News Release

Theratechnologies Announces Financial Results for Second Quarter of 2017

Montreal, Canada – July 12, 2017 – Theratechnologies Inc. (Theratechnologies) (TSX: TH) today announced its financial results for the second quarter ended May 31, 2017.

Second quarter 2017 financial highlights

- Net *EGRIFTA*® sales reach $10,015,000
- Adjusted EBITDA of $(3,739,000)[1]
- Liquidities of $29,603,000

"Our second quarter results are characterized by continued *EGRIFTA*® revenue growth and significant planned investments required to prepare for the launch of ibalizumab. As a matter of fact, *EGRIFTA*® sales are the best we ever recorded for a second quarter. This was achieved without having started to reap the benefits from the expanded sales contingent which is now fully operational and will extend our reach to almost 5,000 U.S. physicians instead of 1,100. Already, we are seeing the positive impact of the expanded sales team," said Luc Tanguay, President and CEO, Theratechnologies Inc.

"We also achieved several milestones towards the launch of ibalizumab in the second quarter. The Biologics Licence Application was completed, we reached an agreement with our partner, TaiMed Biologics Inc., for the commercial rights to ibalizumab in Europe and we just received confirmation from the FDA that ibalizumab will be evaluated under the priority review process with a target action date of January 3rd, 2018. Ever since we acquired the rights to ibalizumab in the United States, our goal has been to have the right team in place to ensure an optimal launch if a positive decision is received from the FDA. I am quite satisfied with our level of preparedness at this stage," concluded Mr. Tanguay.

Second Quarter 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 unaudited consolidated financial statements for the period ended May 31, 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 for the second quarter ended May 31, 2017 and the unaudited consolidated financial statements can be found at www.theratech.com and www.sedar.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 registered trademark.

[1] See "Non-IFRS Financial Measures" below

2017 Guidance
There is no change in our previously reported guidance. Net sales revenue of *EGRIFTA*® for fiscal 2017 is expected to be in the range of $44,000,000 to $46,000,000. Adjusted EBITDA for fiscal 2017 is expected to be in the range of $(2,000,000) to $(3,000,000). See "Non-IFRS Financial Measures" below.

An assumed average exchange rate of USD 1 = CAD 1.32 was used in providing this guidance.

Consolidated revenue for the three- and six-month periods ended May 31, 2017 was $10,016,000 and $19,051,000 compared to $9,027,000 and $17,770,000 in the comparable periods of fiscal 2016.

Revenue generated from net sales in the three- and six-month periods ended May 31, 2017 was $10,015,000 and $19,049,000 compared to $9,026,000 and $17,767,000 in the comparable periods of fiscal 2016. Revenue in 2017 is benefitting from increased unit volumes, higher prices and positive currency fluctuations, gains that were partially offset by changes in the mix of participating third-party payors that reduced the average net selling price.

For the three- and six-month periods ended May 31, 2017, the **cost of sales** was $2,041,000 and $4,091,000 compared to $1,657,000 and $3,026,000 in the comparable periods of fiscal 2016. The cost of goods sold was $1,179,000 and $2,265,000 compared to $1,017,000 and $2,072,000 in the comparable periods of fiscal 2016.

A reversed inventory provision of $172,000 resulted in a gain of $125,000 in other production-related costs in the second quarter of fiscal 2017; for the six-month period the expense was $53,000. This compares with gains due to reversals of inventory provisions of $26,000 and $60,000 in the comparable periods of fiscal 2016.

Finally, cost of sales in the three- and six-month periods ended May 31, 2017 included royalties of $987,000 and $1,773,000 respectively compared to $666,000 and $1,014,000 in the comparable periods of fiscal 2016. 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 and the percentage being applied in fiscal 2017 is a blended rate based on expected sales for the year.

R&D Expenses in the three- and six-month periods ended May 31, 2017 amounted to $3,654,000 and $5,674,000 compared to $2,134,000 and $4,018,000 in the comparable periods of fiscal 2016.

The 2017 periods include non-recurring costs associated with a batch of the F4 formulation of *EGRIFTA*®, produced for bio-equivalency testing, as well as the ongoing cost of additional staff members in our medical science liaison group to increase awareness about excess abdominal fat in HIV-infected patients with lipodystrophy and about multi-drug resistant HIV-1.

R&D expenses also include costs associated with our two Phase 4 clinical trials, which amounted to $632,000 and $1,079,000 in the three- and six-month periods ended May

31, 2017 compared to $638,000 and $1,324,000 in the comparable periods of fiscal 2016. Other components of R&D expenses include regulatory affairs and quality assurance.

Selling and Market Development Expenses in the three- and six-month periods ended May 31, 2017 amounted to $7,191,000 and $10,958,000 compared to $3,333,000 and $7,236,000 in the comparable periods of fiscal 2016.

The second quarter of 2017 included approximately $2,500,000 of costs associated with the planned expansion of our sales team. Approximately $600,000 of this amount is non-recurring as it relates to the implementation phase of the expansion. We also added staff to our managed markets and reimbursement groups; initiated preparatory work on branded and non-branded ibalizumab campaigns and began devising a pricing strategy for ibalizumab.

Amortization of the intangible asset value established for the *EGRIFTA*® commercialization rights amounted to $509,000 and $1,008,000 in the three- and six-month periods ended May 31, 2017, compared to $491,000 and $1,016,000 in the prior-year periods.

The year-over-year increase also reflects the growth in our business and intensified marketing efforts generally and because most of our selling and market development expenses are incurred in the United States, part of the increase is attributable to changes in the value of the CAD versus the USD.

General and Administrative Expenses in the three- and six-month periods ended May 31, 2017 amounted to $1,698,000 and $2,932,000, compared to $1,109,000 and 2,192,000 reported in the comparable periods of fiscal 2016. The granting of stock options to members of the Company's board of directors as part of the annual compensation plan resulted in a non-cash expense of $297,000 in the second quarter of 2017. In fiscal 2016, the stock option grant was made in the third quarter. The balance of the increased expense in 2017 is attributable to the growth and development of the business.

Finance costs for the three- and six-month periods ended May 31, 2017 were $4,625,000 and $6,897,000 compared to $1,323,000 and $2,008,000 in the comparable periods of fiscal 2016. These costs are almost entirely non-cash items. Finance costs in the second quarter of 2017 included a loss of $4,020,000 related to an increase in the fair value of outstanding warrants compared to a loss of $1,023,000 in the comparable period of fiscal 2016. Finance costs for the three- and six-month periods ended May 31, 2017 also included $384,000 and $802,000 of accretion expense on the Long-term obligation, compared to $507,000 and $1,101,000 in the comparable periods of fiscal 2016.

Adjusted EBITDA for the three- and six- month periods ended May 31, 2017 was $(3,739,000) and $(3,014,000) compared to $1,362,000 and $2,464,000 in the comparable periods of fiscal 2016. In accordance with our plans, Adjusted EBITDA in fiscal 2017 is being negatively affected by the non-recurring expenses described above as well as the investments made in organizational expansion. For a reconciliation of net loss and Adjusted EBