, phone, email or EDI during the Hours of Service. RxCrossroads will maintain records of all Client orders.

RxCrossroads will validate active licenses for Ship-To Clients to whom Products are being shipped.

3.9 **Client Pricing, Terms and Invoicing.**

Pricing and Client terms (subject to RxCrossroads' approval) will be provided to RxCrossroads by Customer. This information will be loaded into the RxCrossroads' system and applied to Client orders and invoices. Changes to pricing or terms require written authorization by Customer.

RxCrossroads will resolve discrepancies between Client purchase orders and the established pricing and terms prior to shipment of the order, relating to the Products to be shipped, pricing, payment terms and Product quantity.

RxCrossroads will generate a systematic invoice on the day of Products shipment. Invoices will be mailed to Client in hardcopy or provided via EDI within **[Redacted: Time Period]** of creation.

3.10 **Client Credits and Chargebacks.**

RxCrossroads will process chargebacks as submitted by Clients.

Customer will provide RxCrossroads with copies of the valid Client contracts and contract membership lists. RxCrossroads will load this data into the chargeback system as the criteria for validating submitted chargebacks.

RxCrossroads will issue credit for chargeback lines which can be validated against Customer/Client contracts and membership lists. Disputed lines will be researched with the Clients. In the event that chargebacks cannot be resolved, RxCrossroads will escalate to Customer.

RxCrossroads will provide Customer access to credit/debit memo line item level chargeback data in the form of online reporting.

Customer will be invoiced for chargeback credits issued to Clients pursuant to Section 7.1 of this SOW #2.

Credits for returns by Clients will be issued according to the Customer's return policies, copies of which are attached hereto as **Exhibit B** and as **Exhibit C.**

Credit and rebill requests, and returns outside of Customer's policy must be approved by Customer prior to issuance.

3.11 **Client Billing and Collections.**

RxCrossroads will have the sole responsibility for billing and collection from Clients. In the event of a Client default or bankruptcy, RxCrossroads will make best efforts to collect the bad debt. If RxCrossroads reasonably believes that a Client's ability to make payments is impaired or its financial condition has materially deteriorated, RxCrossroads may, upon written notice to Client, withhold delivery of Product, place the Client on a C.O.D. basis, and require the Client to pay any past due amount as a condition of continued service. If the Client has not paid all past due amounts within **[Redacted: Time Period]** following RxCrossroads' notification to Client, RxCrossroads will have no further obligation to sell Product to the Client. If shipments to a Client are suspended due to credit reasons, RxCrossroads shall notify Customer.

3.12 **Taxes.**

RxCrossroads shall collect any applicable sales tax associated with the sale of the Product to a Client and shall remit any such sales tax to the applicable taxing authority. Customer shall not be liable in any way for the aforementioned taxes.

3.13 **Recalls.**

In the event of a recall or withdrawal of Product, upon receipt of notice from Customer of such recall or withdrawal, RxCrossroads agrees to stop shipping recalled lots immediately and place recalled Product under quarantine hold. Customer will notify RxCrossroads of any proposed recall as soon as possible, and in any event, will do so within **[Redacted: Time Period]** of initiating a recall.

RxCrossroads will provide assistance to Customer and will cooperate fully in any such recall. Such assistance will include but not be limited to:

- Providing the necessary recall reports within **[Redacted: Time Period]** of notification by Customer. Reports will contain, but shall not be limited to, the following information for each recalled Product: all Client shipments by date, item number, quantity, and ship to address.
- Storage and control of on-hand inventory of recalled Product.
- Receipt, storage and control of returned recalled Product.

- Documentation of recalled Product used, destroyed or returned to Customer through established document systems at RxCrossroads.
- Preparing final recall report including a copy of all communications, if any, with the FDA concerning the recall. Any communications with the FDA would be in conjunction with Customer's participation.
- Shipment of samples of recalled Product to Customer or a designated testing site for analysis, if applicable.
- RxCrossroads will maintain appropriate SOPs regarding recall activities.
- Customer bears responsibility for all communication with the FDA regarding recall events.
- Customer shall provide RxCrossroads with replacement Product for any recalled Product.

Customer shall bear all costs and expenses of such recall, including, without limitation, expenses or obligations to third-parties, the cost of notifying clients, and costs associated with the shipment of recalled Products and providing replacement Product, except if such recall is caused by RxCrossroads in which case all such costs and expenses shall be borne by RxCrossroads.

3.14 **Government Reporting and Inspections.**

RxCrossroads shall make available to Customer or its agent data reasonably available to satisfy Customer's government reporting requirements.

RxCrossroads will notify Customer immediately of any inspection activity by FDA, DEA or other government agency, as applicable to Product, but excluding those inspections which concern RxCrossroads' general business operations.

3.15 **Return of Products by Clients.**

Clients may not return any Product unless such Product is Defective (as hereinafter defined) or damaged during shipping to such Client. All returns by a Client must be made in accordance with the Customer's Returned Goods Policies, copies of which are attached hereto as **Exhibit B** and **Exhibit C.** Customer shall provide replacement Products for any returned Products, Defective Products or any Products lost during shipment to Clients. For purposes of this SOW #2, "Defective" means that the Products contain a defect that renders the Products ineffective, unsafe or unusable. Customer shall be responsible for all costs of returning, replacing or destroying any returned Products.

For clarification, Products may become Defective during shipment to Clients from RxCrossroads. Products may also be lost during shipment to Clients.

3.16 **Return of Products by RxCrossroads and Product Replacement.**

RxCrossroads may, at its discretion, return any Products with less than **[Redacted: Time Period]** remaining shelf life to Customer, and in such event, Customer shall provide replacement Products to RxCrossroads at no charge. In addition, RxCrossroads shall ship any Title

Inventory remaining in its possession at termination or expiration of this SOW #2 not more than **[Redacted: Time Period]** following receipt by RxCrossroads of any net amounts due to it from Customer, which amount shall include a credit (based on the purchase price for such Product) for any Products to be returned. Customer shall be responsible for all costs of returning (and, if prior to termination or expiration of this SOW #2, the replacement of) any such Title Inventory returned by RxCrossroads.

3.17 **Information Technology Services and Reporting.**

RxCrossroads will provide Customer with access to RxCrossroads' ERP system to view standard online reports detailing Product sales, returns and inventory balances via RxCrossroads' web portal, Exegis™. Customer is responsible for providing authorization for user access to the portal.

RxCrossroads will receive via EDI 867 wholesaler sales tracings and EDI 852 wholesaler product stock levels. This wholesaler data will be available for download to Excel via Exegis™.

Custom reports will be prepared at the then current hourly fees as set forth in Section 5 of SOW #1.

RxCrossroads shall ensure that access to the Exegis™ web portal will be available to Customer 24 hours per day, 7 days per week except for routine scheduled maintenance windows (normally Sunday morning 5 a.m. – 10 a.m. (ET)). RxCrossroads will contact Customer with reasonable notice of any non-availability of the Exegis™ web portal due to non-routine system maintenance undertaken by RxCrossroads. The Exegis™ web portal will be the repository of information available to RxCrossroads regarding Products and related standard reports, including but not limited to daily inventory reports and inventory adjustments.

3.18 **Audits.**

Audits shall be conducted as set forth in the Agreement. For those audits and inspections which are conducted at Customer's expense, there will be a charge for the participation of RxCrossroads' personnel at the then current hourly fees as set forth in Section 5 of SOW #1.

3.19 **Record Retention Guidelines (Customer Operations).**

RxCrossroads will retain records according to established written SOPs for each functional area.

3.20 **Account Management.**

RxCrossroads will provide a designated point of contact for management of the Services.

RxCrossroads will conduct periodic business reviews of the Services with Customer personnel.

3.21 **Quality Assurance Oversight.**

Quality Assurance activities will be conducted in accordance with the Quality Agreement dated as of May 1, 2014, between the parties. Customer and RxCrossroads agree to amend such Quality Agreement within **[Redacted: Time Period]** to reflect the addition of ibalizumab therein. RxCrossroads will maintain SOPs describing activities provided herein. Customer specific work instructions will be developed describing mutually agreed upon business rules and processes.

4.0 Customer Access to Products in Warehouse.

Customer, its employees and agents, may enter the Warehouse upon prior written notice to RxCrossroads for the purpose of examining the Product, counting the Product or examining RxCrossroads' records regarding the Services, during normal business hours provided that Customer abides by all established RxCrossroads' safety rules and security procedures.

5.0 Warehouse Facilities.

RxCrossroads will perform the Services at a facility located at 5101 Jefferson Commerce Drive, Louisville, Kentucky 40219 and/or 1001 Cheri Way, Fairdale KY 40118, or such other facility of RxCrossroads ("Warehouse").

6.0 Title to Products and Risk of Loss.

Title to, ownership of and risk of loss with respect to all Products shall remain with Customer until RxCrossroads has transferred the Product from the 3PL Inventory to the Title Inventory. Upon transfer of the Product from the 3PL Inventory to the Title Inventory, title to and ownership of the Title Inventory shall pass to RxCrossroads, and RxCrossroads shall bear all risk of loss to the Title Inventory except for damage or loss that occurs during delivery to or from RxCrossroads, to a Client or to the Customer if such damage or loss is not caused by, or does not result from, a breach by RxCrossroads of its obligations under the Agreement, this SOW #2 and SOW # 1. Customer shall replace any damaged or lost Product with replacement Product, at its cost and expense except where RxCrossroads is responsible for such damage or loss.

7.0. Fees and Invoicing.

7.1 **Customer Fees:**

7.1.1 **Service Fees Charged to Customer.**

Each month RxCrossroads will invoice Customer a fee for Services on a product-by-product basis calculated in the following manner:

7.1.1.1 <u>EGRIFTA</u>

The fee for Services related to EGRIFTA shall be equal to **[Redacted: Fees]**.

7.1.1.2 Ibalizumab

The fee for Services related to ibalizumab shall be equal to **[Redacted: Fees]**.

The Service fee shall compensate RxCrossroads for:

- Products Receiving
- Inventory Management
- Customer Service (RxCrossroads shall not perform any marketing services for Customer or the Product and shall not solicit new clients or customers for Customer)
- Order Management
- Warehouse Order Fulfillment
- Returns Management (excluding cost of Product)

Further, each month RxCrossroads will invoice Customer **[Redacted: Fees]** chargeback management fee **[Redacted: Fees]** per chargeback line processed and **[Redacted: Fees]** per EDI 867 Sales Tracing detail line and EDI 852 Product Stock Levels detail line received.

RxCrossroads shall not provide any refund to Customer of any Service fee if any Products are returned unless such return was a result of RxCrossroads' error or negligence in processing the applicable Client purchase order.

7.1.2 **Pass Through Fees Charged to Customer.**

Customer will negotiate wholesaler distribution service agreements ("DSA") with each Client and name RxCrossroads as an agent for distribution purposes. Any wholesaler fees specified in a DSA that are incurred by or assessed to RxCrossroads will be charged to Customer.

Customer shall be responsible for all freight and packaging costs (including validation and acquisition of materials). In the event that RxCrossroads provides Customer with freight or packaging services, it shall charge Customer for such services **[Redacted: Fees]**.

Customer shall be responsible for the cost of the destruction of all returned, recalled, damaged, Defective and/or spoiled Products.

Customer shall be responsible for the difference in the **[Redacted: Purchase Price]** of the Title Inventory and the actual sale price of Title Inventory (if lower than wholesale acquisition cost) and any Client charge-backs.

Customer shall be responsible for all prompt pay discounts received or taken by a Client; provided that such prompt pay discount was negotiated between Customer and Client.

Each month RxCrossroads will invoice Customer for the costs/fees referenced in this Section 7.1.2. The monthly invoice will itemize each pass through fee/cost.

7.1.3 **Payments from Customer.**

All payments shall be due from Customer in accordance with the Agreement.

All invoices from RxCrossroads to Customer should be delivered to:

Theratechnologies Inc.
2015 Peel Street, Suite 500
Montreal, Québec, H3A 1T8
Canada
Attention: Marie-Noël Colussi

Email: mncolussi@theratech.com

All payment from Customer to RxCrossroads should be remitted to:

P.O. Box 116643
Atlanta, GA 30368-6643

7.2 **Product Fees Charges to RxCrossroads.**

RxCrossroads shall pay for Products purchased for the Title Inventory within **[Redacted: Time Period]** of receipt of invoice from Customer. The price for the Products shall be the WAC at the time of the transfer of the Products to the Title Inventory. Any past due amounts due from Customer pursuant to Section 7.1 of this SOW #2 may be offset from any amounts due from RxCrossroads pursuant to this Section 7.2.

7.3 **Additional Services.**

Activities that are not specifically included in this SOW #2 shall be provided on a project basis, per a separate statement of work, and at a rate to be mutually agreed upon by the parties.

7.4 **Pricing Assumptions.**

Prompt pay discounts offered to Clients by Customer shall be paid by Customer as a pass-through expense.

Clients to pay within **[Redacted: Time Period]** of date of invoice.

Non-Clients shall have no prompt pay discount.

100% of Product shipments invoiced to Clients.

8.0 Term and Suspension.

8.1 The initial term of this SOW #2 shall begin on November 1, 2017 (the "SOW Effective Date") and shall continue for a period of two (2) years following the date upon which RxCrossroads first transfers ibalizumab from the 3PL Inventory ("Title Launch Date") (the "SOW Initial Term"). Thereafter, this SOW #2 shall automatically renew for additional one (1) year terms, subject to renegotiation of fees hereunder, unless a party hereto provides written notice of cancellation of this SOW #2 no later than one hundred twenty (120) days prior to the conclusion of the SOW Initial Term or the then current term.

8.2 In the event that any order, decree or judgment of any governmental body in the United States enjoins or prevents the marketing, promotion and sale of the Products in the Territory, Customer shall continue to pay the Service fees and pass-through fees set forth under Section 7.1.1 and 7.1.2 of this SOW #2 to the extent Services are provided to Customer hereunder and this SOW *#2* shall be terminated thereafter. In the event Customer begins to promote, market, sell and/or distribute the Products in the Territory within twelve (12) months of the effective date of the termination of this SOW #2 under this Section 8.2, Customer and RxCrossroads will reinstate this SOW #2 for the Services only for the time period remaining in the SOW #2 Initial Term or the current one (1) year renewal term, as applicable. The parties agree that the foregoing sentence shall survive the termination of this SOW #2.

9.0 Changes to Specifications.

Any change to this SOW #2 must be made via a written document, mutually agreed by the parties ("Change Order"). Customer Change Orders to the requirements specified in this document will be considered against the existing fees set forth in Section 7.0. All Change Orders shall be documented in writing and incorporated by reference to this SOW #2. Customer will be informed of Change Orders to the requirements that cannot be accommodated within the existing fees set forth in Section 7.0, and RxCrossroads will provide an estimate and a separate statement of work will be developed accordingly, specific to the new requirements.

10.0 Certification.

Customer and RxCrossroads hereby certify that they will not violate the Anti-Kickback Statute (42 U.S.C. §1320a-7b (b)) with respect to their performance under this SOW #2.

11.0 Classification of Materials.

Customer shall notify RxCrossroads, prior to RxCrossroads' receipt of Products, or if at any time during storage at RxCrossroads, if the Products are classified as Hazardous Materials (as defined herein) or require any special handling, and Customer will provide RxCrossroads with material safety data sheets (MSDS) and standard instructions for use in the storage, handling, and transportation of the Products under this SOW #2. So long as RxCrossroads correctly follows the written MSDS received from Customer, Customer shall defend, indemnify, protect and hold RxCrossroads and its officers, directors, employees and representatives harmless from and against all Losses attributable to the MSDS provided by Customer.

RxCrossroads in its sole discretion may decline to provide Services for any Product that is classified as a Hazardous Material. In the event that, RxCrossroads agrees to support a Hazardous Material, RxCrossroads and Customer shall mutually agree upon appropriate rates or fees for such Services. For purposes of this SOW #2, "Hazardous Materials" means any substance (including scheduled or controlled substances), which is or becomes regulated under any federal, state, or local law, statute, regulation, ordinance, rule, or order relating to the environment, or to the controlled transportation, distribution or storage of such goods, materials, or substances.

12.0 Counterparts.

This SOW #2 may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute one and the same document, binding on all parties notwithstanding that each of the parties may have signed different counterparts. Facsimile and scanned signatures shall be accepted.

13.0 Miscellaneous.

All rights to any software and related documentation developed by RxCrossroads in connection with this SOW #2 will remain the sole property of RxCrossroads.

Ownership of any equipment acquired or implemented in support of this SOW #2 by RxCrossroads will remain the sole property of RxCrossroads.

No Arising Intellectual Property is being developed under this SOW *#2.*

On the SOW Effective Date, this SOW #2 shall replace and supersede the statement of work #2 titled "Title Model" entered into between RxCrossroads and Customer as of May 12, 2014.

14.0 Authorized Distributor of Record.

RxCrossroads is hereby designated by Customer as the Authorized Distributor of Record (ADR) for the Products. RxCrossroads shall be a ADR of Customer for the term of this SOW #2. Customer shall enter RxCrossroads on its current ADR list which shall be maintained at Customer's corporate office, at the address listed in the preamble of this Agreement, and Customer shall submit its current ADR list to those states which require such information pursuant to applicable law.

15.0 Acceptance.

This SOW #2 is hereby accepted by the authorized signatories of RxCrossroads and Customer and shall serve to govern the services described herein.

RXC ACQUISITION COMPANY D/B/A RXCROSSROADS

/s/ Rob Brown
Signature

Rob Brown
Name

Vice President
Title

THERATECHNOLOGIES INC.

/s/ Luc Tanguay
Signature

Luc Tanguay
Name

CEO
Title

/s/ Marie-Noël Colussi
Signature

Marie-Noël Colussi
Name

Vice President, Finance
Title

EXHIBIT A

LIST OF AUTHORIZED WHOLESALERS/PURCHASERS

[Redacted: List of Authorized Wholesalers/Purchasers]

EXHIBIT B

***EGRIFTA*® RETURNS POLICY**

[Redacted: Policy]

EXHIBIT C

IBALIZUMAB RETURNED GOODS POLICY

[Redacted: Policy]

Exhibit 99.66

Execution Copy

SHARE PURCHASE AGREEMENT

AMONG:

TRANSFERT PLUS, L.P.

AND

ALIGO INNOVATION, L.P.

AND

BORHANE ANNABI

AND

RICHARD BÉLIVEAU

AND

CYNDIA CHARFI

AND

JEAN-CHRISTOPHE CURRIE

AND

ALAIN LAROCQUE

AND

MICHEL DEMEULE

AND

SOPHIE KOZELKO

AND

THERATECHNOLOGIES INC.

DATED AS OF FEBRUARY 25, 2019

THIS SHARE PURCHASE AGREEMENT is made as of the 25th day of February, 2019

AMONG:	**TRANSFERT PLUS, L.P.**, a limited partnership created under the *Civil Code of Québec* having a place of business at 355 Peel Street, Suite 503, Montréal, Québec, H3C 2G9, herein acting through its general partner, Aligo Innovation, limited partnership, herein acting through its general partner, Aligo Corporation Inc.;
	("**TP**")
AND:	**ALIGO INNOVATION, L.P.,** a limited partnership created under the *Civil Code of Québec* having a place of business at 355 Peel Street, Suite 503, Montreal, Québec, H3C 2G9, herein acting through its general partner, Aligo Corporation Inc.;
	("**Aligo**")
AND:	**BORHANE ANNABI, [REDACTED:** ADDRESS];
	("**BA**")
AND:	**RICHARD BÉLIVEAU, [REDACTED:** ADDRESS];
	("**RB**")
AND:	**CYNDIA CHARFI, [REDACTED:** ADDRESS];
	("**CC**")
AND:	**JEAN-CHRISTOPHE CURRIE, [REDACTED:** ADDRESS];
	("**JCC**")
AND:	**ALAIN LAROCQUE, [REDACTED:** ADDRESS];
	("**AL**")
AND:	**MICHEL DEMEULE, [REDACTED:** ADDRESS];
	("**MD**")
AND:	**SOPHIE KOZELKO**, **[REDACTED:** ADDRESS];
	("**SK**")
	(TP, Aligo, BA, RB, CC, JCC, AL, MD, and SK are collectively referred to as the "Vendors")
AND	**THERATECHNOLOGIES INC.**, a corporation duly constituted under the laws of Québec, having a place of business at 2015 Peel Street, Suite 500, Montreal, Québec, H3A 1T8;
	(the "**Purchaser**")
AND TO WHICH INTERVENES:	**KATANA BIOPHARMA INC.,** a corporation duly constituted under the laws of Canada, having a place of business at 1000 de La Gauchetière West, Suite 2100, Montréal, Québec, H3B 4W5;
	(the "**Corporation**")

WHEREAS the Corporation carries on the business of researching and developing peptides and peptide-drug conjugates for the treatment of cancer through receptor-mediated chemotherapy (the "**Business**");

WHEREAS the Vendors are the owners, beneficially and of record, of all the issued shares in the share capital of the Corporation;

WHEREAS the Purchaser desires to purchase, and the Vendors desire to sell, all of the issued and outstanding shares in the share capital of the Corporation, the whole subject to the terms and conditions hereinafter set forth;

WHEREAS the Founding Vendors acknowledge that they subscribe to the restrictive covenants of Section 3.5 provided for in this Agreement for the sole consideration of the advantages obtained under the Share Purchase Agreement, and not owing to any potential employment relationship that might be created between the Corporation and any one of the Founding Vendors;

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each Party), the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

The capitalized words and expressions used in this Agreement or in its Schedules shall have the meaning ascribed to them in Exhibit A, unless otherwise expressly stated herein.

1.2 Articles, Sections and Headings

The division of this Agreement into Articles, Sections, Exhibits and Schedules and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms "**hereof**", "**hereunder**", "**herein**" and similar expressions refer to this Agreement as a whole and not to any particular Article, Section, Exhibit, Schedule or other portion hereof. References herein to Articles, Sections, Exhibits or Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement or of the Exhibits and Schedules hereto unless otherwise expressly stated herein.

1.3 Extended Meanings

In this Agreement, words importing the singular number also include the plural and vice versa and words importing any gender include all genders. The term "**including**" means "**including, without limiting the generality of the foregoing**".

1.4 Accounting Principles

Wherever in this Agreement reference is made to a calculation to be made or an action to be taken in accordance with generally accepted accounting principles, such reference will be deemed to be made to ASPE, applicable as at the date on which such calculation or action is made or taken or required to be made or taken in accordance with ASPE.

1.5 Currency

Except as expressly provided herein, all references to currency contained herein are to lawful money of Canada.

1.6 Calculation of Time

1.6.1 *Time*. Time is of the essence of this Agreement.

1.6.2 *Calculation of Time*. Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends. Where the last day of any such time period is not a Business Day, such time period shall be extended to the next Business Day following the day on which it would otherwise end.

1.6.3 *Business Days*. Whenever any action to be taken or payment to be made pursuant to this Agreement would otherwise be required to be made on a day that is not a Business Day, such action shall be taken or such payment shall be made on the first Business Day following such day.

1.6.4 *Time of Day*. All references to times of the day are to the times of the day in Montreal, Québec.

1.7 Exhibits and Schedules

The following Exhibits and Schedules attached hereto are incorporated by reference and deemed to be part hereof:

Exhibit

A Definitions

Schedules

1.1.87 Third Party Consents
2.1 Vendors, Purchased Shares and Portion of Purchase Price
3.1 Representations and Warranties of Vendors
3.1.6 Capitalization
3.1.13 Permits
3.1.15 Absence of Certain Changes or Events
3.1.16 Contracts
3.1.17 Major Suppliers
3.1.22 Grant and Subsidies
3.1.23 Bank Accounts and Related Power of Attorney
3.1.28 Books and Records
3.1.30 Tax Matters
3.1.31 Related Party Transactions
3.1.35 Intellectual Property Rights
3.2 Representations and Warranties of Purchaser
6.9 Addresses for Notices

1.8 Solidary Obligations

All Vendors Fundamental Representations shall be solidary representations of the Founding Vendors.

ARTICLE 2
PURCHASE AND SALE

2.1 Purchase and Sale of Purchased Shares

Upon and subject to the terms and conditions hereof, the Vendors hereby sell to the Purchaser, and the Purchaser hereby purchases from the Vendors all of the issued and outstanding common shares of the Corporation (the "**Purchased Shares**"); such shares and each Vendor thereof are set forth in Schedule 2.1 hereto.

2.2 Purchase Price

Subject to the adjustments provided in Section 2.4 and in Section 2.5, the purchase price of the Purchased Shares shall be equal to eight million one hundred thousand dollars ($ 8,100,000) (as so adjusted, the "**Purchase Price**") and shall be allocated amongst the Vendors in accordance with Schedule 2.1 hereto.

2.3 Payment of Purchase Price

The Purchase Price shall be paid in cash and through the issuance of common shares of the capital of Purchaser (the "**Consideration Shares**") and shall be satisfied as follows:

2.3.1 *First Tranche*. The Purchaser shall pay to the Vendors at the Closing, by wire transfer of immediately available funds to the accounts specified by the Vendors to the Purchaser no later than on the date of Closing, an amount equal to three million one hundred thousand dollars ($3,100,000) (the "**First Tranche Cash Portion**"), less the value of the First Tranche Equity Portion, allocated amongst the Vendors in accordance with their respective Designated Percentages. The Purchaser shall also issue to each of the Vendors 100 Consideration Shares of its capital at the Closing (the "**First Tranche Equity Portion**" and, together with the First Tranche Cash Portion, the "**First Tranche**"). The Parties agree that the value of the First Tranche Equity Portion has been determined by multiplying: (i) 100 by (ii) the price per Consideration Share determined based on the volume-weighted average trading price of Purchaser's common shares on the TSX for the five (5) Business Days immediately preceding the Closing.

2.3.2 *Second Tranche*. The Purchaser shall pay to the Vendors on the date the First Development Milestone is met the amount of two million dollars ($2,000,000) (the "**Second Tranche**"). This amount shall be paid through the issuance of such number of Consideration Shares determined by dividing: (i) the Second Tranche by (ii) the price per Consideration Share determined based on the volume-weighted average trading price of Purchaser's common shares on the TSX for the five (5) Business Days immediately preceding the date on which the First Development Milestone is met; all Consideration Shares to be allocated amongst the Vendors in accordance with their respective Designated Percentages.

2.3.3 *Third Tranche*. The Purchaser shall pay to the Vendors on the date the Second Development Milestone is met the amount of three million dollars ($3,000,000) (the "**Third Tranche**"). This amount shall be paid through the issuance of such number of Consideration Shares determined by dividing: (i) the Third Tranche by (ii) the price per Consideration Share determined based on the volume-weighted average trading price of Purchaser's common shares on the TSX for the five (5) Business Days immediately preceding the date on which the Second Development Milestone is met; all Consideration Shares to be allocated amongst the Vendors in accordance with their respective Designated Percentages.

2.4 SynergiQC Subsidy Adjustments

2.4.1 In the event the SynergiQc Subsidy is not confirmed to be available at the Closing, or if confirmed to be available, the terms and conditions of the SynergiQc Subsidy related to intellectual property rights are not at the entire satisfaction of Purchaser, the Purchase Price shall be satisfied in accordance with the terms and conditions of Section 2.3 but shall be reduced to six million nine hundred thousand dollars ($6,900,000) and only the First Tranche and the Third Tranche shall be adjusted as follows :

(a) *First Tranche*: The First Tranche Cash Portion shall be reduced to an amount equal to two million six hundred thousand dollars ($2,600,000), less the value of the First Tranche Equity Portion, and shall be allocated amongst the Vendors in accordance with their respective Designated Percentages. The Parties agree that the First Tranche Equity Portion has been determined by multiplying: (i) 100 by (ii) the price per Consideration Share determined pursuant to the terms and conditions of Section 2.3.1.

(b) *Third Tranche*: The Third Tranche shall be reduced to an amount equal to two million three hundred thousand dollars ($2,300,000) (the "**Adjusted Third Tranche**").

2.4.2 In the event the SynergiQc Subsidy is confirmed to be available after the Closing and the terms and conditions of the SynergiQc Subsidy related to intellectual property rights are at the entire satisfaction of Purchaser, the Purchase Price shall be adjusted upward by the amount of the SynergiQc Subsidy, and shall be payable as follows:

(a) the First Tranche Cash Portion shall be increased by an amount, not exceeding five hundred thousand dollars ($500,000), equal to result of (A x B/C), where A is equal to five hundred thousand dollars ($500,000), B is equal to the amount of the SynergiQc Subsidy and C is equal to the amount of one million two hundred thousand dollars ($1,200,000) and shall be allocated amongst the Vendors in accordance with their respective Designated Percentages, and shall be payable in cash within forty-five (45) days after Purchaser has received notice of confirmation of grant of the SynergiQc Subsidy and has declared itself satisfied with all of the terms and conditions related thereto;

(b) the Adjusted Third Tranche shall be increased by all of the unpaid SynergiQc Subsidy, if any, not exceeding seven hundred thousand dollars ($700,000), equal to result of (A x B/C), where A is equal to seven hundred thousand dollars ($700,000), B is equal to the amount of the SynergiQc Subsidy and C is equal to the amount of one million two hundred thousand dollars ($1,200,000) and the number of Consideration Shares to be issued shall be determined by dividing: (i) the sum of the Adjusted Third Tranche and all of the unpaid amounts of the SynergiQc Subsidy by (ii) the price per Consideration Share determined pursuant to the terms and conditions of Section 2.3.1. The Consideration Shares shall be issued at the time of payment of the Second Development Milestone and shall be allocated to the Vendors in accordance with their respective Designated Percentages.

For greater certainty, if the amount of the SynergiQc Subsidy equals one million dollars ($1,000,000), the First Tranche Cash Portion shall be equal to $416,666 and the Adjusted Third Tranche shall be increased by five hundred eighty-three thousand three hundred and thirty-four dollars ($583,334).

2.5 Purchase Price Adjustment at Closing

2.5.1 The Purchase Price shall be adjusted downward at the Closing, on a dollar-for-dollar basis, by the amount of the Closing Indebtedness up to an amount of $100,000 and the payment of the **First Tranche Cash Portion** in accordance with Section 2.3 or Section 2.4, as the case may be, shall be adjusted downward at the Closing, on a dollar-for-dollar basis, by the amount of such reduction, corresponding to the Closing Indebtedness up to an amount of $100,000.

2.5.2 In the event that the First Development Milestone is not met, the amount of the Second Tranche will be reduced to $0 and the Purchase Price will be reduced by an amount of two million dollars ($2,000,000) and no Consideration Shares will be issued to the Vendors in satisfaction of the Second Tranche.

2.5.3 In the event that the Second Development Milestone is not met, the amount of the Third Tranche will be reduced to $0 and the Purchase Price will be reduced by an amount of three million dollars ($3,000,000), or to a lower amount pursuant to the adjustments set forth in Section 2.4, and no Consideration Shares will be issued to the Vendors in satisfaction of the Third Tranche.

2.6 Financial Statements

At the Closing, the Corporation shall deliver to the Purchaser (i) the Financial Statements prepared in accordance with ASPE, and (ii) the list and address of all creditors comprising the Closing Indebtedness based on such Financial Statements. The Purchaser and the Vendors shall be permitted access to the review engagement report and related working papers of the Accountants in respect of the Financial Statements in accordance with customary protocols regarding such access.

2.7 Consideration Shares

In connection with the issuance of the Consideration Shares, each Vendor acknowledges and agrees, as to himself, herself or itself only, that:

(a) The Consideration Shares will be issued pursuant to an exemption under applicable Canadian securities legislation and will not be qualified by any prospectus or registration statement in any jurisdiction;

(b) No securities regulatory authority has made any finding or determination as to the merit for investment in, or made any recommendation or endorsement with respect to, the Consideration Shares;

(c) The Consideration Shares will be subject to restrictions on resale and the Consideration Shares issued to each Vendor (and any share certificate requested by a Vendor) will bear restrictive legends to that effect;

(d) The Purchaser's common shares are not listed on any stock exchange other than the TSX, and there is currently no market, nor any plan to develop any market, through which the Consideration Shares may be sold other than in Canada;

(e) He, she or it has not asked for, and has not been provided with, any offering memorandum or other disclosure document in respect of the Consideration Shares, other than documents that are publicly-available and may be accessed on the SEDAR Website at www.sedar.com;

(f) He, she or it has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Consideration Shares, and he, she or it is capable of bearing the economic risks of such investment, including a complete loss of its investment in the Consideration Shares; and

(g) Purchaser does not make any representation or warranty, express or implied, of any nature whatsoever with respect to it and the Consideration Shares, except as expressly set forth in this agreement.

2.8 Holding Periods

Except with respect to the Consideration Shares issued as part of the First Tranche Equity Portion, each of the Vendors hereby agrees that he, she or it will not, directly or indirectly, in any manner whatsoever, for a period commencing on the date of issuance of the Consideration Shares pursuant to Section 2.3 or Section 2.4, as the case may be, and continuing for a period of four (4) months thereafter, (i) offer, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize the Consideration Shares issued pursuant to Section 2.3 or Section 2.4, as the case may be (including without limitation any short sale, put option or call option), (ii) enter into any swap or any form of agreement or arrangement the consequence of which is to alter the economic exposure to the Consideration Shares issued pursuant to Section 2.3 or Section 2.4, as the case may be whether any such swap, agreement or arrangement is to be settled by delivery of Consideration Shares issued pursuant to Section 2.3 or Section 2.4, as the case may be, in cash or otherwise, or (iii) publicly announce an intention to do any of the foregoing.

2.9 Economic Equivalence of Consideration Shares

If at a particular time, prior to the date on which the First Development Milestone or the Second Development Milestone is met the Purchaser's common shares cease to exist as shares of the Purchaser, or the control of the Purchaser is acquired by a Person that is dealing at arm's length with the Purchaser within the meaning of the Tax Act, the Purchaser shall make arrangements with the Vendors to ensure that only shares of the Purchaser are issued to the Vendor as Consideration Shares such that the Vendors could rely on the tax election made in connection with the sale of the Purchased Shares hereunder. Such arrangement may take the form of issuing Purchaser's shares entitling the Vendors to receive substantially the same economic entitlements the Vendors have hereunder in respect of the Second Tranche and/or Third Tranche, as applicable, if and when the First Development Milestone and/or Second Development Milestone, as applicable, are met. For greater certainty, such economic entitlements shall not include the right to receive listed securities in the event that control of the Purchaser has been acquired by a corporation whose shares are not publicly listed.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendors

Each of the Vendors represents and warrants, jointly and not solidarily, except as stated in Section 1.8, to and in favour of the Purchaser as set forth in Schedule 3.1 hereof and acknowledges that the Purchaser is relying upon such representations and warranties in entering into this Agreement and purchasing the Purchased Shares notwithstanding any investigation made at any time by or on behalf of the Purchaser.

3.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to and in favour of the Vendors as set forth in Schedule 3.2 hereof and acknowledges that the Vendors are relying upon such representations and warranties in entering into this Agreement notwithstanding any investigation made at any time by or on behalf of the Vendors.

3.3 Disclosure

Each item of information disclosed in any Schedule with respect to a specific Article or Section in this Agreement shall be deemed disclosed with respect to another Article or Section in this Agreement, as applicable, if it is reasonably apparent on its face that such item of information is responsive to the disclosure required by such other Article or Section in this Agreement.

3.4 Survival of Representations and Warranties

3.4.1 All representations and warranties made by the Vendors in this Agreement shall survive the Closing as follows:

(a) the representations and warranties set forth in Sections 3.1.5 (Organization), 3.1.6 (Capitalization), 3.1.7 (Constating Records), 3.1.8 (Private Issuer Status), 3.1.9 (Capacity and No Violation) and 3.1.38 (No Broker) of Schedule 3.1 (collectively, the "**Vendors' Fundamental Representations**") and the representation and warranty set forth in Section 3.1.3 (Title to Purchased Shares) of Schedule 3.1 shall survive the Closing **[REDACTED: Time Period**];

(b) the representations and warranties set forth in Section 3.1.30 of Schedule 3.1 with respect to Tax matters shall survive the Closing and continue for a period ending **[REDACTED: Time Period]** following the expiration of all prescription periods pursuant to applicable Laws, including all periods allowed for objecting to and appealing from the determination of any proceedings relating to any assessment or reassessment of the Corporation in respect of any taxation period to which such representations and warranties or indemnity extend, taking into account any waiver or similar document extending such period; and

(c) all of the other representations and warranties of the Vendors in this Agreement shall survive the Closing and continue for a period of **[REDACTED: Time Period]** from the date hereof.

After such periods, the Vendors shall have no further liability hereunder with respect to such representations and warranties except with respect to Claims made within such periods in accordance with the terms of this Agreement.

3.4.2 All representations and warranties made by the Purchaser in this Agreement shall survive the Closing as follows:

(a) the representations and warranties set forth in Sections 3.2.1 and 3.2.2 of Schedule 3.2 (the "**Purchaser Fundamental Representations**") shall survive the Closing **[REDACTED: Time Period]**; and

(b) all of the other representations and warranties of the Purchaser in this Agreement shall survive the Closing and continue for a period of **[REDACTED: Time Period]** from the date hereof.

After such periods, the Purchaser shall have no further liability hereunder with respect to such representations and warranties except with respect to Claims made within such periods in accordance with the terms of this Agreement.

3.4.3 The covenants, obligations and agreements of each Party contained in this Agreement shall survive the Closing and continue without time limit until performed.

3.4.4 Notwithstanding anything herein contained to the contrary, in the case of any breach by a Party of any representation or warranty involving fraud, intentional or gross fault, there shall be no time limitation on the right of the other Parties to bring any Claim in respect of such breach and to be indemnified in respect thereof.

3.5 Restrictive Covenants

3.5.1 *Non-Competition*. Each of BA, RB, MD and AL (collectively, the "**Restricted Parties**") hereby agrees and undertakes in favour of each the Purchaser and the Corporation as well as their successors and assigns (collectively, the "**Beneficiaries**") for **[REDACTED: Time Period]** following the date hereof (the "**Restricted Period**") to refrain from, directly or indirectly, being employed by, performing services for, owning or having an interest in, managing, operating, participating with or assisting in any way in, any Person, or allowing their names to be used by a Person that, directly or indirectly, is engaged in the research and development of peptides and peptide-drug conjugates for the treatment of cancer through receptor-mediated chemotherapy (a "**Competing Business**"), anywhere in the Province of Québec; provided, however, that for the purposes of this Section 3.5, ownership of securities having no more than one percent (1 %) of the outstanding voting power of any entity which is listed on any national securities exchange shall not be deemed to be in violation of this Section 3.5 as long as the Person owning such securities has no other connection or relationship with such entity.

3.5.2 *Non-solicitation – Employees*. As a separate and independent covenant, throughout the Restricted Period, each of the Restricted Parties hereby agrees and undertakes in favour of the Beneficiaries that it shall not, directly or indirectly, hire or solicit, or in any way entice any employee or consultant of the Corporation to leave his or her employment with, or otherwise amend or terminate the terms of its relationship with, the Corporation.

3.5.3 *Acknowledgement of Restricted Parties*. The Restricted Parties acknowledge that the covenants of the Restricted Parties set forth in this Section 3.5 are an essential element of this Agreement and that, but for the agreement of the Restricted Parties to comply with these covenants, the Purchaser would not have entered into this Agreement. The Restricted Parties further expressly acknowledge hereby that: (i) they fully understand the terms of this Section 3.5 and the restrictive and binding effect of such terms, and have each reviewed them with legal counsel and thereby addressed the reasonableness of the geographic region within which the non-competition covenant operates, the time period during which the restrictive covenants is to remain in effect and the scope of activities restricted hereby; (ii) the restrictive covenants contained in this Section 3.5 are both necessary and reasonable for the protection of the legitimate business interests of the Beneficiaries, and will not in themselves impair the reasonable livelihood or financial opportunity of any of the Restricted Parties, and (iii) the execution of this Section 3.5 reflects the desire and intent of the Parties that such provisions be upheld in their entirety and that the Beneficiaries have the full benefit of same.

3.5.4 *Joint Tax Election*. The Restricted Parties and the Purchaser hereby acknowledge and agree that no portion of the Purchase Price is allocated, considered or regarded as a consideration for the undertakings set forth at Sections 3.5.1. to 3.5.2. The Restricted Parties acknowledge and agree that the undertakings set forth at Sections 3.5.1 to 3.5.2 aim, amongst others, to maintain and protect the fair market value of the Purchased Shares and that it is intended by the Restricted Parties that subsections 56.4(5) and (7) of the *Tax Act*, and the similar provisions of the *Taxation Act* (Québec), apply with respect to the undertakings described in Sections 3.5.1 to 3.5.2. The Restricted Parties acknowledge that the Purchaser assumes no liability in favour of the Restricted Parties if subsections 56.4 (5) and (7) of the *Tax Act* or the similar provisions of the Taxation Act (Quebec) are not applicable to a Vendor.

3.5.5 *Rollover.* At the request of any particular Vendor, the Purchaser covenants and agrees to execute and deliver in a timely manner an election pursuant to subsection 85(1) of the *Tax Act* and under the comparable provisions of any applicable Canadian provincial or territorial income tax legislation in respect of the sale of the Purchased Shares contemplated by this Agreement at such elected amount requested by such particular Vendor (the "**Elected Amount**"), subject to the limitations set forth in the *Tax Act* and under comparable provisions of any applicable Canadian provincial or territorial income tax legislation. In connection with the foregoing:

(i) provided that two signed copies of the necessary election forms are delivered by the particular Vendor desiring to make such an election on or before 140 days after the Closing, duly completed with the details of the property transferred in respect of which the particular Vendor is making an election and the applicable Elected Amount for purposes of the election in respect of such property, subject to such election form complying with Law, the Purchaser agrees that such forms will be signed by an appropriate signing officer of the Purchaser and promptly returned to the particular Vendor for filing by the particular Vendor with the relevant governmental authorities;

(ii) the Purchaser will cooperate with the particular Vendor in connection with the preparation of the election forms and provide information that is relevant to the preparation of the election forms, including information pertaining to the Purchaser, the Consideration Shares, and the Purchased Shares;

(iii) each Vendor and the Purchaser further covenant and agree to file each of the elections referred to in this section 3.5.5, as described above, in time and form required by Law; and

(iv) each Vendor and the Purchaser will be responsible for paying their respective fees for the preparation of the election referred to in section 3.5.5.

3.6 Confidentiality and Non-Disclosure

The Vendors hereby agree and undertake that they shall not, at any time henceforth, directly or indirectly disclose to any Person, any Confidential Information relating to the Purchaser, the Corporation or the Business. The Vendors shall take all reasonable precautions to preserve the confidential, proprietary and secret nature of all Confidential Information which is disclosed to or otherwise in the possession of the Vendors in connection with the Purchaser, the Corporation or the Business. The Vendors' obligations hereunder shall not apply to any Confidential Information which it can reasonably demonstrate through documentation that it has become generally known to the trade or the public, through no fault or action on their part, prior to or subsequent to the disclosure, or was required by law to be disclosed by court order or other lawful process. In this last situation, the Vendors will disclose Confidential Information only to the extent required to fulfill such purpose or legal requirement. In the event the Vendors become legally compelled to disclose any Confidential Information, they will promptly notify the Purchaser of such fact so that the Purchaser may seek an appropriate remedy to prevent such production, and request the person demanding such production to allow the Purchaser a reasonable period of time to seek such remedy.

3.7 Tax Filings

The Purchaser shall prepare or cause to be prepared, consistent with past practice except as required under applicable Law, and file or cause to be filed all Tax Returns in respect of any tax period that ends on or before the date hereof for the Corporation that are required to be filed after the date hereof. The Purchaser shall provide the Vendors with a draft of such Tax Returns **[REDACTED: Time Period]** prior to the filing due date of such Tax Returns with the appropriate Governmental Authorities. For **[REDACTED: Time Period]** after the receipt thereof, the Vendors shall have the right to review the draft of such Tax Returns provided to them by the Purchaser and make any comments that they deem appropriate. To the extent the Purchaser agrees with such comments, then the Tax Returns shall be filed on a basis that reflects such comments. To the extent the Purchaser does not agree with such comments, the Purchaser and the Founding Vendors shall then make reasonable efforts forthwith to resolve any such disagreements.

ARTICLE 4
CLOSING

4.1 Closing

The transactions contemplated herein shall be completed at 7:00 a.m. on February 25, 2019 at the Montreal offices of Fasken Martineau DuMoulin LLP, located at 800 Victoria Square, Suite 3700, Montreal, Province of Québec or any other location agreed upon in writing by the Purchaser and the Vendors.

4.2 Obligations of the Vendors and of the Corporation

At the Closing, the Vendors and the Corporation shall deliver or shall cause to be delivered to Purchaser the following documents (**the** "**Closing Documents**"):

(a) a duly executed License Agreement;

(b) a duly executed UQAM Lease Agreement;

(c) a duly executed letter of intent with UQAM regarding the negotiation of a research contract agreement;

(d) a duly executed RB Consulting Agreement;

(e) a duly executed AL Employment Agreement;

(f) a duly executed MD Employment Agreement;

(g) a duly executed JCC Employment Agreement; and

(h) the Closing Financial Statements.

4.3 Obligations of Purchaser

At the Closing, Purchaser shall deliver to the Vendors a letter from the TSX confirming that the Consideration Shares to be issued in payment of the Purchase Price shall have been conditionally approved for listing on the TSX.

4.4 Conditions to Closing Obligations of the Vendors and the Corporation

The obligation of each of the Vendors to effect the transactions contemplated by this Agreement shall be subject to the satisfaction at or prior to the Closing of each of the following conditions precedent, each of which is for the exclusive benefit of each of the Vendors and the Corporation and may be waived, in whole or in part, at its option:

(a) the Purchaser shall have delivered or caused to be delivered to the Vendors the document specified in Section 4.3 hereof; and

(b) there shall not be in effect any Order, decree or judgment of any Governmental Authority which enjoins or prevents the trading of the common shares of the Purchaser on a recognized trading market.

In the event that the condition set forth in this Section is not fulfilled on or before the Closing and the Vendors do not waive such conditions pursuant to this Section 4.4, the Vendors may elect not to effect the Closing, and, if the Vendors so elects, no transaction shall have occurred between the Parties, in which event neither the Vendors, the Corporation nor the Purchaser shall have any further obligations hereunder nor any liability, recourses or penalty against one another.

4.5 Conditions to Closing Obligations of Purchaser

The obligation of Purchaser to effect the transactions contemplated by this Agreement shall be subject to the satisfaction at or prior to the Closing of each of the following conditions precedent, each of which is for the exclusive benefit of Purchaser and may be waived, in whole or in part, at its option:

(a) the Vendors and the Corporation shall have delivered or caused to be delivered to Purchaser the documents specified in Section 4.2 hereof;

(b) the Purchased Shares duly endorsed for transfer to the Purchaser;

(c) if the Closing Indebtedness exceeds the Maximum Closing Indebtedness:

(i) payment to the Purchaser by wire transfer of immediately available funds to the account specified by the Purchaser to the Vendors no later than on the date of Closing of an amount exceeding the Closing Indebtedness; and

(ii) a list of the Corporation's creditors and each such creditor's coordinates in order for the Purchaser to proceed with the payment of the Accounts Payable;

(d) there shall not be issued any letter by any Governmental Authority rejecting the patent applications listed below and said patent applications shall be pending for prosecution:

(i) "Peptide compounds and peptide conjugates for the treatment of cancer through receptor-mediated chemotherapy";

(ii) "Peptide compounds, conjugate compounds and uses thereof for treating inflammatory diseases" and

(iii) "Methods and compounds for targeting sortilin receptors and inhibiting vasculogenic mimicry".

In the event that one or more of the conditions set forth in this Section 4.5 is not fulfilled on or before the Closing and the Purchaser does not waive such conditions pursuant to this Section 4.5, the Purchaser may elect not to effect the Closing, and, if the Purchaser so elects, no transaction shall have occurred between the Parties, in which event neither the Purchaser, nor the Vendors and the Corporation shall have any further obligations hereunder nor any liability, recourses or penalty against one another; provided that if such condition is not fulfilled as a result of the failure by each of the Purchaser to execute the documents specified in Section 4.2, such termination shall not prejudice the Purchaser's right to pursue its remedies at Law against the Founding Vendors with respect to such failure.

ARTICLE 5
INDEMNIFICATION

5.1 Indemnification by the Vendors

Liability. The Vendors shall, jointly and not solidarily, except with respect to the obligation set forth in Section 1.8, indemnify, defend and save harmless the Purchaser and each of the Purchaser's Representatives (and after the Closing, the Corporation) from and against any and all Loss suffered or incurred by the Purchaser or the Corporation, as a direct or indirect result of, or arising in connection with, or related in any manner whatsoever to:

5.1.1 any inaccuracy, misrepresentation or breach of any representation or warranty made or given by the Vendors in Schedule 3.1 to this Agreement;

5.1.2 any failure by the Vendors to observe or perform any covenant or obligation contained in this Agreement;

5.1.3 any Claim by any Tax Authority against the Corporation for Taxes, including any penalties or interest thereon, relating to periods (or portions thereof) ending on or before the date hereof;

5.1.4 any Claims against the Corporation in respect of any matter occurring prior to Closing, whether or not such Claim is disclosed herein; and

5.1.5 any liability or obligation of the Corporation existing or arising at any time prior to the Closing which is not disclosed in this Agreement, including any liability for Taxes, any violation of applicable Law, any violation, contravention or breach of any contract, undertaking or agreement to which the Corporation is a party or by which any of the assets of the Corporation may be bound, and any liability for services provided by the Corporation at any time prior to the Closing.

5.2 Indemnification by the Purchaser

Liability. The Purchaser shall indemnify, defend and save harmless the Vendors and each of the Vendors' representatives from and against any and all Loss suffered or incurred by them, as a direct or indirect result of, or arising in connection with or related in any manner whatsoever to:

5.2.1 any inaccuracy, misrepresentation or breach of any representation or warranty made or given by the Purchaser in Schedule 3.2 to this Agreement; or

5.2.2 any failure by the Purchaser to observe or perform any covenant or obligation contained in this Agreement.

5.3 Limitations on Indemnification.

5.3.1 The Vendors shall have no obligation to indemnify, defend or hold harmless the Purchaser and each of the Purchaser's Representatives (and after the Closing, the Corporation) or make any payment for any Losses for a breach of a representation and warranty pursuant to Section 5.1.1 if the total of all Losses arising from such indemnification obligations with respect to any individual claim (or series of directly related claims) in respect of such breach is less than or equal to **[REDACTED: Amount]**; provided that, for greater certainty, if the total of all Losses arising from such indemnification obligations with respect to any such individual claim (or series of directly related claims) exceeds **[REDACTED: Amount]**, then the indemnification obligations of the Vendors in connection with such claim (or series of directly related claims) shall apply to all Losses in respect of such claim (or series of directly related claims) from the first dollar of Losses.

5.3.2 The maximum liability of each Vendor for the payment of Losses pursuant to Section 5.1.1 shall not exceed **[REDACTED: Amount]** (which, for greater certainty, shall only include amounts and the value of the Consideration Shares actually received by such Vendor pursuant to this Agreement) and the liability of each Vendor for such Losses shall be in proportion to its Designated Percentage;

5.3.3 For purposes of determining whether the thresholds in Section 5.3.1 have been met, Losses in respect of claims by a Party for indemnification or otherwise which have not been asserted will be included and nothing will preclude or prevent such Party from making a claim for indemnification even if such claim was not asserted.

5.4 Exclusions to Limitations to Liability.

5.4.1 The monetary thresholds and limits set out in Section 5.3.1 will not apply to Losses with respect to:

(a) any claims for indemnification pursuant to Section 5.1.1 if such claims relates to a breach of the Vendors Fundamental Representations and of Section 3.1.3 of Schedule 3.1; provided, however, that the maximum liability of the Vendors shall not exceed **[REDACTED: Amount]**.

(b) any claims for indemnification as a result of a breach of Section 3.5 by a Restricted Party;

(c) any claims for indemnifications pursuant to Section 5.2.12 to Section 5.2.2 (but excluding any claim under Section 3.5 which is dealt with under Section 5.4.1 (b)), including the breach of a representation or warranty captured by Section 5.1.2 to Section 5.1.5; provided, however, that the Founding Vendors shall be liable for the payment of any Losses resulting from such claims.

5.5 Direct Claims

Any Direct Claim shall be asserted by giving the Indemnifier reasonably prompt written notice thereof, but in any event not later than **[REDACTED: Time Period]** after the Indemnified Party becomes aware of acts, omissions or facts that may give rise to such Direct Claim. Such notice to the Indemnifier shall describe the Direct Claim in reasonable details and shall indicate, if reasonably practicable, the estimated amount of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifier shall then have a period of **[REDACTED: Time Period]** within which to respond in writing to such Direct Claim (the "**Response Period**"). If the Indemnifier does not so respond within the Response Period, the Indemnifier shall be deemed to have rejected such Claim, and in such event the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party. If the Indemnifier agrees prior to the expiration of the Response Period as to the validity of the Direct Claim, the Indemnifier shall promptly pay to the Indemnified Party the amount of such Direct Claim forthwith upon such amount being quantified. If the Parties fail to agree as to the validity of the Direct Claim or its amount, any Party may exercise all remedies as may be available to such Party.

5.6 Notice of Third Party Claims

If an Indemnified Party receives notice of the commencement or assertion of any Third Party Claim, the Indemnified Party shall give the Indemnifier reasonably prompt notice thereof, but in any event no later than **[REDACTED: Time Period]** after receipt of such notice of such Third Party Claim. Such notice to the Indemnifier shall describe the Third Party Claim in reasonable details and shall indicate, if reasonably practicable, the estimated amount of the Loss that has been or may be sustained by the Indemnified Party.

5.7 Defence of Third Party Claims

5.7.1 *Defence by Indemnifier*. Subject to Section 5.7.2, the Indemnifier may participate in or, other than for a Third Party Claim for Tax, assume the defence of any Third Party Claim by giving notice to that effect to the Indemnified Party not later than **[REDACTED: Time Period]** after receiving notice of that Third Party Claim (the "**Notice Period**") provided the Indemnifier concurrently (i) furnishes evidence to the Indemnified Party, and to its satisfaction, of its financial ability to indemnify the Indemnified Party and (ii) irrevocably acknowledges in writing complete responsibility for, and agrees to indemnify the Indemnified Party in respect of, such Third Party Claim. The Indemnifier's right to do so shall be subject to the rights of any insurer or other party who has potential liability in respect of that Third Party Claim. The Indemnifier agrees to pay all of its own expenses in participating in or assuming such defence. The Indemnified Party shall cooperate in good faith in the defence of each Third Party Claim, even if the defence has been assumed by the Indemnifier, and may participate in such defence assisted by counsel of its own choosing at the cost and expense of the Indemnifier, provided that the Indemnifier and its legal counsel shall lead the defence of such Third Party Claim. The Indemnifier shall not enter into any compromise or settlement of any Third Party Claim without obtaining the prior written consent of the Indemnified Party.

5.7.2 *Defence by Indemnified Party*. If the Indemnified Party has not received the notice, satisfactory evidence of financial ability and the acknowledgement, within the Notice Period that the Indemnifier has elected to assume the defence of such Third Party Claim, the Indemnified Party may, at its option, elect to settle or compromise the Third Party Claim or assume such defence, assisted by counsel of its own choosing and the Indemnifier shall be liable for all reasonable costs and expenses paid or incurred in connection therewith and any Loss suffered or incurred by the Indemnified Party with respect to such Third Party Claim. In addition, if at any time, the Indemnifier fails to take reasonable steps necessary to defend diligently a Third Party Claim, the Indemnified Party may, within **[REDACTED: Time Period]** after giving notice that the Indemnified Party bona fide believes on reasonable grounds that the Indemnifier has failed to take such steps, at its option, elect to assume the defence of and to compromise or settle the Third Party Claim assisted by counsel of its own choosing and the Indemnifier shall be liable for all reasonable costs and expenses paid or incurred in connection therewith. Furthermore, the Indemnifier may not assume and conduct the defence of any Third Party Claim if such Third Party Claim seeks any non-monetary relief; provided, further, that the Indemnified Party may elect to assume the defence or otherwise deal with any (or any part of) such Third Party Claim at the Indemnifier's expense if (i) the Indemnified Party's counsel advises that a conflict of interest exists or may arise in the event the Indemnifier elects to control or defend any Third Party Claim, (ii) the Claim relates to or arises in connection with any criminal proceeding, (iii) the Claim involves a dispute with a material supplier or customer of the Corporation; or (iv) the Indemnified Party's counsel advises that the Claim would reasonably be expected to result in liability in excess of the maximum amount for which the Indemnifier is liable with regard to such Claim.

5.7.3 *Seizure*. The Purchaser and the Vendors shall cooperate in a good faith manner in respect of any purported, alleged or valid Third Party Claim that could result in a seizure of the Purchased Shares or any other assets of the Purchaser or of the Corporation after the date hereof and shall keep each other informed of the status and progress thereof. If for any reason the Purchased Shares or any other assets of the Purchaser or of the Corporation are the subject of a seizure after the date hereof due to an alleged, purported or valid Third Party Claim, the Purchaser shall immediately inform the Vendors in writing of such seizure and require that the Vendors lift and cancel the seizure as soon as practicable, and in no case later than **[REDACTED: Time Period]**, from the receipt of such notice. The Purchaser and the Vendors shall cooperate in good faith in the defence of the seizure. Should the Vendors be unable to lift and cancel the seizure within the aforesaid time period (either by paying the Claim, posting an adequate bond or obtaining a judgment), the Purchaser shall be entitled to take such steps as it determines, in its sole discretion, are necessary to lift and cancel the seizure without prejudice to its right to make a Direct Claim against the Vendors for any Loss suffered or incurred by it in respect of the seizure and the lifting and cancellation of the seizure. The Purchaser shall advise the Vendors in writing of the steps it was required to take to lift and cancel the seizure. The Purchaser shall be entitled to assert a Claim against the Vendors by way of Direct Claim in order to recover any and all Losses incurred in respect of the seizure and the lifting and cancellation of the seizure, the whole in accordance with Section 5.3 hereof.

5.8 Defence of Third Party Claims for Taxes

Notwithstanding Section 5.7, before an Indemnifier can either (i) require that the Corporation defend a Claim from any Tax Authority relating to Taxes (a "**Tax Claim**"), or (ii) participate in or assume the defense of any such Tax Claim, the Indemnifier shall provide the Corporation with all funds that it is required to deposit or pay under any Law in order to defend against such Tax Claim or is required to pay notwithstanding the ongoing defense of the Tax Claim. The funds provided by the Indemnifier, which may represent, among other amounts and without limitation, all or part of the Tax Claim, shall be provided to the Corporation on an interest-free basis. If the Corporation does not receive sufficient funds within **[REDACTED: Time Period]** following the sending of a notice of a Tax Claim to entitle it to fulfill all legal prerequisites necessary to contest a Tax Claim or to pay the Tax Claim, the Corporation shall be entitled to settle the Tax Claim and the Indemnifier shall be required to indemnify the Corporation pursuant to the terms of this Agreement. To the extent that the required funds have been provided by the Indemnifier and the contestation of the Tax Claim has resulted in a final determination by the competent Governmental Authority or court rejecting the Tax Claim in its entirety, the Corporation shall release and pay the funds received from the Indemnifier back to the Indemnifier within **[REDACTED: Time Period]** following the receipt of the funds from the third party or the application of the funds to other Tax obligations of the Corporation. To the extent that the Tax Claim has been either wholly or partially upheld by the final determination of the competent Governmental Authority or the court, the Corporation shall release and pay back to the Indemnifier the amount, if any, by which the funds provided by the Indemnifier and that are described in this Section 5.8 exceed the amount that must be paid by the Corporation, pursuant to the final determination of the Tax Claim within **[REDACTED: Time Period]** following the receipt of the funds from the third party or the application of the funds to other Tax obligations of the Corporation. If the amount of funds that is reimbursed pursuant to the final determination of the Tax Claim to the Corporation includes an amount of interest, the Corporation shall pay to the Indemnifier within **[REDACTED: Time Period]** following the receipt of the funds from the third party or the application of the funds to other Tax obligations of the Corporation an amount equal to the interest received on the funds that were paid or deposited, less an amount equal to the amount, as determined by the Corporation, that the Corporation shall pay to any Governmental Authority as Taxes on the interest.

5.9 Assistance for Third Party Claims

The Indemnifier and the Indemnified Party shall use all reasonable efforts to make available to the Party which is undertaking and controlling the defence of any Third Party Claim (the "**Defending Party**"):

5.9.1 those employees whose assistance, testimony or presence is necessary to assist the Defending Party in evaluating and in defending any Third Party Claim; and

5.9.2 all documents, records and other materials in the possession of such Party reasonably required by the Defending Party for its use in defending any Third Party Claim.

Each of them shall otherwise cooperate with the Defending Party. The Indemnifier shall be responsible for all expenses associated with making such documents, records and materials available and for all reasonable expenses of any employees made available by the Indemnified Party to the Indemnifier hereunder.

5.10 Failure to Give Timely Notice

A failure to give timely notice as provided in this Article 5 shall not affect the rights or obligations of any Party except and only to the extent that, as a result of such failure, any Party which was entitled to receive such notice was deprived of its right to recover any payment under its applicable insurance coverage or otherwise sustained a Loss as a result of such failure.

5.11 Payment and Interest

All Losses shall bear interest at a rate per annum equal to **[REDACTED: Interest Rate]**, calculated and payable monthly, both before and after judgement, from the date on which notice of Claim was given to the Indemnifier, to the date of payment by the Indemnifier to the Indemnified Party.

5.12 Calculation of Loss

For purposes of this Agreement, any inaccuracy in or breach of any representation or warranty and the calculation of the resulting Loss shall be determined without regard to any materiality or other similar qualification contained in or otherwise applicable to such representation or warranty.

5.13 Duty to Mitigate

Nothing in this Agreement shall in any way restrict or limit the general obligation at law of a Party to mitigate any Losses that it may suffer or incur by reason of the breach by the other Party of any representation, warranty or covenant of that other Party under this Agreement. If any Losses can be reduced by any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Person, a Party shall take all reasonable steps to enforce such recovery, settlement or payment. If the Indemnified Party fails to make all reasonable efforts to mitigate any Losses then the Indemnifier shall not be required to indemnify any Indemnified Party to the extent of the Losses that could have been avoided if the Indemnified Party had made such efforts.

ARTICLE 6
GENERAL

6.1 Further Assurances

Each of the Parties hereto shall from time to time execute and deliver all such further documents and instruments and do all acts and things as another Party may, either before or after the date hereof, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

6.2 No Waiver

Failure of a Party to insist upon the strict performance of any term or condition of this Agreement or to exercise any right, remedy or recourse hereunder shall not be construed as a waiver or relinquishment of any such term and condition.

6.3 Cost and Expenses

Each of the Parties shall be responsible for and pay their respective legal, financial advisory and accounting costs and expenses incurred in connection with the consummation of the transactions contemplated herein, including the preparation, execution and delivery of this Agreement and the Closing Documents, and any other costs and expenses whatsoever and howsoever incurred in connection herewith and/or therewith. For greater certainty, the Vendors shall assume all costs and expenses incurred by the Corporation in connection with this Agreement and the consummation of the transactions provided herein.

6.4 Taxable Supply

If any payment under this Agreement constitutes the consideration for a taxable supply for GST, QST or any other applicable Law related to harmonized sales tax or goods and services tax or value-added tax or other similar tax, then, in addition to that payment, the Vendors shall pay any such GST, QST or any other such tax, subject to receiving a valid invoice including such tax.

6.5 Public Announcements

No Party shall issue any press release or otherwise make public statements or filings with respect to this Agreement or the Closing Documents, or the transactions contemplated herein or therein, without the consent of the other Parties (or, in the case of the Vendors, of the Founding Vendors) which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, each Party shall have the right to override such obligation in order to make any disclosure or filing required under applicable Laws, in which case the Party making any such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other Parties and reasonable opportunity for the other Parties to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing), and if such prior notice is not possible, to give such notice immediately following the making of any such disclosure or filing.

6.6 Successors, Assigns and Assignments

This Agreement will enure to the benefit of and be binding upon the respective successors (including any successor by reason of the amalgamation or statutory arrangement of any Party) and permitted assigns of the Parties. This Agreement may not be assigned by any Party without the prior written consent of the other Parties, except that the Purchaser may, without the prior written consent of the other Parties, assign all or part of its rights and/or obligations under this Agreement to (i) an Affiliate of the Purchaser or (ii) to the subsequent purchaser of (a) the shares of the Corporation or (b) all or a substantially all of its assets or of the Business.

6.7 Entire Agreement

This Agreement and the Closing Documents constitute the entire agreement between the Parties with respect to the subject matters hereof and thereof and cancels and supersedes any prior understandings, agreements, negotiations and discussions between the Parties with respect thereto including the letter of intent dated January 11, 2019. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties other than as expressly set forth in this Agreement.

6.8 Amendments and Waivers

No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all Parties. No waiver of any breach of any provision of this Agreement or any waiver or consent to depart from the requirements of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

6.9 Notices

6.9.1 Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and will be given by personal delivery, by registered mail, by courier services or e-mail (followed by receipt by registered mail or courier services within two Business Days) or by facsimile addressed to each Party as set forth in Schedule 6.9 or to other coordinates that have been designated by notice by any recipient Party to the others, to such other coordinates.

6.9.2 Any demand, notice or other communication given by personal delivery or courier services shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third (3rd) Business Day following the deposit thereof in the mail and, if given by e-mail (followed by receipt by registered mail or courier services within two Business Days) or facsimile, on the day of transmittal thereof if given during the normal business hours of the recipient on a Business Day and on the next Business Day if not given during such hours. If the Party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication may not be mailed but must be given by personal delivery or by e-mail (followed by receipt by registered mail or courier services within two Business Days).

6.10 Governing Law and Forum

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Quebec and the Laws of Canada applicable therein (excluding any conflict of laws rule or principle, foreign or domestic, which might refer such interpretation to the laws of another jurisdiction). The Parties hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of the Province of Quebec and elect domicile in the City of Montréal with respect to any matter relating to the execution or construction of this Agreement or the exercise of any right or the enforcement of any obligation arising hereunder (excluding any conflict of forum rule or principle, foreign or domestic, which might refer such matter to the courts of another jurisdiction).

6.11 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

6.12 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original but all of which taken together shall be deemed to constitute one and the same agreement. A facsimile or electronic transmission of the Agreement bearing a signature on behalf of a Party shall be legal and binding on such Party.

6.13 Language

The Parties acknowledge that they have required that this Agreement and all related documents be drawn up in English. Les parties reconnaissent avoir exigé que la présente convention et tous les documents connexes soient rédigés en anglais.

(remainder of this page left blank intentionally)

IN WITNESS WHEREOF the Parties have executed this Agreement on the date first written hereinabove.

THERATECHNOLOGIES INC.

(signed) Luc Tanguay
Luc Tanguay
President and Chief Executive Officer

(signed) Philippe Dubuc
Philippe Dubuc
Senior Vice President and
Chief Financial officer

TRANSFERT PLUS, L.P.,
acting through its general partner, ALIGO INNOVATION, L.P., itself acting through its general partner, ALIGO CORPORATION INC.

(signed) Anne Marie Larose
Anne-Marie Larose

ALIGO INNOVATION, L.P.,
acting through its general partner,
ALIGO CORPORATION INC.

(signed) Anne-Marie Larose
Anne-Marie Larose

KATANA BIOPHARMA INC.

(signed) Michel Demeule

(signed) Borhane Annabi
BORHANE ANNABI

(signed) Michel Demeule
MICHEL DEMEULE

(signed) Richard Béliveau
RICHARD BÉLIVEAU

(signed) Alain Larocque
ALAIN LAROCQUE

(signed) Cyndia Charfi
CYNDIA CHARFI

(signed) Sophie Kozelko
SOPHIE KOZELKO

(signed) Jean-Christophe Currie
JEAN-CHRISTOPHE CURRIE

EXHIBIT A

DEFINITIONS

1.1 Definitions

1.1.1 "**Accountants**" means Demers Beaulne;

1.1.2 "**Accounts Payable**" means the trade accounts payable by the Corporation incurred on or before the Closing (including those for which invoices are received after the Closing) that remain unpaid at Closing but relate to products purchased or services performed prior to the Closing;

1.1.3 "**Accounts Receivable**" means all accounts receivable, trade accounts, notes receivable, book debts and other debts (other than cash on hand and deposit accounts held with banks and other financial institutions) of the Corporation due, accruing and payable to the Corporation which arise from services performed by the Corporation on or before the Closing;

1.1.4 "**Adjusted Third Tranche**" has the meaning ascribed thereto in Section 2.4.1;

1.1.5 "**Affiliate**" has the meaning ascribed thereto in the CBCA;

1.1.6 "**Agreement**" means this agreement, its recital, together with its Schedules and Exhibits and all amendments made hereto by written agreement between the Parties;

1.1.7 "**AL**" has the meaning ascribed thereto in the preamble;

1.1.8 "**AL Employment Agreement**" means the employment agreement to be entered into between AL and the Corporation as of the date hereof;

1.1.9 "**ASPE**" means, the Accounting Standards for Private Enterprises generally accepted in Canada from time to time and approved by the Chartered Professional Accountants of Canada, or any successor organization, in both cases, in effect as of a given date, and applied on a basis consistent with that of preceeding periods;

1.1.10 "**BA**" has the meaning ascribed thereto in the preamble;

1.1.11 "**BA Consulting Agreement**" means the consulting agreement to be entered into between BA and the Corporation as of the date hereof;

1.1.12 "**Beneficiaries**" has the meaning ascribed thereto in Section 3.5.1;

1.1.13 "**Books and Records**" means any books, records and accounts of the Corporation (originals, to the extent they exist, or, if originals do not exist, copies thereof) related to the Business and the Purchased Shares including, without limitation, databases, documents, forms, advertising material, brochures, books and records relating to the purchase of materials and supplies, the services performed or provided, dealings with customers, invoices, customer lists, mailing lists, suppliers lists, telephone numbers, financial records, personnel records (to the extent permitted by Law) and Taxes;

1.1.14 "**Business**" has the meaning ascribed thereto in the preamble hereof;

1.1.15 "**Business Day"** means any day on which Canadian chartered banks are generally open for business in Montreal (Québec), other than a Saturday or a Sunday;

1.1.16 "**CC**" has the meaning ascribed thereto in the preamble;

1.1.17 *[Voluntarily Omitted.]*

1.1.18 "**CBCA**" means the *Canada Business Corporations Act*, as now in effect;

1.1.19 "**Claims**" includes claims, notices, demands, requests, complaints, proceedings, actions, applications, arbitrations, suits, causes of action, appeals, audits, hearings, investigations, inquiries, assessments or reassessments (including claims, assessments and reassessments for Tax), charges, judgments, grievances, or hearings;

1.1.20 "**Closing**" means the completion on the date hereof of the sale to, and purchase by, the Purchaser of the Purchased Shares and the completion of all other transactions contemplated by this Agreement which are to occur concurrently with the purchase and sale of the Purchased Shares;

1.1.21 "**Closing Documents**" has the meaning ascribed thereto in Section 4.2;

1.1.22 "**Closing Indebtedness**" means the Indebtedness agreed upon between the Purchaser and the Founding Vendors at the Closing based on the Financial Statements;

1.1.23 "**Competing Business**" has the meaning ascribed thereto in Section 3.5.1;

1.1.24 "**Confidential Information**" means the whole or any portion of any knowledge, data or information relating to a Party, its assets, businesses, affairs, finances, operations and general activities, including but not limited to financial information and data current or proposed business and financing plans, budgets, markets, customers, suppliers, distributors and sub-contractor information as well as a Party's technology, information, know-how, trade secrets and other similar Intellectual Property.

1.1.25 "**Consideration Shares**" has the meaning ascribed thereto in Section 2.3;

1.1.26 "**Constating Record**s" means, in respect of any entity, the corporate and constating records of such entity, including (a) all articles, constituting and organizational documents and by-laws (including any partnership agreement, deed of trust or other); (b) all shareholders agreements affecting such entity, (c) all minutes of meetings and resolutions of shareholders and directors (and any committees); and (d) the share certificate books, securities register, register of transfers and register of directors;

1.1.27 "**Contract**" means any and all written or oral contracts and agreements (including quotations, orders and rebates), work in progress, leases, insurance policies, deeds, indentures, instruments, entitlements, warranties and warranty rights, commitments, indemnities, guarantees, undertakings and orders made by or to which the Corporation is a party or by which the Corporation is bound or under which the Corporation has, or will have, any rights or obligations and includes rights to use, franchises, license and sub-licences agreements and agreements for the purchase and sale of assets or shares;

1.1.28 "**Corporation**" has the meaning ascribed thereto in the preamble;

1.1.29 "**Defending Party**" has the meaning ascribed thereto in Section 5.9;

1.1.30 "**Designated Percentage**" for each Vendor means the percentage specified below opposite the name of such Vendor: **[REDACTED: Percentage]**

1.1.31 "**Direct Claim**" means any Claim by an Indemnified Party against an Indemnifier which does not result from a Third Party Claim;

1.1.32 "**Encumbrances**" means pledges, liens (statutory or otherwise), charges, security interests, leases, offers to lease, pledges, privileges, license agreements, title retention agreements, mortgages, hypothecs, trust deeds, trust or deemed trust (whether contractual, statutory or otherwise arising), assignments by way of security, security interests, conditional sales contracts or other title retention agreements, or other similar interests or instruments charging, or creating a security interest in, or against title, restrictions, development or similar agreements, easements, servitudes, rights-of-way (registered or unregistered), restrictive covenants, contamination notice, title defects, restrictions, executions, tax arrears, permissions, options or adverse claims, encroachments or burden or any other right or claim or encumbrances of any kind or character whatsoever or however arising, or any agreement to enter into or create any of the foregoing, on or affecting all or any part of any of the assets of a Person or any of its subsidiaries or any interest therein, or any direct or indirect interest in such Person or any of its subsidiaries, including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, encumbrances of mechanics, labourers, workmen, builders, contractors, suppliers of material or architects or other similar encumbrances incidental to construction, maintenance or repair operations and other similar liens, legal hypothecs and encumbrances;

1.1.33 "**Financial Statements**" means the unaudited financial statements of the Corporation prepared by the Accountants for the period beginning July 8, 2016 and ending October 31, 2016, for the period beginning November 1, 2016 and ending October 31, 2017, for the period beginning November 1, 2017 and ending October 31, 2018 and for the interim period beginning November 1, 2018 up to the date preceding the Closing date;

1.1.34 "**First Development Milestone**" means the initiation of a Phase I clinical study using a peptide discovered by the Corporation and targeting the sortilin receptor. The initiation of the Phase I clinical study shall occur on the date that the first patient is enrolled in such study.

1.1.35 "**First Tranche**" has the meaning ascribed thereto in Section 2.3.1;

1.1.36 "**First Tranche Cash Portion**" has the meaning ascribed thereto in Section 2.3.1;

1.1.37 "**First Tranche Equity Portion**" has the meaning ascribed thereto in Section 2.3.1;

1.1.38 "**Founding Vendors**" means each of TP, Aligo, RB, and BA;

1.1.39 "**Governmental Authority**" means any (i) multinational, federal, provincial, state, territorial, regional, municipal, local, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, agency board or bureau, domestic or foreign, (ii) any subdivision, agent, commission, board or authority of any of the foregoing, (iii) any quasi-governmental or private body exercising any regulatory, administrative, expropriation or Tax Authority under or for the account of any of the foregoing, including any private body having received a mandate to perform public services, and (iv) any judiciary or quasi-judiciary tribunal, court or body;

1.1.40 "**Governing Body**" means, with respect to any Person, (i) the board of directors of such Person, and (ii) any Person or group of Persons exercising a similar authority;

1.1.41 "**GST**" means Taxes imposed under Part IX of the *Excise Tax Act* (Canada);

1.1.42 "**JCC**" has the meaning ascribed thereto in the preamble;

1.1.43 "**Indebtedness**" means, in relation to the Corporation, any liability, debt or other obligation, whether absolute, accrued, fixed, contingent or otherwise, including the following:

(a) all indebtedness, obligations and liabilities of whatsoever nature and kind of the Corporation for borrowed money or for the deferred purchase price of property or services (including reimbursement and all other obligations with respect to surety bonds, letters of credit, note purchase obligations and bankers' acceptances, whether or not matured) and including any short term portion of long term indebtedness and any shareholders' loans or advances;

(b) all indebtedness of the Corporation created or arising under any conditional sale, other title retention agreements with respect to acquired property or pursuant to deferred purchase price obligations;

(c) all indebtedness, obligations and liabilities of whatsoever nature and kind of the Corporation resulting from any subsidy agreement, contribution agreement or similar agreement between the Corporation and any Governmental Authority;

(d) all obligations guaranteeing or providing indemnification or insurance with respect to any indebtedness or other obligation of any Person;

(e) all accrued interest relating to any indebtedness of the type referred to in any of the items of this definition; and

(f) all prepayment penalties or break-up fees of any nature relating to any indebtedness of the type referred to in any of the items of this definition which is being repaid on or immediately after Closing;

1.1.44 "**Indemnifier**" means any Party obligated to provide indemnification under this Agreement;

1.1.45 "**Indemnified Party**" means any Person entitled to indemnification under this Agreement;

1.1.46 "**Indemnity Payment**" means any amount of Loss required to be paid pursuant to Section 5.1 or 5.2 hereof;

1.1.47 "**Intellectual Property**" means any or all intellectual property rights, whether registered or not, including those rights arising out of or related to: (i) all domestic and foreign patents and applications therefore and all re-examinations, reissues, divisions, renewals, extensions, provisionals, continuations and continuations-in-part thereof; (ii) all trade-marks, trade names, service marks, service names, certification marks, brands, logos, trade dresses, domain names and social media identifiers, together with the goodwill associated therewith; (iii) all copyrights, data rights, integrated circuit topographies and protected plant varieties; (iv) all industrial designs, CAD designs and works protected by copyright including computer software, documentation, designs, schematics, specifications or records; (v) all inventions (whether or not patentable); and (vi) all proprietary and confidential business and technical information including technical data, trade secrets, ideas, formulae, algorithms, methods, techniques, processes, research and development and technology know-how, databases, data compilations and collections and technical data; including, in the case of each of clauses (i) through (v), inclusively, whether such rights are registered or not and, in the case of each of clauses (i) through (vi), exclusively, any and all registrations, applications, recordings, common-law rights and Contracts, all rights of privacy or moral rights, however denominated, throughout the world and in all media now known, and all rights to sue at law or in equity for any past infringement or other impairment of any and all of the foregoing, including the right to receive all proceeds and damages therefrom, where applicable at Law;

1.1.48 "**Inventories**" or "**Inventory**" means all inventories of the Corporation on the date hereof related to the Business including all finished goods, work in progress, raw materials, ingredients, packaging materials, production and shipping supplies, spare parts, maintenance items and advertising materials, in each case on hand, in transit, ordered but not delivered, warehoused or wherever situated whether or not on consignment;

1.1.49 "**JCC Employment Agreement**" means the employment agreement between JCC and the Corporation to be entered into as of the date hereof;

1.1.50 "**Key Intellectual Property of the Corporation**" has the meaning attributed to this term in Section 3.1.34 of Schedule 3.1;

1.1.51 "**Knowledge**" of any Person means the actual knowledge of such Person or any of its officers or managers after due and diligent inquiry with respect to the relevant matter. The due and diligent inquiry of any Person with respect to a matter includes (i) consulting Persons who in the normal scope of their duties ought to reasonably be expected to have knowledge of the matter with respect to which knowledge is asserted, and (ii) taking such other action, if reasonably necessary, to discover the facts with respect to which knowledge is asserted;

1.1.52 "**Laws**" means all laws (including common law, civil law and equity), statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published or unpublished policies and guidelines, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards and terms and conditions of any grant of approval, permission, authority or Permit of any Governmental Authority, self-regulatory authority or statutory body and the term "**applicable**" with respect to such Laws and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having or claiming to exercise legal jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

1.1.53 "**Licence Agreement**" means the license agreement between TP and the Corporation dated July 3, 2017, as amended and restated as of the date hereof;

1.1.54 "**Loss**" means any and all loss (including loss of profits and loss of value), liability, debt, Tax, damage, cost, expense, charge, fine, penalty or assessment, including the costs and expenses incurred in investigating, pursuing or settling a Claim and all interest, punitive or exemplary damages, fines, penalties and reasonable fees and expenses of attorneys and experts incurred in connection therewith;

1.1.55 "**Material Adverse Change**" means any change, effect, event or occurrence that, individually or in the aggregate with all other changes, effects, events or occurrences: (i) is or is reasonably likely to have a material and adverse effect upon any of the Business, operations, affairs, assets, liabilities, capitalization, results of operations, cash flows, condition, prospects, Permits, rights or privileges of the Corporation, or (ii) would reasonably be expected to materially impair or delay the ability of any of the Vendors or the Corporation to perform its obligations under this Agreement;

1.1.56 "**Material Contract**" means any:

(a) Contract involving aggregate payments in any year to or by the Corporation of an amount or value in excess of $ 10,000;

(b) Contract between the Corporation and any Related Party;

(c) Contract not entered into in the Ordinary Course;

(d) lease, rental or occupancy agreement, license, instalment and conditional sale agreement, and other Contract affecting the ownership of, leasing of, title to, use of, or any leasehold or other interest in, any real or personal property;

(e) Contract with respect to Intellectual Property (other than a license agreement for commercially available software sold through retailers);

(f) Contract containing covenants that in any way restrict or purport to restrict the business activity of a Person to engage in any business or to compete with any Person;

(g) power of attorney of the Corporation that is currently effective and outstanding;

(h) warranty, guarantee, support, bond, indemnification, assumption or other similar commitment with respect to the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or indebtedness of any Person;

(i) Contract which concerns any joint venture, partnership or other Contract (however named) involving a sharing of profits, losses, costs, or liabilities by the Corporation;

(j) Contract relating to or creating any trust indenture, mortgage, hypothec, promissory note, bond, loan agreement or other contract for the borrowing of money or otherwise evidencing any indebtedness of the Corporation;

(k) Contract relating to any individual capital expenditure;

(l) Contract containing liquidated damages or penalty provisions entered into in the Ordinary Course; or

(m) Amendment, supplement, and modification (whether oral or written) in respect of any of the foregoing.

1.1.57 *[Voluntarily Omitted]*.

1.1.58 "**MD**" has the meaning ascribed thereto in the preamble;

1.1.59 "**MD Employment Agreement**" means the employment agreement between MD and the Corporation to be entered into as of the date hereof;

1.1.60 "**Notice Period**" has the meaning ascribed thereto in Section 5.7 hereof;

1.1.61 "**Order**" means any final and enforceable order or any judgment, injunction, decree, ruling, stipulation, award or writ of any court, tribunal, arbitrator or other Governmental Authority;

1.1.62 "**Ordinary Course**" means, when used in relation to the conduct of the Business, any action which is consistent in nature, scope and magnitude with the past practices of the Corporation and is taken in the ordinary course of the normal day-to-day operations of such Person;

1.1.63 "**Parties**" means the Vendors, the Purchaser and the Corporation, and "**Party**" means any one of them;

1.1.64 "**Permits**" means all permits, certificates, certificates of authorization, certificates of compliance, authorizations, consents, licenses, concessions, franchises, approvals of and registrations with any Governmental Authority or pursuant to any Laws used or held in connection with the Business;

1.1.65 "**Person**" includes any individual, trust, trustee, executor, administrator, legal personal representative, estate, firm, partnership, joint venture, venture capital fund, joint stock company, association, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

1.1.66 **"[REDACTED: Definition of Interest Rate]**";

1.1.67 "**Purchase Price**" has the meaning ascribed thereto in Section 2.2 hereof;

1.1.68 "**Purchased Shares**" has the meaning ascribed thereto in Section 2.1;

1.1.69 "**Purchaser**" has the meaning ascribed thereto in the preamble hereof;

1.1.70 "**Purchaser Fundamental Representations**" has the meaning ascribed thereto in Section 3.4.2(a);

1.1.71 "**QST**" means Taxes imposed under an *Act Respecting the Quebec Sales Tax*;

1.1.72 "**RB**" has the meaning ascribed thereto in the preamble;

1.1.73 "**RB Consulting Agreement**" means the consulting agreement between RB and the Corporation to be entered into as of the date hereof;

1.1.74 "**Real Properties**" means immovable properties;

1.1.75 "**Related Party**" means (a) any Vendor, or (b) any Affiliate of any Vendor (c) any partner, shareholder, director, officer, trust, trustee or similar fiduciary, of any Vendor or the Corporation or any of their respective Affiliates, (d) any Person not acting at arm's length (as defined in the Tax Act) with the Corporation or any Vendor, or (e) without limiting the foregoing, any family member (including siblings, parents, siblings-in-law, parents-in-law, son/daughter-in-law, spouse, niece, nephew, cousin, descendant or other family relation) of any Vendor;

1.1.76 "**Representatives**" means, with respect to any Person, the Affiliates, officers, directors, employees and agents of such Person;

1.1.77 "**Response Period**" has the meaning ascribed thereto in Section 5.3;

1.1.78 "**Restricted Party**" has the meaning ascribed thereto in Section 3.5.1

1.1.79 "**Restricted Period**" has the meaning ascribed thereto in Section 3.5.1;

1.1.80 "**Second Development Milestone**" means the results obtained from the Phase I clinical study showing the efficacy of the maximal tolerated dose and/or a reduction in toxicity of the peptide used in the Phase I clinical study which leads to the conclusion that additional clinical studies are justified to pursue the development of such peptide and after taking into account the costs and the risks associated with the further research and development of such peptide.

1.1.81 "**Second Tranche**" has the meaning ascribed thereto in Section 2.3.2;

1.1.82 "**SK**" has the meaning ascribed thereto in the preamble;

1.1.83 "**SynergiQc Subsidy**" means the subsidy aggregating up to $1,200,000 which may be granted by the CQDM and the Canadian Cancer Society to Université du Québec à Montréal based on an application filed by, or on behalf of, the Corporation and Université du Québec à Montréal with the CQDM and dated December 10, 2018 for a research project titled "Pre-Clinical Design of a Novel Targeted and Personalized Treatment Against Sortilin-Positive Triple Negative Breast Cancers";

1.1.84 "**Tax**" and "**Taxes**" includes any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever and wheresoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, local, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all license agreements, franchise and registration fees and all employment insurance, health insurance and Canada, Quebec and other Governmental Authority pension plan premiums or contributions and for greater certainty, all contributions payable under any tax Laws;

1.1.85 "**Tax Act**" means the *Income Tax Act* (Canada);

1.1.86 "**Tax Authority**" means the Canada Revenue Agency, and any other national, state, local, provincial, territorial or other Governmental Authority responsible for the administration, implementation, assessment, determination, enforcement, compliance, collection or other imposition of any Taxes;

1.1.87 "**Tax Claim**" has the meaning ascribed in Section 5.8;

1.1.88 "**Tax Returns**" means any and all returns, reports, declarations, statements, informations, estimates, rebates or credits, elections, designations, schedules, filings or other documents (including any related or supporting information) relating to Taxes filed or required to be filed by any Tax Authority or pursuant to any Law relating to Taxes or in fact filed with any Tax Authority, including all information returns, Claims for refund, amended returns, declarations of estimated Taxes, and requests for extensions of time to file any of the preceding items and all amendments, attachements or supplement thereto, whether in tangible or electronic form;

1.1.89 "**Third Party Claim**" means any Claim asserted against an Indemnified Party or the Corporation, that is paid or payable to, or claimed by, any Person who is not a Party or an Affiliate of a Party;

1.1.90 "**Third Party Consents**" means all consents, approvals, notices, orders, rulings, authorizations, acknowledgements, registrations, declarations, filings, submissions of information, waivers, sanctions, licenses, exemptions or permits necessary or otherwise required from any Governmental Authority or Person or pursuant to any Law in order to consummate the transactions contemplated by this Agreement or any Closing Document; a complete and accurate list of the Third Party Consents is set forth in Schedule 1.1.87;

1.1.91 "**Third Tranche**" has the meaning ascribed thereto in Section 2.3.3;

1.1.92 "**Threatened**" a Claim or other matter will be deemed to have been "**Threatened**" if any demand or statement has been made (orally or in writing) or any notice has been given (orally or in writing), or if any other event has occurred or any other circumstances exist, that would lead to a prudent Person to conclude that such a Claim or matter is likely to be asserted, commenced, taken or otherwise pursued in the future;

1.1.93 "**TP**" has the meaning ascribed thereto in the preamble;

1.1.94 **"TSX"** means The Toronto Stock Exchange;

1.1.95 "**UQAM Lease Agreement**" means the lease agreement to be entered into between l'Université du Québec à Montréal and the Corporation as of the date hereof providing, amongst other things, the Corporation with the right to conduct research and development works in the Université du Québec à Montréal's laboratories and to use all of its tools to conduct such works;

1.1.96 "**Vendors**" means, collectively, TP, Aligo, RB, BA, MD, AL, JCC, CC, and SK and "**Vendor**" means any one of them;

1.1.97 "**Vendors' Fundamental Representations**" has the meaning ascribed thereto in Section 3.4.1(a).

SCHEDULE 1.1.87
THIRD PARTY CONSENTS

[REDACTED: List of Names]

SCHEDULE 3.1
REPRESENTATIONS AND WARRANTIES OF VENDORS AND THE CORPORATION

Representations of Vendors

3.1.1 Capacity and No Violation of Vendors

(a) Each of TP and Aligo is a limited partnership that has been duly formed, under all applicable Laws, is validly subsisting and is in good standing under the Laws of its jurisdiction of formation. Each of TP and Aligo has full legal power and authority to own and lease its assets and carry on its business as currently owned and carried on. Each of TP and Aligo is duly registered, licensed or qualified to carry on business in each jurisdiction in which the nature of the business now being carried on or the property owned or leased by each of them makes such registration, licensing or qualification necessary. No resolution has been passed providing for the dissolution or liquidation of TP and Aligo.

(b) There has been no formal request for the dissolution or liquidation of TP and Aligo or for the appointment of a receiver or trustee or any similar person or entity to manage any of their respective affairs, nor has any petition been filed with any competent authority requesting the initiation of any restructuring or liquidation procedures with respect to TP and Aligo. Each of TP and Aligo has not been declared unable to meet its debts as they become due, and there is no valid basis currently existing upon which it could be reasonably expected that a third party require the dissolution or liquidation of TP and Aligo .

(c) The Vendors have all necessary power, capacity and authority to execute and deliver this Agreement and each Closing Document to which they are a party and to perform their obligations hereunder and thereunder.

(d) The execution of this Agreement and the execution of the Closing Documents by, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by the Governing Body of TP and Aligo.

(e) This Agreement has been, and each of the Closing Documents to which any of the Vendors is a party have been, duly executed by such Vendors and this Agreement constitutes and each Closing Document to which any of the Vendors are a party will constitute a valid and binding obligation, enforceable against the Vendors in accordance with their terms, subject to bankruptcy, insolvency and other similar Laws affecting creditors' rights generally.

(f) The approval of this Agreement and each of the Closing Documents to which any of the Vendors is a party, the execution by the Vendors of this Agreement and of each of the Closing Documents to which any of the Vendors is a party and the performance by them of their obligations hereunder and thereunder and the completion of the transactions contemplated herein and in the Closing Documents, will not result in:

(i) a violation of, default under or breach of, or require any consent to be obtained under or give rise to any termination rights by a third party, payment obligation by such Vendor or rights of a third party the exercise of which would result in any breach or default under any provision of or the acceleration of any obligation under: (w) any Constating Records of TP and Aligo, (x) any Contract or Permit to which any of the Vendors is a party or by which any of the Vendors (or their respective Purchased Shares) is bound, or by which any of the Vendors is subject or are the beneficiary, (y) any shareholders' agreement, or (z) any Laws, or

(ii) the creation or imposition of any Encumbrance upon the Purchased Shares.

3.1.2 *Approvals and Consents.* No consent, approval, notice, Order, authorization, registration, declaration, filing, submission of information, waiver, sanction, license, exemption or Permit is necessary or otherwise required to be obtained by any of the Vendors from any Governmental Authority or Person or pursuant to any Law in connection with the execution of this Agreement or any Closing Document to which any of the Vendors is a party or the consummation by the Vendors of the transactions contemplated hereby or thereby.

3.1.3 *Title to Purchased Shares.* The Vendors are the absolute beneficial owners of, and have, and will have at Closing, good and marketable title to all of the Purchased Shares, free and clear of all Encumbrances.

3.1.4 *Residency.* No Vendor is a "non-resident" of Canada within the meaning of the Tax Act.

Representations of the Corporation

3.1.5 *Organization*

(a) The Corporation is validly organized and subsisting and is in good standing under the Laws of its jurisdiction of incorporation. The Corporation has full corporate power and corporate authority to own and lease its assets and carry on its businesses as currently owned and carried on. The Corporation is duly registered, licensed and qualified to carry on business in each jurisdiction in which the nature of the business now being carried on or the property owned or leased by it makes such registration, licensing or qualification necessary. No resolution has been adopted providing for the dissolution or winding up of the Corporation. There has been no formal request for the winding up or the dissolution of the Corporation or for the appointment of a receiver or trustee or any similar person or entity to manage any of their affairs, nor has any petition been filed with any competent authority requesting the initiation of any restructuring or liquidation procedures with respect to the Corporation. The Corporation has not been declared unable to meet its debts as they fall due, and there is no valid basis currently existing upon which it could be reasonably expected that a third party could require the dissolution or winding up of the Corporation.

3.1.6 *Capitalization*

(a) Schedule 3.1.6 contains a complete and accurate list of the Corporation's: (i) legal name, trade names, jurisdiction of incorporation or formation, the jurisdiction in which it is authorized to do business, (ii) authorized as well as issued and outstanding share capital, securities or other ownership interests (together with the holders thereof), and (iii) directors and officers of the Corporation.

(b) All of the outstanding share capital, securities and other ownership interests of the Corporation are set forth in Schedule 3.1.6 and all have been duly authorized, are validly issued, and fully paid and non-assessable, all such share capital, securities and, other ownership interests are owned directly or indirectly by the Vendors, free and clear of all Encumbrances.

(c) There is no:

(i) outstanding security held by any Person which is convertible or exchangeable into shares, securities or rights in the capital of the Corporation;

(ii) outstanding subscription, option, warrant, call, pre-emptive right, commitment or agreement of any nature whatsoever, written or oral (other than this Agreement) obligating the Corporation to issue, sell, redeem, purchase or transfer shares or securities which in any way relate to the authorized or issued capital of the Corporation;

(iii) agreement, commitment or understanding of any nature whatsoever, written or oral (other than this Agreement) which grants to any Person the right to purchase or otherwise acquire or have a Claim against issued and outstanding shares or securities of the Corporation;

(iv) shareholders' agreement, voting trust, voting agreement, pooling agreement or proxy with respect to any shares, securities or other ownership interests of the Corporation; or

(v) partnership, trust, joint venture, association or similar jointly owned business undertaking of whatsoever nature involving the Corporation.

3.1.7 *Constating Records.* The Constating Records of the Corporation are complete and accurate in all material aspect, and are maintained in accordance with all applicable Laws and contain copies of all Constating Records and resolutions passed by the respective shareholders and directors of the Corporation since the date of its incorporation. Complete and accurate copies of the Constating Records of the Corporation which reflect all amendments made thereto have been made available to the Purchaser. The Corporation is not in default under, or in violation of, any provision of its Constating Records documents and by-laws.

3.1.8 *Private Issuer Status.* The Corporation is a "private issuer" within the meaning of National Instrument 45-106 – Prospectus and Registration Exemptions.

3.1.9 *Capacity and No Violation*

(a) The Corporation has the necessary power, capacity and authority to enter into this Agreement and each Closing Document to which it is a party and to execute and perform each of its obligations hereunder and thereunder.

(b) The execution and delivery of this Agreement and the execution and delivery of the Closing Documents to which the Corporation is a party, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by the Governing Body of the Corporation.

(c) This Agreement has been and each of the Closing Documents to which the Corporation is a party will have been duly executed and delivered by the Corporation and this Agreement constitutes, and each Closing Document to which the Corporation is a party will constitute, a valid and binding obligation, enforceable against the Corporation in accordance with their terms, subject to bankruptcy, insolvency and other similar Laws affecting creditors' rights generally.

(d) The approval of this Agreement and of each of the Closing Documents to which the Corporation is a party, the execution and delivery by the Corporation of this Agreement and of each of the Closing Documents to which it is a party and the performance by the Corporation of its obligations hereunder and thereunder and the completion of the transactions contemplated herein and in the Closing Documents, will not result in:

(i) a violation of, default under, or breach of, or require any consent to be obtained under, or give rise to, any termination rights by a third party (with or without the giving of notice or lapse of time, or both), a payment obligation by the Corporation or rights of a third party, the exercise of which would result in any breach or default under any provision of, or the acceleration of, any obligation under: (w) any Constating Records of the Corporation, (x) any Contract or Permit to which the Corporation is party or by which the Corporation (or its assets or securities) are bound, or by which the Corporation is subject or is the beneficiary, (y) any shareholders' agreement binding upon the Corporation, or (z) any Laws;

(ii) the creation or imposition of any Encumbrance upon the securities or the assets of the Corporation, or otherwise restrict, hinder, impair or limit the ability of the Corporation to carry on the Business as and where it is now being carried on or as and where it may be carried on in the future.

3.1.10 *Approvals and Consents.* No consent, approval, notice, Order, registration, declaration, filing, submission of information, waiver, sanction, license, exemption or Permit is necessary or otherwise required to be obtained by the Corporation from any Governmental Authority or Person or pursuant to any Law in connection with the execution and delivery of this Agreement or any Closing Document to which the Corporation is a party or the consummation by the Corporation of the transactions contemplated hereby or thereby or the conduct by the Corporation of the Business following the Closing as conducted on the date hereof.

3.1.11 *Compliance with Laws.* The Corporation has complied in all material respects with and is not, and has at no time been, in any material violation of any applicable Laws or received any notice, written or oral, of any violation under, or non-compliance with, any applicable Law and, to the knowledge of the Vendors, there is no basis therefor. There is no investigation, request for information, or other proceeding by any Governmental Authority pending or Threatened against the Corporation. Without limiting the generality of the foregoing, all securities of the Corporation (including, without limitation, all options, rights or other convertible or exchangeable securities) have been issued in compliance with all applicable securities Laws.

3.1.12 *Absence of Questionable Payments.* No director or officer of the Corporation or, to the Knowledge of the Founding Vendors, employee, agent, sales representative, distributor or other Person acting on behalf of the Corporation, has used the Corporation's funds or made unlawful contributions, payments, gifts, entertainment or made unlawful expenditures relating to domestic or foreign government officials or others; no current or former director, officer, employee, agent, sales representative, distributor or other Person acting on behalf of the Corporation or any of the Vendors has accepted or received any unlawful contributions, payments, gifts, entertainment or expenditures; the Corporation has at all times complied in all material respects with and is in compliance with all applicable provisions of the Corruption of Foreign Public Officials Act and applicable Laws relating to prevention of corrupt practices in similar matters under the Criminal Code of Canada and any similar legislation in foreign jurisdictions.

3.1.13 *Permits.* All Permits that the Corporation is required to obtain that are related to the Business or the ownership or operation of its properties and assets have been obtained, are listed in Schedule 3.1.13, and are currently valid, in full force and effect and in good standing. Other than as set forth in Schedule 3.1.13, there is no Permit required to carry on the Business as presently carried on or as proposed to be carried on after the Closing. The Corporation has not violated the terms or conditions of any such Permits and there is no reason why any of the Permits should be suspended, cancelled, revoked or not renewed on the same terms.

3.1.14 *Restrictions on Business Activities.* There is no Contract or Order binding upon the Corporation that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing any business practice of the Corporation, any acquisition of property by the Corporation or the conduct of the Business as currently conducted.

3.1.15 *Absence of Certain Changes or Events.* Except as set out on Schedule 3.1.15, since October 31, 2018, the Corporation has conducted its business only in the Ordinary Course and there has not occurred:

(a) any Material Adverse Change or any damage, destruction or loss to the assets of the Corporation, whether covered by insurance or not;

(b) any redemption, repurchase or other acquisition of shares or securities by the Corporation or any declaration of, payment of or agreement to pay any dividend, or the declaration or authorization of any other distribution of, on or in respect of any of its securities whether payable in cash, securities or otherwise;

(c) any acquisition, lease, sale, Encumbrance or other disposition of property or assets other than in the Ordinary Course;

(d) any failure to pay or otherwise satisfy any Accounts Payable, liabilities or obligations when due and payable, or any alteration of the practices and policies relating to the payment and collection of Accounts Payable and/or Accounts Receivable;

(e) (i) any incurrence, creation, assumption or guarantee by the Corporation of any debt for borrowed money or of any Encumbrance on any asset, (ii) any issuance or sale of any securities convertible into or exchangeable for debt securities of the Corporation, or (iii) any issuance or sale of options or other rights to acquire from the Corporation debt securities or any securities convertible into or exchangeable for any such debt securities;

(f) any entering into, amendment, or relinquishment, termination or non-renewal by the Corporation of any Material Contract;

(g) any waiver or cancellation of any Claim, Account Receivable, or right;

(h) any loss of any supplier nor has the Corporation received information to the effect that it will lose any supplier;

(i) any change in the accounting methods;

(j) any writing up or writing down of any of its assets;

(k) any Contract to take any action which, if taken prior to the date hereof, would have made any representation or warranty set forth in this Agreement or any Closing Document untrue, misleading or incorrect as of the date when made; or

(l) any agreement or commitment to do any of the foregoing.

3.1.16 Contracts

(a) Schedule 3.1.16 sets forth a list of all of the Contracts entered into by the Corporation that are in full force and effect as of the date hereof. Complete and accurate copies of the Contracts have been delivered to the Purchaser.

(b) Each Contract is a legal, valid and binding obligation of each Person who is a party thereto, enforceable by or against each such Person in accordance with its terms, and is in full force and effect, and (subject to meeting or obtaining all Third Party Consents) will be in full force and effect on identical terms immediately following the Closing, subject to bankruptcy, insolvency and other similar Laws affecting creditors' rights generally.

(c) All obligations of the Corporation under each of the Contracts have been performed, and there are no defaults, events of default or violations (or which with or without notice, lapse of time or both, could reasonably be expected to, individually or in the aggregate, result in a default, event of default or violation) under any of the Contracts on the part of the Corporation or on the part of the other party (or parties) to such Contract.

(d) No notice of termination of a Contract has been received or served by the Corporation and there are no grounds for termination, resiliation, rescission, avoidance or repudiation of any such Contract.

3.1.17 *Major Suppliers.* Schedule 3.1.17 contains a complete and accurate list, as of the date hereof, of the ten (10) most important suppliers of goods and services to the Corporation. The relationships of the Corporation with such customers and suppliers are good commercial working relationships. No such supplier notified the Corporation of its intention to change its relationship or the terms upon which it conducts business with it (including, in the case of suppliers, the payment and credit terms extended to the Corporation and, to the Knowledge of the Vendors, there is no basis for such change. The Corporation has no reason to believe that any such supplier would change the terms upon which it conducts business with the Corporation (including the payment and credit terms extended to them or the non-renewal or cancellation of any Contract set to expire) as a result of the consummation of the transactions contemplated by this Agreement or otherwise.

3.1.18 *Customers.* The Corporation has never had any customer and does not have any as at the date hereof.

3.1.19 *Financial Statements.* The Financial Statements have been prepared in accordance with ASPE. Such Financial Statements present in all material respects the financial condition, results of operations and cash flows of the Corporation as of the date and for the periods presented therein. None of the Financial Statements contain any untrue statement of a fact or omit to state a fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered thereby, that would have a Material Adverse Change on the Corporation.

3.1.20 *Absence of Undisclosed Liabilities.* The Corporation has no obligations or liabilities of any nature, whether direct or indirect, accrued or unaccrued, asserted or unasserted, fixed or contingent, liquidated or unliquidated, mature or inchoate, due or to become due, known or unknown other than those set forth and adequately provided for or reserved against in the most recent balance sheet included in the Financial Statements.

3.1.21 *Capital Expenditures.* Since October 31, 2018, the Corporation has made capital expenditures only in the Ordinary Course and to the extent reasonably necessary to operate and maintain the Business and has not delayed or cancelled any previously scheduled capital expenditures.

3.1.22 *Grants and Subsidies*. Except as disclosed in Schedule 3.1.22, the Corporation has not applied for or received any grant, subsidy, payment or allowance from any Governmental Authority, or has any present indebtedness, obligation or liability of whatsoever nature and kind resulting from any subsidy agreement, contribution agreement or similar agreement between the Corporation and any Governmental Authority.

3.1.23 *Bank Accounts and Related Powers of Attorney.* Schedule 3.1.23 sets forth (i) the name of each Person with whom the Corporation maintains a bank account or safety deposit box *and* the names of all Persons authorized to draw thereon or to have access thereto; and (ii) the name of each Person holding a general or special power of attorney from the Corporation for banking purposes and a summary of the terms thereof.

3.1.24 *Accounts Receivable.* The Accounts Receivable of the Corporation have arisen only from bona fide transactions in the Ordinary Course. There is no fact or circumstance generally (other than general economic conditions) which could result in any increase in the non-collectability of the Accounts Receivable as a class in excess of the reserves therefore (if any) set forth in the Financial Statements. All Accounts Receivable are fully and validly due and owing to the Corporation and are good and fully collectible within 180 days of the date of their issuance, subject to the reserve for bad debts recorded in the Books and Records. The Accounts Receivable constitute only valid, undisputed claims of the Corporation not subject to valid claims of setoff or other defences or counterclaims other than normal cash discounts accrued in the Ordinary Course.

3.1.25 *Inventories.* The Corporation does not maintain any Inventory.

3.1.26 *Asset.* The Corporation's only assets consist of the Licence Agreement, the Accounts Receivable and the Intellectual Property.

3.1.27 *Title to Assets*.

(a) The Corporation is the legal and beneficial owner of, and has good and marketable title to, or an enforceable interest in or right to use, all the assets used by the Corporation free and clear of all Encumbrances.

(b) The Corporation owns and is in possession of each of the assets shown or reflected on the Financial Statements or otherwise on the books of the Corporation (except only those assets which have been disposed of in the Ordinary Course since the dates thereof) and all other assets acquired since the dates thereof with good and marketable title, free and clear of all Encumbrances. The Corporation has not received in respect of its assets or any of them any notice of conflict with the asserted rights of any other Person.

3.1.28 *Books and Records*. Except as disclosed on Schedule 3.1.28, the Books and Records of the Corporation (i) have been maintained in accordance with applicable Laws and good business practices on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and dispositions of the assets of the Corporation, and (iii) accurately and fairly reflect the basis for the Financial Statements.

3.1.29 *Litigation*. There is no Claim, Order or investigation pending or, to the Knowledge of the Vendors, Threatened against the Corporation or affecting any of the Purchased Shares or any Permits, assets or business practices of the Corporation before any Governmental Authority, nor are the Vendors aware of any facts which should, or could, form the basis of any such Claim, Order, or investigation.

3.1.30 *Tax Matters*

(a) Except in the case of the Tax Returns listed in Schedule 3.1.30, the Corporation has duly and timely made or prepared or caused to be made or prepared and filed all Tax Returns required to be filed by it prior to the date hereof with the appropriate Governmental Authorities and has duly, completely and correctly reported to such appropriate Governmental Authorities all income and all other amounts and information required to be reported thereon and all such Tax Returns continue to be true, correct and complete in all material respects. The Tax Returns listed in Schedule 3.1.30 comply with this representation in all respects other than the fact that they have not been filed on a timely basis.

(b) The Corporation has duly and timely paid all Taxes, including all instalments on account of Taxes for the current year, that are due and payable by it whether or not assessed by the appropriate Governmental Authority and there are no Taxes that would be due if asserted by any Governmental Authority. The Corporation has established reserves that are reflected on its Books and Records and on the Financial Statements that are adequate for the payment by the Corporation of all Taxes that are not yet due and payable and that relate to periods ending on or prior to the date hereof or after the date hereof, but only, in this latter situation, for such period up to the date hereof, and such reserves are, and shall be, at least equal to its liability for Taxes. Except to the extent provided for in the Financial Statements, the Corporation is not liable for any Tax at the date hereof, no deficiencies for any Taxes have been asserted in writing or assessed against the Corporation which remain unpaid, except for deficiencies which are being contested in good faith and for which adequate provision has been made in the Financial Statements.

(c) With respect to any period for which Tax Returns are not yet required to be filed or for which Taxes are not yet due and payable, the Corporation has only incurred liabilities for Taxes in the Ordinary Course.

(d) the Corporation is not required to include in income for a period ending on or after the date hereof (i) items in respect of any change in accounting principles or (ii) any instalment sale gain, where the inclusion in income would result in a Tax liability in excess of the reserves therefore and the Corporation has not claimed, and the Corporation will not claim, any amount as reserve under any one or more of subparagraph 40(1)(a)(iii), paragraph 20(1)(m) or 20(1)(n) of the *Tax Act* if any such amount could be included in the income of the Corporation for a period ending on or after the date hereof.

(e) The Corporation has not requested or entered into any agreement or other arrangement or executed any waiver providing for any extension of time within which (i) to file any Tax Return covering any Taxes for which the Corporation is or may be liable; (ii) to file any elections, designations or similar filings relating to Taxes for which the Corporation is or may be liable; (iii) the Corporation is required to pay or remit any Taxes or amounts on account of Taxes; or (iv) any Governmental Authorities may assess or collect Taxes for which the Corporation is or may be liable.

(f) There are no reassessments of Taxes that have been issued and are outstanding. To the Knowledge of the Vendors, there are no Claims now pending or Threatened against the Corporation in respect of any Tax Return or of any Taxes and there are no matters under discussion, audit, objection or appeal with any Governmental Authorities relating to Taxes. More specifically, but without limiting the generality of the foregoing, to the Knowledge of the Vendors, no Tax Authority is now asserting or Threatening to assert against the Corporation any deficiency or Claim for additional Taxes and there are no such deficiencies or potential Claims for additional Taxes and there are no requests for information currently outstanding that could affect the Taxes of the Corporation.

(g) The Corporation has duly and timely withheld from any amount paid or credited, or deemed paid or credited, by it to or for the account or benefit of any Person, including any Employees, officers or directors and any non-resident Person, the amount of all Taxes and other deductions required by any Laws to be withheld from any such amount and has duly and timely remitted the same to the appropriate Governmental Authorities. The Corporation has remitted all Quebec Pension Plan contributions, Canada Pension Plan contributions, unemployment insurance premiums, employer health Taxes and other Taxes payable by in respect of its Employees and have remitted such amounts to the proper Governmental Authorities within the time required by applicable Laws.

(h) For all transactions between the Corporation and any non-resident Person with whom the Corporation was not dealing at arm's length during a taxation year ending on or before the date hereof, the Corporation has respected the contemporaneous documentation requirements imposed by Law and made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the *Tax Act*.

(i) The Corporation is not registered under the Excise Tax Act (Canada) with respect to the GST, under the Act Respecting the Quebec Sales Tax Act (Quebec) with respect to QST and under any similar provincial or other jurisdictions' valued-added or sales tax Law.

(j) There are no circumstances existing which could result in the application to the Corporation of either Section 160 of the Tax Act or Section 325 of the Excise Tax Act (Canada) or any equivalent section in any other Laws relating to Taxes.

(k) There has never been an acquisition of control nor change of control of the Corporation for the purposes of the Tax Act.

(l) None of Sections 78, 79 or 80 to 80.04 of the Tax Act has applied to the Corporation.

(m) Prior to the date hereof, the Corporation has at all times qualified as "Canadian-controlled private corporations" within the meaning of the Tax Act.

(n) The representations and warranties in this Section 3.1.30 which refer to the Tax Act or any provision thereof are true and correct with respect to the same or equivalent provisions, if any, of the Taxation Act (Quebec) or any other provincial or other jurisdiction's Laws relating to Taxes.

(o) The Corporation has no obligation, and has never had any obligation, to file on or prior to the date hereof any Tax Return required to be made, prepared or filed under the applicable Law of any jurisdiction other than Canada in respect of any Taxes and the Corporation has no outstanding liability on account of any failure to comply with any such obligation;

3.1.31 *Related Party Transactions*. Schedule 3.1.31 sets forth a complete and accurate list (including the name of the parties) of all Contracts between the Corporation and any Related Party. Originals of complete and accurate copies (or a detailed summary in the case of any oral agreement) of each such Contract (and, where no originals are available to the Corporation, copies of such Contracts) were delivered to the Purchaser.

3.1.32 *Employee Matters.* The Corporation has never had and does not currently have any employee.

3.1.33 *Workers' Compensation*. There are no notices of assessment, provisional assessment, reassessment, supplementary assessment, penalty assessment or increased assessment (collectively, "**Assessments**") or any other communications related thereto which the Corporation has received from any workers' compensation or workplace safety and insurance board or similar authorities in any jurisdictions where the Business is carried on. There are no facts or circumstances which may result in an increase in liability to the Corporation from any applicable workers' compensation or workplace safety and insurance legislation, regulations or rules after the Closing. Data protection. The Corporation has fully complied with the requirements of all applicable Laws concerning rights in respect of privacy and personal data.

3.1.34 *Real Property Leases and Real Properties.* The Corporation has never owned and does not currently own any Real Property and it is not a party to any agreement to lease any Real Property.

3.1.35 *Intellectual Property Rights.*

(a) Schedule 3.1.35 contains a complete and accurate list of (i) all registered Intellectual Property of the Corporation; (ii) all pending applications for Intellectual Property; (iii) all domain names and social media identifiers that are owned in connection with the business of the Corporation; (iv) all trade-marks and trade names used and owned by the Corporation that have not been registered or applied for (indicating for each trade-mark or trade name the relevant products, services and activities), (v) any other Intellectual Property owned or controlled by agreement or otherwise, by the Corporation that is necessary and important for its activities, products and services as they stand at the date of Closing (hereinafter collectively the "**Key Intellectual Property of the Corporation**"). The Corporation is the exclusive owner or licensee of each item of Key Intellectual Property of the Corporation, free and clear of all Encumbrances. Complete and accurate copies of all the aforesaid registrations and applications, in each case as amended or otherwise modified and in effect, have been delivered to the Purchaser.

(b) Each item of registered or applied for Intellectual Property listed in Schedule 44 (i) is validly existing, subsisting and in full force and effect, is not subject to cancellation for failure to use or unauthorized use by third parties, (ii) was validly registered or issued or, in the case of an application, was applied for in compliance with applicable legislation, (iii) was renewed or extended to the full extent permitted by applicable law, (iv) will be valid, subsisting and in full force and effect on identical terms immediately following Closing, and (v) is not subject to any maintenance fees or Taxes or actions falling due within ninety (90) days following the Closing. Nothing has been done or not been done as a result of which any Intellectual Property has ceased or might cease to be valid, subsisting and in full force and effect.

(c) There are no, and, to the Knowledge of the Vendors, there is no basis for, any Claims of adverse ownership, invalidity, absence of a right to register or apply for or other opposition to or conflict with any of the Intellectual Property of the Corporation.

(d) To the Knowledge of the Vendors no third party (i) infringes, nor has infringed, any Intellectual Property of the Corporation or (ii) is committing, nor has committed since July 7, 2016, any misappropriation, passing off or actionable illegal acts in connection with the Intellectual Property of the Corporation.

(e) To the Knowledge of the Vendors, the activities of the Corporation: (i) have not infringed, do not infringe and are not likely to infringe the Intellectual Property of any third party; (ii) have not constituted, do not constitute and are not likely to constitute any breach of confidence, passing off or actionable act of unfair competition or other illegal acts in connection with the Intellectual Property of a third party; and (iii) have not given and do not give rise to any obligation to pay any royalty, fee, compensation or any other sum whatsoever in connection with the Intellectual Property of a third party, except with respect to the License Agreement.

(f) Except as indicated in Schedule 3.1.34, (i) no other Person has the right to use any Intellectual Property owned by the Corporation, with respect to the License Agreement and (ii) the Corporation has not granted any license or other rights to any other Person with respect to its Intellectual Property. Complete and accurate copies of all agreements (in paper or electronic form) whereby any rights in any such Intellectual Property have been granted or licensed by or to the Corporation or by any other Person have been provided to the Purchaser.

(g) The Corporation has taken all commercially reasonable steps (including measures to protect secrecy and confidentiality) to protect its right, title and interest in its Intellectual Property, including, without limitation, by registering Intellectual Property, by contractual means, by physical means and by electronic means. All independent contractors to the Corporation who have had access to confidential or proprietary information relating to the Corporation have a legal obligation of confidentiality to the Corporation with respect to such information. There has been no unauthorized disclosure of such Intellectual Property made in a manner that would prevent the Corporation or a successor in interest from obtaining a right in respect of any such Intellectual Property that would otherwise be susceptible to obtain.

(h) All of the Intellectual Property developed by the Corporation or on its behalf is and has been developed by independent contractors of the Corporation during the time they were employed or engaged by the Corporation, in each case without violation or contravention of any rights of any former customer. Subject to and in compliance with applicable Laws, each independent contractor of the Corporation has assigned to the Corporation all Intellectual Property conceived or reduced to practice during the course of such independent contractor’s engagement with the Corporation and has waived (or has obtained the waiver of) all non-assignable rights (including moral rights) therein. The Corporation has in its possession all tools, specifications and documentation required in order to market the Intellectual Property developed by the Corporation or on its behalf. Subject to and in compliance with applicable Laws, no current or former officer, director, or independent contractor of the Corporation owns or has claimed an interest in any of the Intellectual Property of the Corporation, nor has any right to a royalty or other consideration.

(i) Except as set out in Schedule 3.1.35, no Governmental Authority has funded or contributed to the development of Intellectual Property of the Corporation so as to grant this authority or institution a right of ownership or a property interest in this Intellectual Property or a right to control, limit or require any payment in connection with the exercise of the activities of the Corporation or the assignment of the Intellectual Property of the Corporation.

3.1.36 *Computer Systems and Software.* The computer systems and software of the Corporation or made available to the Corporation by means of cloud computing, including servers, personal computers and special purpose systems, websites, databases, telecommunications equipment and facilities and other information technology systems, are fully operational, are adequate for the current needs of the Corporation, and the Corporation may access at no cost at all times the documentation required for their operation, such documentation describing, among other things, the operation and maintenance of all hardware, software, operating systems, applications and utilities. The documentation matches the implementation of the hardware and software in use as of the date hereof. The Corporation has obtained and has held at all times all necessary rights from third parties to enable it to make use of the computer system and software.

3.1.37 *Insurance.* The Corporation does not maintain insurance policy of any type.

3.1.38 *No Broker.* Neither the Vendors nor the Corporation has any liability of any kind to any broker, intermediary, agent or any similar Person for or on account of the transactions contemplated herein.

3.1.39 *Material Facts Disclosed.* No representation or warranty in this Agreement or in any Closing Document contains any untrue statement of a material fact and the representations and warranties contained in this Agreement and in any Closing Document do not omit to state any material fact necessary to make any of the representations or warranties contained herein not misleading to a prospective purchaser of the Purchased Shares seeking full information as to the Purchased Shares, the Corporation, the Business and their assets. Without limiting the foregoing, the Vendors are not aware of any change, event or occurrence that has taken place or is pending that causes, or in the future could cause, a Material Adverse Change, or which could materially increase the costs incurred in operating the Business subsequent to the date hereof (including any pending or present change in any applicable Law or other requirement, including the obtaining or maintenance of Permits or approvals).

SCHEDULE 3.1.6
CAPITALIZATION

(I) *legal name, trade names, jurisdiction of incorporation or formation, the jurisdiction in which it is authorized to do business*:

- Legal name: Katana Biopharma Inc.;
- Trade names: No trade name registered with the *Registraire des Entreprises du Québec*;
- Jurisdiction of incorporation: Canada (*Canada Business Corporations Act*);
- Jurisdiction in which it is authorized to do business: The Corporation is only registered in Québec.

(II) **[REDACTED: Names of shareholders and Shareholdings]**

(III) **[REDACTED: List of Directors and Officers]**

SCHEDULE 3.1.13
PERMITS

[REDACTED: List of Permits]

SCHEDULE 3.1.15
ABSENCE OF CERTAIN CHANGES OR EVENTS

[REDACTED: List of Changes and Events]

SCHEDULE 3.1.16
CONTRACTS

[REDACTED: List of Contracting Parties and Contracts]

SCHEDULE 3.1.17
MAJOR SUPPLIERS

[REDACTED: List of Major Suppliers]

SCHEDULE 3.1.22
GRANTS AND SUBSIDIES

[REDACTED: List of Grants and Subsidies]

SCHEDULE 3.1.23
BANK ACCOUNTS AND RELATED POWER OF ATTORNEY

[REDACTED: List of Bank Accounts]

SCHEDULE 3.1.28
BOOKS AND RECORDS

[REDACTED: Books and Records]

SCHEDULE 3.1.30
TAX MATTERS

[REDACTED: Information about Tax Filings]

SCHEDULE 3.1.31
RELATED PARTY TRANSACTIONS

[REDACTED: List of Related Party Transactions]

SCHEDULE 3.1.35
INTELLECTUAL PROPERTY RIGHTS

[REDACTED: List of Patents and Domain Names]

SCHEDULE 3.2
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Representations in respect of the Purchaser

3.2.1 Organization

(a) The Purchaser has been duly incorporated, organized and is validly subsisting and in good standing under the Laws of its jurisdiction of incorporation. The Purchaser has full corporate power and corporate authority to own and lease its properties and carry on its businesses as currently owned and carried on.

3.2.2 Authority and No Violation

(a) The Purchaser has all necessary power, capacity and authority to execute this Agreement and to perform its obligations hereunder and thereunder. The execution of this Agreement by the Purchaser and the consummation by it of the transactions contemplated by this Agreement have been duly authorized by the Governing Body of the Purchaser.

(b) The approval of this Agreement, the execution by the Purchaser of this Agreement and the performance by the Purchaser of its obligations hereunder and the completion of the transactions contemplated herein, will not result in a violation of, default under, or breach of, or require any consent to be obtained under, or give rise to, any termination rights by a third party (with or without the giving of notice or lapse of time or both), payment obligation or rights of a third party under any provision of, or the acceleration of any obligation under:

(i) its Constating Records, or

(ii) any Laws.

3.2.3 *Approvals and Consents.* No consent, approval, notice, Order, authorization, registration, declaration, filing, submission of information, waiver, sanction, license, or Permit is required to be obtained by the Purchaser from any Governmental Authority or Person or pursuant to any Law in connection with the execution and delivery of this Agreement or the consummation by the Purchaser of the transactions contemplated hereby.

3.2.4 *Taxable Canadian Corporation Status of the Purchaser.* The Purchaser is a “taxable Canadian corporation” within the meaning of the Tax Act.

SCHEDULE 6.9
ADDRESSES FOR NOTICES

[REDACTED: List of Names and Addresses]

AMENDMENT #1 TO SHARE PURCHASE AGREEMENT

AMONG:

TRANSFERT PLUS, L.P.

AND

ALIGO INNOVATION, L.P.

AND

BORHANE ANNABI

AND

RICHARD BÉLIVEAU

AND

CYNDIA CHARFI

AND

JEAN-CHRISTOPHE CURRIE

AND

ALAIN LAROCQUE

AND

MICHEL DEMEULE

AND

SOPHIE KOZELKO

AND

THERATECHNOLOGIES INC.

DATED AS OF AUGUST 12, 2019

THIS AMENDMENT #1 TO SHARE PURCHASE AGREEMENT dated February 25, 2019 is made as of the 12th day of August, 2019

AMONG:	**TRANSFERT PLUS, L.P.**, a limited partnership created under the *Civil Code of Québec* having a place of business at 355 Peel Street, Suite 503, Montréal, Québec, H3C 2G9, herein acting through its general partner, Aligo Innovation, limited partnership, herein acting through its general partner, Aligo Corporation Inc.;
	(“**TP**”)
AND:	**ALIGO INNOVATION, L.P.,** a limited partnership created under the *Civil Code of Québec* having a place of business at 355 Peel Street, Suite 503, Montréal, Québec, H3C 2G9, herein acting through its general partner, Aligo Corporation Inc.;
	(“**Aligo**”)
AND:	**BORHANE ANNABI, [REDACTED: ADDRESS]**;
	(“**BA**”)
AND:	**RICHARD BÉLIVEAU, [REDACTED: ADDRESS]**;
	(“**RB**”)
AND:	**CYNDIA CHARFI, [REDACTED: ADDRESS]**;
	(“**CC**”)
AND:	**JEAN-CHRISTOPHE CURRIE, [REDACTED: ADDRESS]**;
	(“**JCC**”)
AND:	**ALAIN LAROCQUE, [REDACTED: ADDRESS]**;
	(“**AL**”)
AND:	**MICHEL DEMEULE, [REDACTED: ADDRESS]**;
	(“**MD**”)
AND:	**SOPHIE KOZELKO**, **[REDACTED: ADDRESS]**;
	(“**SK**”)
	(TP, Aligo, BA, RB, CC, JCC, AL, MD, and SK are collectively referred to as the “Vendors”)
AND	**THERATECHNOLOGIES INC.**, a corporation duly constituted under the laws of Québec, having a place of business at 2015 Peel Street, Suite 1100, Montréal, Québec, H3A 1T8;
	(the “**Purchaser**”)

WHEREAS the Purchaser and the Vendors have entered into a share purchase agreement dated February 25, 2019 (the "**Share Purchase Agreement**") pursuant to which Purchaser purchased all of the issued and outstanding common shares of Katana Biopharma Inc. ("**Katana**");

WHEREAS Katana was wound-up into the Purchaser and was subsequently dissolved;

WHEREAS the Purchaser and the Vendors desire to amend the terms and conditions of the Share Purchase Agreement to reflect their understanding on the adjustment to the Purchase Price, the value and the payment thereof;

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each Party), the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

The capitalized words and expressions used in this Agreement shall have the meaning ascribed to them in Exhibit A of the Share Purchase Agreement, unless otherwise expressly stated herein.

1.2 Articles, Sections and Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms "**hereof**", "**hereunder**", "**herein**" and similar expressions refer to this Agreement as a whole and not to any particular Article, Section or other portion hereof. References herein to Articles or Sectionss are to Articles and Sections of this Agreement unless otherwise expressly stated herein.

1.3 Extended Meanings

In this Agreement, words importing the singular number also include the plural and vice versa and words importing any gender include all genders. The term "**including**" means "**including, without limiting the generality of the foregoing**".

1.4 Currency

Except as expressly provided herein, all references to currency contained herein are to lawful money of Canada.

ARTICLE 2
AMENDMENTS TO PURCHASE PRICE AND PAYMENT THEREOF

2.1 Amendment to Section 2.4.2

Section 2.4.2 of the Share Purchase Agreement shall be deleted in its entirety and shall be replaced with the following Section 2.4.2:

"2.4.2 In the event the SynergiQc Subsidy is confirmed to be available after the Closing and all of the terms and conditions contained in the agreements evidencing the grant of the SynergiQc Subsidy, including those related to intellectual property rights, are at the entire satisfaction of Purchaser, the Purchase Price shall be adjusted upward by the amount of the SynergiQc Subsidy that is granted, less one hundred twenty thousand dollars ($120,000) (the "**Adjusted SynergiQc Subsidy**"), up to a maximum amount of one million eighty thousand dollars ($1,080,000), and shall be payable as follows:

(a) the First Tranche Cash Portion shall be increased by an amount, not exceeding five hundred thousand dollars ($500,000), equal to the result of (A x B/C), where A is equal to five hundred thousand dollars ($500,000), B is equal to the amount of the Adjusted SynergiQc Subsidy and C is equal to the amount of one million eighty thousand dollars ($1,080,000) and shall be allocated amongst the Vendors in accordance with the Designated Percentage, and shall be payable in cash within ten (10) Business Days after the later of (i) the date of the dissemination of a press release announcing the grant of the SynergiQc Subsidy for the project described therein; and (ii) the date that the SynergiQc Agreement has been executed by the parties thereto;

(b) the Adjusted Third Tranche shall be increased by all of the unpaid Adjusted SynergiQc Subsidy, if any, not exceeding five hundred eighty thousand dollars ($580,000) and the number of Consideration Shares to be issued shall be determined by dividing: (i) the sum of the Adjusted Third Tranche and all of the unpaid amounts of the Adjusted SynergiQc Subsidy by (ii) the price per Consideration Share determined pursuant to the terms and conditions of Section 2.3.1. The Consideration Shares shall be issued at the time of payment of the Second Development Milestone and shall be allocated to the Vendors in accordance with the respective Designated Percentage."

2.2 Amendment to Exhibit "A"

The definition of Adjusted SynergiQc Subsidy shall be inserted as new definitions under Section 1.1.4 and the definition shall read as follows:

""**Adjusted SynergiQc Subsidy**" has the meaning ascribed thereto in Section 2.4.2."

The definition of SynergiQc Agreement shall be inserted as a new definition after the definition of "SK" and the definition shall read as follows:

""**SynergiQc Agreement**" means the agreement referred to in section "IV. Entente contractuelle" in the letter dated July 11, 2019 addressed to Dr. Borhane Annabi by the CQDM."

The numbering of all definitions under Exhibit A of the Share Purchase Agreement shall be adjusted accordingly.

2.3 Amendment to Section 1.1.83 of Exhibit A

The definition of SynergiQc Subsidy in Section 1.1.83 of Exhibit A of the Share Purchase Agreement shall be deleted in its entirety and shall be replaced with the following:

""**SynergiQc Subsidy**" means the subsidy aggregating up to $1,200,000 which may be granted by the CQDM and the Canadian Cancer Society to Université du Québec à Montréal based on an application filed by, or on behalf of, the Université du Québec à Montréal with the CQDM and dated April 25, 2019 for a research project titled "Pre-Clinical Design of a Novel Targeted and Personalized Treatment Against Sortilin-Positive Triple Negative Breast Cancers";"

ARTICLE 3
GENERAL

3.1 Governing Law and Forum

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Québec and the Laws of Canada applicable therein (excluding any conflict of laws rule or principle, foreign or domestic, which might refer such interpretation to the laws of another jurisdiction). The Parties hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of the Province of Quebec and elect domicile in the City of Montréal with respect to any matter relating to the execution or construction of this Agreement or the exercise of any right or the enforcement of any obligation arising hereunder (excluding any conflict of forum rule or principle, foreign or domestic, which might refer such matter to the courts of another jurisdiction).

3.2 Entire Agreement

This Agreement, the Share Purchase Agreement and the Closing Documents constitute the entire agreement between the Parties with respect to the subject matters hereof and thereof and cancels and supersedes any prior understandings, agreements, negotiations and discussions between the Parties with respect thereto.

3.3 No Other Amendment

Except as provided in this Agreement, the terms and conditions set forth in the Share Purchase Agreement shall remain unaffected by execution of this Agreement. To the extent any provisions or terms set forth in this Agreement conflict with the terms set forth in the Share Purchase Agreement, the terms set forth in this Agreement shall govern and control.

3.4 Language

The Parties acknowledge that they have required that this Agreement and all related documents be drawn up in English. *Les parties reconnaissent avoir exigé que la présente convention et tous les documents connexes soient rédigés en anglais*.

(remainder of this page left blank intentionally)

IN WITNESS WHEREOF the Parties have executed this Agreement on the date first written hereinabove.

THERATECHNOLOGIES INC.

(signed) Luc Tanguay
Luc Tanguay
President and Chief Executive Officer

(signed) Philippe Dubuc
Philippe Dubuc
Senior Vice President and
Chief Financial Officer

ALIGO INNOVATION, L.P.,
acting through its general partner,
ALIGO CORPORATION INC.

(signed) Anne-Marie Larose
ANNE-MARIE LAROSE

(signed) Borhane Annabi
BORHANE ANNABI

(signed) Richard Béliveau
RICHARD BÉLIVEAU

(signed) Cyndia Charfi
CYNDIA CHARFI

(signed) Jean-Christophe Currie
JEAN-CHRISTOPHE CURRIE

TRANSFERT PLUS, L.P.,
acting through its general partner, ALIGO
INNOVATION, L.P., itself acting through its
general partner, ALIGO CORPORATION INC.

(signed) Anne-Marie Larose
Anne-Marie Larose

(signed) Michel Demeule
MICHEL DEMEULE

(signed) Alain Larocque
ALAIN LAROCQUE

(signed) Sophie Kozelko
SOPHIE KOZELKO

AMENDED AND RESTATED EXCLUSIVE LICENSE AGREEMENT

This amended and restated exclusive license agreement (this "**Agreement**") is made and entered into this 25th day of February, 2019 (the "**Effective Date**").

BETWEEN : **TRANSFERT PLUS,** Limited Partnership, whose principal address is 355 Peel, Carrefour INGO, Suite 503, Montreal (Quebec) H3C 2G9, Canada, acting through its only general partner, Aligo Innovation, Limited Partnership, represented by its general partner, Corporation Aligo Inc., itself acting through Anne-Marie Larose, its chief executive officer.

(hereinafter referred to as "**Transfert Plus**")

AND : **KATANA BIOPHARMA INC.**, a legal entity duly incorporated represented by Luc Tanguay, duly authorized as he so declares and having its head office and principal place of business at 1000 De la Gauchetière W. Street, Suite 2100, Montreal (Quebec) H3B 4W5, Canada.

(hereinafter referred to as "**KATANA**").

Individually referred to as a "**Party**" and collectively as "**Parties**"

WHEREAS the Parties entered into a license agreement dated July 3, 2017 (the " **Original Agreement** ");

WHEREAS the Parties desire to amend the Original Agreement pursuant to the terms and conditions herein;

NOW THEREFORE, for and in consideration of the payments made and to be made by KATANA to Transfert Plus hereunder and the other covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is covenanted and agreed by and between the Parties hereto that:

SECTION 1.
DEFINITIONS

Unless specifically set forth to the contrary herein, the following terms, whether used in the singular or plural, shall have the respective meanings set forth below.

1.1 "**Affiliates**" means any company controlled, whether *de jure* or *de facto*, by another Person or having Control of another Person. Is also an "Affiliate" any "related person" to another Person, within the meaning of that term in subsection 251 (2) of the *Income Tax Act* (Canada).

1.2 "**Confidential Information**" means any information disclosed by a Disclosing Party to the Receiving Party, whether such information is disclosed by written, graphic or electronic means, or communicated orally or by any other means. Such information shall exclude such information which (i) prior to the date of the Original Agreement was already in the possession of the Receiving Party, as demonstrated by written records, (ii) is generally available to the public, other than as a result of a disclosure by the Receiving Party, (iii) is made available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party or its representatives or (iv) is required by law to be disclosed to a competent court, tribunal, governmental or Regulatory Authority.

1.3 "**Continuation-in-part**" means any claim of a continuation-in-part application or patent (including any reissues, renewals, re-examinations, substitutions or extensions thereof) that is entitled to the priority date of, and is directed specifically to subject matter specifically described in, at least one of the Patents or Patent applications.

1.4 "**Control**" shall refer to (i) the possession, directly or indirectly, of the power to direct the management or policies of a company or other legal entity, whether through the ownership of voting securities, by contract or otherwise or (ii) the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities or other ownership interest of a company or other legal entity.

1.5 "**Disclosing Party**" means a Party or its agents, employees or representatives, disclosing Confidential Information under this Agreement.

1.6 "**Fair Market Value**" means the amount on which competent parties acting freely under conditions of full competition would agree upon.

1.7 "**Field**" means all fields of use.

1.8 "**Financial Year**" means December 1st of calendar year to November 30 of the ensuing year.

1.9 "**First Commercial Sale**" means the first sale of a Product or the providing of a Service by KATANA, an Affiliate of KATANA or a Sublicensee to an unaffiliated third party after approval of a Regulatory Authority has been obtained in the country in which such Product is sold or Service rendered. Sales for test marketing, sampling and promotional uses, clinical trial purposes or compassionate or similar use shall not be considered to constitute a "First Commercial Sale".

1.10 "**Gross Sale**" means all income and counterparts earned by KATANA and its Affiliates, as applicable, resulting from any form of commercial exploitation of the Technology and Improvements including but not limited to any disposition of Products and Services rendered by KATANA and its Affiliates within the Territory, whether received in cash or whether other forms of benefit, advantage or concession. If these are received in a form other than cash, the Gross Sale will be deemed the equivalent in cash of the Fair Market Value of the advantage or concession. In case KATANA or an Affiliate, if any, was dealing with a Person who is an Affiliate, the Gross Sale related to this transaction will be deemed to be the same as the Gross Sale from a similar transaction with a Person who is not an Affiliate. In the absence of such similar transactions, the Gross Sale will be deemed Gross Sale from a similar transaction between that Person and a Third Party with whom that Person is not an Affiliate and failing that, to the Fair Market Value.

1.11 "**Improvements**" means any and all further innovations, inventions, modifications, improvement or enhancements to any invention within the Technology whether or not patentable, or otherwise protectable under any other intellectual property regime which cannot be incorporated to the Technology or used without infringing one or more claims of the Patents, and which are brought to practice, conceived, developed or acquired after the execution of the Original Agreement and prior to the termination or expiration of the License.

1.12 "**Invention**" means the description attached as Schedule A.

1.13 "**License**" shall have the meaning set forth in Section 2.

1.14 "**Net Sales**" means, as to each calendar year, the Gross Sale after deduction of the following items during such calendar year regardless of the calendar year in which such sales were made, provided and to the extent that such items are calculated in accordance with Generally Accepted Accounting Principles (GAAP):

1.14.1 credits or allowances granted for billing errors, damaged, outdated, returned, rejected or recalled Products and Services, including retroactive price reductions;

1.14.2 trade and quantity discounts other than early pay cash discounts actually taken that do not exceed reasonable and customary amounts in the market in which such Gross Sale occurred;

1.14.3 chargebacks and rebates, including those granted to wholesalers, buying groups, retailers or to federal, state/provincial, municipal and other governments, their agencies and purchasers and reimbursers that do not exceed reasonable and customary amounts in the market in which such Gross Sale occurred;

1.14.4 custom, duties, excise taxes, sales taxes, value-added taxes, if separately stated and charged on an invoice;

1.14.5 actual amount of shipping and insurance costs in transporting Products to third parties up to **[REDACTED: Perecentage]** of the amount if separately stated and charged on an invoice; and

1.14.6 bad debts relating to sales of a Product that are actually written off in accordance with Generally Accepted Accounting Principles (GAAP), consistently applied, during the applicable calendar year.

1.15 "**Other Revenue**" means all payments, and the value of other consideration, which KATANA is to receive in relation to Sublicenses, other than Net Sales resulting from Gross Sales by KATANA to a Sublicensee. This includes, without limitation, royalties, up-front payments, milestones payments, bonuses, periodic fees, fees for upgrades, and the value of goods, services, equity in consideration of a Sublicense and options to acquire equity. Other Revenue shall exclude (a) payments explicitly made by Sublicensee to reimburse KATANA for research and development of a Product after the execution of the applicable Sublicense; (b) any debt or equity investment made by such Sublicensee in KATANA at their Fair Market Value of such debt of equity; and (c) reimbursement of costs and expenses incurred in prosecution, maintenance and enforcement of Patents within the scope of such Sublicense related to the Product.

1.16 "**Patent**" means patents and/or patent applications listed in Schedule A and derived from Improvements or the Invention, including divisions, continuations, Continuations-in-part, reissues, renewals, extensions, supplementary protection certificates, and the like of any such patents and patent applications.

1.17 "**Person**" includes an individual, a natural person, a sole proprietorship, a corporation, a cooperative, a partnership, a trust, an unincorporated association or organization, a body corporate, or any other entity with juridical personality or governmental authority or body, as well as a natural person acting in such person's capacity as trustee, executor, administrator or other legal representative.

1.18 "**Processes**" means any method or any process incorporating in whole or in part the Technology.

1.19 "**Product**" means any substance, mixture, material, movable or any product using, incorporating or exploiting, in whole or in part the Technology.

1.20 "**Receiving Party**" means a Party or its agents, employees or representatives, receiving Confidential Information under this Agreement.

1.21 "**Regulatory Authority**" means any applicable government regulatory authority involved in granting approvals for the manufacturing and marketing of a Product or rendering of a Service.

1.22 "**Services"** means all services that can be rendered using in whole or in part the Technology or in connection with the Technology and the Products, or rendered in respect of Products;

1.23 "**Sublicense**" means (a) any right granted, license given or agreement entered into by KATANA or a Sublicencee to or with any other Person under this Agreement, under or with respect to or permitting any use or exploitation of any of the Patent or otherwise permitting the development, manufacture, marketing, distribution, use and/or sale of Products; (b) any option or other right granted by KATANA to any other Person to negotiate for or receive any of the rights described under clause (a); or (c) any standstill or similar obligation undertaken by KATANA toward any other Person not to grant any of the rights described in clause (a) or (b) to any Third Party; in each case regardless of whether such grant of rights, license given or agreement entered into is referred to or is described as a sublicense.

1.24 "**Sublicensee**" means any Person granted a Sublicense.

1.25 "**Technical Data**" means the plans, specifications, technical and scientific data and reports relating to the Invention.

1.26 "**Technology**" means altogether the Invention, the Patents, Technical Data and the Processes.

1.27 "**Term**" means the term described in Section 8 of this Agreement.

1.28 "**Territory**" means worldwide.

1.29 "**Third Party**" means any Person other than Transfert Plus, University, KATANA or its Affiliates.

1.30 "**University**" means the Université du Québec à Montréal.

SECTION 2.
GRANT OF LICENSE

2.1 Subject to all of the terms and conditions of this Agreement, Transfert Plus grants to KATANA a royalty-bearing, non-transferable license to use and practice the Technology with the exclusive right to develop, make, have made, use, sell, offer to sell, distribute or import or otherwise commercialize the Products or provide a Service during the Term and within the Field (the "**License**"). The License shall be exclusive within the Territory, except as stated in Section 2.2.

2.2 Notwithstanding Section 2.1, KATANA acknowledges that the University shall have the right to practice the Technology for training, teaching and research purposes, subject however to the confidentiality obligations set forth in Section 14.

2.3 KATANA recognizes that the know-how necessary to practice the Technology has been transferred to it.

2.4 In the event that none of the Patents were issued, then the Parties agree that the purpose of the License will be the grant by Transfert Plus of the Invention and the technological advantage to KATANA instead of Patents.

SECTION 3.
LIMITATIONS TO LICENSES

3.1 All rights not expressly granted are hereby expressly reserved. For the avoidance of doubt, the rights of KATANA's or its Affiliates' shall not extend beyond those rights that are exhausted by the Technology being put on the market in consistency with the terms and conditions of this Agreement.

3.2 If any Technology is made by a Third Party for KATANA or its Affiliates under the License, then such Third Party shall only have the limited right to sell or otherwise supply such Technology to KATANA or its Affiliates. For the avoidance of doubt, the License does not allow for the Third Party to sell or otherwise supply Technology to other Third Parties.

SECTION 4.
SUBLICENSES

4.1 KATANA may Sublicense any and all rights hereunder to any Third Party subject to the terms and conditions provided in this Section 4.

4.2 A Sublicensee granted a Sublicense by KATANA may grant a Sublicense without the prior written consent of Transfert Plus, which consent cannot be unreasonably withheld or delayed. Any further Sublicense shall be prohibited.

4.3 Sublicenses shall only be granted to Third Parties that can reasonably demonstrate capabilities for the effective development and/or marketing of the Technology.

4.4 Each Sublicense shall impose obligations, responsibilities and standards upon any Sublicensee that, in all material respects, including but not limited to payment obligation, are not less than those imposed on KATANA hereunder. Each Sublicense shall specifically refer to this Agreement and all rights retained by University.

4.5 Without limiting the generality of Section 4.4, any Sublicense executed by KATANA shall expressly include the provisions (or their substantial equivalent) of Section 6 and Section 7, as the case may be, for the benefit of Transfert Plus and; each Sublicense agreement shall include a provision to the effect that it shall be modified, in whole or in part, upon modification of a material element of this Agreement.

4.6 Within **[REDACTED: Time Period]** of the execution of a Sublicense agreement, as authorized herein, KATANA shall provide Transfert Plus with a fully executed copy of such Sublicense agreement (redacted to protect the confidential information of Sublicensee or proprietary information of Sublicensee). If the agreement is in a language other than French or English, KATANA shall provide Transfert Plus with an English translation. In case the Sublicense agreement is subsequently amended, Section 4.6 shall apply and a copy of the signed amended agreement shall be sent to Transfert Plus within **[REDACTED: Time Period]** after execution.

4.7 KATANA shall be solely responsible for the enforcement of the terms of any Sublicense, for collection of payment due thereunder and for inspecting the accounts and records kept by the Sublicensee.

4.8 Even if KATANA enters into a Sublicense, KATANA remains liable to Transfert Plus for all of KATANA's duties and obligations contained in this Agreement and any act or omission of a Sublicensee that would be a breach of this Agreement if performed by KATANA, shall be deemed to be a breach of this Agreement by KATANA.

SECTION 5.
PAYMENTS AND REPORTS

5.1 This License is granted in consideration of:

5.1.1 Non-refundable annual maintenance fee, as set forth in Schedule B (the "**Annual Maintenance Fee**");

5.1.2 Non-refundable Royalties based on a percentage (%) of annual Net Sales, as set forth in Schedule B (the "**Royalties**");

5.1.3 Non-creditable and non-refundable Sublicense royalties, as set forth in Schedule B (the "**Sublicense Royalties**");

5.1.4 Non-refundable development milestone payments, as set forth in Schedule B (the "**Milestones Payment**");

5.2 The Annual Mainteance Fee, the Royalties and the Sublicense Royalties shall be calculated pursuant to the terms set forth in Schedule B in the local currency of each country, converted into Canadian dollars and paid in Canadian dollars, net of any banking fees, calculated using the average exchange rate for the applicable Financial Year calculated using http://www.bankofcanada.ca/rates/exchange/10-year-converter/ or, should this service no longer be available, the average rate of exchange published in Reuters during the applicable Financial Year; provided, however, that Royalties with respect to Net Sales denominated in Canadian dollars shall be calculated in Canadian dollars.

5.3 KATANA shall provide Transfert Plus, within **[REDACTED: Time Period]** after payment of the Annual Maintenance Fee, the Royalties, or the Sublicense Royalties, a detailed written report that includes the following information (the "**Financial Report**"):

5.3.1 Gross Sale and Net Sale, listed on a country-by-country basis;

5.3.2 All Other Revenues;

5.3.3 Royalties;

5.3.4 Qualifying items, by category of cost, as defined in Section 1.13 and used to calculate Net Sales;

5.3.5 Number or quantity of Products sold or Services provided on a country-by-country basis;

5.3.6 Number of new jobs created by KATANA;

5.3.7 The amount invested in the development of the Technology;

5.3.8 A nil report, if applicable.

5.4 KATANA shall cause its Affiliates and Sublicensees to keep full, complete and proper records and accounts of Net Sales in sufficient detail to enable the Royalties and Sublicense Royalties payable to Transfert Plus to be determined by an independent audit, if need be. Upon reasonable notice to KATANA, Transfert Plus shall have the right to have an independent certified public accountant audit KATANA's, or its Sublicensees' records pertaining to Net Sales during normal business hours to verify the Royalties and Sublicense Royalties payable pursuant to this Agreement; provided, however, that (i) such audit shall not take place more frequently than **[REDACTED: Frequency]** and (ii) shall not cover such records for more than the preceding **[REDACTED: Time Period]**. Such audits shall be at Transfert Plus's expense unless such audit determines that KATANA or any of its Sublicensee has paid Transfert Plus less than **[REDACTED: Percentage]** of the amount determined to be due for any Financial Year, in which case such audit shall be at KATANA's expense. If such certified public accountant identifies an underpayment by KATANA, then KATANA shall pay Transfert Plus the amount of the discrepancy within **[REDACTED: Time Period]** of the date Transfert Plus delivers to KATANA (or KATANA otherwise receives) such accountant's written report. KATANA shall cause its Sublicensees to preserve and maintain all such records and accounts required for audit for a period of three years after the calendar year to which such records and accounts apply.

5.5 KATANA shall pay, and hereby indemnifies Transfert Plus against, and agrees to protect, save and keep harmless Transfert Plus from any and all fees (including, without limitation, license, filing, recording, documentation and registration fees), taxes (including, without limitation, tax in respect of added value and any franchise, transfer, sales, use, business, occupation, excise, personal property, real property, income, gross receipts or stamp tax), levies, imposts, duties or governmental charges, assessments or withholdings of any nature whatsoever, however imposed, withheld, levied or assessed, together with any and all penalties, fines, other additions to tax and interest thereon (collectively, "**Taxes**", and individually, a "**Tax**") imposed by any country, by any governmental or taxing authority or political subdivision thereof or therein, by any territory or possession thereof, or by any international authority or other taxing authority (hereinafter, a "**Taxing Authority**") upon or with respect to the transactions that are KATANA's responsibility under this Agreement. Upon request by Transfert Plus, KATANA shall timely provide to Transfert Plus documentation and proof of payment of Taxes and fees paid under this Agreement. If any foreign Taxing Authority makes a claim against Transfert Plus for any Taxes owed by KATANA, KATANA shall pay or reimburse all of Transfert Plus's expenses and costs incurred in defending such action by the foreign Taxing Authority.

5.6 KATANA agrees that each payment hereunder shall be free of all withholdings or deductions of taxes imposed by any jurisdiction of any nature whatsoever, and if any such withholding or deduction is required, KATANA shall pay an additional amount such that, after the deduction of all amounts required to be withheld or deducted, the net amount of fees, Royalties or such other payment actually received by Transfert Plus will equal (on an after Tax basis) the amount that would be due absent such withholding.

5.7 Any payments that are made later than the date on which they become due pursuant to this Agreement shall bear interest at **[REDACTED: Interest Rate]**.

SECTION 6.
IMPROVEMENTS

6.1 Any Improvement created, developed or invented by Inventors at University and assigned to Transfert Plus shall be owned by Transfert Plus and shall automatically be included in and be subject to the Licence granted herein due to KATANA at no additional cost.

6.2 Any Improvement created, developed or invented by KATANA or Persons under its direct control or supervision shall be owned by KATANA.

6.3 KATANA agrees to communicate to Transfert Plus any Improvement created, developed or invented by KATANA, or Persons under its direct control or supervision.

6.4 Unless stated otherwise in a research contract between UQAM and KATANA, any Improvement developed jointly by Inventors at UQAM and assigned to Transfert Plus, and by KATANA shall be jointly owned and shall be included in the License at no additional cost.

SECTION 7.
COMMERCIAL DEVELOPMENT

7.1 KATANA shall use commercially reasonable efforts, consistent with the practices of a similar company in the same industry, to develop and commercialize the Technology, but never less than the usual practice followed by KATANA in pursuing commercialization of its other products.

7.2 KATANA shall submit a report to Transfert Plus describing in reasonable details KATANA's, its Affiliates' and Sublicensees' activities and progress for the Technology, including (i) overall development and commercialization timeline of the Technology; (ii) summary of activities since last report; (iii) overview of data generated during development; and (iv) discussion of problems encountered or anticipated during development; and (v) summary of interaction(s), if any, with Regulatory Authority (the "**Progress Report**").

7.3 KATANA shall submit the Progress Report to Transfert Plus on an annual basis within the timeline set forth in Section 5.3.

7.4 KATANA shall, prior to the commercialization in a particular country of the Territory, assume all costs and procedures related to the approval of the Technology, if any, as well as those related to obtaining any authorization, permit or recognition to be issued by a Regulatory Authority necessary for exploitation, development or commercialization of the Technology in such country of the Territory.

SECTION 8.
TERM

8.1 This Agreement shall become effective on the Effective Date and will remain in force and effect until the latest of (i) twenty (20) years from the Effective Date or (ii) the date of the expiration of the last of the Patents or any of the Patents related to Improvements, unless the Agreement is terminated earlier pursuant to the terms of Section 9 below.

SECTION 9.
TERMINATION

9.1 Transfert Plus may, without prejudice to any other legal right or remedy that it might otherwise have, terminate this Agreement by written notice to KATANA upon the occurrence of any one of the following events:

9.1.1 Cessation by KATANA, its Affiliates or Sublicensees of the allocation of funds, personnel and other resources to the continued development or commercialization of a Product over a continuous twelve (12) month period;

9.1.2 KATANA, directly or indirectly, threatens to make or makes a claim against Transfert Plus in relation to the validity of the Patents;

9.1.3 Subject to Sections 9.1.2, 9.1.5 and 9.1.6 any failure by KATANA to perform one or more of its material obligations hereunder or any breach of a representation or warranty hereunder that has not been cured within **[REDACTED: Time Period]** after receipt of a written notice specifying the nature of such failure or breach;

9.1.4 Failure by KATANA to pay, if applicable, the Royalties, Annual Maintenance Fees, Sublicence Royalties or Milestone Payments as provided in Schedule C, which failure has not been cured withing **[REDACTED: Time Period]** after receipt of a written notice from Transfert Plus;

9.1.5 If any report to be provided pursuant to this Agreement to Transfert Plus is falsified by KATANA or any officer or agent of KATANA;

9.1.6 KATANA makes a general assignment for the benefit of its creditors or becomes insolvent or enters into liquidation procedures other than in connection with a corporate restructuring; or

9.1.7 A receiver, trustee in bankruptcy or person holding similar offices is appointed over all or substantially all of the property of KATANA and is not discharged within **[REDACTED: Time Period]** from its appointment.

9.2 KATANA may terminate this Agreement by written notice to Transfert Plus upon the occurrence of any one of the following events:

9.2.1 Determination by KATANA that the results obtained from the ongoing research and development works no longer warrants the expenditure of time and money on the Technology after taking into consideration one or more of the following factors: KATANA's size, cost of conducting research and development work, intellectual property protection, competition, market size and potential pricing of the drug under development;

9.2.2 Any of the material claims filed under patent application number US 62/258178 are rejected by the United States Patent and Trademark Office.

9.3 In the event of a termination in accordance with Section 9.1 or 9.2 herein, the License granted to KATANA and its Affiliates under this Agreement shall terminate, and revert to Transfert Plus, and KATANA as well as its Affiliates shall have no further right to exploit the Technology as well as any Improvements, except that KATANA as well as its Affiliates shall be entitled for a period not exceeding six months after the termination of this Agreement to (i) sell the Products made or having been made prior to termination, and (ii) make or have made and sell the Products or provide or have provided the Services for which commitments to independent Third Parties have been made prior to notice of such termination (the "**Sell-off Period**"). Upon termination of the Sell-off Period, all rights extended under this Agreement, including rights related to Improvements, shall be terminated. Furthermore, the Receiving Party shall immediately return to the Disclosing Party all Confidential Information of the Disclosing Party.

9.4 Termination of the Agreement shall not excuse KATANA from any of KATANA's obligations incurred hereunder prior to the date of termination nor shall such termination relieve KATANA of its obligations to account for and make payments pursuant to the terms of this Agreement for all the Products sold by KATANA and its Affiliates either prior to the date of termination of this Agreement or during the Sell-off Period. Without limiting the generality of the foregoing, in the event of the termination of this Agreement, the payment date of all amounts due shall be calculated pro-rata, except for Royalties, as of the date of termination and the reporting date of all Progress Reports and Financial Reports shall automatically be accelerated so that they shall become due, payable and deliverable no later than **[REDACTED: Time Period]** after the date of termination of the Agreement. Termination of the Agreement pursuant to Section 9.2 shall relieve KATANA of all of its obligations hereunder.

9.5 In the event of a termination in accordance with Section 9.1 or 9.2 herein, the Parties shall negotiate in good faith the assignment of the Improvements referred to in Section 6.2 and 6.4 to Transfert Plus.

9.6 In the event of a termination in accordance with Section 9.1 herein, Transfert Plus shall have the right to be subrogated to the rights of KATANA in and to the current Sublicenses agreements.

SECTION 10.
USE OF NAME

10.1 Neither Party shall use the name of the other, and in the case of KATANA the names of Aligo Innovation L.P. and University, in any kind of advertising, publication or statement without Transfert Plus' or the University's prior written consent, as the case may be. Notwithstanding the foregoing Transfert Plus acknowledges that KATANA or an Affiliate thereof may need to refer to the Agreement, Transfert Plus or the University in connection with the execution of this Agreement or as a result of reporting obligations under securities regulation.

10.2 To the extent legally persmissible, KATANA shall, and shall require Sublicensees to, mark all Products with the Patent numbers.

SECTION 11.
REPRESENTATIONS AND WARRANTIES

11.1 **Representations and Warranties by KATANA.** KATANA covenants, represents and warrants that:

11.1.1 It has the authority and right to accept the obligations created hereunder;

11.1.2 This Agreement does not violate any existing agreements to which KATANA is a party; and

11.1.3 In executing this Agreement, it does not rely on any promises, inducements or representations made by any Person, whether a Party to this Agreement or otherwise, (but not including the representations and warranties made in the present Agreement) with respect to this Agreement or any other business dealing with any Person whether or not a Party to this Agreement, now or in the future;

11.2 **Representations and Warranties of Transfert Plus.** Transfert Plus covenants, represents and warrants that:

11.2.1 It has the authority to convey the rights or accept the obligations created hereunder;

11.2.2 This Agreement does not violate any existing agreements;

11.2.3 In executing this Agreement, it does not rely on any promises, inducements or representations made by any Person, whether a Party to this Agreement or otherwise with respect to this Agreement or any other business dealing with any Person whether or not a Party to this Agreement, now or in the future;

11.2.4 Transfert Plus owns all rights, titles and interests in the Invention, the Patents and the Technology;

11.2.5 To the knowledge of Transfert Plus, the use, making, having made, importing or selling of the Technology will not infringe, directly, indirectly, by inducement or otherwise, any patent, copyright or other intellectual property right owned by a Third Party.

11.3 **Negation of Representations and Warranties by Transfert Plus.** Transfert Plus makes no representation or warranty whatsoever regarding:

11.3.1 The scope, validity, or enforceability of the Technology;

11.3.2 Any defense of KATANA, its Affiliates or Sublicensee against any actions or suits of any nature brought by any Third Party;

11.3.3 Any sufficiency, adequacy or completeness of the Technology for any purpose including but not limited to use, make, have made, import or sell the Technology;

11.3.4 An obligation to furnish any technology not specifically agreed to in this Agreement, to bring or prosecute actions or suits against Third Parties for infringement or to provide any services other than those specified in this Agreement;

11.3.5 The merchantability and/or fitness for a particular purpose with regard to any of the Products or of the Technology.

11.4 **WARRANTY DISCLAIMER.** THE FOREGOING REPRESENTATIONS AND WARRANTIES ARE IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES, AND EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS SECTION 11, TRANSFERT PLUS MAKES NO WARRANTY OF ANY TYPE OR OF ANY KIND WHATSOEVER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, AND HEREBY DISCLAIMS AND EXCLUDE ALL OTHER WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY (IF ANY) IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY, ACCURACY, RESULTS, OR FITNESS FOR A PARTICULAR PURPOSE OR ANY WARRANTY

AGAINST LATENT DEFECTS OR OF LACK OF NEGLIGENCE. THE ENTIRE RISK ARISING OUT OF USE OF THE TECHNOLOGY REMAINS WITH KATANA. ALSO THERE IS NO WARRANTY OR CONDITION OF TITLE, QUIET ENJOYMENT, QUIET POSSESSION, CORRESPONDENCE TO DESCRIPTION OR NONINFRINGEMENT WITH RESPECT TO THE PATENTS OR THE TECHNOLOGY.

11.5 **WAIVER OF CONSEQUENTIAL DAMAGES AND OTHER INDIRECT DAMAGES.** IN NO EVENT SHALL TRANSFERT PLUS BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL OR PUNITIVE DAMAGES (INCLUDING, BUT NOT LIMITED TO, DAMAGES FOR LOSS OF PROFITS, FOR BUSINESS INTERRUPTION, FOR FAILURE TO MEET ANY DUTY OF GOOD FAITH OR OF REASONABLE CARE, FOR NEGLIGENCE, OR FOR ANY OTHER PECUNIARY LOSS OR OTHER LOSS WHATSOEVER) ARISING OUT OF OR IN ANY WAY RELATED TO THE USE OF OR INABILITY TO USE THE TECHNOLOGY OR OTHERWISE UNDER OR IN CONNECTION WITH ANY PROVISION OF THIS AGREEMENT EVEN IF ANY REPRESENTATIVE OF TRANSFERT PLUS HAS BEEN ADVISED OF THE POSSIBILITY THEREOF.

11.6 **LIMITATION OF LIABILITY.** IN ALL EVENTS, KATANA'S SOLE REMEDY UNDER THIS AGREEMENT FOR ANY CLAIM OF BREACH SHALL BE TO TERMINATE THIS AGREEMENT. IN NO EVENT SHALL TRANSFERT PLUS' AGGREGATE CUMULATIVE LIABILITY TO KATANA AND TO ITS AFFILIATES FOR DAMAGES UNDER THIS AGREEMENT EXCEED THE AMOUNTS PAID BY KATANA TO TRANSFERT PLUS DURING THE TWELVE (12) MONTHS PERIOD PRECEDING THE INCURRING BY KATANA OF SUCH DAMAGES. EXCEPT AS OTHERWISE PROVIDED FOR BY APPLICABLE LAW, ANY LIABILITY SHALL VEST ONLY ON THE PARTY RESPONSIBLE FOR THE OCCURANCE OF SUCH LIABILITY.

SECTION 12.
INDEMNIFICATION

12.1 KATANA agrees to indemnify, hold harmless and defend Transfert Plus, Aligo Innovation L.P. and their respective directors and officers, against any and all claims, suits, losses, damages, costs, fees and expenses asserted by a Third Party resulting or arising out of (i) KATANA's breach of this Agreement, (ii) KATANA's failure to comply with applicable laws, rules or regulations, or (iii) the exercise of Katana's rights under this Agreement.

SECTION 13.
INSURANCE

13.1 KATANA shall be named as beneficiary of a general liability insurance and product and service liability insurance in an amount reasonably sufficient to protect liability under Section 12 hereof. Such insurance coverage shall begin on the date KATANA initiates the manufacturing process of a Product for commercialization purposes, or conducts clinical trials.

SECTION 14.
CONFIDENTIALITY

14.1 The Receiving Party shall keep in confidence the Confidential Information of the Disclosing Party. The Receiving Party agrees not to reproduce or disclose same to any Third Party or to use it for any purpose not authorized by the Disclosing Party. The Receiving Party agrees to restrict access of such information to those employees, agents, Sublicensees or Affiliates who have a need to know such information for purposes hereof and further agrees to instruct its employees, agents, Sublicensees and Affiliates having access to such information of Receiving Party's confidentiality obligations hereunder. In any case, the Receiving Party shall be responsible for any violation of the terms hereof by any of its employees or agents. The Receiving Party agrees to protect the Confidential Information of the Disclosing Party with the same degree of care used in protecting its own Confidential Information and, in any case, with no less than reasonable care.

14.2 Except as may otherwise be required by law or as reasonably necessary for the performance of its obligations hereunder, KATANA shall keep the provisions of this Agreement confidential and shall not disclose its provisions without first obtaining the written consent of Transfert Plus. Transfert Plus hereby acknowledges that KATANA's Affiliates could file this Agreement with securities Regulatory Authorities pursuant to such Affiliate's reporting obligations under securities regulation.

SECTION 15.
PATENT FILING, PROSECUTION AND MAINTENANCE

15.1 The filing, prosecution and maintenance of all Patents shall be the responsibility of KATANA (the "**Patent Management Obligations**"). Transfert Plus shall transfer all patent files to KATANA for handling and also assist in prosecution as necessary, for example, in obtaining signatures of Inventors or the cooperation of relevant parties in developing arguments, experimental data, or declarations in support of the Patents.

15.2 If KATANA does not want to file a patent in a jurisdiction, Transfert Plus shall have the right to do so.

15.3 All communications regarding patent filing, prosecution and maintenance between Transfert Plus and KATANA shall be conducted by email. Transfert Plus will have **[REDACTED: Time Period]** to respond to KATANA regarding said communications after which Transfert Plus will be presumed to forfeit its right to be consulted.

15.4 KATANA shall have the ultimate responsibility for meeting all payment, costs, and filing deadlines concerning the Patents and any other form of intellectual property protection associated with the Patents. KATANA shall have no claim of damages against Transfert Plus, its agents, officers, administrators, or employees, should any such payment not be made, any such cost not be paid or any such deadline not be met.

15.5 KATANA will maintain Patents in the U.S., Canada and at least one European country, subject to the notice requirements of Section 15.2.

SECTION 16.
INFRINGEMENT

16.1 Should either Party become aware of any infringement or potential infringement of the Patents it shall give the other Party written notice thereof detailing the facts concerning such infringement or potential infringement and KATANA, upon notice to Transfert Plus, shall have the first right to initiate and prosecute legal action against such infringement, by counsel of its choice, at KATANA's expense and in the name of Transfert Plus and KATANA, or to control the defense of any declaratory judgment action relating to the Technology and arising in the context of such legal action. KATANA, at its own expense, shall be deemed to have the right, as authorized pursuant to the appropriate statutes (i) to initiate such legal action in its own name or, if required by law, jointly with Transfert Plus (which may be represented by its own counsel), at KATANA's expense and on its own behalf for infringement of the Patent(s); (ii) in any such suit, to enjoin infringement, and for infringing use of the Patents, to collect damages, profits, and awards of whatever nature recoverable for such infringement; and (iii) to settle any claim or suit for infringement of the Patents, provided that Transfert Plus shall have the opportunity to timely review and make suggestions regarding any such settlement.

16.2 Should KATANA advise Transfert Plus in writing that it does not intend to enforce any Patent or should KATANA fail to enforce such Patent within a delay of **[REDACTED: Time Period]** from its reception of a notice from Transfert Plus advising KATANA of an infringement of the Technology, then Transfert Plus shall have the right, at its own expense and for its own benefit, to bring any action it deems necessary to stop the infringement and recover any damages, profits, and awards which might be obtained.

16.3 For any action to terminate any such infringement, in the event that a Party is unable to initiate or prosecute such action solely in its own name, the other Party will join such action voluntarily and will execute and cause its Affiliates to execute all documents necessary for such other Party to initiate litigation to prosecute and maintain such action. In connection with any action, Transfert Plus and KATANA will cooperate fully and will provide each other with any information or assistance that either may reasonably request.

16.4 Without prejudice to any other right they may have, should a claim that KATANA's practice under the Technology directly infringe a Third Party's intellectual property rights be threatened or made against KATANA, KATANA shall give Transfert Plus prompt written notice detailing as many facts as possible concerning such claim and each Party shall cooperate fully with the other in the defense of such claim.

SECTION 17.
MISCELLANEOUS AND GENERAL PROVISIONS

This Agreement shall be subject to the following additional terms and provisions:

17.1 **Expenses**. Each of the Parties hereto will pay its own fees and expenses, including its own counsel and accountants' fees, incurred in connection with the transactions contemplated by this Agreement.

17.2 **Assignment**. This Agreement and the rights, interests or obligations hereunder may not be assigned by KATANA. Except that KATANA may assign this Agreement with the prior written consent of Transfert Plus, which consent cannot be unreasonably withheld or delayed, in connection with an offer to acquire all of KATANA's assets, provided that the assignee agrees, in the form of an addendum attached to this Agreement, to be bound by the terms and conditions of this Agreement. No consent shall be required from Transfert Plus if KATANA's assets are sold to, or if KATANA is liquidated in, one of KATANA's Affiliates.

17.3 **Benefit of Agreement**. This Agreement shall inure only to the benefit of the Parties hereto, and their successors and permitted assigns.

17.4 **Notices**. All notices and all other communications hereunder shall be in writing and shall be deemed given if delivered personally or mailed by registered or certified mail (return receipt requested) or by overnight delivery service to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

If to Transfert Plus:
355 Peel, Carrefour INGO, Suite 503,
Montreal (Quebec) H3C 2G9
Tel: (514) 840-1226
Fax: (514) 840-1299
Attention: Anne-Marie Larose, Ph.D, MBA, President

If to KATANA:
2015 Peel Street, Suite 500,
Montreal (Quebec) H3A 1T8
Tel : (514) 336-7800, ext. 204
Attention: President and Chief Executive Officer

17.5 **Counterparts.** This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

17.6 **Entire Agreement; Amendments.** This Agreement constitutes the entire agreement among the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral and written, among the Parties hereto with respect to the subject matter hereof. This Agreement may be amended, modified or supplemented only by a written instrument executed by all of the Parties hereto.

17.7 **Survival**. The provisions of Sections 1, 3, 5, 11, 12, 13, 14, 15 and 16, and any other provision of this Agreement that by its nature is intended to survive shall survive any termination or expiration of this Agreement.

17.8 **Governing Law**. This Agreement shall be construed and interpreted according to the laws applicable in the Province of Quebec, Canada, without regard to conflicts of law provisions. The Parties agree that the exclusive jurisdiction for any claim, controversy or cause of action arising out of or related to this Agreement (or any instrument or agreement executed incident hereto) shall be the Superior Court of Quebec, District of Montreal or the Court of Quebec, District of Montreal, whichever court has jurisdiction *ratione materiae* to hear such claim, controversy or cause of action.

17.9 **Counsel.** Each Party hereto acknowledges that it has had the opportunity to obtain its own legal, accounting and other counsel in connection the execution of this Agreement.

17.10 **Construction.** The language in all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning, strictly neither for nor against any Party hereto, and without implying a presumption that the terms thereof shall be more strictly construed against one Party by reason of the rule of construction that a document is to be construed more strictly against the person who himself or through his agent prepared the same, it being agreed that representatives of both Parties have participated in the preparation hereof.

17.11 **Severability**. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

17.12 **No Implicit Waiver**. The failure of either Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement will not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other Party. None of the terms and conditions of this Agreement can be waived except by the written consent of the Party waiving compliance.

17.13 **Language**. The Parties declare that they have expressly requested and do hereby confirm their request that the present agreement be drafted in the English Language. « *Les Parties déclarent qu'elles ont expressément exigé et par les présentes confirment leur demande que ce contrat soit rédigé en anglais*. »

WHEREOF, the Parties have each caused this Agreement to be executed and delivered under seal as of the date first above written.

TRANSFERT PLUS, L.P.,
acting through its general partner, ALIGO INNOVATION, L.P., itself
acting through its general partner, ALIGO CORPORATION INC.

Per: *(signed) Anne-Marie Larose*
Anne-Marie Larose

KATANA BIOPHARMA INC.

Per: (signed) Luc Tanguay
Luc Tanguay
President

SCHEDULE A

INVENTION

Dr. Borhane Annabi, Michel Demeule, Alain Larocque, Jean-Christophe Currie, Cyndia Charfi and Richard Béliveau from Université du Québec à Montréal developed an innovation related to the Technology entitled "***Creation and Development of New Peptide-Drug Conjugates for the treatment of cancer through Receptor-Mediated Chemotherapy (RMC)*** " described as: An electrical stimulation process to control lipolysis of fat cells and leading by a complex process including exercise, targeted local slimming (Reducing spot).

PATENTS

[REDACTED: List of Patents]

SCHEDULE B

PAYMENTS

1. Annual Maintenance Fee

Beginning on the first anniversary date of the Effective Date of this Agreement until the fifth anniversary date thereof, KATANA shall pay Transfert Plus on an annual basis the amount of twenty-five thousand dollars ($25,000) as an Annual Maintenance Fee.

Beginning on the fifth anniversary date of the Effective Date of this Agreement until the First Commercial Sale, KATANA shall pay Transfert Plus on an annual basis the amount of one hundred dollars ($100,000) as an Annual Maintenance Fee.

The Annual Maintenance Fee shall be paid to Transfer Plus within ninety (90) days from the end of a Financial Year.

Upon the First Commercial Sale, the Annual Maintenance Fee shall no longer be payable.

2. Royalties

Beginning in the Financial Year of the First Commercial Sale, KATANA shall pay to Transfert Plus the following Royalties:

Annual Net Sale per Product/Service	Royalty Rate per Product/Service
Annual Net Sales below $100,000,000	**[REDACTED: Rate]** of such Net Sales
Annual Net Sales equal or superior to $100,000,000	**[REDACTED: Rate]** of such Net Sales

The annual Net Sales per Product/Service shall be computed over a Financial Year. The Royalties shall be paid to Transfert Plus within **[REDACTED: Time Period]** from the end of a Financial Year.

In the event KATANA is required to pay to a Third Party any amount of money in excess of **[REDACTED: Rate]** of the annual Net Sale of a Product/Service to acquire from such Third Party one or more licenses to commercialize such Product or to provide such Service, the Royalties payable to Transfert Plus with respect to such Product or Service shall then be the following:

Annual Net Sale per Product/Service	Royalty Rate per Product/Service
Annual Net Sales below $100,000,000	**[REDACTED: Rate]**
Annual Net Sales per Product equal or superior to $100,000,000	**[REDACTED: Rate]**

3. Sublicense Royalties

KATANA shall pay Transfert Plus Sublicense Royalties equal to:

(i) **[REDACTED: Rate]** of Other Revenues, if the Sublicense is entered into prior to the commencement of a first Phase 1 for any Product;

(ii) **[REDACTED: Rate]** of Other Revenues, if the Sublicense is entered into subsequent to the commencement of a first Phase 1 for any Product, but prior to the commencement of a Phase 3;

(iii) **[REDACTED: Rate]** of Other Revenues, if the Sublicense is entered into subsequent to the commencement of a first Phase 3 for any Product.

The Sublicense Royalties shall be paid to Transfert Plus within **[REDACTED: Time Period]** from the end of a Financial Year in which Other Revenues are received.

4. Milestones and Milestone Payments

KATANA shall pay Transfert Plus the following Milestone Payments upon the occurrence of the following development milestones for the first Product developped in the field of oncology:

(i) First Milestone Payment: fifty thousand dollars ($50,000) upon the successful enrolment of the first patient in the first Phase 1 human clinical trial for a Product;

(ii) Second Milestone Payment: one hundred dollars ($100,000) upon the successful enrolment of the first patient in the first Phase 2 human clinical trial for a Product;

(iii) Third Milestone Payment: two hundred thousand dollars ($200,000) upon the successful enrolment of the first patient in the first Phase 3 human clinical trial for a Product;

(iv) Fourth Milestone Payment: two hundred thousand dollars ($200,000) upon receiving the first approval by a Regultory Authority for each Product. The approval shal entitle the holder thereof to commercialize a Product in the territory in which approval was obtained.

KATANA shall also pay Transfert Plus the same Milestone Payments upon the occurrence of any of those development milestones for the first Product developped outside the field of oncology.

Each Milestone Payment shall be paid within **[REDACTED: Time Period]** of the occurrence of any of those development milestones by Katana.

For the avoidance of doubt, each Milestone Payment shall not be due when any of those development milestones is achieved by a sublicensor.

TRUST INDENTURE

between

THERATECHNOLOGIES INC.

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA

Providing for the Issue of
5.75% Convertible Unsecured Senior Notes

Dated as of June 19, 2018

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TRUST INDENTURE

THIS TRUST INDENTURE is made as of the 19th day of June, 2018.

BETWEEN: **THERATECHNOLOGIES INC.**, a corporation incorporated under the laws of Québec (hereinafter referred to as the "**Corporation**")

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company incorporated under the federal laws of Canada (hereinafter referred to as the "**Note Trustee**")

WHEREAS the Corporation wishes to create and issue the Notes in the manner set forth herein;

WHEREAS the Corporation, under the laws relating to it, is duly authorized to create and issue the Notes as herein provided;

WHEREAS each of the Guarantors are duly authorized to guarantee the obligations of the Corporation as herein provided;

WHEREAS all necessary steps in relation to the Corporation have been duly passed and other proceedings taken and conditions complied with to make the creation and issue of the Notes proposed to be issued hereunder, when certified by the Note Trustee and issued as provided in this Indenture, legal, valid and binding on the Corporation in accordance with the laws relating to the Corporation;

WHEREAS all necessary steps in relation to the Corporation have been duly passed and other proceedings taken and conditions complied with to authorize the issuance of the Shares that may be issued upon conversion of the Notes;

WHEREAS all necessary steps in relation to the Guarantors have been duly passed and other proceedings taken and conditions complied with to make this Indenture legal, valid and binding on each of the Guarantors in accordance with the laws relating to the each of the Guarantors; and

WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Note Trustee;

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this agreement and the recitals, unless there is something in the subject matter or context inconsistent therewith or unless otherwise expressly provided, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

(a) "**this Note Indenture**", "**this Indenture**", "**hereto**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to this Indenture and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto;

(b) "**90% Redemption Right**" has the meaning ascribed thereto in Section 2.2(e)(vii);

(c) "**90% Redemption Right Notice**" has the meaning ascribed thereto in Section 2.2(e)(vii);

(d) "**1934 Act**" means the United States *Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder;

(e) "**Acceptance Notice**" has the meaning ascribed thereto in Section 2.2(e)(iii);

(f) "**Affiliate**" and "**Associate**", when used to indicate a relationship with a Person, have the respective meanings as ascribed thereto in the *Securities Act* (Québec);

(g) "**Applicable Securities Legislation**" means applicable securities laws (including published rules, regulations, policies, policy statements, blanket orders, notices, rulings and instruments) in each of the Provinces of Canada;

(h) "**Authorized Officer**" means authorized officer(s) of the Corporation;

(i) "**Base Share**" has the meaning ascribed thereto in Section 2.2(f)(iii);

(j) "**Beneficial Holder**" means any Person who holds a beneficial interest in a Global Note as shown on the books of the Depository or a Depository Participant;

(k) "**Board of Directors**" means the board of Directors of the Corporation;

(l) "**Business Day**" means any day which is not a Saturday or Sunday or a statutory holiday in the Province of Québec or any other day on which businesses of the Note Trustee and Canadian banks are generally closed;

(m) "**Cash Change of Control**" means a Change of Control in which 10% or more of the consideration for the Shares in the transaction or transactions constituting the Change of Control consists of: (i) cash (other than cash payments for fractional Shares and cash payments made in respect of dissenters' appraisal rights); (ii) trust units, limited partnership units or other participating equity securities of a trust, limited partnership or similar entity that are not traded or intended to be traded immediately following such transaction on a recognized stock exchange; (iii) equity securities or other property that is not traded or intended to be traded immediately following such transaction or transactions on a recognized stock exchange; or (iv) any combination of the consideration described in the foregoing subclauses (i) through (iii);

(n) "**Cash Change of Control Conversion Period**" has the meaning ascribed thereto in Section 2.2(f)(i);

(o) "**Cash Offer Price**" has the meaning ascribed thereto in Section 2.2(f)(ii);

(p) "**CDS**" means CDS Clearing and Depository Services Inc.;

(q) "**Change of Control**" means the occurrence of any of the following events:

(i) any event as a result of or following which any Person or group of Persons acting jointly or in concert (within the meaning of *National Instrument 62-104 - Take-Over Bids and Issuer Bids* as at the date hereof), directly or indirectly, acquires voting control or direction over more than 50% of the votes attached to all of the Corporation's then-issued and outstanding shares;

(ii) any amalgamation, consolidation, merger or arrangement by the Corporation with or into any other Person, or of any Person into the Corporation, unless immediately following such transaction, the Persons who had been the Corporation's shareholders immediately prior to such transaction hold securities giving them, directly or indirectly, voting control or direction over more than 50% of the votes attached to all of the then-issued and outstanding shares of the entity resulting from such transaction; or

(iii) the conveyance, transfer, sale, lease or other disposition, directly or indirectly, of all or substantially all of the Corporation's assets and properties and those of the Corporation's Subsidiaries, taken as a whole, to another Person or group of Persons acting jointly or in concert (other than to a wholly-owned Subsidiary of the Corporation, or in connection with a reorganization as a result of which the Persons who had been the Corporation's shareholders immediately prior to such reorganization hold securities giving them, directly or indirectly, voting control or direction over more than 50% of the votes attached to all of the then-issued and outstanding shares of such other Person or group of Persons acting jointly or in concert);

(r) "**Change of Control Purchase Date**" has the meaning ascribed thereto in Section 2.2(e)(v);

(s) "**Conversion Price**" means an amount equal to $US1,000 divided by the then applicable Conversion Rate, which as of the date hereof shall correspond to US$14.85;

(t) "**Conversion Rate**" means the conversion rate of 67.3401 Shares per US$1,000 principal amount of Notes, which conversion rate shall be subject to adjustment from time to time in accordance with the provisions of Article 5, provided that such number shall at all times be rounded to four decimal places;

(u) "**Corporation**" means Theratechnologies Inc. and includes any successor to or of the Corporation that shall have complied with the provisions of Article 10;

(v) "**Counsel**" means legal counsel, who may be counsel for the Corporation, acceptable to the Note Trustee, acting reasonably;

(w) "**Current Market Price**" for any applicable date means the US dollar equivalent of the VWAP of the Shares for the 20 consecutive Trading Days ending five Trading Days preceding the date of the applicable event (utilizing only days on which the Shares actually trade), calculated by determining daily VWAP for each of such 20 consecutive Trading Days, converting each such daily VWAP to US dollars at the Bank of Canada daily exchange rate for such day, and determining the arithmetic average of such 20 daily VWAPs. If the Shares are not listed on the TSX, reference will be made for the purpose of the foregoing calculation to the principal securities exchange or market on which the Shares are listed or quoted or, if no such prices are available, Current Market Price shall be the fair value of the Shares as reasonably determined by the Board of Directors;

(x) "**Date of Conversion**" has the meaning ascribed thereto in Section 5.4(b);

(y) "**deemed year**" has the meaning ascribed thereto in Section 2.7(b);

(z) "**Defeased Notes**" has the meaning ascribed thereto in Section 8.6(b);

(aa) "**Depository**" means, with respect to the Notes issued in the form of one or more Global Notes, the Person designated as depository by the Corporation pursuant to Section 3.2 until a successor depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Depository**" shall mean each Person who is then a depository hereunder, and if at any time there is more than one such Person, "**Depository**" as used with respect to the Notes shall mean each depository with respect to the Global Notes or the Notes, CDS being the initial Depositary;

(bb) "**Depository Participant**" means a broker, dealer, bank, other financial institution or other Person for whom from time to time, a Depository effects book-entry for a Global Note deposited with the Depository;

(cc) "**Directors**" means the directors of the Corporation on the date hereof or such directors as may, from time to time, be appointed or elected directors of the Corporation pursuant to the Corporation's articles and by-laws, and applicable laws, and "Director" means any one of them, and reference to action by the Directors means action by the Directors as a board;

(dd) "**Effective Date**" has the meaning ascribed thereto in Section 2.2(f)(ii);

(ee) "**Event of Default**" has the meaning ascribed thereto in Section 7.1;

(ff) "**Expiration Date**" has the meaning ascribed thereto in Section 5.5(e);

(gg) "**Expiration Time**" has the meaning ascribed thereto in Section 5.5(e);

(hh) "**Expiry Date**" has the meaning ascribed thereto in Section 2.2(e)(ii);

(ii) "**Exercise Price**" has the meaning ascribed thereto in Section 5.5(f);

(jj) "**Expiry Time**" has the meaning ascribed thereto in Section 2.2(e)(ii);

(kk) "**Extraordinary Resolution**" has the meaning ascribed thereto in Section 12.12;

(ll) "**Freely-Tradeable**" means, in respect of any Shares or any other securities of the Corporation or any other Person, as the case may be, that such Shares or securities (i) may be issued without the necessity of filing a prospectus or any other similar offering document (other than such prospectus or similar offering document that has already been filed) under Applicable Securities Legislation and such issue does not constitute a distribution (other than a distribution already qualified by prospectus or similar offering document or that is otherwise exempt from prospectus requirements) under Applicable Securities Legislation; and (ii) can be traded by the holder thereof without any restriction under Applicable Securities Legislation, such as hold periods, except in the case of a control distribution (as defined in the Applicable Securities Legislation);

(mm) "**Fully-Registered Notes**" means the Notes registered as to both principal, premium, if any, and interest;

(nn) "**generally accepted accounting principles**" means generally accepted accounting principles in Canada, as amended from time to time, as applicable to the Corporation and for greater certainty includes International Financial Reporting Standards as and to the extent applicable to the Corporation;

(oo) "**Global Note**" means a Note that is issued to and registered in the name of the Depository, or its nominee, pursuant to Section 2.3 for purposes of being held by or on behalf of the Depository as custodian for participants in the Depository's book-entry only registration system;

(pp) "**Government Obligations**" means securities issued or guaranteed by the Government of Canada or any Province thereof;

(qq) "**guarantee**" means any guarantee, undertaking to assume, endorse, contingently agree to purchase, or to provide funds for the payment of, or otherwise become liable in respect of, all or any part of, any indebtedness, liability or other obligations;

(rr) "**Guarantee Agreement**" means any guarantee agreement to be entered into from time to time by Subsidiaries of the Corporation in accordance with the provisions of Article 13;

(ss) "**Guarantors**" means the Subsidiaries of the Corporation that guarantee the Notes from time to time in accordance with the provisions of Article 13 and, as of the date hereof, comprises the Subsidiaries of the Corporation listed in Schedule "D" hereto;

(tt) "**Interest Account**" has the meaning ascribed thereto in Section 9.1(h);

(uu) "**Interest Obligation**" means the obligation of the Corporation to pay interest on the Notes, as and when the same becomes due;

(vv) "**Interest Payment Date**" means June 30 and December 31 of each year until all interest has been paid on the Notes, the first Interest Payment Date being December 31, 2018;

(ww) "**Make-Whole Premium**" has the meaning ascribed thereto in Section 2.2(f)(i);

(xx) "**Make-Whole Premium Shares**" has the meaning ascribed thereto in Section 2.2(f)(ii);

(yy) "**Maturity Account**" means an account or accounts required to be established by the Corporation (and which shall be maintained by and subject to the control of the Note Trustee) for the Notes pursuant to and in accordance with this Indenture;

(zz) "**Maturity Date**" means June 30, 2023 or such other date on which the Notes become due and payable;

(aaa) "**Note Offer**" has the meaning ascribed thereto in Section 2.2(e)(i);

(bbb) "**Note Trustee**" means Computershare Trust Company of Canada or its successor or successors for the time being as trustee hereunder;

(ccc) "**Noteholders**" or "**holders**" means the Persons for the time being entered in the register for Notes as registered holders of Notes or any transferees of such Persons by endorsement or delivery;

(ddd) "**Notes**" means US$57,500,000 aggregate principal amount of 5.75% convertible unsecured senior notes of the Corporation created and issued pursuant to the terms of this Indenture and guaranteed by the Guarantors;

(eee) "**Offer Price**" has the meaning ascribed thereto in Section 2.2(e)(i);

(fff) "**Officer's Certificate**" means a certificate of the Corporation signed by any one member of the Board of Directors or any one Authorized Officer of the Corporation, on behalf of the Corporation, in such capacity, and not in his personal capacity;

(ggg) "**Person**" means and includes any individual, corporation, limited partnership, general partnership, joint stock company, limited liability company, joint venture, association, company, trust, bank, trust company, pension fund, business trust or other organization, whether or not a legal entity and any government, governmental agency and political subdivision thereof;

(hhh) "**Privacy Laws**" has the meaning ascribed thereto in Section 15.18;

(iii) "**Prospectus**" has the meaning ascribed thereto in Section 17.1;

(jjj) "**Purchased Shares**" has the meaning ascribed thereto in Section 5.5(e);

(kkk) "**Qualified Institutional Buyer**" means a "qualified institutional buyer" as such term is defined in Rule 144A under the 1933 Act;

(lll) "**Redemption Date**" has the meaning ascribed thereto in Section 4.3;

(mmm) "**Redemption Notice**" has the meaning ascribed thereto in Section 4.3;

(nnn) "**Redemption Price**" means, in respect of a Note, the amount, including accrued and unpaid interest up to but excluding the Redemption Date fixed for such Note as provided for in Section 4.3, payable on the Redemption Date;

(ooo) "**Regulation S**" means Regulation S adopted by the SEC under the 1933 Act;

(ppp) "**Restricted Notes**" means collectively the Restricted Uncertificated Notes and Restricted Physical Notes;

(qqq) "**Restricted Physical Note**" means a definitive Note that bears the U.S. Legend;

(rrr) "**Restricted Uncertificated Note**" means an Uncertificated Note that is marked to bear the U.S. Legend;

(sss) "**SEC**" has the meaning ascribed thereto in Section 15.20;

(ttt) "**SEDAR**" means the *System for Electronic Document Analysis and Retrieval* accessible at **www.sedar.com;**

(uuu) "**Share Bid Request**" means a request for bids to purchase Shares (to be issued by the Corporation on the Share Delivery Date) made by the Note Trustee in accordance with the Share Interest Payment Election Notice and that shall make the acceptance of any bid conditional upon the acceptance of sufficient bids to result in aggregate proceeds from such issue and sale of Shares that, together with the cash payments by the Corporation in lieu of fractional Shares, if any, equal the Interest Obligation;

(vvv) "**Share Delivery Date**" means a date, not more than 90 days and not less than one Business Day prior to the applicable Interest Payment Date, upon which Shares are issued by the Corporation and delivered to the Note Trustee for sale pursuant to Share Purchase Agreements (together with the cash payments by the Corporation, if any, required to be made in order to pay in full the applicable Interest Obligation);

(www) "**Share Interest Payment Election**" means an election to satisfy an Interest Obligation on the applicable Interest Payment Date in the manner described in the Share Interest Payment Election Notice;

(xxx) "**Share Interest Payment Election Amount**" means the sum of the amount of the aggregate proceeds resulting from the sale of Shares on the Share Delivery Date pursuant to acceptable bids obtained pursuant to the Share Bid Requests, together with any amount paid by the Corporation in respect of fractional Shares pursuant to Section 9.1(g), that is equal to the aggregate amount of the Interest Obligation in respect of which the Share Interest Payment Election Notice was delivered;

(yyy) "**Share Interest Payment Election Notice**" means a written notice made by the Corporation to the Note Trustee specifying:

(i) the Interest Obligation to which the election relates;

(ii) the Share Interest Payment Election Amount;

(iii) the investment banks, brokers or dealers through which the Note Trustee shall seek bids to purchase the Shares and the conditions of such bids, which may include the minimum number of Shares, minimum price per Share, timing for closing for bids and such other matters as the Corporation may specify; and

(iv) that the Note Trustee shall accept through the investment banks, brokers or dealers selected by the Corporation only those bids which comply with such notice;

(zzz) "**Share Proceeds Investment**" has the meaning ascribed thereto in Section 9.1(h);

(aaaa) "**Share Purchase Agreement**" means an agreement in customary form among the Corporation, the Note Trustee and the Persons making acceptable bids pursuant to a Share Bid Request, which complies with all applicable laws, including the Applicable Securities Legislation and the rules and regulations of any stock exchange on which the Notes or Shares are then listed;

(bbbb) "**Shares**" means fully paid and non-assessable common shares of the Corporation, as such common shares are constituted on the date of execution and delivery of this Indenture; provided that in the event of a change or a subdivision, revision, reduction, combination or consolidation thereof, any reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation,

dissolution or winding-up, or such successive changes, subdivisions, redivisions, reductions, combinations or consolidations, reclassifications, capital reorganizations, consolidations, amalgamations, arrangements, mergers, sales or conveyances or liquidations, dissolutions or windings-up, then, subject to adjustments, if any, having been made in accordance with the provisions of Section 5.5, "**Shares**" shall mean the shares or other securities or property resulting from such change, subdivision, redivision, reduction, combination or consolidation, reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up;

(cccc) "**Subsidiary**" when used to indicate a relationship with a Person, has the same meaning as set out in Section 2 of the *Business Corporations Act* (Québec);

(dddd) "**Successor**" has the meaning ascribed thereto in Section 10.1;

(eeee) "**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, in each case, as amended from time to time;

(ffff) "**Time of Expiry**" means the time of expiry of certain rights with respect to the conversion of Notes under Section 5.1(a);

(gggg) "**Trading Day**" means, with respect to the TSX or other market for securities, any day on which such exchange or market is open for trading or quotation;

(hhhh) "**TSX**" means the Toronto Stock Exchange or its successor or successors;

(iiii) "**Uncertificated Note**" means any Note which is not issued as part of a Note certificate;

(jjjj) "**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

(kkkk) "**Unrestricted Notes**" means collectively Unrestricted Physical Notes and Unrestricted Uncertificated Notes;

(llll) "**Unrestricted Physical Note**" means a definitive Note that does not bear the U.S. Legend;

(mmmm)"**Unrestricted Uncertificated Note**" means a Note that is not marked to bear the U.S. Legend;

(nnnn) "**U.S. Legend**" has the meaning ascribed thereto in Section 2.12;

(oooo) "**U.S. Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

(pppp) "**VWAP**" means the volume-weighted average trading price of the Shares for the applicable day or period; and

(qqqq) "**Written Direction of the Corporation**" means an instrument in writing signed by any Director of the Corporation or any Authorized Officer of the Corporation on behalf of the Corporation.

1.2 Meaning of "Outstanding"

Every Note certified and delivered by the Note Trustee hereunder shall be deemed to be outstanding until it is cancelled, converted, redeemed or delivered to the Note Trustee for cancellation, conversion or redemption and monies and/or Shares, as the case may be, for the payment thereof shall have been set aside under Article 8, provided that:

(a) Notes which have been partially redeemed, purchased or converted shall be deemed to be outstanding only to the extent of the unredeemed, unpurchased or unconverted part of the principal amount thereof;

(b) when a new Note has been issued in substitution for a Note which has been lost, stolen or destroyed, only one of such Note shall be counted for the purpose of determining the aggregate principal amount of Notes outstanding; and

(c) for the purposes of any provision of this Indenture entitling holders of outstanding Notes to vote, sign consents, requisitions or other instruments or take any other action under this Indenture, or to constitute a quorum of any meeting of Noteholders, Notes owned directly or indirectly, by the Corporation or a Subsidiary of the Corporation shall be disregarded except that:

(i) for the purpose of determining whether the Note Trustee shall be protected in relying on any such vote, consent, requisition or other instrument or action, or on the holders of Notes present or represented at any meeting of Noteholders, only the Notes which the Note Trustee knows are so owned shall be so disregarded;

(ii) Notes so owned which have been pledged in good faith other than to the Corporation or a Subsidiary of the Corporation shall not be so disregarded if the pledgee shall establish to the satisfaction of the Note Trustee the pledgee's right to vote such Notes, sign consents, requisitions or other instruments or take such other actions in his discretion free from the control of the Corporation or a Subsidiary of the Corporation; and

(iii) Notes so owned shall not be disregarded if they are the only Notes outstanding.

1.3 Headings

The headings, the table of contents and the division of this Indenture into Articles and Sections are for convenience of reference only and shall not affect the interpretation of this Indenture.

1.4 Time of Essence

Time shall be of the essence of this Indenture.

1.5 References

Unless otherwise specified in this Indenture:

(a) references to Articles, Sections and Schedules are to Articles, Sections and Schedules in this Indenture; and

(b) "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions, without reference to a particular provision, refer to this Indenture.

1.6 Certain Rules of Interpretation

Unless otherwise specified in this Indenture:

(a) the singular includes the plural and *vice versa*; and

(b) references to any gender shall include references to all genders.

1.7 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day.

1.8 Applicable Law

This Indenture and the Notes shall be governed by and construed in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein. For the purpose of all legal proceedings, this Indenture will be deemed to have been performed in the Province of Québec and the courts of the Province of Québec will have jurisdiction to entertain any action arising under this Agreement. The Corporation and the Note Trustee attorn to the jurisdiction of the courts of Province of Québec.

1.9 Conflict

In the event of a conflict or inconsistency between a provision in the body of this Indenture and in the Notes issued hereunder, the provision in the body of this Indenture shall prevail to the extent of the inconsistency.

1.10 Currency

Unless otherwise indicated, all dollar amounts expressed in this Indenture and in the Notes are in lawful money of the United States and all payments required to be made hereunder and thereunder shall be made in United States dollars.

1.11 Accounting Terms

Except as hereinafter provided or as otherwise indicated in this Indenture, all calculations required or permitted to be made hereunder pursuant to the terms of this Indenture shall be made in accordance with generally accepted accounting principles.

1.12 Calculations

The Corporation shall be responsible for making all calculations called for hereunder including, without limitation, calculations of Current Market Price and calculations made pursuant to Sections 2.2(e) and (f). The Corporation shall make such calculations in good faith and, absent manifest error, the Corporation's calculations shall be final and binding on holders and the Note Trustee. The Corporation will provide a schedule of its calculations to the Note Trustee and the Note Trustee shall be entitled to rely conclusively on the accuracy of such calculations without independent verification; provided, however, that if notice in writing has been given by the Note Trustee or from holders of not less than 25% in aggregate principal amount of the Notes to the Corporation disputing such calculation, such calculation shall be conclusively determined by a firm of chartered accountants appointed by the Corporation and acceptable to the Note Trustee (who shall not be the auditors of the Corporation). The fees and expenses of such accountants shall be borne by the Corporation, unless such accountants determine that the Corporation's calculation was accurate within 3%, in which case such fees and expenses, to the extent documented and reasonable, shall be borne by the Noteholders.

1.13 Language

Each of the parties hereto hereby acknowledges that it has consented to and requested that this Indenture and all documents relating thereto, including, without limiting the generality of the foregoing, the form of Note attached hereto as Schedule A, be drawn up in the English language only. *Les parties aux présentes reconnaissent avoir accepté et demandé que le présent acte de fiducie et tous les documents s'y rapportant, y compris, sans restreindre la portée générale de ce qui précède, le formulaire de débenture joint aux présentes à titre d'annexe A, soient rédigés en langue anglaise seulement*.

1.14 Severability

Each of the provisions in this Indenture is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any of the other provisions hereof.

1.15 Entire Agreement

This Indenture and schedules hereto, and the Notes issued hereunder, together constitute the entire agreement between the parties hereto with respect to the indebtedness created hereunder and under the Notes and supersedes as of the date hereof all prior memoranda, agreements, negotiations, discussions and term sheets, whether oral or written, with respect to the indebtedness created hereunder and under the Notes.

1.16 Successors and Assigns

All covenants and agreements in this Indenture by the Corporation shall bind its successors and assigns, whether expressed or not. All covenants and agreements of the Note Trustee in this Indenture shall bind its successors.

1.17 Benefits of Indenture

Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any paying agent, the holders of Notes, the Board of Directors and (to the extent provided in Sections 7.11 and 15.21) the holders of Shares, any benefit or any right, remedy or claim under this Indenture.

1.18 Trust Provisions

Notwithstanding the references herein or in any Note to this Indenture as an "Indenture" or to Computershare Trust Company of Canada (or its successor hereunder, if any) as a "Note Trustee" or to it acting as Note Trustee, and except for any trust which may be created or constituted in Québec for the purposes of Sections 2.9, 4.5, 4.6, 4.9, 8.6, 15.17 of this Indenture (collectively, the "**Trust Sections**") (and only to the extent contemplated by the Trust Sections), no trust within the meaning of Chapter II of Title Six of Book Four of the *Civil Code of Québec* is intended to be or is created or constituted hereby. In addition, for greater certainty and subject as hereinafter in this Section provided in the case of any trust created or constituted in Québec for the purposes of the Trust Sections, the provisions of Title Seven of Book Four of the *Civil Code of Québec* shall not apply to any administration by the Note Trustee hereunder.

Except as otherwise expressly provided or unless the context otherwise requires, references in this Indenture to "trust" or "in trust", and other similar wording shall only refer to any trust that shall be created or constituted for the purposes of the Trust Sections, as the case may be, which trusts shall, subject to the next sentence, be created or constituted under Québec law. Any such trust shall be automatically created by the mere fact of the transfer to or taking of possession by the Note Trustee of the property subject to and for the purposes of such trust and such provisions of the *Civil Code of Québec* shall automatically apply thereto unless such transfer and taking of possession occurs outside of Québec and it has previously been, or it is then, expressly agreed between the Corporation and the Note Trustee (acting in its sole discretion) that the trust laws in the jurisdiction where such transfer or taking of possession occurs shall apply or the laws of such jurisdiction make it mandatory that its trust laws apply to any trust created hereunder as a result of such transfer or taking of possession. The administration of any such trust shall be governed by and in accordance with the provisions hereof (and, in particular, in the case of the Note Trustee, Article 15 hereof) which, to the extent permitted by applicable law, shall supersede any provisions relating to the administration of property of others or other similar provisions of any applicable law.

1.19 Schedules

The following Schedules are incorporated into and form a part of the Indenture:

Schedule "A" Form of Global Note

Schedule "B" Form of Redemption Notice

Schedule "C" Form of Notice of Conversion

Schedule "D" Initial Guarantors

Schedule "E" Form of Guarantee

Schedule "F" Common Share Legend

Schedule "G" Form of Certificate of Transfer

Schedule "H" Form of Certificate of Exchange

Schedule "I" Form of U.S. Purchaser Letter

In the event of any inconsistency in such Schedules and the body of this Indenture, the latter shall prevail to the extent of the inconsistency.

ARTICLE 2
THE NOTES

2.1 Limit of Notes

The aggregate principal amount of Notes authorized to be issued under this Indenture is limited to US$57.5 million.

2.2 Form and Terms of Notes

(a) The Notes shall be designated as "5.75% Convertible Unsecured Senior Notes".

(b) The Notes shall be dated June 19, 2018. The Notes shall mature on the Maturity Date. The Notes shall bear interest from the date of issue at the rate of 5.75% per annum, payable in US dollars in equal installments semi-annually in arrears on June 30 and December 31 in each year computed on the basis of a 360-day year composed of twelve

30-day months. The first such payment will be due on December 31, 2018 and the last such payment (representing interest payable from and including the last Interest Payment Date to, but excluding, the Maturity Date or the earlier date of redemption, repayment or conversion of the Notes) will be due on the Maturity Date or the earlier date of redemption, repayment or conversion, payable after as well as before maturity and after as well as before default, with interest on amounts after maturity or in default at the same rate, compounded semi-annually, computed on the basis of a 360-day year composed of twelve 30-day months. For certainty, the first interest payment will include interest accrued and unpaid from and including June 19, 2018 up to, but excluding, December 31, 2018 which will be equal to US$30.67 for each US$1,000 principal amount of the Notes.

(c) The Notes shall be issued in denominations of US$1,000 and integral multiples of US$1,000 and the Note Trustee is hereby appointed as registrar and transfer agent for the Notes. Each Note and the certificate of the Note Trustee endorsed thereon shall be issued in substantially the form set out in Schedule A to this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Board of Directors or an Authorized Officer executing such Note in accordance with Section 2.4 hereof, as conclusively evidenced by his or her execution of a Note. Each Note shall additionally bear such distinguishing letters and numbers as the Note Trustee shall approve. Notwithstanding the foregoing, a Note may be in such other form or forms as may, from time to time, be approved by a resolution of the Board of Directors or as specified in an Officer's Certificate. The Notes may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.

The Notes shall be issued as one or more Global Notes and the Depository for the Notes shall be CDS. The Global Notes shall be registered in the name of the Depository (or any nominee of the Depository). No Beneficial Holder will receive definitive certificates representing their interest in Notes except as provided in Section 3.2 of the Indenture. A Global Note may be exchanged for Notes in registered form that are not Global Notes, or transferred to and registered in the name of a Person other than the Depository for such Global Notes or a nominee thereof as provided in Section 3.2.

(d) Upon and subject to the provisions and conditions of Article 9 and provided no Event of Default has occurred and is continuing, the Corporation may elect, from time to time, to raise funds to satisfy all or part of the Interest Obligation on the Notes on any Interest Payment Date (including, for greater certainty, following conversion or upon maturity or redemption) by delivering Freely-Tradeable Shares to the Note Trustee for sale through the facilities of a registered broker/dealer.

(e) Within 30 days following the occurrence of a Change of Control, the Corporation shall be obligated to offer to purchase all Notes then outstanding. The terms and conditions of such obligation are set out below:

(i) Within 30 days following the occurrence of a Change of Control, the Corporation shall deliver to the Note Trustee a notice in writing stating that there has been a Change of Control and specifying the date on which such Change of Control occurred and the circumstances or events giving rise to such Change of Control together with an offer in writing (the "**Note Offer**") to purchase all of the Notes

then outstanding from the holders thereof at a price per Note equal to 100% of the principal amount thereof together with accrued and unpaid interest thereon up to but excluding the Change of Control Purchase Date (as defined below) (the "**Offer Price**"). The Note Trustee will promptly thereafter deliver, by prepaid courier or mail, the Note Offer to the holders of all Notes then outstanding, at their addresses appearing in the registers of holders of Notes maintained by the Note Trustee.

(ii) The Note Offer shall specify the date (the "**Expiry Date**") and time (the "**Expiry Time**") on which the Note Offer shall expire which date and time shall not, unless otherwise required by Applicable Securities Legislation, be earlier than the close of business on the 35th day and not later than the close of business on the 60th day following the date on which such Note Offer is made.

(iii) The Note Offer shall specify that the Note Offer may be accepted by the holders of Notes by tendering the Notes so held by them to the Note Trustee at its offices in Montreal, Québec or Toronto, Ontario at or before the Expiry Time together with an acceptance notice (the "**Acceptance Notice**") in form and substance acceptable to the Note Trustee.

(iv) The Note Offer shall state that holders of Notes may accept the Note Offer in respect of all or a portion (in a minimum amount of US$1,000 principal amount and multiples thereof) of their Notes.

(v) The Note Offer shall specify a date (the "**Change of Control Purchase Date**") no later than the third Business Day following the Expiry Date on which the Corporation shall take up and pay for all Notes duly tendered in acceptance of the Note Offer.

(vi) The Corporation shall on or before 11:00 a.m. (Montreal time) on the Business Day immediately prior to the Change of Control Purchase Date pay to the Note Trustee by wire transfer or such other means as may be acceptable to the Note Trustee, an amount of money sufficient to pay the aggregate Offer Price in respect of all Notes duly tendered to the Note Offer (less any tax required by law to be deducted). The Note Trustee, on behalf of the Corporation, will pay the Offer Price to the holders of Notes in the respective amounts to which they are entitled in accordance with the Note Offer as aforesaid.

(vii) If holders of 90% or more of the aggregate principal amount of Notes outstanding on the date the Corporation delivers the Note Offer to the Note Trustee accept the Note Offer, the Corporation shall have the right (the "**90% Redemption Right**"), upon written notice (the "**90% Redemption Right Notice**") provided to the Note Trustee within ten days following the Expiry Date, to redeem on the purchase date specified in the Note Offer all the Notes remaining outstanding at the Offer Price and on the other terms and conditions provided herein. Upon receipt of such notice by the Note Trustee, the Note Trustee shall promptly provide written notice to each holder of outstanding Notes (other than those that have accepted the Note Offer) that:

(A) the Corporation has exercised the 90% Redemption Right and is purchasing all outstanding Notes effective as at the Change of Control Purchase Date at the Offer Price;

(B) such holder must surrender its Notes to the Note Trustee within ten days after the sending of such notice; provided that with respect to a Global Note, the obligation to surrender a Note to the Note Trustee shall be satisfied if the Note Trustee makes a notation on the Global Note of the principal amount thereof so transferred; and

(C) the rights of such holder under the terms of the Notes and this Indenture shall cease effective as of the Change of Control Purchase Date provided the Corporation has, on or before the date on which the Corporation delivers the 90% Redemption Notice to the Note Trustee, paid the aggregate Offer Price to, or to the order of, the Note Trustee and thereafter such holder's Notes shall not be considered to be outstanding and such holder shall not have any rights hereunder except to receive such Offer Price to which such holder is entitled upon surrender and delivery of such holder's Notes in accordance with the Indenture.

(viii) The Corporation shall on or before 11:00 a.m. (Montreal time) on the Business Day immediately prior to the date on which the Corporation delivers the 90% Redemption Right Notice pay to the Note Trustee by wire transfer or such other means as may be acceptable to the Note Trustee an amount of money sufficient to pay the aggregate Offer Price in respect of all Notes to be redeemed pursuant to the 90% Redemption Right (less any tax required by law to be deducted). The Note Trustee, on behalf of the Corporation, will pay the Offer Price to the holders of Notes in the respective amounts to which they are entitled in accordance with the exercise of the 90% Redemption Right as aforesaid upon surrender and delivery of such holders' Notes.

(ix) The Notes in respect of which the Corporation has made payment to the Note Trustee in accordance with the terms of this Section 2.2(e) (or the portion thereof tendered in acceptance of the Note Offer) shall thereafter no longer be considered to be outstanding under this Indenture. The Corporation shall also deposit with the Note Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Note Trustee in connection with the Note Offer and the exercise of the 90% Redemption Right if applicable. All Notes in respect of which payment of the Offer Price has been so made shall be cancelled by the Note Trustee.

(x) In the event a portion of the principal amount only of a Note is tendered by a holder thereof in acceptance of the Note Offer, the Corporation shall execute and deliver to the Note Trustee and the Note Trustee shall certify and deliver to the holder, without charge to such holder, a certificate representing the principal amount of the Note not so tendered in acceptance of the Note Offer.

(f) In addition to the requirements of Section 2.2(e) in respect of a Change of Control, the following provisions shall apply in respect of the occurrence of a Cash Change of Control:

(i) During the period beginning on the occurrence of a Cash Change of Control and ending immediately prior to the expiry of the Note Offer (the "**Cash Change of Control Conversion Period**"), holders of Notes will be entitled to convert their Notes, in whole or in part, and receive, in addition to the number of Shares they would otherwise be entitled to receive in accordance with the provisions and conditions of Section 5.1(a) and Article 5, an additional number of Shares (or cash or other property or securities in substitution therefor) per US$1,000 principal amount of Notes as set out in subsections (ii), (iii), (iv), (v), (vi) and (vii) of this Section 2.2(f) (the "**Make-Whole Premium**").

(ii) The number of additional Shares per US$1,000 principal amount of Notes constituting the Make-Whole Premium (the "**Make-Whole Premium Shares**") will be determined by reference to the table following subsection (iii) below and is based on the date on which the Cash Change of Control becomes effective (the "**Effective Date**") and the price paid per Share in the transaction constituting the Change of Control (the "**Cash Offer Price**"), converted (if applicable) to US dollars at the Bank of Canada daily exchange rate on the Effective Date. If holders of Shares receive (or are entitled and able in all circumstances to receive) only cash in the transaction constituting the Change of Control, the Cash Offer Price shall be the cash amount paid per Share, converted (if applicable) to US dollars at the Bank of Canada daily exchange rate on the Effective Date. Otherwise, the Cash Offer Price shall be equal to the Current Market Price of the Shares on the day immediately preceding the Effective Date of such transaction.

(iii) The following table shows the number of Make-Whole Premium Shares for each hypothetical Cash Offer Price and Effective Date set out below, expressed as additional Shares per US$1,000 principal amount of Notes. For the avoidance of doubt, the Corporation shall not be obliged to pay the Make-Whole Premium otherwise than by issuance of the applicable number of Shares in excess of the number of Shares to which holders would otherwise have been entitled at the Conversion Price (the "**Base Shares**") upon conversion of the Notes in accordance with the provisions and conditions of Article 5.

Make Whole Premium Upon a Change of Control
(Number of Shares per US$1,000 Notes)

Effective Date	US$10.85	US$11.00	US$11.25	US$11.50	US$11.75	US$12.00	US$12.50	US$13.00
19-Jun-18	24.8912	24.1782	23.0542	22.0070	21.0298	20.1167	18.4656	17.0185
30-Jun-19	24.8258	23.5690	21.5488	20.3409	19.3072	18.3425	16.6024	15.0785
30-Jun-20	24.8258	23.5690	21.5488	19.6164	17.9030	16.8683	15.0184	13.4146
30-Jun-21	24.8258	23.5690	21.5488	19.6164	17.7663	15.9932	13.4696	11.7323
30-Jun-22	24.8258	23.5690	21.5488	19.6164	17.7663	15.9932	12.6599	9.9400
30-Jun-23	24.8258	23.5690	21.5488	19.6164	17.7663	15.9932	12.6599	9.6485

Effective Date	US$13.50	US$14.00	US$15.00	US$16.00	US$17.00	US$18.00	US$20.00	US$22.50	US$25.00
19-Jun-18	15.7459	14.6250	12.7600	11.2988	10.1459	9.2300	7.8950	6.7960	6.0356
30-Jun-19	13.7385	12.5564	10.5860	9.0450	7.8453	6.9183	5.6550	4.7413	4.1788
30-Jun-20	12.0126	10.7757	8.6873	6.9988	5.6382	4.5767	3.2315	2.4982	2.1724
30-Jun-21	10.2719	9.0357	7.0473	5.4581	4.0512	2.7150	0.2800	0.0004	0.0000
30-Jun-22	8.1244	6.6771	4.6860	3.5038	2.6735	1.9111	0.2550	0.0004	0.0000
30-Jun-23	6.8000	4.1543	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

(iv) The actual Cash Offer Price and Effective Date may not be set out on the table above, in which case:

(A) if the actual Cash Offer Price on the Effective Date is between two Cash Offer Prices in the table or the actual Effective Date is between two Effective Dates in the table, the number of Make-Whole Premium Shares will be determined by a straight-line interpolation between the Make-Whole Premium set out for the two Cash Offer Prices and the two Effective Dates on the table based on a 365-day year, as applicable;

(B) if the Cash Offer Price on the Effective Date exceeds US$25.00 per Share, subject to adjustment as described below, the Make-Whole Premium and the number of Make-Whole Premium Shares to be issued will be zero; and

(C) if the Cash Offer Price on the Effective Date is less than US$10.85 per Share, subject to adjustment as described below, the Make-Whole Premium and the number of Make-Whole Premium Shares to be issued will be zero.

(v) The Cash Offer Prices set out in the table above will be adjusted as of any date on which the Conversion Rate of the Notes is adjusted. The adjusted Cash Offer Prices will equal the Cash Offer Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Cash Offer Price adjustment and the denominator of which is the Conversion Rate as so adjusted. The number of additional Make-Whole Premium Shares set out in the table above will be adjusted in the same manner as the Conversion Rate as set out under Section 5.5, other than as a result of an adjustment to the Conversion Rate by adding the Make-Whole Premium as described above. The provisions of Section 5.11 shall be applicable in connection with determinations under this Section 2.2(f).

(vi) Notwithstanding the foregoing, if the Date of Conversion of any Notes occurs during the period beginning on the tenth Trading Day prior to the Effective Date and ending at the close of business on the Effective Date, the holders of such Notes shall, on conversion of their Notes, be entitled to receive the relevant number of Make-Whole Premium Shares (as may be adjusted pursuant to

Section 5.5) only on the Business Day immediately following the Effective Date and, for greater certainty, only if the Change of Control occurs. The Base Shares shall be issued in accordance with the terms of this Indenture applicable to a conversion of Notes otherwise than during the Cash Change of Control Conversion Period, including at the then-applicable Conversion Price.

(vii) The Make-Whole Premium Shares shall be deemed to have been issued upon conversion of Notes on the Business Day immediately following the Effective Date. Section 5.5 shall apply to such conversion and, for greater certainty, the former holders of Notes in respect of which the Make-Whole Premium Shares are issuable shall be entitled to receive and shall accept, in lieu of the Make-Whole Premium Shares, the number of shares or other securities or property of the Corporation or of the Person or other entity resulting from the transaction that constitutes the Cash Change of Control that such holders would have been entitled to receive if such holders had been the registered holders of the applicable number of Make-Whole Premium Shares on the Effective Date.

(viii) Except as otherwise provided in this Section 2.2(f), all other provisions of this Indenture applicable to a conversion of Notes shall apply to a conversion of Notes during the Cash Change of Control Conversion Period.

(g) Notwithstanding anything in this Indenture to the contrary, if holders of Notes would otherwise be entitled to receive upon conversion of the Notes, any property (including cash) or securities that would not constitute "prescribed securities" for the purposes of clause 212(1)(b)(vii)(E) of the Tax Act as it applied on December 31, 2007 (referred to herein as "ineligible consideration"), such holders shall not be entitled to receive such ineligible consideration but the Corporation or its successor or acquiror, as the case may be, shall have the right (at the sole option of the Corporation or such successor or acquiror, as the case may be) to deliver either such ineligible consideration or such "prescribed securities" with a market value (as conclusively determined by the Board of Directors) equal to the market value of such ineligible consideration.

2.3 Issue of Global Notes

(a) The Corporation may specify that the Notes are to be issued in whole or in part as one or more Global Notes registered in the name of a Depository, or its nominee, designated by the Corporation in the Written Direction of the Corporation delivered to the Note Trustee at the time of issue of such Notes, and in such event the Corporation shall execute and the Note Trustee shall certify and deliver one or more Global Notes that shall:

(i) represent an aggregate amount equal to the principal amount of the outstanding Notes to be represented by one or more Global Notes;

(ii) be delivered by the Note Trustee to such Depository or pursuant to such Depository's instructions; and

(iii) bear a legend substantially to the following effect:

"THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR NOTES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE TRUST INDENTURE DATED AS OF THE 19th DAY OF JUNE, 2018 BETWEEN THERATECHNOLOGIES INC. AND COMPUTERSHARE TRUST COMPANY OF CANADA (THE "**INDENTURE**"). EVERY NOTE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS NOTE SHALL BE A GLOBAL NOTE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("**CDS**") TO THERATECHNOLOGIES INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE."

(b) Each Depository designated for a Global Note must, at the time of its designation and at all times while it serves as such Depository, be a clearing agency registered or designated under the securities legislation of the jurisdiction where the Depository has its principal offices.

2.4 Execution of Notes

All Notes shall be signed (either manually or by facsimile signature) by any Director of the Corporation or Authorized Officer of the Corporation, on behalf of the Corporation, holding office at the time of signing. A facsimile signature upon a Note shall for all purposes of this Indenture be deemed to be the signature of the Person whose signature it purports to be. Notwithstanding that any Person whose signature, either manual or in facsimile, appears on a Note as Director of the Corporation or Authorized Officer of the Corporation, on behalf of the Corporation, may no longer hold such office at the date of the Note or at the date of the certification and delivery thereof, such Note shall be valid and binding upon the Corporation and entitled to the benefits of this Indenture.

2.5 Certification

No Note shall be issued or, if issued, shall be obligatory or shall entitle the holder to the benefits of this Indenture, until it has been manually certified by or on behalf of the Note Trustee substantially in the form set out in this Indenture, or in some other form approved by the Note Trustee. Such certification on any Note shall be conclusive evidence that such Note is duly issued, is a valid obligation of the Corporation and the holder is entitled to the benefits hereof.

The certificate of the Note Trustee signed on the Notes, shall not be construed as a representation or warranty by the Note Trustee as to the validity of this Indenture or of the Notes or as to the issuance of the Notes and the Note Trustee shall in no respect be liable or answerable for the use made of the Notes or any of them or the proceeds thereof. The certificate of the Note Trustee signed on the Notes shall, however, be a representation and warranty by the Note Trustee that the Notes have been duly certified by or on behalf of the Note Trustee pursuant to the provisions of this Indenture.

2.6 Mutilation, Loss, Theft or Destruction

In case any of the Notes issued hereunder shall become mutilated or be lost, stolen or destroyed, the Corporation, in its discretion, may issue, and thereupon the Note Trustee shall certify and deliver, a new Note upon surrender and cancellation of the mutilated Note, or in the case of a lost, stolen or destroyed Note, in lieu of and in substitution for the same, and the substituted Note shall be in a form approved by the Note Trustee and shall be entitled to the benefits of this Indenture and rank equally in accordance with its terms with all other Notes issued or to be issued hereunder. The new or substituted Note may have endorsed upon it the fact that it is in replacement of a previous Note. In case of loss, theft or destruction the applicant for a substituted Note shall furnish to the Corporation and to the Note Trustee such evidence of the loss, theft or destruction of the Note and such other documents as shall be satisfactory to them in their discretion and shall also furnish a surety bond and an indemnity satisfactory to them in their discretion. The applicant shall pay all reasonable expenses incidental to the issuance of any substituted Note.

2.7 Concerning Interest

(a) Except as may otherwise be provided in this Indenture or in a Written Direction of the Corporation in respect of the Notes and subject to Section 2.2(b) with respect to the calculation of interest in respect of the initial interest payment to be paid on the Notes, all Notes issued hereunder, whether originally or upon exchange or in substitution for previously issued Notes which are interest bearing, shall bear interest (i) from and including their issue date provided that all the Notes shall bear interest from and including the date hereof, or (ii) from and including the last Interest Payment Date in respect of which interest shall have been paid or made available for payment on the outstanding Notes, whichever shall be the later, in all cases, to but excluding the next Interest Payment Date. All interest shall accrue from day to day and shall be payable in arrears for the actual number of days lapsed in the relevant interest period. Interest payable in a calendar year shall be payable semi-annually in arrears. Interest on all Notes issued hereunder shall accrue up to, but not including the Maturity Date, the Redemption Date or the Date of Conversion, as applicable, for such Notes, unless, upon due presentation, payment of principal or delivery of amounts, securities or other property payable or deliverable hereunder and payment of any accrued and unpaid interest or other amounts payable hereunder is improperly withheld or refused.

(b) Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months. Subject to Section 2.2(b) in respect of the method for calculating the amount of interest to be paid on the Notes on the first Interest Payment Date in respect thereof, with respect to any of the Notes, whenever interest is computed on a basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

(c) For the purposes solely of disclosure under the *Interest Act* (Canada), whenever interest to be paid on the Notes is to be calculated on the basis of a year of 360 days consisting of twelve 30-day months, the yearly rate of interest to which the rate used in such calculation is equivalent during any particular period is the rate so used multiplied by a fraction of which:

(i) the numerator is the product of:

(A) the actual number of days in the calendar year in which such period ends, and

(B) the sum of (x) the product of 30 and the number of complete months elapsed in the relevant period and (y) the number of days elapsed in any incomplete month in the relevant period, and

(ii) the denominator is the product of (i) 360 and (ii) the actual number of days in the relevant period.

2.8 Rank of Notes

The indebtedness, liabilities and obligations of the Corporation under this Indenture and under the Notes, are direct, senior, unsecured obligations, and will rank equally and *pari passu* to all of the Corporation's existing and future senior unsecured and unsubordinated indebtedness. The Notes will be effectively subordinated to all of the Corporation's existing and any future secured indebtedness of the Corporation to the extent of the value of the assets securing such indebtedness. The Notes will rank senior in right of payment to all of the Corporation's future indebtedness that are, by their terms, expressly subordinated in right of payment to the Notes and equal in right of payment with all of the Corporation's existing and future obligations that are not so subordinated.

The Notes are solidarily (jointly and severally) guaranteed on a senior unsecured basis, as to the payment of principal, interest and premium, if any, by the Guarantors pursuant to the Guarantee Agreement in accordance with Article 13.

2.9 Payments of Amounts Due on Maturity

Except as may otherwise be provided herein in respect of the Notes, payments of amounts due upon maturity of the Notes will be made in the following manner. The Corporation will establish and maintain with the Note Trustee a Maturity Account for the Notes. Such Maturity Account shall be maintained by and be subject to the control of the Note Trustee for the purposes of this Indenture. On or before 11:00 a.m. (Montreal time) on the Business Day immediately prior to the Maturity Date for the Notes, the Corporation will deposit in the Maturity Account in US dollars an amount sufficient to pay the cash amount payable in respect of the Notes (including the principal amount and premium (if any) together with any accrued and unpaid interest thereon less any tax required by law to be deducted or withheld), provided the Corporation may elect to satisfy this requirement by providing the Note Trustee with one or

more certified cheques, or with funds by electronic transfer, for such amounts required under this Section 2.9 post-dated to the Maturity Date. The Note Trustee, on behalf of the Corporation, will pay to each holder entitled to receive payment the principal amount and premium (if any) of and accrued and unpaid interest on the Note, upon surrender of the Note at any branch of the Note Trustee designated for such purpose from time to time by the Corporation and the Note Trustee. The delivery of such funds to the Note Trustee for deposit to the applicable Maturity Account will satisfy and discharge the liability of the Corporation for the Notes to which the delivery of funds relates to the extent of the amount delivered (plus the amount of any tax deducted as aforesaid) and such Notes will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so deposited or made available the amount to which such holder is entitled.

2.10 Payment of Interest

The following provisions shall apply to the Notes, except as otherwise provided in Section 2.2(b):

(a) As interest becomes due on each Note (except at maturity, on conversion or on redemption, when interest may at the option of the Corporation be paid upon surrender of such Note) the Corporation, either directly or through the Note Trustee or any agent of the Note Trustee, shall send or forward by prepaid ordinary mail, electronic transfer of funds, or such other means as may be agreed to by the Note Trustee, payment of such interest (less any tax required to be withheld therefrom) to the order of the registered holder of such Note appearing on the registers maintained by the Note Trustee at the close of business on the fifth Business Day prior to the applicable Interest Payment Date and addressed to the holder at the holder's last address appearing on the register, unless such holder otherwise directs. If payment is made by cheque, such cheque shall be forwarded at least three Business Days prior to each date on which interest becomes due and if payment is made by other means (such as electronic transfer of funds, provided the Note Trustee must receive confirmation of receipt of funds prior to being able to wire funds to holders), such payment shall be made in a manner whereby the holder receives credit for such payment on the date such interest on such Note becomes due. The mailing of such cheque or the making of such payment by other means shall, to the extent of the sum represented thereby, plus the amount of any tax withheld as aforesaid, satisfy and discharge all liability for interest on such Note, unless in the case of payment by cheque, such cheque is not paid at par on presentation. In the event of non-receipt of any cheque for or other payment of interest by the Person to whom it is so sent as aforesaid, the Corporation or the Note Trustee will issue to such Person a replacement cheque or other payment for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon being indemnified to its satisfaction. Notwithstanding the foregoing, if the Corporation is prevented by circumstances beyond its control (including, without limitation, any interruption in mail service) from making payment of any interest due on each Note in the manner provided above, the Corporation may make payment of such interest or make such interest available for payment in any other manner acceptable to the Note Trustee with the same effect as though payment had been made in the manner provided above.

(b) Notwithstanding Section (a), if the Notes are represented by one or more Global Notes, then all payments of interest on the Global Notes shall be made by electronic funds transfer or cheque made payable to the Depository or its nominee on the day interest is payable for subsequent payment to Beneficial Holders of interests in the applicable Global Note, unless the Corporation and the Depository otherwise agree. None of the Corporation, the Note Trustee or any agent of the Note Trustee for any Note issued as a Global Note will be liable or responsible to any Person for any aspect of the records related to or payments made on account of beneficial interests in any Global Note or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

(c) The Corporation authorizes the Note Trustee to convert or cause to be converted through an agent or Affiliate, the United States dollar cash payment on account of interest, premium, if any, or principal payable to a Noteholder in respect of the Notes, into Canadian dollars, at the rate of conversion available to the Note Trustee on the date the funds are converted, if the Noteholder so provides a written direction to the Note Trustee requesting its receipt in Canadian dollars. By providing the written request, the Noteholder will have acknowledged and agreed that the exchange rate for one United States dollar expressed in Canadian dollars will be based on the exchange rate available to the Note Trustee on the date the funds are converted. Noteholders electing to have their payments paid in Canadian dollars will have further acknowledged and agreed that any change to the currency exchange rates of the United States or Canada will be at the sole risk of the Noteholder and the Corporation shall not be liable for any variation on the currency exchange rate.

2.11 Withholding Tax

The Corporation will be entitled to deduct and withhold any applicable taxes or similar charges (including interest, penalties or similar amounts in respect thereof) imposed or levied by or on behalf of the Canadian government or of any Province or territory thereof or any authority or agency therein or thereof having power to tax, including pursuant to the Tax Act, from any payment to be made on or in connection with the Notes and, provided that the Corporation forthwith remits such withheld amount to such government, authority or agency and files all required forms in respect thereof and, at the same time, provides copies of such remittance and filing to the Note Trustee and the relevant Noteholder, the amount of any such deduction or withholding will be considered an amount paid in satisfaction of the Corporation's obligations under the Notes and there is no obligation on the Corporation to gross-up amounts paid to a holder in respect of such deductions or withholdings. The Corporation shall provide the Note Trustee and the relevant Noteholder with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of such forms received from such government, authority or agency promptly after receipt thereof.

The Note Trustee shall have no obligation to verify any payments under the Tax Act or any provision of provincial, state, local or foreign tax law. The Note Trustee shall at all times be indemnified and held harmless by the Corporation from and against any personal liabilities of the Note Trustee incurred in connection with the failure of the Corporation or its agents, to report, remit or withhold taxes as required by the Tax Act or otherwise failing to comply with the Tax Act. This indemnification shall survive the resignation or removal of the Note Trustee and the termination of this Indenture solely to the extent that such liabilities have been incurred in connection with taxation years occurring during the term of this Indenture.

2.12 U.S. Legend

(a) The Notes and Shares issuable upon conversion thereof have not been and will not be registered under the 1933 Act or any state securities laws. To the extent that Notes are offered and sold in the United States to Qualified Institutional Buyers in reliance on an exemption from registration under Rule 144A under the 1933 Act, such Notes and all Shares issuable on conversion thereof (collectively, the "**Securities**"), shall be "restricted securities" within the meaning assigned to that term in Rule 144(a)(3) under the 1933 Act. Subject to subsection 2.12(c), such Securities, as well as all securities issued in

exchange for or in substitution of the Securities, shall be issued in certificated form bearing the legend below or under a separate, restricted CUSIP number and, until such time as the same is no longer required under applicable requirements of the 1933 Act or state securities laws, shall bear the following legend (the **"US Legend**"):

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR THE LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THERATECHNOLOGIES INC. (THE "CORPORATION"), THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND (C) IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 THEREUNDER, IF AVAILABLE, OR (ii) RULE 144A THEREUNDER, IF AVAILABLE, AND, IN BOTH CASES, IN ACCORDANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE U.S. STATE SECURITIES LAWS, AND, IN THE CASE OF (C)(i) OR (D) ABOVE, AFTER THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION AND THE TRUSTEE OR TRANSFER AGENT TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

provided that if the Notes or Shares are being sold in compliance with the requirements of Rule 904 of Regulation S and in compliance with Canadian local laws and regulations, and provided that the Corporation is a "foreign issuer" within the meaning of Regulation S at the time of issuance of the Notes or Shares, as applicable, such Securities may be transferred to an unrestricted CUSIP or the U.S. Legend may be removed by providing a declaration to the Note Trustee substantially as set forth in Schedule G (or as the Corporation or the Note Trustee may prescribe from time to time), together with any other evidence reasonably requested by the Corporation or Note Trustee, which evidence may include an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Corporation and the Note Trustee, to the effect that the transfer is being made in compliance with Rule 904 of Regulation S; and provided further that, if any Notes or Shares are being sold in accordance with Rule 144 under the 1933 Act, if available, the Notes or Shares, as applicable, may be transferred into an unrestricted CUSIP or the U.S. Legend may be removed by delivery to the Note Trustee of an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Note Trustee and the Corporation, that the Notes or Shares no longer required a restricted CUSIP or the U.S. Legend is no longer required under applicable requirements of the 1933 Act or applicable state securities laws. Provided that the Trustee obtains confirmation from the Corporation that such counsel is satisfactory to it, it shall be entitled to rely on such opinion of counsel without further inquiry.

(b) The parties hereto hereby acknowledge and agree that the Securities may not be reoffered, or resold, pledged or otherwise transferred except: (i) to the Corporation; (ii) outside the United States in accordance with Regulation S and in compliance with applicable local laws and regulations; (iii) in compliance with the exemption from registration under the 1933 Act provided by (A) Rule 144 under the 1933 Act, or (B) Rule 144A under the 1933 Act, if applicable, and, in each case, in accordance with applicable state securities laws; or (iv) in a transaction that does not require registration under the 1933 Act or any applicable state securities laws.

(c) Notwithstanding subsection 2.12(a), to the extent that a Qualified Institutional Buyer acquiring the Notes pursuant to the Offering has duly executed and delivered a U.S. Purchaser Letter substantially as set forth in Schedule I, such Notes shall be included in the Unrestricted Notes, and any Shares issued to such Qualified Institutional Buyer upon conversion of such Notes shall neither be required to be issued under a restricted CUSIP nor bear a U.S. Legend.

ARTICLE 3
REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP

3.1 Fully-Registered Notes

(a) With respect to the Notes issuable as Fully-Registered Notes, the Corporation shall cause to be kept by and at the principal offices of the Note Trustee in Montreal, Québec or Toronto, Ontario and by the Note Trustee or such other registrar as the Corporation, with the approval of the Note Trustee, may appoint at such other place or places, if any, as may be specified in the Notes or as the Corporation may designate with the approval of the Note Trustee, a register in which shall be entered the names and addresses of the holders of Fully-Registered Notes and particulars of the Notes held by them respectively and of all transfers of Fully-Registered Notes. Such registration shall be noted on the Notes by the Note Trustee or other registrar unless a new Note shall be issued upon such transfer.

(b) No transfer of a Fully-Registered Note shall be valid unless made on such register referred to in Section 3.1(a) by the registered holder or such holder's executors, administrators or other legal representatives or a mandatary duly appointed by an instrument in writing in form and execution satisfactory to the Note Trustee or other registrar upon surrender of the Note together with a duly-executed form of transfer acceptable to the Note Trustee and upon compliance with such other reasonable requirements as the Note Trustee or other registrar may prescribe, nor unless the name of the transferee shall have been noted on the Note by the Note Trustee or other registrar, whereupon new Notes will be issued in authorized denominations in the same aggregate principal amount as the Notes so transferred, registered in the names of the transferees.

(c) Notwithstanding any other provisions in this Indenture or the Notes, transfers and exchanges of Restricted Notes shall be made in accordance with this Section 3.1(c):

(i) **Transfer and Exchange of Interests in a Restricted Uncertificated Note for Interests in an Unrestricted Uncertificated Note.** An interest in a Restricted Uncertificated Note may be exchanged by any holder thereof for an interest in an Unrestricted Uncertificated Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Uncertificated Note if the Note Trustee receives the following:

(A) if the holder of such interest in a Restricted Uncertificated Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Uncertificated Note, a certificate from such holder in the form of Schedule H, including the certifications in item (1)(a) thereof; or

(B) if the holder of such beneficial interest in a Restricted Uncertificated Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Uncertificated Note, a certificate from such holder in the form of Schedule G, including the certifications in items (2) or (3) thereof;

and, in each such case set forth in this Section 3.1(c)(i), an opinion of counsel in form reasonably acceptable to the Corporation and the Note Trustee to the effect that such transfer or exchange is in compliance with the 1933 Act and all applicable state securities laws.

(ii) **Transfer of Restricted Physical Note for Restricted Physical Note.** A Restricted Physical Note may be transferred to a Person who takes delivery thereof in the form of a Restricted Physical Note if the Note Trustee receives a certificate to the effect set forth in Schedule G, including the certifications in item (1) thereof.

(iii) **Transfer and Exchange of Restricted Physical Notes for Unrestricted Physical Notes.** A Restricted Physical Note may be exchanged by the holder thereof for an Unrestricted Physical Note or transferred to a Person who takes delivery thereof in the form of an Unrestricted Physical Note if the Note Trustee receives the following:

(A) if the holder of such Restricted Physical Note proposes to exchange such Note for an Unrestricted Physical Note, a certificate from such holder in the form of Schedule H, including the certifications in item (1)(b) thereof; or

(B) if the holder of such Restricted Physical Note proposes to transfer such Note to a Person who shall take delivery thereof in the form of an Unrestricted Physical Note, a certificate from such holder in the form of Schedule G, including the certifications in item (2) or (3) thereof; and, in each such case set forth in this Section 3.1(c)(i), an opinion of counsel in form reasonably acceptable to the Corporation and the Note Trustee to the effect that such transfer or exchange is in compliance with the 1933 Act and all applicable state securities laws.

3.2 Global Notes

(a) With respect to the Notes issuable in whole or in part as one or more Global Notes, the Corporation shall cause to be kept by and at the principal offices of the Note Trustee in Montreal, Québec or Toronto, Ontario and by the Note Trustee or such other registrar as the Corporation, with the approval of the Note Trustee, may appoint at such other place or places, if any, as the Corporation may designate with the approval of the Note Trustee, a register in which shall be entered the name and address of the holder of each such Global Note (being the Depository, or its nominee, for such Global Note) as holder thereof and particulars of the Global Note held by it, and of all transfers thereof. If the Notes are at any time not Global Notes, the provisions of Section 3.1 shall govern with respect to registrations and transfers of such Notes.

(b) Notwithstanding any other provision of this Indenture, a Global Note may not be transferred by the registered holder thereof and accordingly, no definitive certificates shall be issued to Beneficial Holders except in the following circumstances or as otherwise specified in a resolution of the Board of Directors or an Officer's Certificate relating to the Notes:

(i) Global Notes may be transferred by a Depository to a nominee of such Depository or by a nominee of a Depository to such Depository or to another nominee of such Depository or by a Depository or its nominee to a successor Depository or its nominee;

(ii) Global Notes may be transferred at any time after (i) the Depository for such Global Notes or the Corporation has notified the Note Trustee that the Depository is unwilling or unable to continue as Depository for such Global Notes, or (ii) the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a Depository under Section 2.3(b), provided in each case that at the time of such transfer the Note Trustee and the Corporation are unable to locate a qualified successor Depository for such Global Notes;

(iii) Global Notes may be transferred at any time after the Corporation has determined, in its sole discretion, with the consent of the Note Trustee to terminate the book-entry only registration system in respect of such Global Notes and has communicated such determination to the Note Trustee in writing;

(iv) Global Notes may be transferred at any time after the Note Trustee has determined that an Event of Default has occurred and is continuing with respect to the Notes issued as a Global Note, provided that Beneficial Holders of the Notes representing, in the aggregate, more than 25% of the aggregate principal amount of the Notes advise the Depository in writing, through the Depository Participants, that the continuation of the book-entry only registration system for the Notes is no longer in their best interest and also provided that at the time of such transfer the Note Trustee has not waived the Event of Default pursuant to Section 7.3;

(v) Global Notes may be transferred if required by applicable law; or

(vi) Global Notes may be transferred if the book-entry only registration system ceases to exist.

(c) With respect to the Global Notes, unless and until definitive certificates have been issued to Beneficial Holders of the Notes pursuant to subsection 3.2(b):

(i) the Corporation and the Note Trustee may deal with the Depository for all purposes (including paying interest on the Notes) as the sole holder of the Notes and the authorized representative of the Beneficial Holders;

(ii) the rights of the Beneficial Holders of the Notes shall be exercised only through the Depository and shall be limited to those established by law and agreements between such Beneficial Holders and the Depository or the Depository Participants;

(iii) the Depository will make book-entry transfers among the Depository Participants; and

(iv) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Noteholders evidencing a specified percentage of the outstanding Notes, the Depository shall be deemed to be counted in that percentage only to the extent that it has received instructions to such effect from the Beneficial Holders of the Notes or the Depository Participants, and has delivered such instructions to the Note Trustee.

(d) Whenever a notice or other communication is required to be provided to Noteholders, unless and until definitive certificate(s) have been issued to Beneficial Holders of the Notes pursuant to this Section 3.2, the Note Trustee shall provide all such notices and communications to the Depository and the Depository shall deliver such notices and communications to such Beneficial Holders in accordance with Applicable Securities Legislation. Upon the termination of the book-entry only registration system on the occurrence of one of the conditions specified in Section 3.2(b) with respect to the Notes issued hereunder, the Note Trustee shall notify all applicable Depository Participants and Beneficial Holders, through the Depository, of the availability of definitive Note certificates. Upon surrender by the Depository of the certificate(s) representing the Global Notes and receipt of new registration instructions from the Depository, the Note Trustee shall deliver the definitive Note certificates for such Notes to the holders thereof in accordance with the new registration instructions and thereafter, the registration and transfer of such Notes will be governed by Section 3.1 and the remaining Sections of this Article 3.

(e) Notwithstanding any other provisions of this Indenture or the Notes, except as may be required by the Note Trustee or the Depository, no written orders or instructions shall be required to be delivered to the Note Trustee to effect a transfer of a beneficial interest in a Global Note to Persons who take delivery thereof in the form of a beneficial interest in the same Global Note.

3.3 Transferee Entitled to Registration

The transferee of a Note shall be entitled, after the appropriate form of transfer is lodged with the Note Trustee or other registrar and upon compliance with all other conditions in that behalf required by this Indenture or by law, to be entered on the register as the owner of such Note free from all equities or rights of compensation or counterclaim between the Corporation and the transferor or any previous holder of such Note, save in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

3.4 No Notice of Trusts

Neither the Corporation nor the Note Trustee nor any registrar shall be bound to take notice of or see to the execution of any trust whether express, implied or constructive, in respect of any Note, and may transfer the same on the direction of the Person registered as the holder thereof, whether named as trustee or otherwise, as though that Person were the beneficial owner thereof.

3.5 Registers Open for Inspection

The registers referred to in Sections 3.1 and 3.2 shall, during regular business hours of the Note Trustee, be open for inspection by the Corporation, the Note Trustee or any Noteholder. Every registrar, including the Note Trustee, shall from time to time when requested so to do by the Corporation or by the Note Trustee, in writing, furnish the Corporation or the Note Trustee, as the case may be, with a list of names and addresses of holders of registered Notes entered on the register kept by them and showing the principal amount and serial numbers of the Notes held by each such holder, provided the Note Trustee shall be entitled to charge a reasonable fee to provide such a list.

3.6 Exchanges of Notes

(a) Subject to Section 3.7, Notes in any authorized form or denomination, other than Global Notes, may be exchanged for Notes in any other authorized form or denomination, bearing the same interest rate and of the same aggregate principal amount as the Notes so exchanged.

(b) In respect of exchanges of Notes permitted by Section 3.6(a), Notes may be exchanged only at the principal offices of the Note Trustee in Montreal, Québec, Toronto, Ontario or at such other place or places, if any, as may be specified in the Notes and at such other place or places as may from time to time be designated by the Corporation with the approval of the Note Trustee. Any Notes tendered for exchange shall be surrendered to the Note Trustee. The Corporation shall execute and the Note Trustee shall certify all Notes necessary to carry out exchanges as aforesaid. All Notes surrendered for exchange shall be cancelled.

(c) Notes issued in exchange for Notes which at the time of such issue have been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption in the same manner and shall have noted thereon a statement to that effect.

3.7 Closing of Registers

(a) Neither the Corporation nor the Note Trustee nor any registrar shall be required to:

(i) make transfers or exchanges or conversion of Fully-Registered Notes on any Interest Payment Date, on the Maturity Date or during the five Business Days preceding any such date;

(ii) make transfers or exchanges of any Notes on the day of any selection by the Note Trustee of Notes to be redeemed or during the five preceding Business Days; or

(iii) make transfers or exchanges of any Notes which will have been selected or called for redemption unless upon due presentation thereof for redemption such Notes shall not be redeemed.

(b) Subject to any restriction herein provided, the Corporation with the approval of the Note Trustee may at any time close any register for the Notes, other than those kept at the principal offices of the Note Trustee in Montreal, Québec or Toronto, Ontario, and transfer the registration of any Notes registered thereon to another register (which may be an existing register) and thereafter such Notes shall be deemed to be registered on such other register. Notice of such transfer shall be given to the holders of such Notes.

3.8 Charges for Registration, Transfer and Exchange

For each Note exchanged, registered, transferred or discharged from registration, the Note Trustee or other registrar, except as otherwise herein provided, may make a reasonable charge for its services and in addition may charge a reasonable sum for each new Note issued (such amounts to be agreed upon from time to time by the Note Trustee and the Corporation), and payment of such charges and reimbursement of the Note Trustee or other registrar for any stamp taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange, registration, transfer or discharge from registration as a condition precedent thereto. Notwithstanding the foregoing provisions, no charge shall be made to a Noteholder hereunder:

(a) for any exchange, registration, transfer or discharge from registration of any Note applied for within a period of two months from the date of the first delivery of Notes;

(b) for any exchange of a Global Note as contemplated in Section 3.2;

(c) for any exchange of any Note resulting from a partial redemption under Section 4.2;

(d) for any exchange of any Note resulting from a partial conversion under Section 5.4(d);

(e) for any exchange of any Note resulting from a partial purchase under Section 2.2(e); or

(f) for any exchange of any Note in denominations in excess of $1,000 for Notes of lesser denominations, provided that the Notes surrendered for exchange shall not have been issued as a result of any previous exchange other than an exchange pursuant to subsection (a) above.

3.9 Ownership of Notes

(a) Unless otherwise required by law, the Person in whose name any registered Note is registered shall for all the purposes of this Indenture be and be deemed to be the owner thereof and payment of or on account of the principal of and premium, if any, on such Note and interest thereon shall be made to such registered holder.

(b) Neither the Corporation nor the Note Trustee shall have any liability for:

(i) any aspect of the records relating to the beneficial ownership of the Notes held by a Depository or of the payments relating thereto; or

(ii) maintaining, supervising or reviewing any such records relating to the Notes.

(c) The registered holder for the time being of any registered Note shall be entitled to the principal, premium, if any, and/or interest evidenced by such instruments, respectively, free from all equities or rights of compensation or counterclaim between the Corporation and the original or any intermediate holder thereof and all Persons may act accordingly and the receipt of any such registered holder for any such principal, premium or interest shall be a good discharge to the Corporation and/or the Note Trustee for the same and neither the Corporation nor the Note Trustee shall be bound to inquire into the title of any such registered holder.

(d) Where Notes are registered in more than one name, the principal, premium, if any, and interest from time to time payable in respect thereof may be paid to the order of all such holders, failing written instructions from them to the contrary, and the receipt of any one of such holders therefore shall be a valid discharge, to the Note Trustee, any registrar and to the Corporation.

(e) In the case of the death of one or more joint holders of any Note the principal, premium, if any, and interest from time to time payable thereon may be paid to the order of the survivor or survivors of such registered holders and the receipt of any such survivor or survivors therefor shall be a valid discharge to the Note Trustee and any registrar and to the Corporation.

ARTICLE 4
REDEMPTION AND PURCHASE OF NOTES AND CERTAIN PAYMENTS ON MATURITY

4.1 Optional Redemption

The Notes will not be redeemable before June 30, 2021 (except in limited circumstances following a Change of Control as provided herein). On or after June 30, 2021 and prior to the Maturity Date, the Notes may be redeemed in whole or in part from time to time at the option of the Corporation on notice as provided for in Section 4.3 and at a price equal to the Redemption Price, provided that the Current Market Price on the date on which such notice of redemption is given is at least 130% of the Conversion Price and the Corporation shall have provided to the Note Trustee an Officer's Certificate confirming such Current Market Price. The Redemption Notice for the Notes shall be in the form of Schedule B to this Indenture.

4.2 Partial Redemption

If less than all the Notes for the time being outstanding are at any time to be redeemed, the Notes to be so redeemed shall be selected by the Note Trustee on a *pro rata* basis to the nearest multiple of US$1,000 in accordance with the principal amount of the Notes registered in the name of each holder or in such other manner as the Note Trustee deems equitable, subject to the approval of the TSX or such other exchange on which the Notes are then listed, as may be required from time to time. Unless otherwise specifically provided in the terms of the Notes, no Note shall be redeemed in part unless the principal amount redeemed is US$1,000 or a multiple thereof. For this purpose, the Note Trustee may make, and from time to time vary, regulations with respect to the manner in which such Notes may be drawn for redemption in part or for redemption in cash and regulations so made shall be valid and binding upon all holders of such Notes notwithstanding the fact that as a result thereof one or more of such Notes may become subject to redemption in part only or for cash only. In the event that one or more of such Notes becomes subject to redemption in part only, upon surrender of any such Notes for payment of the Redemption Price, the Corporation shall execute and the Note Trustee shall certify and deliver without charge to the holder thereof or upon the holder's order one or more new Notes for the unredeemed part of the principal amount of the Note or Notes so surrendered or, with respect to a Global Note, the Depository shall make notations on the Global Note of the principal amount thereof so redeemed. Unless the context otherwise requires, the terms "Note" or "Notes" as used in this Article 4 shall be deemed to mean or include any part of the principal amount of any Note which in accordance with the foregoing provisions has become subject to redemption.

4.3 Notice of Redemption

Notice of redemption (the "**Redemption Notice**") of Notes shall be given to the holders of the Notes so to be redeemed not more than 60 days nor less than 40 days prior to the date fixed for redemption (the "**Redemption Date**") in the manner provided in Section 14.2. Every such notice shall specify the aggregate principal amount of Notes called for redemption, the Redemption Date, the Redemption Price, and the places of payment and shall state that interest upon the principal amount of Notes called for redemption shall cease to accrue and be payable on and after the Redemption Date.

In the event that all Notes to be redeemed are registered Notes, publication shall not be required.

In the event that a holder of Notes exercises its conversion right pursuant to Article 5 following the Corporation giving a Redemption Notice, such holder shall be entitled to receive accrued and unpaid interest thereon, in addition to the applicable number of Shares to be received on conversion, for the period from the latest Interest Payment Date up to, but excluding, the date of conversion.

4.4 Notes Due on Redemption Date

Notice having been given as aforesaid, all the Notes so called for redemption shall thereupon be and become due and payable at the Redemption Price, on the Redemption Date specified in such notice, in the same manner and with the same effect as if it were the Maturity Date specified in such Notes, anything therein or herein to the contrary notwithstanding, and from and after such Redemption Date, if the monies necessary to redeem, or the Shares to be issued to redeem, such Notes shall have been deposited as provided in Section 4.5 and affidavits or other proof satisfactory to the Note Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest upon the Notes shall cease to accrue. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Note Trustee whose decision shall be final and binding upon all parties in interest.

4.5 Deposit of Redemption Monies

Redemption of Notes shall be provided for by the Corporation depositing with the Note Trustee or any paying agent to the order of the Note Trustee, on or before 11:00 a.m. (Montreal Time) on the Business Day immediately prior to the Redemption Date specified in such notice, such sums of money as are sufficient to pay the Redemption Price of the Notes so called for redemption, provided the Corporation may elect to satisfy this requirement by providing the Note Trustee with one or more certified cheques or wire transfer for such amounts required under this Section 4.5 post-dated to the Redemption Date or by providing the Note Trustee with such funds through electronic transfer of funds on the Business Day immediately prior to the Redemption Date. The Corporation shall also deposit with the Note Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Note Trustee in connection with such redemption. Every such deposit shall be irrevocable. From the sums so deposited, or certificates so deposited, or both, the Note Trustee shall pay or cause to be paid, or issue or cause to be issued, to the holders of such Notes so called for redemption, upon surrender of such Notes, the principal, premium (if any) and interest (if any) to which they are respectively entitled on redemption, less applicable withholding taxes, if any.

4.6 Failure to Surrender Notes Called for Redemption

In case the holder of any Note so called for redemption shall fail on or before the Redemption Date to so surrender such holder's Note, or shall not within such time accept payment of the Redemption Price payable or give such receipt therefor, if any, as the Note Trustee may require, such redemption monies may be set aside in trust, without interest, or such certificates may be held in trust, either in the deposit

department of the Note Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Noteholder of the sum so set aside and, to that extent, the Note shall thereafter not be considered as outstanding hereunder and the Noteholder shall have no other right except to receive payment out of the monies so paid and deposited upon surrender and delivery of such holder's Note of the Redemption Price of such Note. In the event that any money required to be deposited hereunder with the Note Trustee or any depository or paying agent on account of principal, premium (if any) or interest, if any, on Notes issued hereunder shall remain so deposited for a period of six years from the Redemption Date, then such monies, together with any accumulated interest thereon or any distribution paid thereon, shall at the end of such period be paid over or delivered over by the Note Trustee or such depository or paying agent to the Corporation on its demand, and thereupon the Note Trustee shall not be responsible to Noteholders for any amounts owing to them and subject to applicable law, thereafter the holder of a Note in respect of which such money was so repaid to the Corporation shall have no rights in respect thereof except to obtain payment of the money or certificates due from the Corporation, subject to any prescription period provided by the laws of the Province of Québec. Notwithstanding the foregoing, the Note Trustee will pay any remaining funds prior to the expiry of six years after the Redemption Date to the Corporation upon receipt from the Corporation or one of its Subsidiaries of an unconditional letter of credit from a Canadian chartered bank in an amount equal to or in excess of the amount of the remaining funds. If the remaining funds are paid to the Corporation prior to the expiry of six years after the Redemption Date, the Corporation shall, prior to the payment by the Note Trustee, pay the Note Trustee the amounts required to be paid by the Note Trustee to a holder of a Note pursuant to the redemption after the date of such payment of the remaining funds to the Corporation but prior to six years after the redemption.

4.7 Cancellation of Notes Redeemed

Subject to the provisions of Sections 4.2 and 4.8 as to Notes redeemed or purchased in part, all Notes redeemed and paid under this Article 4 shall forthwith be delivered to the Note Trustee and cancelled and no Notes shall be issued in substitution therefor.

4.8 Purchase of Notes by the Corporation

Subject to Applicable Securities Legislation, the Corporation and any of its Affiliates may at any time and from time to time, purchase Notes in the market (which shall include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract, at any price, subject to regulatory requirements; provided, however, that if an Event of Default has occurred and is continuing, the Corporation and its Affiliates will not have the right to so purchase Notes. All Notes so purchased shall be delivered to the Note Trustee and cancelled and no Notes shall be issued in substitution therefor.

If, upon an invitation for tenders, more Notes are tendered at the same lowest price that the Corporation or an Affiliate is prepared to accept, the Notes to be purchased by the Corporation or by such Affiliate shall be selected by the Note Trustee on a *pro rata* basis or in such other manner consented to by the TSX or such other exchange on which the Notes are then listed which the Note Trustee considers appropriate, from the Notes tendered by each tendering Noteholder who tendered at such lowest price. For this purpose the Note Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected, and regulations so made shall be valid and binding upon all Noteholders, notwithstanding the fact that as a result thereof one or more of such Notes become subject to purchase in part only. The holder of a Note of which a part only is purchased, upon surrender of such Note for payment, shall be entitled to receive, without expense to such holder, one or more new Notes for the unpurchased part so surrendered, and the Note Trustee shall certify and deliver such new Note or Notes upon receipt of the Note so surrendered or, with respect to a Global Note, the Depository shall make notations on the Global Note of the principal amount thereof so purchased.

4.9 Deposit of Maturity Monies

Payment on maturity of Notes shall be provided for by the Corporation depositing with the Note Trustee or any paying agent to the order of the Note Trustee, on or before 11:00 a.m. (Montreal time) on the Business Day immediately prior to the Maturity Date such sums of money as may be sufficient to pay the principal amount of the Notes, together with a sum of money sufficient to pay all accrued and unpaid interest thereon up to but excluding the Maturity Date, provided the Corporation may elect to satisfy this requirement by providing the Note Trustee with one or more certified cheques or with funds by electronic transfer, for such amounts required under this Section 4.9. The Corporation shall also deposit with the Note Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Note Trustee in connection therewith. Every such deposit shall be irrevocable. From the sums so deposited, the Note Trustee shall pay or cause to be paid to the holders of such Notes, upon surrender of such Notes, the principal, premium (if any) and interest (if any) to which they are respectively entitled on maturity.

ARTICLE 5
CONVERSION OF NOTES

5.1 Conversion Right

(a) Each holder of Notes shall have the right at such holder's option, at any time prior to the close of business on the earliest of (i) the last Business Day immediately preceding the Maturity Date, (ii) the last Business Day immediately preceding the Redemption Date specified by the Corporation for redemption of the Notes by notice to the holders of Notes in accordance with Sections 2.2(c) and 4.3 of this Indenture, and (iii) the last Business Day immediately preceding the payment date in the event the Corporation is required to offer to repurchase the Notes in the event of a Change of Control in accordance with Section 2.2(e) of this Indenture (the earliest of which will be the "**Time of Expiry**" for the purposes of Article 5 of the Indenture in respect of the Notes), to convert the whole or, in the case of a Note of a denomination in excess of US$1,000, any part which is US$1,000 or an integral multiple thereof, of the principal amount of such Note into fully-paid and non-assessable Freely-Tradeable Shares at the Conversion Rate in effect on the Date of Conversion. Notwithstanding the foregoing, no Notes may be converted during the five Business Days preceding each Interest Payment Date.

(b) The Conversion Rate in effect on the date hereof shall be equal to 67.3401 Shares for each US$1,000 principal amount of Notes, resulting in a Conversion Price as of the date hereof equal to US$14.85, subject to the terms of Section 5.6. Noteholders converting their Notes will receive, as the case may be, interest that has accrued but not been paid from the most recently completed Interest Payment Date to but excluding the date of conversion. Holders converting their Notes on an Interest Payment Date will receive the respective interest payment. The Conversion Rate applicable to the Shares, securities or other property receivable on the conversion of the Notes is subject to adjustment pursuant to the provisions of Section 5.5.

5.2 Notice of Expiry of Conversion Privilege

Notice of the Time of Expiry shall be given by or on behalf of the Corporation not more than 60 days and not less than 30 days prior to the date fixed for the Time of Expiry, in the manner provided in Section 14.2.

5.3 Revival of Right to Convert

If the redemption of any Note called for redemption by the Corporation is not made or the payment of the purchase price of any Note which has been tendered in acceptance of an offer by the Corporation to purchase Notes for cancellation is not made, in the case of a redemption upon due surrender of such Note or in the case of a purchase on the date on which such purchase is required to be made, as the case may be, then, provided the Time of Expiry has not passed, the right to convert such Notes shall revive and continue as if such Note had not been called for redemption or tendered in acceptance of the Corporation's offer, respectively.

5.4 Manner of Exercise of Right to Convert

(a) The holder of a Note desiring to convert such Note in whole or in part into Shares shall surrender such Note to the Note Trustee at its principal offices in Montreal, Québec or Toronto, Ontario together with the conversion notice in the form attached hereto as Schedule C, or any other written notice in a form satisfactory to the Note Trustee, duly executed by the holder or his executors or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Note Trustee, exercising his right to convert such Note in accordance with the provisions of this Article 5; provided that with respect to a Global Note, the obligation to surrender a Note to the Note Trustee shall be satisfied if the Note Trustee makes notation on the Global Note of the principal amount thereof so converted and the Note Trustee is provided with all other documentation which it may request. Such Noteholder shall be or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges and compliance with all reasonable requirements of the Note Trustee, his nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Date of Conversion (or such later date as is specified in Section 5.4(b)) as the holder of the number of Shares into which such Note is convertible as of the Business Day immediately following the Date of Conversion in accordance with the provisions of this Article 5 and, as soon as practicable thereafter, the Corporation shall (i) deliver to such Noteholder or, subject as aforesaid, his nominee(s) or assignee(s), a certificate or certificates for such Shares and (ii) make or cause to be made any payment of interest to which such holder is entitled in accordance with Section 5.4(e) hereof or in respect of fractional Shares as provided in Section 5.6. Where the Depository is the registered holder of the Note, the Note Trustee shall accept delivery of and act upon a Depository letter of instruction in place of a conversion notice signed by the registered holder, containing all pertinent conversion information and accompanied by such other documentation submitted by the Depository which the Note Trustee may deem satisfactory to effect the conversion being requested.

(b) For the purposes of this Article 5, a Note shall be deemed to be surrendered for conversion on the date on which it is so surrendered when the register of the Note Trustee is open and in accordance with the provisions of this Article 5 or, in the case of a Global Note, on the date which the Note Trustee received notice of and all necessary documentation in respect of the exercise of the conversion rights and, in the case of a Note so surrendered by post or other means of transmission, on the date on which it is received by the Note Trustee at its offices specified in Section 5.4(a); provided that if a Note is surrendered for conversion on a day on which the register of Shares is closed the Person or Persons entitled to receive Shares shall become the holder or holders of record of such Shares as at the date on which such register is next reopened (in each case, the "**Date of Conversion**").

(c) Any part, being US$1,000 or an integral multiple thereof, of a Note in a denomination in excess of US$1,000 may be converted as provided in this Article and all references in this Indenture to conversion of Notes shall be deemed to include conversion of such part.

(d) Upon a holder of any Note exercising the right of conversion in respect of only a part of the Note and surrendering such Note to the Note Trustee, in accordance with Section 5.4(a) the Note Trustee shall cancel the same and shall without charge forthwith certify and deliver to the holder a new Note or Notes in an aggregate principal amount equal to the unconverted part of the principal amount of the Note so surrendered or, with respect to a Global Note, the Note Trustee shall make notations on the Global Note of the principal amount thereof so converted.

(e) The holder of a Note surrendered for conversion in accordance with this Section 5.4 shall be entitled to receive accrued and unpaid interest in respect thereof from the last Interest Payment Date up to but excluding the Date of Conversion. The Shares issued upon such conversion shall participate only in respect of distributions or dividends declared in favour of shareholders of record on and after the Business Day immediately after the Date of Conversion or such later date as such holder shall become the holder of record of such Shares pursuant to Section 5.4(b), from which applicable date such Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Shares.

(f) In the event of a conversion of Notes into Freely-Tradeable Shares where the holder is subject to withholding taxes, the Note Trustee, on a Written Direction of the Corporation but for the account of the holder, shall sell, or cause to be sold through the investment banks, brokers or dealers selected by the Corporation, out of the Freely-Tradeable Shares issued by the Corporation for this purpose, such number of Freely-Tradeable Shares that together with any cash payment in lieu of fractional Shares, if any, is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld, and shall remit same on behalf of the Corporation to the proper tax authorities within the period of time prescribed for this purpose under applicable laws. Any amount of net proceeds (after payment of all costs) in excess of the amount required by applicable law to be withheld will be remitted to the Noteholder.

5.5 Adjustment of Conversion Rate

The Conversion Rate in effect at any date shall be subject to adjustment from time to time as set out below.

(a) If and whenever at any time prior to the Time of Expiry the Corporation shall (i) subdivide or redivide the outstanding Shares into a greater number of shares, (ii) reduce, combine or consolidate the outstanding Shares into a smaller number of shares, or (iii) issue Shares or securities convertible into Shares by way of a dividend or distribution, the Conversion Rate in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Shares by way of a dividend or distribution, as the case may be, shall in the case of any of the events referred to in (i) and (iii) above be increased in proportion to the number of outstanding Shares resulting from such subdivision, redivision, dividend or distribution, or shall, in the case of any of the events referred to in (ii) above, be decreased in proportion to the number of outstanding Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 5.5(a) shall occur. Any such issue of Shares by way of a dividend or distribution shall be deemed to have been made on the record date for the dividend or distribution for the purpose of calculating the number of outstanding Shares under subsections (b) and (c) of this Section 5.5.

(b) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Shares (or securities convertible into Shares) at a price per Share (or having a conversion or exchange price per Share) that is less than 95% of the Current Market Price on such record date, the Conversion Rate shall be adjusted immediately after such record date so that it shall equal the rate determined by multiplying the Conversion Rate in effect on such record date by a fraction, of which the denominator shall be the total number of Shares outstanding on such record date plus a number of Shares equal to the quotient obtained by dividing the aggregate price of the total number of additional Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) by such Current Market Price per Share, and of which the numerator shall be the total number of Shares outstanding on such record date plus the total number of additional Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible). Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect if such record date had not been fixed or to the Conversion Rate which would then be in effect if only the number of Shares (or securities convertible into Shares) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.

(c) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Shares of (i) shares of any class other than Shares, (ii) rights, options or warrants (excluding rights, options or warrants described in (b) above), (iii) evidences of its indebtedness, or (iv) other assets (including cash) then, in each such case, the Conversion Rate shall be adjusted immediately after such record date so that it shall equal the rate determined by multiplying the Conversion Rate in effect on such record date by a fraction, of which the denominator shall be (A) the total number of Shares outstanding on such record date multiplied by the Current Market Price per Share on such record date, less (B) the fair market value, in US dollars (as determined in good faith by the Board of Directors, with the approval of the Note Trustee, which determination shall be conclusive), of such shares or rights, options or warrants or evidences of indebtedness or assets so distributed, and of which the numerator shall be the total number of Shares outstanding on such record date multiplied by such Current Market Price per Share. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the Conversion Rate shall be re-adjusted to the Conversion Rate which would then be in effect if such record date had not been fixed or to the Conversion Rate which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or assets actually distributed, as the case may be.

(d) If and whenever at any time prior to the Time of Expiry, there is a reclassification of the Shares or a capital reorganization or change of the Corporation other than as described in Section 5.5(a) or a consolidation, amalgamation, arrangement, binding share exchange or merger of the Corporation with or into any other Person or other entity or other combination pursuant to which the Shares are converted into or acquired for cash, securities or other property; or any sale, or conveyance or other disposition of the property and assets of the Corporation as an entirety or substantially as an entirety to any other Person (other than a direct or indirect wholly-owned Subsidiary of the Corporation) or other entity or a liquidation, dissolution or winding-up of the Corporation, any holder of a Note who has not exercised its right of conversion prior to the effective time of such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement, binding share exchange, merger, sale, transfer, dispositions or liquidation, dissolution or winding-up, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Shares then sought to be acquired by it, the kind and amount of cash, the number of shares or other securities or property of the Corporation or of the Person or other entity resulting from such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement, binding share exchange, merger, or to which such sale, transfer, disposition may be made or which holders of Shares receive pursuant to such liquidation, dissolution or winding-up, as the case may be, that such holder of a Note would have been entitled to receive on such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement, binding share exchange or merger, sale, transfer, dispositions or liquidation, dissolution or winding-up, if, on the record date or the effective date thereof, as the case may be, the holder had been the registered holder of the number of Shares sought to be acquired by it and to which it was entitled to acquire upon the exercise of the conversion right. The Corporation shall give notice in writing to Noteholders at least 30 days prior to the record date or effective date thereof and by press release stating the consideration into which the Notes will be convertible after the record date or effective date thereof. If determined appropriate by the Board of Directors to give effect to or to evidence the provisions of this Section 5.5(d), the Corporation, its successor, or such purchasing Person or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement, binding share exchange, merger, sale, transfer, dispositions or liquidation, dissolution or winding-up or other similar transaction, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set out in this Indenture with respect to the rights and interests thereafter of the holder of Notes to the end that the provisions set out in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares or other securities or property to which a holder of Notes is entitled on the exercise of its conversion rights thereafter. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing Person or other entity and the Note Trustee shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 5.5(d) and which shall apply to successive reclassifications, capital reorganizations, changes, consolidations, amalgamations, mergers, sales, transfers, dispositions and to any successive liquidation, dissolution or winding up or other similar transaction. For greater certainty, nothing in this Section 5.5(d) shall affect or reduce the requirement for any Person to make a Change of Control Purchase Offer or to pay the Make Whole Premium in accordance with Section 2.2, and notice of any transaction to which this Section 5.5(d) applies shall be given in accordance with Section 5.10. The Corporation shall not become a party to any reclassification, capital reorganization, change, consolidation, amalgamation, arrangement, binding share exchange, merger, sale, transfer, dispositions or liquidation, dissolution or winding-up unless its terms are consistent with this Section 5.5(d).

(e) If any issuer bid made by the Corporation or any of its Subsidiaries for all or any portion of Shares shall expire, then, if the issuer bid shall require the payment to shareholders of consideration per Share having a fair market value (determined as provided below) that exceeds the Current Market Price on the last date (the "**Expiration Date**") tenders could have been made pursuant to such issuer bid (as it may be amended) (the last time at which such tenders could have been made on the Expiration Date is hereinafter sometimes called the "**Expiration Time**"), then the Conversion Rate shall be adjusted so that it shall equal the rate determined by multiplying the Conversion Rate in effect immediately preceding the close of business on the Expiration Date by a fraction of which (i) the numerator shall be the sum of (A) the fair market value of the aggregate consideration (the fair market value as determined in good faith by the Board of Directors, whose determination shall be conclusive evidence of such fair market value and which shall be evidenced by an Officer's Certificate delivered to the Trustee) payable to shareholders based on the acceptance (up to any maximum specified in the terms of the issuer bid) of all Shares validly tendered and not withdrawn as of the Expiration Time (the Shares deemed so accepted, up to any such maximum, being referred to as the "**Purchased Shares**") and (B) the product of the number of Shares outstanding (less any Purchased Shares) at the Expiration Time and the Current Market Price on the Expiration Date, and (ii) the denominator of which shall be the product of the number of Shares outstanding (including Purchased Shares) at the Expiration Time multiplied by the Current Market Price on the Expiration Date, such increase to become effective immediately preceding the opening of business on the Business Day following the Expiration Date. In the event that the Corporation is obligated to purchase Shares pursuant to any such issuer bid, but the Corporation is permanently prevented by applicable law from effecting any or all such purchases or any or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would have been in effect based upon the number of Shares actually purchased, if any. If the application of this Section 5.5(e) to any issuer bid would result in a decrease in the Conversion Rate, no adjustment shall be made for such issuer bid under this Section 5.5(e).

(f) For purposes of this Section 5.5(f), the term "issuer bid" shall mean an issuer bid under Applicable Securities Legislation or a take-over bid under Applicable Securities Legislation by a Subsidiary of the Corporation for the Shares but shall exclude a repurchase under a normal course issuer bid, and all references to "purchases" of Shares in issuer bids (and all similar references) shall mean and include the purchase of Shares in issuer bids and all references to "tendered Shares" (and all similar references) shall mean and include Shares tendered in issuer bids. If the exercise, purchase or conversion price provided for in any rights, options, warrants or other securities exchangeable for or convertible into Shares (the "**Exercise Price**") referred to in Section 5.5(b) or 5.5(c) is decreased, the Conversion Rate will forthwith be changed so as to increase the Conversion Rate to the Conversion Rate that would have been obtained if the adjustment to the Conversion Rate made under Section 5.5(b) or 5.5(c), as the case may be, with respect to such rights, options, warrants or other securities exchangeable for or convertible into Shares had been made on the basis of the Exercise Price as so decreased, provided that the terms of this Section 5.5(f) will not apply to any decrease in the Exercise Price resulting from terms in any such rights, options, warrants or convertible securities designed to prevent dilution except to the extent that the resulting increase in the Conversion Rate under this Section 5.5(f) would be greater than the increase, if any, in the Conversion Rate to be made under the terms of this Article 5 by virtue of the occurrence of the event giving rise to such decrease in the Exercise Price.

(g) In any case in which this Section 5.5 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the holder of any Note converted after such record date and before the occurrence of such event the additional Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Shares declared in favour of holders of record of Shares on and after the Date of Conversion or such later date as such holder would, but for the provisions of this Section 5.5(g), have become the holder of record of such additional Shares pursuant to Section 5.4(b).

(h) The adjustments provided for in this Section 5.5 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Rate shall be required unless such adjustment would have the effect of increasing or decreasing by at least 1% the Conversion Price then in effect; provided however, that any adjustments which by reason of this Section 5.5(h) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

(i) For the purpose of calculating the number of Shares outstanding, Shares owned by or for the benefit of the Corporation shall not be counted.

(j) In the event of any question arising with respect to the adjustments provided in this Section 5.5, such question shall be conclusively determined by a firm of nationally recognized chartered accountants appointed by the Corporation and acceptable to the Note Trustee (who shall not be the auditors of the Corporation); such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation, the Note Trustee, and the Noteholders. The fees and expenses of such accountants shall be borne by the Corporation.

(k) In case the Corporation shall take any action affecting the Shares other than action described in this Section 5.5, which in the opinion of the Board of Directors, would materially affect the rights of Noteholders, the Conversion Rate shall be increased in such manner and at such time, by action of the Board of Directors, subject to the prior written consent of the TSX (or, if the Notes are not listed thereon, on such other exchange on which the Notes are then listed), as the Board of Directors in their sole discretion may determine to be equitable in the circumstances. Failure of the Board of Directors to make such an adjustment shall be conclusive evidence that they have determined that it is equitable to make no adjustment in the circumstances.

(l) Subject to the prior written consent of the TSX or such other exchange on which the Notes are then listed, no adjustment in the Conversion Rate shall be made in respect of any event described in Section 5.5 other than the events described in Section 5.5(a)(i) or 5.5(a)(ii) if the holders of the Notes are entitled to participate in such event on the same terms *mutatis mutandis* as if they had converted their Notes prior to the effective date or record date, as the case may be, of such event.

(m) Except as stated above in this Section 5.5, no adjustment will be made in the Conversion Rate for any Notes as a result of the issuance of Shares by way of private placement to investors on a prospectus exempt basis, or by way of a prospectus which is made to the public in general, at less than the Current Market Price for such Shares on the date of issuance or the then applicable Conversion Price.

5.6 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Shares upon the conversion of Notes pursuant to this Article. If more than one Note shall be surrendered for conversion at one time by the same holder, the number of whole Shares issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of such Notes to be converted. If any fractional interest in a Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal amount of Notes, the Corporation shall, in lieu of delivering any certificate representing such fractional interest, make a cash payment to the holder of such Note of an amount equal to the fractional interest which would have been issuable multiplied by the Current Market Price on the Date of Conversion of such fractional interest (less applicable withholding taxes, if any).

5.7 Corporation to Reserve Shares

The Corporation covenants with the Note Trustee that it will at all times reserve and keep available out of its authorized Shares, solely for the purpose of issue upon conversion of Notes as provided in this Article 5, and conditionally allot to Noteholders who may exercise their conversion rights hereunder, such number of Shares as shall then be issuable upon the conversion of all outstanding Notes. The Corporation covenants with the Note Trustee that all Shares which shall be so issuable shall be duly and validly issued as fully-paid, non-assessable Freely-Tradeable Shares.

5.8 Cancellation of Converted Notes

Subject to the provisions of Section 5.4 as to Notes converted in part, all Notes converted in whole or in part under the provisions of this Article shall be forthwith delivered to and cancelled by the Note Trustee and no Note shall be issued in substitution therefor.

5.9 Certificate as to Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 5.5, deliver an Officer’s Certificate to the Note Trustee specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate and the amount of the adjustment specified therein shall be verified by an opinion of a firm of nationally recognized chartered accountants appointed by the Corporation and acceptable to the Note Trustee (who shall not be the auditors of the Corporation) and shall be conclusive and binding on all parties in interest. The fees and expenses of such accountants shall be borne by the Corporation. When so approved, the Corporation shall, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Shares, forthwith give notice to the Noteholders in the manner provided in Section 14.2 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Rate.

5.10 Notice of Special Matters

The Corporation covenants with the Note Trustee that so long as any Note remains outstanding, it will give notice to the Note Trustee, and to the Noteholders in the manner provided in Section 14.2, of its intention to fix a record date for any event referred to in Section 5.5(a), 5.5(b) or 5.5(c) (other than the subdivision, redivision, reduction, combination or consolidation of its Shares) which may give rise to an adjustment in the Conversion Rate, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date.

In addition, the Corporation covenants with the Note Trustee that so long as any Note remains outstanding, it will give notice to the Note Trustee, and to the Noteholders in the manner provided in Section 14.2, at least 30 days prior to the (i) effective date of any transaction referred to in Section 5.5(d) stating the consideration into which the Notes will be convertible after the effective date of such transaction, and (ii) Expiration Date of any transaction referred to in Section 5.5(e) stating the consideration paid per Share in such transaction.

5.11 Protection of Note Trustee

Subject to Section 15.3, the Note Trustee:

(a) shall not at any time be under any duty or responsibility to any Noteholder to determine whether any facts exist which may require any adjustment in the Conversion Rate, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;

(b) shall not be accountable with respect to the validity or value (or the kind or amount) of any Shares or other securities or property which may at any time be issued or delivered upon the conversion of any Note;

(c) shall not be responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver Shares or Share certificates upon the surrender of any Note for the purpose of conversion, or to comply with any of the covenants contained in this Article; and

(d) shall be entitled to act and rely on any adjustment calculation of the Corporation.

5.12 Payment of Cash in Lieu of Shares

Upon conversion, the Corporation may offer and the converting holder may agree to the delivery of cash for all or a portion of the Notes surrendered in lieu of Shares.

5.13 Restricted CUSIP or U.S. Legend on Certain Shares

Each Share issued upon conversion of Notes represented by the Restricted Notes shall be represented by a certificate with a restricted CUSIP for Shares and each certificate representing Shares issued upon conversion of Notes bearing the U.S. Legend shall have imprinted or otherwise reproduced thereon such legend or legends in substantially the form of Schedule F attached hereto; provided that if such Shares are being sold in compliance with the requirements of Rule 904 of Regulation S and in compliance with local laws and regulations, and provided that the Corporation is a “foreign issuer” within the meaning of Regulation S at the time of issuance of such Shares, the U.S. Legend may be removed or the Shares may be transferred from the restricted CUSIP by providing a declaration to the registrar and transfer agent for the Shares, substantially as set forth in Schedule G (or as the Corporation or the registrar and transfer agent for the Shares may prescribe from time to time), together with any other evidence reasonably

requested by the Corporation or the registrar and transfer agent for the Shares, which evidence may include an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Corporation and the registrar and transfer agent for the Share, to the effect that the transfer is being made in compliance with Rule 904 of Regulation S; and provided further that, if any such Shares are being sold in accordance with Rule 144 under the 1933 Act, Shares may be transferred from the restricted CUSIP or the U.S. Legend may be removed by delivery to the registrar and transfer agent for the Share, of an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the registrar and transfer agent for the Share and the Corporation, that the transfer out of the restricted CUSIP is permissible or that the U.S. Legend is no longer required under applicable requirements of the 1933 Act or applicable state securities laws. Provided that the registrar and transfer agent for the Share obtains confirmation from the Corporation that such counsel is satisfactory to it, it shall be entitled to rely on such opinion of counsel without further inquiry.

ARTICLE 6
COVENANTS OF THE CORPORATION

The Corporation hereby covenants and agrees with the Note Trustee for the benefit of the Note Trustee and the Noteholders, that so long as any Notes remain outstanding:

6.1 To Pay Principal, Premium (if any) and Interest

The Corporation will duly and punctually pay or cause to be paid to every Noteholder the principal of, premium (if any) and interest accrued on the Notes of which it is the holder on the dates, at the places and in the manner mentioned herein and in the Notes.

6.2 To Pay Note Trustee’s Remuneration

The Corporation will pay the Note Trustee reasonable remuneration for its services as Note Trustee hereunder and will repay to the Note Trustee on demand all monies which shall have been paid by the Note Trustee in connection with the execution of the trusts hereby created and such monies including the Note Trustee’s remuneration, shall be payable out of any funds coming into the possession of the Note Trustee in priority to payment of any principal of the Notes or interest thereon. Any amount due under this Section 6.2 and unpaid thirty days after written request for such payment shall bear interest from the expiration of such thirty days at a rate per annum equal to the then rate charged by the Note Trustee under similar indentures from time to time, payable on demand. Such remuneration shall continue to be payable until the trusts hereof be finally wound up and whether or not the trusts of this Indenture shall be in the course of administration by or under the direction of a court of competent jurisdiction.

6.3 To Give Notice of Default

The Corporation shall notify the Note Trustee in writing immediately upon obtaining knowledge of any Event of Default hereunder.

6.4 Preservation of Existence, etc.

Subject to the express provisions hereof, the Corporation will carry on and conduct its activities, and cause its Subsidiaries to carry on and conduct their businesses, in a proper, efficient and business-like manner and in accordance with good business practices; and, subject to the express provisions hereof and it will do or cause to be done all things necessary to preserve and keep in full force and effect the existence of the Corporation and each of the Guarantors.

6.5 Keeping of Books

The Corporation will keep or cause to be kept proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Corporation in accordance with generally accepted accounting principles.

6.6 Financial Statements

The Corporation will furnish to the Note Trustee copies of its consolidated financial statements (including any report of the auditors thereon), whether annual or quarterly, at the same time as such financial statements are filed with securities regulatory authorities (provided that the filing of the Corporation's financial statements, whether annual or quarterly and any report of the auditors thereon on SEDAR in accordance with Applicable Securities Legislation shall satisfy the Corporation's obligation to furnish the Note Trustee with copies of same).

6.7 Annual Certificate of Compliance

The Corporation shall deliver to the Note Trustee, within 120 days after the end of each calendar year (and at any reasonable time upon demand by the Note Trustee), an Officer's Certificate as to the knowledge of such Director or an Authorized Officer of the Corporation who executes the Officer's Certificate, of the Corporation's compliance with all conditions and covenants of this Indenture certifying that after reasonable investigation and inquiry, the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which could, with the giving of notice, lapse of time or otherwise, constitute an Event of Default hereunder, or if such is not the case, setting forth with reasonable particulars the circumstances of any failure to comply and any steps taken or proposed to be taken to remedy such Event of Default.

6.8 No Dividend or Distributions on Shares if Event of Default

The Corporation shall not declare or make any dividend or distribution to the holders of its issued and outstanding Shares after the occurrence of an Event of Default unless and until such default shall have been cured or waived or shall have ceased to exist.

6.9 Performance of Covenants by Note Trustee

If the Corporation shall fail to perform any of its covenants contained in this Indenture, the Note Trustee may notify the Noteholders of such failure on the part of the Corporation or may itself perform any of the covenants capable of being performed by it, but (subject to Sections 7.2 and 15.3) shall be under no obligation to do so or to notify the Noteholders. All sums so expended or advanced by the Note Trustee shall be repayable as provided in Section 6.2. No such performance, expenditure or advance by the Note Trustee shall be deemed to relieve the Corporation of any default hereunder.

6.10 Maintain Listing

The Corporation shall use commercially reasonable efforts to ensure that the Notes and the Shares are listed and posted for trading on the TSX, to maintain such listing and posting for trading of the Shares and the Notes on the TSX, and to maintain the Corporation's status as a "reporting issuer" not in default under Applicable Securities Legislation.

ARTICLE 7
DEFAULT

7.1 Events of Default

Each of the following events constitutes, and is herein sometimes referred to as, an "**Event of Default**":

(a) failure for 15 days to pay interest on the Notes when due;

(b) failure to pay principal or premium, if any, on the Notes when due whether at maturity, upon redemption, or a Change of Control by declaration or otherwise (whether by way of payment of cash or delivery of Shares);

(c) default in the delivery, when due, of all cash and any Shares or other consideration, including any Make-Whole Premium Shares, payable on conversion with respect to the Notes which default continues for 15 days;

(d) default in the observance or performance of any covenant or condition of this Indenture by the Corporation or if any Guarantor defaults in the performance or observance of any covenant, agreement or condition in its Guarantee, and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given to the Corporation or any Guarantor by the Note Trustee or by the holders of not less than 25% in principal amount of the Notes then outstanding specifying such default and requiring the Corporation or any Guarantor to rectify such default or obtain a waiver for same;

(e) if a decree or order of a court having jurisdiction is entered adjudging the Corporation or any Guarantor a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or similar laws, or if a sequestration or process of execution is issued against, or against any material part of, the property of the Corporation or any Guarantor, or appointing a receiver of, or any substantial part of, the property of the Corporation or any Guarantor or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;

(f) if the Corporation or any Guarantor institutes proceedings to be adjudicated bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or similar laws, or consents to the filing of any such petition or to the appointment of a receiver of, or any substantial part of, the property of the Corporation or any Guarantor or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;

(g) if any proceedings with respect to the Corporation or any Guarantor are taken with respect to a compromise or arrangement, including under the *Companies' Creditors Arrangement Act* (Canada) or the *Business Corporations Act* (Québec);

(h) if a default occurs or exists under any indenture, agreement or other instrument evidencing or governing indebtedness for money borrowed by the Corporation or any Guarantor having an outstanding principal amount in excess of US$10 million (or the equivalent amount in any other currency) individually or in the aggregate and as a result of such default, such indebtedness is accelerated and has become due and payable before the date it would otherwise have been due and payable; or

(i) if a resolution is passed for the winding-up or liquidation of the Corporation or any Guarantor except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Section 10.1 are duly observed and performed.

In each and every such Event of Default the Note Trustee may, in its discretion, but subject to the provisions of this Section, and shall, upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Notes then outstanding, subject to the provisions of Section 7.3, by notice in writing to the Corporation declare the principal of, premium, if any, and interest on all Notes then outstanding and all other monies outstanding hereunder to be due and payable and the same shall forthwith become immediately due and payable to the Note Trustee, and the Corporation shall forthwith pay to the Note Trustee for the benefit of the Noteholders such principal (and premium, if any), accrued and unpaid interest and interest on amounts in default on such Notes (and, where such a declaration is based upon a voluntary winding-up or liquidation of the Corporation, the premium, if any, on the Notes then outstanding which would have been payable upon the redemption thereof by the Corporation on the date of such declaration) and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Notes on such principal (and premium, if any), interest and such other monies from the date of such declaration until payment is received by the Note Trustee, such subsequent interest to be payable at the times and places and in the monies mentioned in and according to the tenor of the Notes. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder and any monies so received by the Note Trustee shall be applied in the manner provided in Section 7.6.

7.2 Notice of Events of Default

If an Event of Default shall occur and be continuing the Note Trustee shall, within 30 days after it receives written notice of the occurrence of such Event of Default, give notice of such Event of Default to the Noteholders in the manner provided in Section 14.2, provided that notwithstanding the foregoing, unless the Note Trustee shall have been requested to do so by the holders of at least 25% of the principal amount of the Notes then outstanding, the Note Trustee shall not be required to give such notice if the Note Trustee in good faith shall have determined that the withholding of such notice is in the best interests of the Noteholders and shall have so advised the Corporation in writing.

When notice of the occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Note Trustee to the Noteholders within 15 days after the Note Trustee becomes aware the Event of Default has been cured.

7.3 Waiver of Default

Upon the happening of any Event of Default hereunder:

(a) the holders of the Notes shall have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of more than 50% of the principal amount of Notes then outstanding or by Extraordinary Resolution of Noteholders at a meeting held in accordance with Article 12 hereof, to instruct the Note Trustee to waive any Event of Default and to cancel any declaration made by the Note Trustee pursuant to Section 7.1 and the Note Trustee shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be prescribed in such requisition; and

(b) the Note Trustee, so long as it has not become bound to declare the principal and interest on the Notes then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Note Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Note Trustee in the exercise of its discretion, upon such terms and conditions as the Note Trustee may deem advisable.

No such act or omission either of the Note Trustee or of the Noteholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

7.4 Enforcement by the Note Trustee

Subject to the provisions of Section 7.3 and to the provisions of any Extraordinary Resolution that may be passed by the Noteholders and to the provisions of this Section, if the Corporation shall fail to pay to the Note Trustee, forthwith after the same shall have been declared to be due and payable under Section 7.1, the principal of and premium (if any) and interest on all Notes then outstanding, together with any other amounts due hereunder, the Note Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Notes then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as Note Trustee and as *fondé de pouvoir* (holder of the power of attorney) of the Noteholders hereunder to obtain or enforce payment of such principal of and premium (if any) and interest on all the Notes then outstanding together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law as the Note Trustee in such request shall have been directed to take, or if such request contains no such direction, or if the Note Trustee shall act without such request, then by such proceedings authorized by this Indenture or by law as the Note Trustee shall deem expedient.

The Note Trustee shall be entitled and empowered, either in its own name on behalf of all the Noteholders and as the *fondé de pouvoir* (holder of power of attorney) of the Noteholders, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Note Trustee and of the holders of the Notes allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Corporation or any Guarantor or their creditors or relative to or affecting their property. The Note Trustee is hereby irrevocably appointed (and the successive respective holders of the Notes by taking and holding the same shall be conclusively deemed to have so appointed the Note Trustee) the *fondé de pouvoir* (holder of the power of attorney) of the respective holders of the Notes with authority to make and file in the respective names of the holders of the Notes or on behalf of the holders of the Notes as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Notes themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Notes, as may be necessary or advisable in the opinion of the Note Trustee, in order to have the respective claims of the Note Trustee and of the holders of the Notes against the Corporation or any Guarantor or any of their respective property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 7.3, nothing contained in this Indenture shall be deemed to give to the Note Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Noteholder.

The Note Trustee shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Noteholders.

All rights of action hereunder may be enforced by the Note Trustee without the possession of any of the Notes or the production thereof at trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Note Trustee shall be brought in the name of the Note Trustee as trustee on behalf of all of the Noteholders and as the *fondé de pouvoir* (holder of the power of attorney) of the Noteholders, and any recovery of judgment shall be for the rateable benefit of the holders of the Notes subject to the provisions of this Indenture. In any proceeding brought by the Note Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Note Trustee shall be a party) the Note Trustee shall be held to represent all the holders of the Notes, and it shall not be necessary to make any holders of the Notes parties to any such proceeding.

7.5 No Suits by Noteholders

No holder of any Note shall have any right to institute any action, suit or proceeding for the purpose of enforcing payment of the principal of, premium (if any), or interest on the Notes or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation or any Guarantor wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, unless: (a) such holder shall previously have given to the Note Trustee written notice of the happening of an Event of Default hereunder; (b) the Noteholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% of the principal amount of the Notes then outstanding shall have made a request to the Note Trustee and the Note Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; (c) the Noteholders or any of them shall have furnished to the Note Trustee, when so requested by the Note Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Note Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Note Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Notes.

7.6 Application of Monies by Note Trustee

(a) Except as herein otherwise expressly provided, any monies received by the Note Trustee from the Corporation or any Guarantor pursuant to the foregoing provisions of this Article 7, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Corporation or any Guarantor, shall be applied, together with any other monies in the hands of the Note Trustee available for such purpose, as follows:

(i) first, in payment or in reimbursement to the Note Trustee of its compensation, costs, charges, expenses, borrowings, advances or other monies furnished or provided by or at the instance of the Note Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;

(ii) second, but subject as hereinafter in this Section 7.6 provided, in payment, rateably and proportionately to (and in the case of applicable withholding taxes, if any, on behalf of) the holders of Notes, of the principal of and premium (if any) and accrued and unpaid interest and interest on amounts in default on the Notes which shall then be outstanding in the priority of principal first and then premium and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal, premium (if any) and interest as may be directed by such resolution; and

(iii) third, in payment of the surplus, if any, of such monies to the Corporation or its assigns;

(iv) provided, however, that no payment shall be made pursuant to clause (ii) above in respect of the principal, premium or interest on any Note held, directly or indirectly, by or for the benefit of the Corporation or any Subsidiary (other than any Note pledged for value and in good faith to a Person other than the Corporation or any Subsidiary but only to the extent of such Person's interest therein) except subject to the prior payment in full of the principal, premium (if any) and interest (if any) on all Notes which are not so held.

(b) The Note Trustee shall not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving therefrom such amount as the Note Trustee may think necessary to provide for the payments mentioned in Section 7.6(a), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Notes, but it may retain the money so received by it and invest or deposit the same as provided in Section 15.9 until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under its control shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set out. The foregoing shall, however, not apply to a final payment or distribution hereunder.

7.7 Notice of Payment by Note Trustee

Not less than 15 days' notice shall be given in the manner provided in Section 14.2 by the Note Trustee to the Noteholders of any payment to be made under this Article 7. Such notice shall state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied. After the day so fixed, unless payment shall have been duly demanded and have been refused, the Noteholders will be entitled to interest only on the balance (if any) of the principal monies, premium (if any) and interest due (if any) to them, respectively, on the Notes, after deduction of the respective amounts payable in respect thereof on the day so fixed.

7.8 Note Trustee May Demand Production of Notes

The Note Trustee shall have the right to demand production of the Notes in respect of which any payment of principal, premium (if any) or interest required by this Article 7 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Note Trustee may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Corporation as the Note Trustee shall deem sufficient.

7.9 Remedies Cumulative

No remedy herein conferred upon or reserved to the Note Trustee, or upon or to the holders of Notes is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

7.10 Judgment Against the Corporation

The Corporation covenants and agrees with the Note Trustee that, in case of any judicial or other proceedings to enforce the rights of the Noteholders, judgment may be rendered against it in favour of the Noteholders or in favour of the Note Trustee, as trustee for the Noteholders, for any amount which may remain due in respect of the Notes and premium (if any) and the interest thereon and any other monies owing hereunder.

7.11 Immunity of the Directors, Officers and Others

The Noteholders and the Note Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future Shareholder, officer and director of the Corporation and of any Guarantor and of any successor thereto, for the payment of the principal of or premium or interest on any of the Notes or on any covenant, agreement, representation or warranty by the Corporation contained herein or in the Notes.

ARTICLE 8
SATISFACTION AND DISCHARGE

8.1 Cancellation and Destruction

All Notes shall forthwith after payment thereof be delivered to the Note Trustee and cancelled by it. All Notes cancelled or required to be cancelled under this or any other provision of this Indenture shall be destroyed by the Note Trustee and, if required by the Corporation, the Note Trustee shall furnish to it a destruction certificate setting out the designating numbers of the Notes so destroyed.

8.2 Non-Presentation of Notes

In case the holder of any Note shall fail to present the same for payment on the date on which the principal, premium (if any) or the interest thereon or represented thereby becomes payable either at maturity or otherwise or shall not accept payment on account thereof and give such receipt therefor, if any, as the Note Trustee may require:

(a) the Corporation shall be entitled to pay or deliver to the Note Trustee and direct the Note Trustee to set aside;

(b) in respect of monies or Shares in the hands of the Note Trustee which may or should be applied to the payment of the Notes, the Corporation shall be entitled to direct the Note Trustee to set aside; or

(c) if the redemption was pursuant to notice given by the Note Trustee, the Note Trustee may itself set aside,

the monies or Shares, as the case may be, in trust to be paid to the holder of such Note upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the monies or Shares payable on or represented by each Note in respect whereof such monies or Shares, if applicable, have been set aside shall be deemed to have been paid and the holder thereof shall thereafter have no right in respect thereof except that of receiving delivery and payment of the monies or Shares, if applicable, less applicable withholding taxes, (if any), so set aside by the Note Trustee upon due presentation and surrender thereof, subject always to the provisions of Section 8.3.

8.3 Repayment of Unclaimed Monies or Shares

Subject to applicable law, any monies or Shares, if applicable, set aside under Section 8.2 and not claimed by and paid to holders of Notes as provided in Section 8.2 within six years after the date of such setting aside shall be repaid and delivered to the Corporation by the Note Trustee and thereupon the Note Trustee shall be released from all further liability with respect to such monies or Shares, if applicable, and thereafter the holders of the Notes in respect of which such monies or Shares, if applicable, were so repaid to the Corporation shall have no rights in respect thereof except to obtain payment and delivery of the monies or Shares, if applicable, from the Corporation subject to any prescription provided by the laws of the Province of Québec. Notwithstanding the foregoing, the Note Trustee will pay any remaining funds prior to the expiry of six years after the setting aside described in Section 8.2 to the Corporation upon receipt from the Corporation, or one of its Subsidiaries, of an unconditional letter of credit from a Canadian chartered bank in an amount equal to or in excess of the amount of the remaining funds. If the remaining funds are paid to the Corporation prior to the expiry of six years after such setting aside, the Corporation shall reimburse the Note Trustee for any amounts so set aside which are required to be paid by the Note Trustee to a holder of a Note after the date of such payment of the remaining funds to the Corporation but prior to six years after such setting aside.

8.4 Discharge

The Note Trustee shall at the written request of the Corporation release and discharge this Indenture and execute and deliver such instruments as it shall be advised by Counsel are requisite for that purpose and to release the Corporation from its covenants herein contained (other than the provisions relating to the indemnification of the Note Trustee), upon proof being given to the reasonable satisfaction of the Note Trustee that the principal and premium (if any) of and interest (including interest on amounts in default, if any), on all the Notes and all other monies payable hereunder have been paid or satisfied or that all the Notes having matured or having been duly called for redemption, payment of the principal of and interest (including interest on amounts in default, if any) on such Notes and of all other monies payable hereunder has been duly and effectually provided for in accordance with the provisions hereof.

8.5 Satisfaction

(a) The Corporation shall be deemed to have fully paid, satisfied and discharged all of the outstanding Notes and the Note Trustee, at the expense of the Corporation, shall execute and deliver proper instruments acknowledging the full payment, satisfaction and discharge of such Notes, when, with respect to all of the outstanding Notes, either:

(i) the Corporation has deposited or caused to be deposited with the Note Trustee as trust funds or property in trust for the purpose of making payment on such Notes, an amount in money or Shares, if applicable, sufficient to pay, satisfy and discharge the entire amount of principal, premium, if any, and interest, if any, to maturity or any repayment date or Redemption Dates or any Change of Control Purchase Date or upon conversion or otherwise, as the case may be, of such Notes (including the maximum amount of Shares that may be payable as Make-Whole Premium); or

(ii) the Corporation has deposited or caused to be deposited with the Note Trustee as property in trust for the purpose of making payment on such Notes such amount in United States dollars of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or Shares, if applicable or as will be sufficient to pay and discharge the entire amount of principal, premium, if any, and accrued and unpaid interest to maturity or any repayment date, as the case may be, of all such Notes;

(iii) the Corporation has paid, caused to be paid or made provisions to the satisfaction of the Note Trustee for the payment of all other sums payable or which may be payable (including the maximum number of Shares that may be payable as Make-Whole Premium) with respect to all of such Notes (together with all applicable expenses of the Note Trustee in connection with the payment of such Notes);

(iv) the Corporation has delivered to the Note Trustee an Officer's Certificate and an opinion of Counsel stating that all conditions precedent herein provided relating to the payment, satisfaction and discharge of all such Notes have been complied with;

(v) no Event of Default shall have occurred and be continuing on the date of the deposit referred to in this Section 8.5;

(vi) such release does not result in a breach or violation of, or constitute a default under, any material agreement or instrument to which the Corporation is a party or by which the Corporation is bound; and

(vii) the Corporation shall have delivered to the Note Trustee an Officer's Certificate stating that the deposit referred to in this Section 8.5 was not made by the Corporation with the intent of preferring the Noteholders over the other creditors of the Corporation or with the intent of defeating, hindering, delaying or defrauding creditors of the Corporation or others.

Any deposits with the Note Trustee referred to in this Section 8.5 shall be irrevocable, subject to Section 8.6, and shall be made under the terms of an escrow and/or trust agreement in form and substance satisfactory to the Note Trustee and the Corporation and which provides for the due and punctual payment of the principal of, and interest and premium, if any, on the Notes being satisfied.

(b) Upon the satisfaction of the conditions set out in this Section 8.5 with respect to all the outstanding Notes, the terms and conditions of the Notes, including the terms and conditions with respect thereto set out in this Indenture (other than those contained in Article 2, Article 4 and Article 6 and Section 7.4 and the provisions of Article 1 pertaining to the foregoing provisions) shall no longer be binding upon or applicable to the Corporation.

(c) Any funds or obligations deposited with the Note Trustee pursuant to this Section 8.5 shall be denominated in the currency or denomination of the Notes in respect of which such deposit is made.

(d) If the Note Trustee is unable to apply any money or securities in accordance with this Section 8.5 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Corporation's and Guarantor's obligations under this Indenture and the affected Notes shall be revived and reinstated as though no money or securities had been deposited pursuant to this Section 8.5 until such time as the Note Trustee is permitted to apply all such money or securities in accordance with this Section 8.5, provided that if the Corporation has made any payment in respect of principal, premium or interest on Notes or, as applicable, other amounts because of the reinstatement of its obligations, the Corporation shall be subrogated to the rights of the holders of such Notes to receive such payment from the money or securities held by the Note Trustee.

8.6 Continuance of Rights, Duties and Obligations

(a) Where trust funds or trust property have been deposited pursuant to Section 8.5, the holders of Notes and the Corporation shall continue to have and be subject to their respective rights, duties and obligations under Article 2, Article 4 and Article 5 and the provisions of Article 1 pertaining to the foregoing provisions, as may be applicable.

(b) In the event that, after the deposit of trust funds or trust property pursuant to Section 8.5 in respect of Notes (the "**Defeased Notes**"), any holder of any of the Defeased Notes from time to time converts its Notes to Shares or other securities of the Corporation in accordance with Article 5 or any other provision of this Indenture, the Note Trustee shall upon receipt of a Written Direction of the Corporation return to the Corporation from time to time the proportionate amount of the trust funds or other trust property deposited with the Note Trustee pursuant to Section 8.5 in respect of the Defeased Notes which is applicable to the Defeased Notes so converted (which amount shall be based on the applicable principal amount of the Defeased Notes being converted in relation to the aggregate outstanding principal amount of all the Defeased Notes).

(c) In the event that, after the deposit of trust funds or trust property pursuant to Section 8.5, the Corporation is required to purchase any outstanding Notes pursuant to subsection 2.2(e) in relation to Notes, the Corporation shall be entitled to use any trust money or trust property deposited with the Note Trustee pursuant to Section 8.5 for the purpose of paying to any holders of Defeased Notes who have accepted any such offer of the Corporation the Offer Price payable to such holders in respect of such offer to purchase the Notes. Upon receipt of a Written Direction of the Corporation, the Note Trustee shall be entitled to pay to such holder from such trust money or trust property deposited with the Note Trustee pursuant to Section 8.5 in respect of the Defeased Notes which is applicable to the Defeased Notes held by such holders who have accepted any such offer from the Corporation (which amount shall be based on the applicable principal amount of the Defeased Notes held holders that accept any such offer in relation to the aggregate outstanding principal amount of all the Defeased Notes).

ARTICLE 9
SHARE INTEREST PAYMENT ELECTION

9.1 Share Interest Payment Election

(a) Subject to compliance with all Applicable Securities Legislation and any applicable U.S. securities laws, and provided that no Event of Default has occurred and is continuing under this Indenture and that all applicable regulatory approvals have been obtained (including any required approval of any stock exchange on which the Notes or Shares are then listed), the Corporation shall have the right, from time to time to pay the Interest Obligation on an Interest Payment Date (i) in cash; (ii) by delivering sufficient Shares to the Note Trustee, for sale, in which event holders of the Notes will be entitled to receive a cash payment equal to the interest payable from the US dollar equivalent of the proceeds of the sale of such Shares; or (iii) any combination of (i) and (ii) above, by making Share Interest Payment Election in respect of any Interest Obligation, in whole or in part, and by delivering a Share Interest Payment Election Notice to the Note Trustee no later than the earlier of: (i) the date required by applicable law or the rules of any stock exchange on which the Notes or Shares are then listed, and (ii) the day which is 15 Business Days prior to the Interest Payment Date to which the Share Interest Payment Election relates.

(b) Upon receipt of a Share Interest Payment Election Notice, the Note Trustee shall, in accordance with this Article 9 and such Share Interest Payment Election Notice, deliver Share Bid Requests to the investment banks, brokers or dealers identified by the Corporation, in its absolute discretion, in the Share Interest Payment Election Notice. In connection with the Share Interest Payment Election, the Note Trustee shall: (i) accept delivery of the Shares from the Corporation and process the Shares in accordance with the Share Interest Payment Election Notice and this Article 9; (ii) accept bids with respect to, and consummate sales of, such Shares, each as the Corporation shall direct in its absolute discretion through the investment banks, brokers or dealers identified by the Corporation in the Share Interest Payment Election Notice; (iii) invest the proceeds of such sales on the direction of the Corporation in Government Obligations which mature prior to the applicable Interest Payment Date and use such proceeds to pay the Interest Obligation in respect of which the Share Interest Payment Election was made; (iv) deliver proceeds to holders of Notes to satisfy all or a portion of the Corporation's Interest Obligations, as directed by the Corporation in the Share Interest Payment Election Notice; and (v) perform any other action necessarily incidental thereto. The Share Interest Payment Election Notice shall direct the Note Trustee to solicit and accept only, and each Share Bid Request shall provide that the acceptance of any bid is conditional on the acceptance of, sufficient bids to result in aggregate proceeds from such issue and sale of Shares which, together with the cash payments to be made by the Corporation in lieu of fractional Shares, if any, equal the Interest Obligation on the Share Delivery Date.

(c) The Share Interest Payment Election Notice shall provide for, and all bids shall be subject to, the right of the Corporation, by delivering written notice to the Note Trustee at any time prior to the consummation of such delivery and sale of the Shares on the Share Delivery Date, to withdraw the Share Interest Payment Election (which shall have the effect of withdrawing each related Share Bid Request), whereupon the Corporation shall be obliged to pay in cash the Interest Obligation in respect of which the Share Interest Payment Election Notice has been delivered.

(d) Any sale of Shares pursuant to this Article 9 may be made to one or more Persons whose bids are solicited, but all such sales with respect to a particular Share Interest Payment Election shall take place concurrently on the Share Delivery Date.

(e) The amount received in cash by a holder of a Note in respect of the Interest Obligation or the entitlement thereto will not be affected by whether or not the Corporation elects to satisfy the Interest Obligation pursuant to a Share Interest Payment Election.

(f) The Note Trustee shall inform the Corporation promptly following receipt of any bid or bids for Shares solicited pursuant to the Share Bid Requests. The Note Trustee shall accept such bid or bids as the Corporation, in its absolute discretion, shall direct by Written Direction of the Corporation, provided that the aggregate proceeds of all sales of Shares resulting from the acceptance of such bids, together with the amount of any cash payment by the Corporation in lieu of any fractional Shares, on the Share Delivery Date, must be equal to the related Share Interest Payment Election Amount in connection with any bids so accepted, the Corporation, the Note Trustee (if required by the Corporation in its absolute discretion) and the applicable bidders shall, not later than the Share Delivery Date, enter into Share Purchase Agreements and shall comply with all Applicable Securities Legislation, including the securities rules and regulations of any stock exchange on which the Notes or Shares are then listed. The Corporation shall pay all fees and expenses in connection with the Share Purchase Agreements including the fees and commissions charged by the investment banks, brokers and dealers and the fees of the Note Trustee.

(g) Provided that: (i) all conditions specified in each Share Purchase Agreement to the closing of all sales thereunder have been satisfied, other than the delivery of the Shares to be sold thereunder against payment of the purchase price thereof; and (ii) the purchasers under each Share Purchase Agreement shall be ready, willing and able to perform thereunder, in each case on the Share Delivery Date, the Corporation shall, on the Share Delivery Date, deliver to the Note Trustee the Shares to be sold on such date, an amount in cash equal to the value of any fractional Shares and an Officer's Certificate to the effect that all conditions precedent to such sales, including those set out in this Indenture and in each Share Purchase Agreement, have been satisfied. Upon such deliveries, the Note Trustee shall consummate such sales on such Share Delivery Date by the delivery of the Shares to such purchasers against payment to the Note Trustee in immediately available funds of the purchase price therefore in an aggregate amount equal to the Share Interest Payment Election Amount (less any amount attributable to any fractional Shares), whereupon the sole right of a holder of Notes to receive such holder's portion of the Share Interest Payment Election Amount will be to receive same from the Note Trustee out of the proceeds of such sales of Shares plus any amount received by the Note Trustee from the Corporation attributable to any fractional Shares in full satisfaction of the Interest Obligation and the holder will have no further recourse to the Corporation in respect of the Interest Obligation.

(h) The Note Trustee shall, on the Share Delivery Date, use the sale proceeds of the Shares (together with any cash received from the Corporation in lieu of any fractional Shares) to purchase, on the direction of the Corporation in writing, Government Obligations which mature prior to the applicable Interest Payment Date and which the Note Trustee is required to hold until maturity (the "**Share Proceeds Investment**") and shall, on such date, deposit the balance, if any, of such sale proceeds in an account established by the Corporation (and which shall be maintained by and subject to the control of the Note Trustee) (the "**Interest Account**") for such Notes. The Note Trustee shall hold such Share Proceeds Investment (but not income earned thereon) under its exclusive control in an irrevocable trust for the benefit of the holders of the Notes. At least one Business Day prior to the Interest Payment Date, the Note Trustee shall deposit amounts from the proceeds of the Share Proceeds Investment in the Interest Account to bring the balance of the Interest Account to the Share Interest Payment Election Amount. On the Interest Payment Date, the Note Trustee shall pay the funds held in the Interest Account to the holders of record of the Notes on the Interest Payment Date (less any tax required to be deducted, if any) and, provided that there is no Event of Default, shall remit amounts, if any, in respect of income earned on the Share Proceeds Investment or otherwise in excess of the Share Interest Payment Election Amount to the Corporation.

(i) Neither the making of a Share Interest Payment Election nor the consummation of sales of Shares on a Share Delivery Date shall (i) result in the holders of the Notes not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the Interest Obligation payable on such date or (ii) entitle or require such holders to receive any Shares in satisfaction of such Interest Obligation.

(j) No fractional Shares will be issued in satisfaction of interest but in lieu thereof the Corporation will satisfy such fractional interest by a cash payment equal to the market price of such fractional interest (less any tax required to be deducted, if any).

ARTICLE 10
SUCCESSORS

10.1 Restrictions on Amalgamation, Merger and Sale of Certain Assets, etc.

Neither the Corporation nor any Guarantor shall, without the consent of holders of all the then outstanding Notes, consolidate or amalgamate with or merge into any Person or sell, convey, transfer or lease all or substantially all of the properties and assets of the Corporation and the Guarantors to another Person (other than one of the Corporation's direct or indirect wholly-owned Subsidiaries), unless:

(a) prior to or contemporaneously with the consummation of such transaction the Corporation and the resulting surviving, continuing or transferee Person (the "**Successor**") shall have executed such instruments and done such things as are necessary to ensure that upon the consummation of such transaction:

(i) the Successor has assumed all the covenants and obligations of the Corporation under this Indenture and the Notes;

(ii) the Successor is organized and existing under the laws of Canada, or any Province or territory thereof;

(iii) the Notes will be valid and binding obligations of the Successor entitling the holders thereof, as against the Successor, to all the rights of Noteholders under this Indenture (including the conversion right set forth in Article 5);

(iv) after giving effect to the transaction, no Event of Default, and no event that, after notice or lapse of time, or both, would become an Event of Default, will occur; and

(v) other conditions described in the Indenture that relate to such transaction are met, including the execution and delivery of any Officer's Certificate under Section 15.6;

(b) such transaction, in the opinion of Counsel, shall be on such terms as to substantially preserve and not impair any of the rights and powers of the Note Trustee or of the Noteholders hereunder; and

(c) no condition or event shall exist as to the Corporation or any Guarantor (at the time of such transaction) or the Successor (immediately after such transaction) and after giving full effect thereto or immediately after the Successor shall become liable to pay the principal monies, premium, if any, interest and other monies due or which may become due hereunder, which constitutes or would constitute an Event of Default hereunder.

For purposes of the foregoing, the sale, conveyance, transfer or lease (in a single transaction or series of transactions) of the properties or assets one or more of the Subsidiaries of the Corporation (other than to the Corporation or another direct or indirect wholly-owned Subsidiary) which, if such properties or assets were directly owned by the Corporation, would constitute all or substantially all of the properties and assets of the Corporation on a consolidated basis, shall be deemed to be a sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Corporation.

For the avoidance of doubt, notwithstanding anything to the contrary contained herein and in the Guarantee Agreement, each of the Guarantors and the Corporation shall be entitled to consolidate, amalgamate with or merge into the Corporation and/or any of the Guarantors or to sell, convey, transfer or lease (in a single transaction or series of transactions) its properties or assets to one or more of the Guarantors or to the Corporation in the context of a corporate reorganization of the Corporation and/or any of the Guarantors without the consent of the Noteholders and the Note Trustee; provided, however, that the Note Trustee receives notice of such corporate reorganization upon completion thereof.

10.2 Vesting of Powers in Successor

Whenever the conditions of Section 10.1 shall have been duly observed and performed, any Successor formed by or resulting from such transaction shall succeed to, and be substituted for, and may exercise every right and power of the Corporation under this Indenture with the same effect as though the Successor had been named as the Corporation herein and thereafter, except in the case of a lease or other similar disposition of property to the Successor, the Corporation shall be relieved of all obligations and covenants under this Indenture and the Notes forthwith upon the Corporation delivering to the Note Trustee an opinion of Counsel to the effect that the transaction shall not result in any material adverse tax consequences to the Corporation or the Successor. The Note Trustee will, at the expense of the Successor, execute any documents which it may be advised by Counsel are necessary or advisable for effecting or evidencing such release and discharge.

ARTICLE 11
COMPULSORY ACQUISITION

11.1 Definitions

In this Article:

(a) "**Dissenting Noteholders**" means a Noteholder who does not accept an Offer referred to in Section 11.2 and includes any assignee of the Note of a Noteholder to whom such an Offer is made, whether or not such assignee is recognized under this Indenture;

(b) "**Offer**" means an offer to acquire outstanding Notes, which constitutes a "take-over bid" (within the meaning of National Instrument 62-104-*Take-Over Bids and Issuer Bids*) for the Notes, where, as of the date of the offer to acquire, the Notes that are subject to the offer to acquire, together with the Offeror's Notes, constitute in the aggregate 20% or more of the outstanding principal amount of the Notes;

(c) "**offer to acquire**" includes an acceptance of an offer to sell;

(d) "**Offeror**" means a Person, or two or more Persons acting jointly or in concert, who make an Offer to acquire Notes;

(e) "**Offeror's Notes**" means Notes beneficially owned, or over which control or direction is exercised, on the date of an Offer by the Offeror, any Affiliate or Associate of the Offeror or any Person or company acting jointly or in concert with the Offeror; and

(f) "**Offeror's Notice**" means the notice described in Section 11.3.

11.2 Offer for Notes

If an Offer for all of the outstanding Notes (other than Notes held by or on behalf of the Offeror or an Affiliate or Associate of the Offeror) is made and:

(a) within the time provided in the Offer for its acceptance or within 120 days after the date the Offer is made, whichever period is the shorter, the Offer is accepted by Noteholders representing at least 90% of the outstanding principal amount of the Notes, other than the Offeror's Notes;

(b) the Offeror is bound to take up and pay for, or has taken up and paid for the Notes of the Noteholders who accepted the Offer; and

(c) the Offeror complies with Sections 11.3 and 11.5,

the Offeror is entitled to acquire, and the Dissenting Noteholders are required to sell to the Offeror, the Notes held by the Dissenting Noteholders for the same consideration per Note payable or paid, as the case may be, under the Offer.

11.3 Offeror's Notice to Dissenting Shareholders

Where an Offeror is entitled to acquire Notes held by Dissenting Noteholders pursuant to Section 11.2 and the Offeror wishes to exercise such right, the Offeror shall send by registered mail within 30 days after the date of termination of the Offer a notice (the "**Offeror's Notice**") to each Dissenting Noteholder stating that:

(a) Noteholders holding at least 90% of the principal amount of all outstanding Notes, other than Offeror's Notes, have accepted the Offer;

(b) the Offeror is bound to take up and pay for, or has taken up and paid for, the Notes of the Noteholders who accepted the Offer;

(c) Dissenting Noteholders must transfer their respective Notes to the Offeror on the terms on which the Offeror acquired the Notes of the Noteholders who accepted the Offer within 21 days after the date of the sending of the Offeror's Notice; and

(d) Dissenting Noteholders must send their respective Note certificate(s) to the Note Trustee within 21 days after the date of the sending of the Offeror's Notice.

11.4 Delivery of Note Certificates

A Dissenting Noteholder to whom an Offeror's Notice is sent pursuant to Section 11.3 shall, within 21 days after the sending of the Offeror's Notice, send his or her Note certificate(s) to the Note Trustee duly endorsed for transfer.

11.5 Payment of Consideration to Note Trustee

Within 21 days after the Offeror sends an Offeror's Notice pursuant to Section 11.3, the Offeror shall pay or transfer to the Note Trustee, or to such other Person as the Note Trustee may direct, the cash or other consideration that is payable to Dissenting Noteholders pursuant to Section 11.2. The acquisition by the Offeror of all Notes held by all Dissenting Noteholders shall be effective as of the time of such payment or transfer.

11.6 Consideration to be held in Trust

The Note Trustee, or the Person directed by the Note Trustee, shall hold in trust for the Dissenting Noteholders the cash or other consideration they or it receives under Section 11.5. The Note Trustee, or such Persons, shall deposit cash in a separate account in a Canadian chartered bank, or other body corporate, any of whose deposits are insured by the Canada Deposit Insurance Corporation, and shall place other consideration in the custody of a Canadian chartered bank or such other body corporate.

11.7 Completion of Transfer of Notes to Offeror

Within 30 days after the date of the sending of an Offeror's Notice pursuant to Section 11.3, the Note Trustee, if the Offeror has complied with Section 11.5, shall:

(a) do all acts and things and execute and cause to be executed all instruments as in the Note Trustee's opinion may be necessary or desirable to cause the transfer of the Notes of the Dissenting Noteholders to the Offeror;

(b) send to each Dissenting Noteholder who has complied with Section 11.4 the consideration to which such Dissenting Noteholder is entitled under this Article 11 net of applicable withholding taxes, if any; and

(c) send to each Dissenting Noteholder who has not complied with Section 11.4 a notice stating that:

(i) his or her Notes have been transferred to the Offeror;

(ii) the Note Trustee or some other Person designated in such notice are holding in trust the consideration for such Notes; and

(iii) the Note Trustee, or such other Person, will send the consideration to such Dissenting Noteholder as soon as possible after receiving such Dissenting Noteholder's Note certificate(s) or such other documents as the Note Trustee or such other Person may require in lieu thereof,

and the Note Trustee is hereby appointed the agent and mandatary, and is granted power of attorney with respect to the Notes, of the Dissenting Noteholders for the purposes of giving effect to the foregoing provisions including, without limitation, the power and authority to execute such transfers as may be necessary or desirable in respect of the book-entry only registration system of the Depository.

11.8 Communication of Offer to the Corporation

An Offeror may not make an Offer for Notes unless, concurrent with the communication of the Offer to any Noteholder, a copy of the Offer is provided to the Corporation, which will then provide a copy to the Note Trustee.

ARTICLE 12
MEETINGS OF NOTEHOLDERS

12.1 Right to Convene Meeting

The Note Trustee or the Corporation may at any time and from time to time, and the Note Trustee shall, on receipt of a written request of the Corporation or a written request signed by the holders of not less than 25% of the principal amount of the Notes then outstanding and upon receiving funding and being

indemnified to its reasonable satisfaction by the Corporation or by the Noteholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Noteholders. In the event of the Note Trustee failing, within 30 days after receipt of any such request and such funding of indemnity, to give notice convening a meeting, the Corporation or such Noteholders, as the case may be, may convene such meeting. Every such meeting shall be held in the city of Montreal or at such other place as may be approved or determined by the Corporation and the Note Trustee.

12.2 Notice of Meetings

At least 21 days' notice of any meeting shall be given to the Noteholders in the manner provided in Section 14.2 and a copy of such notice shall be sent by post to the Note Trustee, unless the meeting has been called by it. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article. The accidental omission to give notice of a meeting to any holder of Notes shall not invalidate any resolution passed at any such meeting. A holder may waive notice of a meeting either before or after the meeting.

12.3 Chairman

Some Person, who need not be a Noteholder, nominated in writing by the Corporation (in case it convenes the meeting) or by the Note Trustee (in any other case) shall be chairman of the meeting and if no Person is so nominated, or if the Person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, a majority of the Noteholders present in Person or by proxy shall choose some Person present to be chairman.

12.4 Quorum

Subject to the provisions of Section 12.12, at any meeting of the Noteholders a quorum shall consist of Noteholders present in person or by proxy and representing at least 25% in principal amount of the outstanding Notes. If a quorum of the Noteholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Noteholders or pursuant to a request of the Noteholders, shall be dissolved, but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Noteholders present in person or by proxy shall, subject to the provisions of Section 12.12, constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Notes. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the required quorum be present at the commencement of business.

12.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Noteholders is present may, with the consent of the holders of a majority in principal amount of the Notes represented thereat, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

12.6 Show of Hands

Every question submitted to a meeting shall, subject to Section 12.7, be decided in the first place by a majority of the votes given on a show of hands except that votes on Extraordinary Resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Notes, if any, held by him.

12.7 Poll

On every Extraordinary Resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Noteholders or proxyholders for Noteholders, a poll shall be taken in such manner and either at once or after an adjournment as the chairman shall direct. Questions other than Extraordinary Resolutions shall, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Notes, represented at the meeting and voted on the poll.

12.8 Voting

On a show of hands every Person who is present and entitled to vote, whether as a Noteholder or as proxy for one or more Noteholders or both, shall have one vote. On a poll each Noteholder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each US$1,000 principal amount of Notes of which he shall then be the holder. A proxy need not be a Noteholder. In the case of joint holders of a Note, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but in case more than one of them be present in person or by proxy, they shall vote together in respect of the Notes of which they are joint holders.

In the case of a Global Note, the Depository may appoint or cause to be appointed a Person or Persons as proxies and shall designate the number of votes entitled to each such Person, and each such Person shall be entitled to be present at any meeting of Noteholders and shall be the Persons entitled to vote at such meeting in accordance with the number of votes set out in the Depository’s designation.

12.9 Proxies

A Noteholder may be present and vote at any meeting of Noteholders by an authorized representative. The Corporation (in case it convenes the meeting) or the Note Trustee (in any other case) for the purpose of enabling the Noteholders to be present and vote at any meeting without producing their Notes, and of enabling them to be present and vote at any such meeting by proxy and of lodging instruments appointing such proxies at some place other than the place where the meeting is to be held, may from time to time make and vary such regulations as it shall think fit providing for and governing any or all of the following matters:

(a) voting by proxy by Noteholders, the form of the instrument appointing a proxy, which shall be in writing, and the manner in which the same shall be executed and the production of the authority of any Person signing on behalf of a Noteholder;

(b) the deposit of instruments appointing proxies at such place as the Note Trustee, the Corporation or the Noteholder convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same must be deposited; and

(c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, faxed, or sent by other electronic means before the meeting to the Corporation or to the Note Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only Persons who shall be recognized at any meeting as the holders of any Notes, or as entitled to vote or be present at the meeting in respect thereof, shall be Noteholders and Persons whom Noteholders have by instrument in writing duly appointed as their proxies.

12.10 Persons Entitled to Attend Meetings

The Corporation, each Guarantor and the Note Trustee, by their respective officers and directors, the auditors of the Corporation and the legal advisors of the Corporation, the Note Trustee or any Noteholder may attend any meeting of the Noteholders, but shall have no vote as such, except if such person is a Noteholder or a proxy holder for a Noteholder.

12.11 Powers Exercisable by Extraordinary Resolution

In addition to the powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Noteholders shall have the following powers exercisable from time to time by Extraordinary Resolution, subject to, as applicable, receipt of the prior approval of the TSX or such other exchange on which the Notes or Shares are then listed:

(a) power to authorize the Note Trustee to grant extensions of time for payment of any principal, premium or interest on the Notes, whether or not the principal, premium, or interest, the payment of which is extended, is at the time due or overdue;

(b) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Noteholders or the Note Trustee against the Corporation or any Guarantor, or against their respective property, whether such rights arise under this Indenture or the Notes or otherwise provided that such sanctioned actions are not prejudicial to the Note Trustee;

(c) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture or any Note which shall be agreed to by the Corporation and to authorize the Note Trustee to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission;

(d) power to sanction any scheme for the reconstruction, reorganization or recapitalization of the Corporation or any Guarantor, or for the consolidation, amalgamation, arrangement, combination or merger of the Corporation or any Guarantor with any other Person or for the sale, leasing, transfer or other disposition of all or substantially all of the undertaking, property and assets of the Corporation, or any Guarantor or any part thereof, provided that no such sanction shall be necessary in respect of any such transaction if the provisions of Section 10.1 shall have been complied with;

(e) power to direct or authorize the Note Trustee to exercise any power, right, remedy or authority given to it by this Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;

(f) power to waive, and direct the Note Trustee to waive, any default hereunder and/or cancel any declaration made by the Note Trustee pursuant to Section 7.1 either unconditionally or upon any condition specified in such Extraordinary Resolution;

(g) power to restrain any Noteholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal, premium or interest on the Notes, or for the execution of any trust or power hereunder;

(h) power to direct any Noteholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 7.5, of the costs, charges and expenses reasonably and properly incurred by such Noteholder in connection therewith;

(i) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any Shares or other securities of the Corporation;

(j) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Note Trustee to exercise, on behalf of the Noteholders, such of the powers of the Noteholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be themselves Noteholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Noteholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

(k) power to remove the Note Trustee from office and to appoint a new Note Trustee or Note Trustees provided that no such removal shall be effective unless and until a new Note Trustee or Note Trustees shall have become bound by this Indenture;

(l) power to sanction the exchange of the Notes for or the conversion thereof into Shares, bonds, notes or other securities or obligations of the Corporation or of any other Person formed or to be formed;

(m) power to authorize the distribution *in specie* of securities received pursuant to a transaction authorized under the provisions of Section 12.11(l); and

(n) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Noteholders or by any committee appointed pursuant to Section 12.11(j).

12.12 Meaning of "Extraordinary Resolution"

(a) The expression "**Extraordinary Resolution**" when used in this Indenture means, subject as hereinafter in this Article provided, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Noteholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of this Article at which the holders of not less than 25% of the principal amount of the Notes then outstanding are present in person or by proxy and passed by the favourable votes of the holders of not less than 66 2/3% of the principal amount of the Notes, present or represented by proxy at the meeting and voted upon on a poll on such resolution.

(b) If, at any such meeting, the holders of not less than 25% of the principal amount of the Notes then outstanding are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Noteholders, shall be dissolved but in any other case it shall stand adjourned to such date, being not less than 14 nor more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than ten days' notice shall be given of the time and place of such adjourned meeting in the manner provided in Section 14.2. Such notice shall state that at the adjourned meeting the Noteholders present in person or by proxy shall form a quorum. At the adjourned meeting the Noteholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed thereat by the affirmative vote of holders of not less than 66 2/3% of the principal amount of the Notes present or represented by proxy at the meeting and voted upon on a poll shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the holders of not less than 25% in principal amount of the Notes then outstanding are not present in person or by proxy at such adjourned meeting.

(c) Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

12.13 Powers Cumulative

Any one or more of the powers in this Indenture stated to be exercisable by the Noteholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers from time to time shall not be deemed to exhaust the rights of the Noteholders to exercise the same or any other such power or powers thereafter from time to time.

12.14 Minutes

Minutes of all resolutions and proceedings at every meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Note Trustee at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Noteholders, shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken thereat to have been duly passed and taken.

12.15 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Noteholders at a meeting held as hereinbefore in this Article provided may also be taken and exercised by the holders of 66 2/3% of the principal amount of all the outstanding Notes by an instrument in writing signed in one or more counterparts and the expression "**Extraordinary Resolution**" when used in this Indenture shall include an instrument so signed.

12.16 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article at a meeting of Noteholders shall be binding upon all the Noteholders, whether present at or absent from such meeting, and every instrument in writing signed by Noteholders in accordance with Section 12.15 shall be binding upon all the Noteholders, whether signatories thereto or not, and each and every Noteholder and the Note Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

12.17 Evidence of Rights of Noteholders

(a) Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Noteholders may be in any number of concurrent instruments of similar tenor signed or executed by such Noteholders.

(b) The Note Trustee may, in its discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it shall consider proper.

12.18 Record Dates

If the Corporation shall solicit from the holders of Notes any request, demand, authorization, direction, notice, consent, waiver or other action, the Corporation may, at its option, by or pursuant to a Written Direction of the Corporation, fix in advance a record date for the determination of such holders entitled to provide such request, demand, authorization, direction, notice, consent, waiver or other action, but the Corporation shall have not the obligation to do so. Any such record date shall be the record date specified in or pursuant to such Written Direction of the Corporation.

If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other action may be given before or after such record date, but only the holders of record at the close of business on such record date shall be deemed to be holders for the purposes of determining whether holders of the requisite proportion of Notes then outstanding have authorized or agreed or consented to such request, demand, authorization, notice, consent, waiver or other act, and for this purpose the Notes then outstanding shall be computed as of such record date.

ARTICLE 13
GUARANTEE

13.1 Guarantors

The Corporation covenants that prior to the issuance of the Notes, the Corporation will cause (i) each of the Guarantors to provide a solidary (joint and several) guarantee of the Notes substantially in the form of the Guarantee Agreement attached hereto as Schedule "E", and (ii) cause to be delivered to the Note Trustee an opinion of Counsel in a form acceptable to the Note Trustee, acting reasonably, regarding the enforceability of such guarantee. Notwithstanding the foregoing, the Corporation shall ensure that any new Subsidiary of the Corporation shall become a guarantor of the outstanding obligations of the Corporation under this Indenture.

13.2 Representation of the Corporation

The Corporation represents and warrants that the Guarantors listed in Schedule "D" are the only Guarantors as of the date of execution of this Indenture.

13.3 Addition of Guarantors

Any new Subsidiary of the Corporation that becomes a Guarantor of the Notes at any time after the date hereof, shall promptly provide, to the fullest extent permitted under applicable law, a solidary (joint and several) guarantee of the Notes, by becoming a party to an existing Guarantee Agreement or by entering into a guarantee agreement substantially in the form of the Guarantee Agreement attached hereto as Schedule "E" with such amendments or variations thereto as may be necessary or advisable under applicable law and shall deliver or cause to be delivered to the Trustee, in form and substance satisfactory to it, acting reasonably:

(a) true and complete copies of the constating documents, articles and by-laws (if applicable), resolutions, certificates of incumbency and certificate of good standing or its equivalent from the jurisdiction of incorporation or organization of such additional Guarantor, to the extent that such certificate of good standing exists in the relevant jurisdiction;

(b) a legal opinion of such Guarantor's counsel addressed to the Note Trustee, in a form acceptable to the Note Trustee, acting reasonably, regarding the enforceability of such guarantee; and

(c) an accession certificate duly executed in the form of the accession certificate attached to the Guarantee Agreement as Schedule "C" with such amendments or variations thereto as may be necessary or advisable under applicable law.

13.4 Release of Guarantors

The Note Trustee shall be conclusively deemed to release any Guarantor from its guarantee upon the delivery by the Corporation to the Note Trustee of an Officer's Certificate indicating that such Guarantor is no longer a Subsidiary of the Corporation and that, at such time, no Event of Default exists and is continuing. Any Guarantor that ceases to be a guarantor of the Notes for any reason after the date hereof shall be released by the Note Trustee of its guarantee of the Notes and shall cease to be a Guarantor upon receipt by the Note Trustee of a notice from the Corporation confirming that the Guarantor ceased to be a guarantor of the Notes. Upon such occurrence, the Note Trustee shall execute any documents reasonably required in order to evidence such release and termination in respect of such guarantee.

ARTICLE 14
NOTICES

14.1 Notice to the Corporation

Any notice to the Corporation under the provisions of this Indenture shall be valid and effective if delivered in writing to the Corporation at 2015 Peel Street, Suite 500, Montreal, Québec H3A 1T8, Attention: Luc Tanguay, President and Chief Executive Officer, and Jocelyn Lafond, Vice-President, Legal Affairs and Corporate Secretary, Facsimile No.: 514-331-9691, and copies delivered to Fasken

Martineau DuMoulin LLP, Montreal, Québec, Attention: Sébastien Bellefleur and Sylvie Bourdeau, Facsimile No.: 514-397-7600 and to the Note Trustee in accordance with Section 14.3 or if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, shall be deemed to have been effectively given three days following the mailing thereof. The Corporation may from time to time notify the Note Trustee in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Corporation for all purposes of this Indenture.

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Corporation would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to this Section 14.1, such notice shall be valid and effective only if delivered at the appropriate address in accordance with this Section 14.1.

14.2 Notice to Noteholders

All notices to be given hereunder with respect to the Notes shall be deemed to be validly given to the holders thereof if sent by first class mail, postage prepaid, by letter or circular addressed to such holders at their post office addresses appearing in any of the registers hereinbefore mentioned and shall be deemed to have been effectively given three days following the day of mailing. Accidental error or omission in giving notice or accidental failure to mail notice to any Noteholder or the inability of the Corporation to give or mail any notice due to any event beyond the reasonable control of the Corporation shall not invalidate any action or proceeding founded thereon.

If any notice given in accordance with the foregoing paragraph would be unlikely to reach the Noteholders to whom it is addressed in the ordinary course of post by reason of an interruption in mail service, whether at the place of dispatch or receipt or both, the Corporation shall give such notice by publication at least once in the city of Montreal, Québec (or in such of those cities as, in the opinion of the Note Trustee, is sufficient in the particular circumstances), each such publication to be made in a daily newspaper of general circulation in the designated city.

Any notice given to Noteholders by publication shall be deemed to have been given on the day on which publication shall have been effected at least once in each of the newspapers in which publication was required.

All notices with respect to any Note may be given to whichever one of the holders thereof (if more than one) is named first in the registers hereinbefore mentioned, and any notice so given shall be sufficient notice to all holders of any Persons having an interest in such Note.

14.3 Notice to Note Trustee

Any notice to the Note Trustee under the provisions of this Indenture shall be valid and effective if delivered to the Note Trustee at its offices in the city of Montreal at 1500 Robert-Bourassa Blvd., 7th Floor, Montreal, Québec H3A 3S8, Attention: Manager, Corporate Trust or if sent by facsimile to facsimile number 514-982-7677, Attention: Manager, Corporate Trust, or if given by registered letter, postage prepaid, to such offices and so addressed and, if mailed, shall be deemed to have been effectively given three days following the mailing thereof.

14.4 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Note Trustee would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to Section 14.3 such notice shall be valid and effective only if delivered at the appropriate address in accordance with Section 14.3.

ARTICLE 15
CONCERNING THE NOTE TRUSTEE

15.1 No Conflict of Interest

The Note Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture there exists no material conflict of interest in the role of the Note Trustee as a fiduciary hereunder but if, notwithstanding the provisions of this Section 15.1, such a material conflict of interest exists, or hereafter arises, the validity and enforceability of this Indenture, and the Notes issued hereunder, shall not be affected in any manner whatsoever by reason only that such material conflict of interest exists or arises but the Note Trustee shall, within 30 days after ascertaining that it has a material conflict of interest, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Section 15.2.

15.2 Replacement of Note Trustee

The Note Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Corporation 60 days' notice in writing or such shorter notice as the Corporation may accept as sufficient. If at any time a material conflict of interest exists in the Note Trustee's role as a fiduciary hereunder, the Note Trustee shall, within 30 days after ascertaining that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in this Section 15.2. The validity and enforceability of this Indenture and of the Notes issued hereunder shall not be affected in any manner whatsoever by reason only that such a material conflict of interest exists. In the event of the Note Trustee resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Note Trustee unless a new Note Trustee has already been appointed by the Noteholders. Failing such appointment by the Corporation, the retiring Note Trustee or any Noteholder may apply to a Judge of the Québec Superior Court, on such notice as such Judge may direct at the Corporation's expense, for the appointment of a new Note Trustee but any new Note Trustee so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Noteholders and the appointment of such new Note Trustee shall be effective only upon such new Note Trustee becoming bound by this Indenture. Any new Note Trustee appointed under any provision of this Section 15.2 shall be a corporation authorized to carry on the business of a trust company in all of the Provinces and territories of Canada. On any new appointment the new Note Trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Note Trustee.

Any company into which the Note Trustee may be merged or, with or to which it may be consolidated, amalgamated or sold, or any company resulting from any merger, consolidation, sale or amalgamation to which the Note Trustee shall be a party, or any company succeeding to the corporate trust business of the Note Trustee shall be the successor Note Trustee under this Indenture without the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Note Trustee or of the Corporation, the Note Trustee ceasing to act shall execute and deliver an instrument assigning and transferring to such successor Note Trustee, upon the terms herein expressed, all the rights, powers and trusts of the Note Trustee so ceasing to act, and shall duly assign, transfer and deliver all property and money held by such Note Trustee to the successor Note Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Corporation be required by any new Note Trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall on request of said new Note Trustee, be made, executed, acknowledged and delivered by the Corporation.

15.3 Duties of Note Trustee

In the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Note Trustee shall act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

15.4 Reliance Upon Declarations, Opinions, etc.

In the exercise of its rights, duties and obligations hereunder the Note Trustee may, if acting in good faith, act and rely, as to the truth of the statements and accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or requirement of this Indenture or required by the Note Trustee to be furnished to it in the exercise of its rights and duties hereunder, if the Note Trustee examines such statutory declarations, opinions, reports or certificates and determines that they comply with Section 15.5, if applicable, and with any other applicable requirements of this Indenture. The Note Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Note Trustee may act and rely on an opinion of Counsel satisfactory to the Note Trustee notwithstanding that it is delivered by a solicitor or firm which acts as solicitors for the Corporation.

15.5 Evidence and Authority to Note Trustee, Opinions, etc.

The Corporation shall furnish to the Note Trustee evidence of compliance with the conditions precedent provided for in this Indenture relating to any action or step required or permitted to be taken by the Corporation or the Note Trustee under this Indenture or as a result of any obligation imposed under this Indenture, including without limitation, the certification and delivery of Notes hereunder, the satisfaction and discharge of this Indenture and the taking of any other action to be taken by the Note Trustee at the request of or on the application of the Corporation, forthwith if and when (a) such evidence is required by any other Section of this Indenture to be furnished to the Note Trustee in accordance with the terms of this Section 15.5, or (b) the Note Trustee, in the exercise of its rights and duties under this Indenture, gives the Corporation written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence shall consist of:

(a) a certificate made by any one Authorized Officer or Director of the Corporation, stating that any such condition precedent has been complied with in accordance with the terms of this Indenture;

(b) in the case of any such condition precedent compliance with which is subject to review or examination by legal counsel, an opinion of Counsel that such condition precedent has been complied with in accordance with the terms of this Indenture; and

(c) in the case of any such condition precedent compliance with which is subject to review or examination by auditors or accountants, an opinion or report of the auditors of the Corporation whom the Note Trustee for such purposes hereby approves, that such condition precedent has been complied with in accordance with the terms of this Indenture.

Whenever such evidence relates to a matter other than the certificates and delivery of Notes and the satisfaction and discharge of this Indenture, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other Person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a director or officer or employee of the Corporation, it shall be in the form of a statutory declaration. Such evidence shall be, so far as appropriate, in accordance with the immediately preceding paragraph of this Section 15.5.

Each statutory declaration, certificate, opinion or report with respect to compliance with a condition precedent provided for in the Indenture shall include (a) a statement by the Person giving the evidence that he has read and is familiar with those provisions of this Indenture relating to the condition precedent in question, (b) a brief statement of the nature and scope of the examination or investigation upon which the statements or opinions contained in such evidence are based, (c) a statement that, in the belief of the Person giving such evidence, he has made such examination or investigation as is necessary to enable him to make the statements or give the opinions contained or expressed therein, and (d) a statement whether in the opinion of such Person the conditions precedent in question have been complied with or satisfied.

The Corporation shall furnish to the Note Trustee at any time if the Note Trustee reasonably so requires, an Officer's Certificate that the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which would, with the giving of notice or the lapse of time, or both, or otherwise, constitute an Event of Default, or if such is not the case, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such non-compliance. The Corporation shall, whenever the Note Trustee so requires, furnish the Note Trustee with evidence by way of statutory declaration, opinion, report or certificate as specified by the Note Trustee as to any action or step required or permitted to be taken by the Corporation or as a result of any obligation imposed by this Indenture.

15.6 Note Trustee may rely on an Officer's Certificate

Except as otherwise specifically provided or prescribed by this Indenture, whenever in the administration of the provisions of this Indenture the Note Trustee determines it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, then the Note Trustee may require an Officer's Certificate, an opinion of Counsel or both. The Note Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Certificate or opinion of Counsel.

15.7 Experts, Advisers and Agents

The Note Trustee may:

(a) employ or retain and act and rely on the opinion or advice of or information obtained from any solicitor, auditor, valuator, engineer, surveyor, appraiser or other expert or advisor, whether obtained by the Note Trustee or by the Corporation, or otherwise, and shall not be liable for acting, or refusing to act, in good faith on any such opinion or advice and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid; and

(b) employ such agents and other assistants as it may reasonably require for the proper discharge of its duties hereunder, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the trusts hereof and any solicitors employed or consulted by the Note Trustee may, but need not be, solicitors for the Corporation.

15.8 Note Trustee May Deal in Notes

Subject to Sections 15.1 and 15.3, the Note Trustee may, in its personal or other capacity, buy, sell, lend upon and deal in the Notes and generally contract and enter into financial transactions with the Corporation or otherwise, without being liable to account for any profits made thereby.

15.9 Investment of Monies Held by Note Trustee and Note Trustee will disburse only Monies Deposited.

Unless otherwise provided in this Indenture, any monies held by the Note Trustee, which, under the trusts of this Indenture, may or ought to be invested or which may be on deposit with the Note Trustee or which may be in the hands of the Note Trustee, may be invested and reinvested in the name or under the control of the Note Trustee in securities in which, under the laws of the Province of Québec, trustees are authorized to invest trust monies, provided that such securities are expressed to mature within two years or such shorter period selected to facilitate any payments expected to be made under this Indenture, after their purchase by the Note Trustee, and unless and until the Note Trustee shall have declared the principal of and interest on the Notes to be due and payable, the Note Trustee shall so invest such monies upon Written Direction of the Corporation given in a reasonably timely manner. Pending the investment of any monies as hereinbefore provided, such monies may be deposited in the name of the Note Trustee in any chartered bank of Canada or, with the consent of the Corporation, in the deposit department of the Note Trustee or any other loan or trust company authorized to accept deposits under the laws of Canada or any Province or territory thereof at the rate of interest, if any, then current on similar deposits. The Corporation shall receive the Note Trustee's prevailing rate for all monies held by it, as may change from time to time.

Unless and until the Note Trustee shall have declared the principal of and interest on the Notes to be due and payable, the Note Trustee shall pay over to the Corporation all interest received by the Note Trustee in respect of any investments or deposits made pursuant to the provisions of this Section.

The Note Trustee will disburse monies according to this Indenture only to the extent that monies have been deposited with it.

15.10 Note Trustee Not Ordinarily Bound

Except as provided in Section 7.2 and as otherwise specifically provided herein, the Note Trustee shall not, subject to Section 15.3, be bound to give notice to any Person of the execution hereof, nor to do, observe or perform or see to the observance or performance by the Corporation of any of the obligations herein imposed upon the Corporation or of the covenants on the part of the Corporation herein contained, nor in any way to supervise or interfere with the conduct of the Corporation's business, unless the Note Trustee shall have been required to do so in writing by the holders of not less than 25% of the aggregate principal amount of the Notes then outstanding or by any Extraordinary Resolution of the Noteholders passed in accordance with the provisions contained in Article 12, and then only after it shall have been funded and indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

15.11 Note Trustee Not Required to Give Security

The Note Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

15.12 Note Trustee Protected in Acting

The Note Trustee may act and rely, and shall be protected in acting and relying absolutely, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, facsimile transmission, directions or other paper document believed in good faith by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties. The Note Trustee shall be protected in acting and relying upon any written notice, request, waiver, consent, certificate, receipt, statutory declaration, affidavit or other paper or document furnished to it, not only as to its due execution and the validity and the effectiveness of its provisions but also as to the truth and acceptability of any information therein contained which it in good faith believes to be genuine and what it purports to be.

15.13 Conditions Precedent to Note Trustee's Obligations to Act Hereunder

The obligation of the Note Trustee to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Note Trustee and of the Noteholders hereunder shall be conditional upon the Noteholders furnishing when required by notice in writing by the Note Trustee, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Note Trustee to protect and hold harmless the Note Trustee against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.

None of the provisions contained in this Indenture shall require the Note Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified as aforesaid.

The Note Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding require the Noteholders at whose instance it is acting to deposit with the Note Trustee the Notes held by them for which Notes the Note Trustee shall issue receipts.

15.14 Authority to Carry on Business

The Note Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business of a trust company in all the Provinces and territories of Canada but if, notwithstanding the provisions of this Section 15.14, it ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the securities issued hereunder shall not be affected in any manner whatsoever by reason only of such event but the Note Trustee shall, within 90 days after ceasing to be authorized to carry on the business of trust company in any of the Provinces and territories of Canada, either become so authorized or resign in the manner and with the effect specified in Section 15.2.

15.15 Compensation and Indemnity

(a) The Corporation shall pay to the Note Trustee from time to time reasonable compensation for its services hereunder as agreed separately by the Corporation and the Note Trustee, and shall pay or reimburse the Note Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Note Trustee in the administration or execution of its duties under this Indenture (including the reasonable and documented compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Note Trustee under this Indenture shall be finally and fully performed. The Note Trustee's compensation shall not be limited by any law or compensation of a trustee of an express trust.

(b) The Corporation hereby indemnifies and saves harmless the Note Trustee and its directors, officers, employees and agents from and against any and all loss, damages, charges, expenses, claims, demands, actions or liability whatsoever which may be brought against the Note Trustee or which it may suffer or incur as a result of or arising out of the performance of its duties and obligations hereunder save only in the event of the negligent failure to act, or the wilful misconduct or bad faith of the Note Trustee. This indemnity will survive the termination or discharge of this Indenture and the resignation or removal of the Note Trustee. The Note Trustee shall notify the Corporation promptly of any claim for which it may seek indemnity. The Corporation shall defend the claim and the Note Trustee shall cooperate in the defence. The Note Trustee may have separate counsel and the Corporation shall pay the reasonable fees and expenses of such Counsel. No settlement in relation to such a claim and no payment for such a settlement by the Corporation shall be made unless both the Corporation and the Note Trustee have agreed to such a settlement.

(c) The Corporation need not reimburse any expense or indemnify against any loss or liability incurred by the Note Trustee through negligence or bad faith.

(d) Provisions contained in this Section 15.15 shall survive the resignation or removal of the Note Trustee and the discharge of this Note.

15.16 Anti-Money Laundering

The Note Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Note Trustee, in its sole judgment and acting reasonably, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Note Trustee, in its sole judgment and acting reasonably, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on ten days' written notice to the Corporation or any shorter period of time as agreed to by the Corporation, provided that:

(a) the Note Trustee's written notice shall describe the circumstances of such noncompliance; and

(b) if such circumstances are rectified to the Note Trustee's satisfaction within such 10 day period, then such resignation shall not be effective.

15.17 Acceptance of Trust

The Note Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set out and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various Persons who shall from time to time be Noteholders, subject to all the terms and conditions herein set out.

15.18 Privacy Laws

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to certain obligations and activities under this Indenture. Notwithstanding any other provision of this Indenture, neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation shall, prior to transferring or causing to be transferred personal information to the Note Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have

previously been given upon which the parties can rely or are not required under the Privacy Laws. The Note Trustee shall use commercially-reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Note Trustee agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and to comply with applicable laws and not to use it for any other purpose except with the consent of or direction from the Corporation or the individual involved or as permitted by Privacy Laws; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

The parties further acknowledge that the Note Trustee may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

(a) to provide the services required under this Indenture and other services that may be requested from time to time;

(b) to help the Note Trustee manage its servicing relationships with such individuals;

(c) to meet the Note Trustee's legal and regulatory requirements; and

(d) if Social Insurance Numbers are collected by the Note Trustee, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

Each party further acknowledges and agrees that the Note Trustee may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as trustee hereunder for the purposes described above and, generally, in the manner and on the terms described in its privacy code, which the Note Trustee shall make available on its website, www.computershare.com, or upon request, including revisions thereto. The Indenture may transfer personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the services it provides.

15.19 Force Majeure

Except for the payment of conversion obligations of the Corporation contained herein, neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of *force majeure*, such as act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, general mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 15.19.

15.20 United States Securities Laws

The Corporation confirms that as at the date of execution of this Indenture it does not have a class of securities registered pursuant to Section 12 of the 1934 Act or have a reporting obligation pursuant to Section 15(d) of the 1934 Act.

The Corporation covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the 1934 Act or such Corporation shall incur a reporting obligation pursuant to Section 15(d) of the 1934 Act, or (ii) any such registration or reporting obligation shall be terminated by such Corporation in accordance with the 1934 Act, the Corporation shall promptly deliver to the Note Trustee an Officer's Certificate notifying the Note Trustee of such registration or termination and such other information as the Note Trustee may require at the time. The Corporation acknowledges that the Note Trustee is relying upon the foregoing representation and covenants in order to meet certain U.S. Securities and Exchange Commission (the "**SEC**") obligations with respect to those clients who are filing with the SEC.

15.21 Fondé de Pouvoir

The Note Trustee hereby agrees to act as the *fondé de pouvoir* (holder of the power of attorney) for the Noteholders to the extent necessary or desirable for the purposes of this Indenture and each holder by receiving and holding the Notes accepts and confirms the appointment of the Note Trustee as *fondé de pouvoir* (holder of the power of attorney) of such holder to the extent necessary for the purposes hereof and in accordance with and subject to the provisions hereof, including with respect to and in connection with the guarantees contemplated by this Indenture.

To the extent necessary and for greater certainty (but without in any way detracting from custom and usage applicable with regards to the relationship between the Corporation, the Note Trustee and the Noteholders hereunder) and subject to any applicable law of public order, the Note Trustee and the Corporation hereby agree with regards to the Note Trustee so acting as *fondé de pouvoir* (holder of the power of attorney) of the holders hereunder and each holder by receiving and holding same agrees with the Corporation and the Note Trustee that:

(a) notwithstanding any other provision hereof and except as may be otherwise set forth in any request, demand, authorization, direction, notice, consent, waiver or other action given or taken by Noteholders pursuant to this Indenture, relating thereto, no holder shall be liable to third parties for acts performed by the Note Trustee (or any other person appointed by the Note Trustee to perform all or any of its rights, powers, trusts or duties hereunder) during the exercise of its rights, powers and trusts and the performance of its duties under this Indenture or for injury caused to such parties by the fault of the Note Trustee (or any such person), or for contracts entered into in favour of such parties, during such performance and the Note Trustee (or any such person) alone shall be so liable subject to any rights or recourses which the Note Trustee (or any such person) may have hereunder or under any applicable law against the Corporation or any other person (other than a holder) in connection with any such liability;

(b) except as otherwise expressly provided herein or in any request, demand, authorization, direction, notice, consent, waiver or other action given or taken by Noteholder pursuant to this Indenture, the Note Trustee shall not be entitled to receive from the Noteholders any remuneration or compensation for any services rendered by the Note Trustee hereunder or reimbursement of any costs, expenses, liabilities, disbursements or advances incurred or made by the Note Trustee in accordance with any provision of this Indenture or interest thereon;

(c) notwithstanding any other provision hereof and except as may be otherwise set forth in any request, demand, authorization, direction, notice, consent, waiver or other action given or taken by Noteholders pursuant to this Indenture, relating thereto, no Noteholder shall be liable to compensate the Note Trustee for any injury suffered by it by reason of the performance of its rights, powers, trusts or duties hereunder subject to any rights or recourses which the Note Trustee may have hereunder or under any applicable law against the Corporation or any other person (other than a Noteholder) in connection with such injury;

(d) neither the death nor bankruptcy of a Noteholder shall terminate the Note Trustee's rights, powers, trusts or duties hereunder with respect to the Notes held by such Noteholder which shall continue to apply in favour of the Noteholder or Noteholders who have acquired such Notes from such deceased or bankrupt Noteholder;

(e) the bankruptcy of the Note Trustee shall not terminate its rights, powers, trusts or duties hereunder provided that such rights, powers, trusts or duties are assumed by a successor Note Trustee appointed in accordance with the provisions of Section 15.2; and

(f) so long as any Notes remain outstanding, (i) each Noteholder hereby renounces its right to revoke any mandate relationship created between such Noteholder and the Note Trustee hereunder and (ii) the Note Trustee hereby agrees that it will not revoke any such mandate relationship except through a resignation pursuant to and in compliance with the provisions of Section 15.2.

ARTICLE 16
SUPPLEMENTAL INDENTURES

16.1 Supplemental Indentures

Subject to any approval that may be required pursuant to the requirements of the TSX or such other exchange on which the Notes or Shares are listed, if any, from time to time the Note Trustee and, when authorized by a resolution of the Directors, the Corporation, may, and shall when required by this Indenture, execute, acknowledge and deliver by their proper officers deeds or indentures supplemental hereto which thereafter shall form part hereof, for any one or more of the following purposes:

(a) adding to the covenants of the Corporation herein contained for the protection of the Noteholders or providing for events of default, in addition to those herein specified;

(b) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Notes which do not affect the substance thereof and which in the opinion of the Note Trustee relying on an opinion of Counsel will not be prejudicial to the interests of the Noteholders;

(c) evidencing the succession, or successive successions, of others to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture;

(d) giving effect to any Extraordinary Resolution passed as provided in Article 12; and

(e) for any other purpose not inconsistent with the terms of this Indenture, provided that, in the opinion of the Note Trustee (relying on an opinion of Counsel), the rights of the Noteholders are in no way prejudiced thereby.

Unless the supplemental indenture requires the consent or concurrence of Noteholders by Extraordinary Resolution, the consent or concurrence of Noteholders shall not be required in connection with the execution, acknowledgement or delivery of a supplemental indenture. The Corporation and the Note Trustee may amend any of the provisions of this Indenture related to matters of United States law or the issuance of Notes into the United States in order to ensure that such issuances can be made in accordance with applicable law in the United States without the consent or approval of the Noteholders. The Note Trustee will have the right to request a legal opinion regarding matters of United States law on the issuance of Notes into the United States prior to or concurrently with making such amendments. Further,

the Corporation and the Note Trustee may without the consent or concurrence of the Noteholders by supplemental indenture or otherwise, make any changes or corrections in this Indenture which it shall have been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained herein or in any indenture supplemental hereto or any Written Direction of the Corporation provided for the issue of Notes, providing that in the opinion of the Note Trustee (relying upon an opinion of Counsel) the rights of the Noteholders are in no way prejudiced thereby.

Notwithstanding anything to the contrary in this Indenture, no supplement to the terms of the Notes or to this Indenture may be made without the prior consent of the TSX or such other exchange on which the Notes or Shares are then listed.

ARTICLE 17
RIGHTS OF RESCISSION

17.1 Rights of Rescission

If the short form prospectus dated June 12, 2018 relating to the offering of the Notes (as amended, the "**Prospectus**") contains a misrepresentation (as such term is defined in the *Securities Act* (Québec)) and it was a misrepresentation on the date hereof, or if the Prospectus was not sent or delivered to an original purchaser of Notes (each, an "**Original Purchaser**"), each applicable Original Purchaser shall a have a right of action against the Corporation for rescission to receive the amount paid for such Notes, provided that the conversion of the Notes takes place within 180 days of the date of the purchase of the Notes under the Prospectus and the right of rescission is exercised within 180 days of the date of Purchase of the Notes. In no event shall the Corporation be liable under this Section 17.1 if the Original Purchaser purchased the Notes with knowledge of the misrepresentation. This contractual right of rescission shall be consistent with the statutory right of rescission described under section 217 of the *Securities Act* (Québec), and is in addition to any other right or remedy available to Original Purchasers under section 217 of the *Securities Act* (Québec) or otherwise at law.

ARTICLE 18
EXECUTION AND FORMAL DATE

18.1 Execution

This Indenture may be executed and delivered by facsimile and in counterparts, each of which when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof.

18.2 Formal Date

For the purpose of convenience this Indenture may be referred to as bearing the formal date of June 19, 2018 irrespective of the actual date of execution hereof.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the date first written above.

THERATECHNOLOGIES INC.

Per: *(signed) Luc Tanguay*
Name: Luc Tanguay
Title: President and Chief Executive Officer

Per: *(signed) Philippe Dubuc*
Name: Philippe Dubuc
Title: Senior Vice-President and Chief Financial Officer

COMPUTERSHARE TRUST COMPANY OF CANADA

Per: *(signed) Nicolas Richard*
Name: Nicolas Richard
Title: Corporate Trust Officer

Per: *(signed) Candice Beyokol*
Name: Candice Beyokol
Title: Professional, Corporate Trust Services

SCHEDULE "A"
FORM OF GLOBAL NOTE

TO THE NOTE INDENTURE BETWEEN
THERATECHNOLOGIES INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA

SCHEDULE "A"

FORM OF GLOBAL NOTE

This Note is a Global Note within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Note may not be transferred to or exchanged for Notes registered in the name of any Person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture (as defined below). Every Note authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Note shall be a Global Note subject to the foregoing, except in such limited circumstances described in the Indenture.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("**CDS**") TO THERATECHNOLOGIES INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

Certificate No. 2018-1 **US$57,500,000**
CUSIP 88338HAA8
ISIN CA88338HAA82

THERATECHNOLOGIES INC.

(A CORPORATION GOVERNED BY THE QUÉBEC *BUSINESS CORPORATIONS ACT*)

5.75% CONVERTIBLE UNSECURED SENIOR NOTE

THERATECHNOLOGIES INC. (the "**Corporation**") for value received hereby acknowledges itself indebted and, subject to the provisions of the trust indenture (the "**Indenture**") dated as of June 19, 2018 between the Corporation and Computershare Trust Company of Canada (the "**Note Trustee**"), promises to pay to the registered holder hereof on June 30, 2023 (the "**Maturity Date**") or on such earlier date on which the principal amount hereof may become due and payable in accordance with the provisions of the Indenture, the principal sum of fifty-seven million five hundred thousand dollars in lawful money of the United States (US$57,500,000) on presentation and surrender of this Note at the principal offices of the Note Trustee in Montreal, Québec or Toronto, Ontario in accordance with the terms of the Indenture.

The Notes shall bear interest from the date of issue at the rate of 5.75% per annum, payable in US dollars in equal instalments semi-annually, in arrears, on June 30 and December 31 in each year computed on the basis of a 360-day year composed of twelve 30-day months. The first such payment will be due on December 31, 2018 and the last payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date or, the earlier date of redemption, repayment or conversion) will be due on the Maturity Date or the earlier date of redemption, repayment or conversion, payable after as well as before maturity and after as well as before default, with interest on amounts after maturity or in default at the same rate, compounded semi-annually, computed on the basis of a 360-day year composed of twelve 30-day months. The first interest payment will include interest accrued and unpaid from and including June 19, 2018 up to, but excluding, December 31, 2018.

Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of the Indenture, the sending of such electronic transfer of funds shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Note.

This Note is one of the 5.75% Convertible Unsecured Senior Notes (referred to herein as the "**Notes**") of the Corporation issued under the provisions of the Indenture. The Notes authorized for issue immediately are limited to an aggregate principal amount of fifty-seven million five hundred thousand dollars in lawful money of the United States (US$57,500,000). Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Notes are issued and held and the rights and remedies of the holders of the Notes and of the Corporation and of the Note Trustee, all to the same effect as if the provisions of the Indenture were herein set out to all of which provisions the holder of this Note by acceptance hereof assents.

The Notes are issuable only in denominations of US$1,000 and integral multiples thereof.

The whole, or if this Note is a denomination in excess of US$1,000, any part which is US$1,000 or an integral multiple thereof, of the principal of this Note is convertible, at the option of the holder hereof, upon surrender of this Note at the principal offices of the Note Trustee in Montreal, Québec or Toronto, Ontario, at any time prior to the close of business on the earliest of (i) the last Business Day immediately preceding the Maturity Date, (ii) the last Business Day immediately preceding the Redemption Date specified by the Corporation for redemption of this Note in accordance with the Indenture and (iii) the last Business Day immediately preceding the payment date in the event the Corporation is required to offer to repurchase the Notes in the event of a Change of Control in accordance with the Indenture at a conversion rate of 67.3401 Shares for each US$1,000 principal amount of Notes so converted (the "**Conversion Rate**"), representing a conversion price of $US14.85 per share (the "**Conversion Price**"), all subject to the terms and conditions and in the manner set out in the Indenture. The Indenture makes provision for the adjustment of the Conversion Rate and the Conversion Price in the events therein specified. Holders converting their Notes will receive, as the case may be, interest which has accrued and is unpaid in respect thereof from the most recent Interest Payment Date to but excluding the date of conversion.

This Note may be redeemed at the option of the Corporation on the terms and conditions set out in the Indenture and herein provided that this Note is not redeemable before June 30, 2021 (except in limited circumstances following a Change of Control as provided in the Indenture). On or after June 30, 2021 and prior to the Maturity Date, the Notes may be redeemed in whole or in part at the option of the Corporation on notice as provided in the Indenture at the redemption price equal to the principal amount of the Notes plus accrued and unpaid interest thereon up to but excluding the date set for redemption (the "**Redemption Price**") provided the Current Market Price on the date on which such notice of redemption is given is at least 130% of the Conversion Price.

Within 30 days following the occurrence of a Change of Control, the Corporation shall deliver to the Note Trustee a notice in writing stating that there has been a Change of Control and specifying the date on which such Change of Control occurred and the circumstances or events giving rise to such Change of Control together with an offer in writing (the "**Note Offer**") to purchase all of the Notes then outstanding from the holders thereof at a price per Note equal to 100% of the principal amount thereof together with

accrued and unpaid interest thereon up to but excluding the Change of Control Purchase Date (as such term is defined in the Indenture). If holders of 90% or more of the aggregate principal amount of Notes outstanding on the date the Corporation delivers the Note Offer to the Note Trustee accept the Note Offer, the Corporation shall have the right to redeem all the remaining outstanding Notes at the same price and on the terms and conditions provided in the Indenture.

The indebtedness, liabilities and obligation of the Corporation under this Note, hereafter certified and delivered under the Indenture, are direct, senior, unsecured obligations of the Corporation, and will rank equally and *pari passu* to all of the Corporation's existing and future senior unsecured and unsubordinated indebtedness. The Notes will rank senior in right of payment to all of the Corporation's future indebtedness that are, by their terms, expressly subordinated in right of payment to the Notes and equal in right of payment with all of the Corporation's existing and future obligations that are not so subordinated. The Notes are solidarily (jointly and severally) guaranteed on a senior unsecured basis as to the payment of principal, interest and premium, if any, by the Guarantors (as such term is defined in the Indenture).

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Notes outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments in writing signed by the holders of a specified percentage of Notes outstanding, which resolutions or instruments may have the effect of amending the terms of this Note or the Indenture.

This Note may be transferred, only upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal offices of the Note Trustee in Montreal, Québec or Toronto, Ontario and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Note Trustee may designate. No transfer of this Note shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their mandatary duly appointed by an instrument in form and substance satisfactory to the Note Trustee or other registrar, and upon compliance with such reasonable requirements as the Note Trustee and/or other registrar may prescribe and upon surrender of this Note for cancellation. Thereupon a new Note or Notes in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Note shall not become obligatory for any purpose until it shall have been certified by the Note Trustee under the Indenture.

If any of the provisions of this Note are inconsistent with the provisions of the Indenture, the provisions of the Indenture shall take precedence and shall govern. Capitalized words or expressions used in this Note shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

The Indenture and this Note shall be governed by, and construed in accordance with, the laws of the Province of Québec and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF THERATECHNOLOGIES INC. has caused this Note to be signed by its authorized representatives as of the _____ day of June 2018.

THERATECHNOLOGIES INC.

By: _____
Name: Luc Tanguay
Title: President and Chief Executive Officer

NOTE TRUSTEE'S CERTIFICATE

This Note is one of the 5.75% Convertible Unsecured Senior Notes referred to in the Indenture within mentioned.

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____
(Authorized Officer)

REGISTRATION PANEL

(No writing hereon except by Note Trustee or other registrar)

Date of Registration	**In Whose Name Registered**	**Signature of Note Trustee or Registrar**

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto ●, whose address and social insurance number, if applicable, are set out below, this Note (or US$_____ principal amount hereof *) of Theratechnologies Inc. standing in the name(s) of the undersigned in the register maintained by the Note Trustee with respect to such Note and does hereby irrevocably authorize and direct the Note Trustee to transfer such Note in such register, with full power of substitution in the premises.

Dated: _____

Address of Transferee: _____

(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: _____

* If less than the full principal amount of the within Note is to be transferred, indicate in the space provided the principal amount (which must be US$1,000 or an integral multiple thereof, unless you hold an Note in a non-integral multiple of US$1,000, in which case such Note is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Note in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: “SIGNATURE GUARANTEED”.

2. The registered holder of this Note is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Note.

Signature of Guarantor:

_____ _____

Authorized Officer Signature of transferring registered holder

_____

Name of Institution

EXHIBIT "1"
TO CDS GLOBAL NOTE

THERATECHNOLOGIES INC.

5.75% CONVERTIBLE UNSECURED SENIOR NOTES

Initial Aggregate Principal Amount: US$57,500,000

CUSIP: 88338HAA8

ISIN: CA88338HAA82

Signature of the Note Trustee: _____

ADJUSTMENTS

Date	Amount of Increase	Amount of Decrease	New Principal Amount	Authorization

SCHEDULE "B"
FORM OF REDEMPTION NOTICE

TO THE TRUST INDENTURE BETWEEN
THERATECHNOLOGIES INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA

SCHEDULE "B"
FORM OF REDEMPTION NOTICE

THERATECHNOLOGIES INC.
5.75% CONVERTIBLE UNSECURED SENIOR NOTES
REDEMPTION NOTICE

To: Holders of 5.75% Convertible Unsecured Senior Notes (the "**Notes**") of Theratechnologies Inc. (the "**Corporation**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the trust indenture (the "**Indenture**") dated as of June 19, 2018 between the Corporation and Computershare Trust Company of Canada (the "**Note Trustee**"), that the aggregate principal amount of US$● of the US$● of Notes outstanding will be redeemed as of ● (the "**Redemption Date**"), upon payment of a redemption amount of US$● for each US$1,000 principal amount of Notes, being equal to the aggregate of US$1,000 for each US$1,000 principal amount of Notes, plus all accrued and unpaid interest hereon up to but excluding the Redemption Date (collectively, the "**Redemption Price**").

The Redemption Price will be payable upon presentation and surrender of the Notes called for redemption at the following corporate trust office:

Computershare Trust Company of Canada
1500 Robert-Bourassa Blvd., 7th Floor
Montreal, Québec H3A 3S8

Attention: Manager, Corporate Trust

The interest upon the principal amount of Notes called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Redemption Price shall not be made on presentation for surrender of such Notes at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Redemption Price pursuant to the Indenture.

DATED: _____

THERATECHNOLOGIES INC.

By: _____
Name:
Title:

SCHEDULE "C"
FORM OF NOTICE OF CONVERSION

TO THE TRUST INDENTURE BETWEEN
THERATECHNOLOGIES INC.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA

SCHEDULE "C"
FORM OF NOTICE OF CONVERSION

TO: THERATECHNOLOGIES INC.

AND TO: COMPUTERSHARE TRUST COMPANY OF CANADA

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 5.75% Convertible Unsecured Senior Notes in the principal amount of US$● bearing Certificate No. 2018- ● irrevocably elects to convert such Notes (or US$_____ principal amount thereof *) in accordance with the terms of the Indenture referred to in such Notes and tenders herewith the Notes, and, if applicable, directs that the Shares of Theratechnologies Inc. issuable upon a conversion be issued and delivered to the Person indicated below. (If Shares are to be issued in the name of a Person other than the holder, all requisite transfer taxes must be tendered by the undersigned).

Dated: _____ _____
(Signature of Registered Holder)

[ ] Check if the undersigned registered holder is a Qualified Institutional Buyer that acquired Notes under the Offering as "restricted securities" which, pursuant to Section 2.12(c) of the Indenture, have been included in the Unrestricted Note against execution and delivery by the Transferor of a U.S. Purchaser Letter substantially as set forth in Schedule I to the Indenture. IF THIS BOX IS CHECKED, THE UNDERSIGNED REGISTERED HOLDER ACKNOWLEDGES AND AGREES THAT IT CONTINUES TO BE BOUND BY THE TERMS AND CONDITIONS SET FORTH IN THE U.S. PURCHASER LETTER.

* If less than the full principal amount of the Notes, indicate in the space provided the principal amount (which must be US$1,000 or integral multiples thereof).

NOTE: If Shares are to be issued in the name of a Person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".

(Print name in which Shares are to be issued, delivered and registered)

Name:_____

Address_____

_____

City, Province and Postal Code_____

Name of guarantor:_____

Authorized signature:_____

SCHEDULE "D"

GUARANTORS
(AS AT JUNE 19, 2018)

Canada

Theratechnologies Intercontinental Inc.

Theratechnologies Europe Inc.

Pharma-G Inc.

Ireland

Theratechnologies International Limited

SCHEDULE “E”

FORM OF GUARANTEE

SCHEDULE "F"

COMMON SHARE LEGEND

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THERATECHNOLOGIES INC. (THE "CORPORATION") THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 THEREUNDER, IF AVAILABLE, OR (ii) RULE 144A THEREUNDER, IF AVAILABLE, AND, IN BOTH CASES, IN ACCORDANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE U.S. STATE SECURITIES LAWS, AND, IN THE CASE OF (C)(i) OR (D) ABOVE, AFTER THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION AND THE TRUSTEE OR TRANSFER AGENT TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

SCHEDULE "G"

FORM OF CERTIFICATE OF TRANSFER

Theratechnologies Inc.
2015 Peel Street 5th Floor
Montreal, Québec H3A 1T8

Attention: General Counsel

Computershare Trust Company of Canada
1500 Robert-Bourassa Boulevard, 7th Floor
Montreal, Québec, H3A 3S8

Re: Transfer of Notes

Reference is hereby made to the Indenture, dated as of June 19, 2018 (the "**Indenture**"), between Theratechnologies Inc., as issuer (the "**Corporation**"), and Computershare Trust Company of Canada (the "**Note Trustee**"), as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____(the "**Transferor**") owns and proposes to transfer the Notes or interests in such Notes specified in Annex A hereto, in the principal amount of $_____ (the "**Transfer**"), to (the "**Transferee**"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. [ ] **Check if Transferee will take delivery of an interest in a Restricted Uncertificated Note or a Restricted Physical Note pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A ("**Rule 144A**") under the Securities Act of 1933, as amended (the "**Securities Act**"), and, accordingly, the Transferor hereby further certifies that the interest or physical Note is being transferred to a Person that the Transferor reasonably believes is purchasing the interest or physical Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or physical Note will be subject to the restrictions on transfer enumerated in the U.S. Legend.

2. **[ ] Check if Transferee will take delivery of an interest in an Unrestricted Uncertificated Note or an Unrestricted Physical Note pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Rule 904 of Regulation S under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transferor is not an "affiliate" of the Corporation as that term is defined in Rule 405

under the Securities Act, (ii) the offer was not made, and the Transfer is not being made, to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (iii) neither the Transferor nor any affiliate of the Transferor nor any Person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the Transfer, (iv) the Transfer is *bona fide* and not for the purpose of "washing off' the resale restrictions imposed because the securities are "restricted securities" (as that term is defined in Rule 144(a)(3) under the Securities Act), (v) the Transferor does not intend to replace such securities with fungible unrestricted securities and (vi) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act. Terms used in this section have the meaning given to them by Regulation S under the Securities Act.

3. [ ] **Check and complete if Transferee will take delivery of an interest in an Unrestricted Uncertificated Note or an Unrestricted Physical Note pursuant to any provision of the Securities Act other than Regulation S.**

(a) [ ] **Check if Transfer is pursuant to Rule 144**. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act ("**Rule 144**") and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Transferor in order to maintain compliance with the Securities Act.

(b) [ ] **Check if Transfer is Pursuant to Other Exemption**. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144A, Regulation S and Rule 144, and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture iand the U.S. Legend are not required to be imposed on the beneficial interest of the Transferor in order to maintain compliance with the Securities Act.

In connection with requests for transfers pursuant to item 3(a) or Rule 144, the Transferor must deliver to the Corporation and the Note Trustee an opinion of counsel of recognized standing in form and substance satisfactory to the Note Trustee and reasonably satisfactory to the Corporation, to the effect that the legend is no longer required under applicable requirements of the Securities Act or state securities laws.

This certificate and the statements contained herein are made for your benefit and the benefit of the Corporation and the Note Trustee.

[Insert Name of Transferor] By:

By: _____
Name:
Title:

Dated: _____

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b) OR (c) OR (d)]

(a) [ ] a Restricted Uncertificated Note CUSIP

(b) [ ] an Unrestricted Uncertificated Note CUSIP

(c) [ ] a Restricted Physical Note

(d) [ ] an Unrestricted Physical Note

after the Transfer the Transferee will hold:

[CHECK ONE OF (e) OR (f) OR (g) OR (h)]

(e) [ ] a Restricted Uncertificated Note CUSIP

(f) [ ] an Unrestricted Uncertificated Note CUSIP

(g) [ ] a Restricted Physical Note

(h) [ ] an Unrestricted Physical Note

in accordance with the terms of the Indenture.

SCHEDULE "H"

FORM OF CERTIFICATE OF EXCHANGE

Theratechnologies Inc.
2015 Peel Street 5th Floor
Montreal, Québec H3A 1T8
Attention: General Counsel

Computershare Trust Company of Canada
1500 Robert-Bourassa Boulevard, 7th Floor
Montreal, Québec H3A 3S8

Re: Exchange of Notes

(**CUSIP [ ]**)

Reference is hereby made to the Indenture, dated as of June 19, 2018 (the "**Indenture**"), between Theratechnologies Inc., as issuer (the "**Corporation**"), and Computershare Trust Company of Canada (the "**Note Trustee**"), as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____(the "**Owner**") owns and proposes to exchange the Notes or interests in such Notes specified herein, in the principal amount of $_____(the "**Exchange**"). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Physical Notes or Restricted Uncertificated Note for Unrestricted Physical Notes or Unrestricted Uncertificated Note

(a) [ ] **Check if Exchange is a Restricted Uncertificated Note to an Unrestricted Uncertificated Note.** In connection with the Exchange of the Restricted Uncertificated Note for an Unrestricted Uncertificated Note in an equal principal amount, the Owner hereby certifies (i) the interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Uncertificated Notes and pursuant to and in accordance with the Securities Act of 1933, as amended (the "**Securities Act**"), (iii) the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the beneficial interest of the Owner in order to maintain compliance with the Securities Act and (iv) the interest in an Unrestricted Uncertificated Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) [ ] **Check if Exchange is from Restricted Physical Note to Unrestricted Physical Note**. In connection with the Owner's Exchange of a Restricted Physical Note for an Unrestricted Physical Note, the Owner hereby certifies (i) the Unrestricted Physical Note is being acquired for the Owner's own account without transfer, such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Physical Notes and pursuant to and in accordance with the Securities Act, the restrictions on transfer contained in the Indenture and the U.S. Legend are not required to be imposed on the Physical Note of the Owner in order to maintain compliance with the Securities Act and (iv) the Unrestricted Physical Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

In connection with requests for Exchanges pursuant to item 1(a) or 1(b), the Owner must deliver to the Corporation and the Note Trustee an opinion of counsel of recognized standing in form and substance satisfactory to the Note Trustee and reasonably satisfactory to the Corporation, to the effect that the legend is no longer required under applicable requirements of the Securities Act or state securities laws.

This certificate and the statements contained herein are made for your benefit and the benefit of the Corporation and the Note Trustee.

_____
[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: _____

SCHEDULE "I"
FORM OF U.S. PURCHASER LETTER

Theratechnologies Inc.
2015 Peel Street, 5th Floor
Montreal, Québec
H3A 1T8

_____("Agent")

_____

_____

_____([●], and together with the Agent, the "Placement Agents")

_____

_____

Dear Ladies and Gentlemen:

The undersigned (the "**Investor**") hereby irrevocably subscribes for and agrees to purchase from Theratechnologies Inc. (the "**Corporation**") in the Corporation's private placement (the "**U.S. Placement**") in the United States the aggregate principal amount of 5.75% convertible unsecured senior notes (the "**Notes**") at a price of US$1,000 per US$1,000 principal amount of Notes of the Corporation set forth on the signature page below. Each Note is convertible under certain circumstances more fully described in the Offering Documents (as described below) into common shares of the Corporation (each common share, a "**Common Share**" and together with the Notes, the "**Securities**"). The Investor represents, warrants and agrees as follows:

1. The Investor acknowledges that this subscription is subject to acceptance by the Corporation. The Corporation may also accept this subscription in part. The undersigned agrees that if this subscription is not accepted in full, any funds related to the portion of this subscription not accepted will be returned to the undersigned, without interest.

2. By executing this Purchaser's Letter, the undersigned represents, warrants and covenants to the Corporation and the Placement Agents (and acknowledges that the Corporation and the Placement Agents are relying thereon) as follows:

   (a) Investor is authorized to consummate the purchase of the Securities;

   (b) Investor understands that none of the Notes or the Common Shares acquirable upon conversion of the Notes have been or will be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any applicable state securities laws and that the sale contemplated hereby is being made to Qualified Institutional Buyers (as defined in subsection (c) below) in reliance on an exemption from registration under the U.S. Securities Act;

   (c) Investor is a "Qualified Institutional Buyer" satisfying the criteria set forth in Rule 144A under the U.S. Securities Act;

(d) Investor is acquiring the Notes for its account or for the account of an Qualified Institutional Buyer as to which it exercises sole investment discretion, and not with a view to any resale, distribution or other disposition of the Securities in violation of the U.S. Securities Act or applicable state securities laws;

(e) The Investor has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Securities and is able to bear the economic risks of such investment;

(f) The Investor agrees that if it decides to offer, sell or otherwise transfer or pledge all or any part of the Securities, it will not offer, sell or otherwise transfer or pledge any of such Securities (other than pursuant to an effective registration statement under the U.S. Securities Act), directly or indirectly unless:

(i) the sale is to the Corporation;

(ii) the sale is made outside the United States in accordance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations; or (iii) the sale is made pursuant to the exemption from registration under the U.S. Securities Act provided by Rule 144 or Rule 144A thereunder, if available, and in compliance with any applicable state securities laws;

(g) The Investor acknowledges and agrees that the Notes may not be converted in the United States or by, or on behalf of, a U.S. Person (as defined in Rule 902(k) of Regulation S under the U.S. Securities Act) unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available to the holder and the holder has furnished an opinion of counsel of recognized standing in form and substance reasonable satisfactory to the Corporation to such effect; provided, however, that the undersigned will not be required to deliver an opinion of counsel in connection with its conversion of the Notes on its own behalf, or on behalf of the original beneficial purchaser for which it is subscribing for Notes hereunder (if any), at a time when it, and such original beneficial purchaser (if any), are Qualified Institutional Buyers;

(h) The Investor has received a copy of the Preliminary U.S. Private Placement Memorandum and the Final U.S. Private Placement Memorandum (the "**Offering Documents**") and it has been afforded the opportunity (i) to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Corporation concerning the terms and conditions of the offering of the Securities and (ii) to obtain such additional information which the Corporation possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy and completeness of the information contained in the Offering Documents and that it has considered necessary in connection with its decision to invest in the Securities;

(i) The Investor acknowledges that it is not purchasing the Securities as a result of any general solicitation or general advertising, as those terms are used in Regulation D under the U.S. Securities Act, including, without limitation, advertisements, articles, notices and other communications published in any newspaper, magazine or similar media or broadcast over television or radio or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

(j) The Investor consents to the Corporation making a notation on its records or giving instructions to any transfer agent or Note agent of the Securities in order to implement the restrictions on transfer set out and described in the Offering Documents;

(k) The Investor understands and acknowledges that the Corporation is not obligated to file and has no present intention of filing with the United States Securities and Exchange Commission or with any state securities administrator any registration statement in respect of resales of the Securities in the United States;

(l) The Investor understands and acknowledges that the Corporation (i) is under no obligation to be or to remain a "foreign issuer", (ii) may not, at the time the Investor sells the Securities or at any other time, be a "foreign issuer", and (iii) may engage in one or more transactions which could cause the Corporation not to be a "foreign issuer";

(m) The funds representing the price which will be advanced by the Investor to the Corporation hereunder will not represent proceeds of crime for the purposes of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the "**PATRIOT Act**") and the Investor acknowledges that the Corporation may in the future be required by law to disclose the Investor's name and other information relating to this Letter and the Investor's subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act. To the best of its knowledge (a) none of the subscription funds to be provided by the Investor (i) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States of America, or any other jurisdiction, or (ii) are being tendered on behalf of a person or entity who has not been identified to the Subscriber, and (b) it shall promptly notify the Corporation if the Investor discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith;

(n) The Investor understands and acknowledges that there may be material tax consequences to it of the acquisition, ownership or disposition of the Securities. Neither the Corporation nor the Placement Agents give any opinion or make any representation with respect to tax consequences to such persons under the United States, state, local or foreign law of the acquisition, ownership or disposition of the Securities; and

(o) if required by applicable securities legislation, regulatory policy or order or by any securities commission, stock exchange or other regulatory authority, Investor will execute, deliver and file and otherwise assist the Corporation in filing reports, questionnaires, undertakings and other documents with respect to the issue of the Securities.

3. The Investor acknowledges that the representations and warranties and agreements contained herein are made by it with the intent that they may be relied upon by you, your agent and affiliates of the agent, in determining its eligibility or (if applicable) the eligibility of others on whose behalf it is contracting hereunder to purchase the Securities. The Investor further agrees that by accepting the Securities it shall be representing and warranting that the foregoing representations and warranties are true as at the closing time with the same force and effect as if they had been made by it at the closing of the purchase and sale of the Securities and that they shall survive the purchase by the Investor of the Securities and shall continue in full force and effect notwithstanding any subsequent disposition by it of the Securities.

4. The Investor hereby irrevocably authorizes the Placement Agents to act as the Investor's representative at the closing of the purchase of the Securities subscribed for hereby and to execute on the Investor's behalf all closing receipts and documents as required or deemed necessary, to receive on the Investor's behalf certificates representing the Securities subscribed for under this subscription agreement, to approve any opinions, certificates or other documents addressed to the Investor, and to waive, in whole or in part, any representations, warranties, covenants or conditions for the Investor's benefit which are contained in the agency agreement.

5. The contract arising out of the acceptance of this subscription by the Corporation shall be governed by and construed in accordance with the laws of the Province of Quebec and represents the entire agreement of the parties hereto relating to the subject matter hereof. Time shall be of the essence hereof.

6. The covenants, representations, warranties and agreements contained herein shall survive the closing of the transactions contemplated hereby.

7. The Corporation and the Placement Agents shall be entitled to rely on delivery of a facsimile copy of this subscription agreement, and acceptance by the Corporation of a facsimile or other electronic copy of this subscription agreement shall create a legal, valid and binding agreement among the Investor, the Corporation and the Placement Agents in accordance with the terms hereof.

8. The Corporation is irrevocably authorized to produce this letter agreement or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

[Signature Page Follows]

You, your agent and affiliates of your agent are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Aggregate Principal Amount of Notes subscribed for: _____

Total subscription price: US$ _____

Please register the Securities subscribed for as follows:

_____
(Name)

_____
(Account reference, if applicable)

_____
(Address)

_____

_____

Dated: _____

_____
(Name of Purchaser)

_____

_____
(Address)

Social Security Number:

_____

By: _____
Name:
Title:

News Release

EUROPEAN COMMISSION APPROVES TROGARZO®

Montreal, Canada – September 26, 2019 – Theratechnologies Inc. (Theratechnologies) (TSX: TH) is pleased to announce that Trogarzo® (ibalizumab) was approved today by the European Commission.

“The approval of Trogarzo® by the European Commission represents a historical milestone for Theratechnologies as it becomes our first product ever approved in that territory. We have been getting ready for this moment and we will initiate our launch plan to introduce Trogarzo® sequentially on a country-by-country basis as we obtain public reimbursement. Already, we are recording sales in Europe through early access programs, which shows that there is already a high level of interest for our unique HIV treatment,” said Luc Tanguay, President and CEO, Theratechnologies Inc.

“Europe is the second largest pharmaceutical market in the world and the approval of Trogarzo® represents a tremendous opportunity for Theratechnologies. I am also very proud to know that patients in Europe can now look forward to having access to an innovative, safe and effective treatment to help them get to undetectable levels of HIV,” added Luc Tanguay.

About Trogarzo® (Europe)

Trogarzo® is a CD4-directed post-attachment HIV-1 inhibitor. Trogarzo®, in combination with other antiretroviral(s), is indicated for the treatment of adults infected with multidrug resistant HIV-1 infection for whom it is otherwise not possible to construct a suppressive antiviral regimen.

Before you receive Trogarzo®, ask your doctor for advice if you are pregnant or plan to become pregnant as it is not known if Trogarzo® may harm your unborn baby. Women who are HIV-positive must not breast feed because HIV infection can be passed on to the baby in breast milk. It is not known if Trogarzo® passes into breast milk.

Talk to your doctor or nurse straight away if you get any of the following serious side effects:

- Signs of a new infection, changes in your immune system, can happen when you start using HIV medicines. Your immune system might get stronger and begin to fight infections that have been hidden in your body for a long time (this is called ‘immune reconstitution inflammatory syndrome’). Look out for new signs of infection after receiving Trogarzo®; these can be different from person to person depending on the type of infection that was hidden and might include fever, headache, difficulty breathing, stomach ache, coughing and swollen glands (lumps and bumps on your body, neck, armpit or groin).
- Allergic reaction (hypersensivity).

The most frequently reported adverse reactions of Trogarzo® include: rash, diarrhea, dizziness, headache, nausea, fatigue and vomiting. These are not all the possible side effects of Trogarzo®.

About Theratechnologies

Theratechnologies (TSX: TH) is a commercial-stage biopharmaceutical company addressing unmet medical needs by bringing to market specialized therapies for people with orphan medical conditions, including those living with HIV. Further information about Theratechnologies is available on the Company's website at www.theratech.com and on SEDAR at www.sedar.com.

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information, or, collectively, forward-looking statements, within the meaning of applicable securities laws, that are based on our management's beliefs and assumptions and on information currently available to our management. You can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or the negatives of these terms, or variations of them. The forward-looking statements contained in this press release include, but are not limited to, statements regarding the launch of Trogarzo® on a country-by-country basis, the obtaining of reimbursement for Trogarzo®, the level of interest for Trogarzo® and the safety and efficacy of Trogarzo®.

Forward-looking statements are based upon a number of assumptions and include, but are not limited to, the following: when launched, Trogarzo® will be accepted by the European market place, Trogarzo® will be reimbursed in each European country, the efficacy and safety of Trogarzo® will be similar to those observed during the clinical trials and no undesired side effects will be discovered over the long-term use of Trogarzo® and Trogarzo® will not be subject to any product recall.

Forward-looking statements are subject to a variety of risks and uncertainties, many of which are beyond our control that could cause our actual results to differ materially from those that are disclosed in or implied by the forward-looking statements contained in this press release. These risks and uncertainties include, among others, the risk that Trogarzo® is not reimbursed by some or all of the European countries, that Trogarzo® is not launched in certain European countries, that undesired side effects are discovered over the long-term use of Trogarzo®, that the safety and efficacy profile of Trogarzo® varies from patients to patients, and that the European countries do not accept Trogarzo® has a treatment to get to undetectable levels of HIV resulting in low sales.

We refer potential investors to the “Risk Factors” section of our annual information form dated February 20, 2019 for additional risks regarding the conduct of our business and Theratechnologies. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking statements reflect current expectations regarding future events and speak only as of the date of this press release and represent our expectations as of that date.

We undertake no obligation to update or revise the information contained in this press release, whether as a result of new information, future events or circumstances or otherwise, except as may be required by applicable law.

-30-

For media inquiries:
Denis Boucher
Vice President, Communications and Corporate Affairs 514-336-7800

MATERIAL CHANGE REPORT
Regulation 51-102 Respecting Continuous Disclosure Obligations
Form 51-102F3

ITEM1 - NAME AND ADDRESS OF COMPANY

THERATECHNOLOGIES INC. (the "**Corporation**")
2015 Peel Street
11th Floor
Montreal, Québec
Canada H3A 1T8

ITEM 2 - DATE OF MATERIAL CHANGE

September 26, 2019

ITEM 3 - NEWS RELEASE

A news release describing this material change was issued by the Corporation on September 26, 2019 via "GlobeNewswire". A copy of the news release is available on the SEDAR website at www.sedar.com.

ITEM 4 - SUMMARY OF MATERIAL CHANGE

On September 26, 2019, the Corporation announced that the European Commission (the "EC") approved Trogarzo® (ibalizumab).

ITEM 5 - FULL DESCRIPTION OF MATERIAL CHANGE

5.1 Full description of material change

On September 26, 2019, the Corporation announced that the EC approved Trogarzo® (ibalizumab).

Trogarzo® is a CD4-directed post-attachment HIV-1 inhibitor. In Europe, Trogarzo®, in combination with other antiretroviral(s), is indicated for the treatment of adults infected with multidrug resistant HIV-1 infection for whom it is otherwise not possible to construct a suppressive antiviral regimen.

Before you receive Trogarzo®, ask your doctor for advice if you are pregnant or plan to become pregnant as it is not known if Trogarzo® may harm your unborn baby. Women who are HIV-positive must not breast feed because HIV infection can be passed on to the baby in breast milk. It is not known if Trogarzo® passes into breast milk.

Talk to your doctor or nurse straight away if you get any of the following serious side effects:

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- Allergic reaction (hypersensivity).

The most frequently reported adverse reactions of Trogarzo® include: rash, diarrhea, dizziness, headache, nausea, fatigue and vomiting. These are not all the possible side effects of Trogarzo®.

5.2 Disclosure for restructuring transactions

Not applicable.

ITEM 6 - RELIANCE ON SUBSECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT 51-102

Not applicable.

ITEM 7 - OMITTED INFORMATION

Not applicable.

ITEM 8 - EXECUTIVE OFFICER

For further information, contact Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary of the Corporation at (438) 315-6607.

ITEM 9 - DATE OF REPORT

September 26, 2019.

KPMG LLP
600 de Maisonneuve Blvd West
Suite 1500, Tour KPMG
Montréal (Québec) H3A 0A3
Tel. 514-840-2100
Fax. 514-840-2187
www.kpmg.ca

CONSENT OF INDEPENDENT AUDITOR

The Board of Directors
Theratechnologies Inc.

We consent to the use of:

- our report dated February 20, 2019 on the consolidated financial statements of Theratechnologies Inc., which comprise the consolidated statements of financial position as at November 30, 2018 and November 30, 2017, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information;
- our report dated February 6, 2018 on the consolidated financial statements of Theratechnologies Inc., which comprise the consolidated statements of financial position as at November 30, 2017 and November 30, 2016, the consolidated statements of comprehensive (loss) income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Included in this Registration Statement on Form 40-F of Theratechnologies Inc.

KPMG LLP

Montréal, Canada

September 27, 2019

*CPA auditor, CA, public accountancy permit No. A110592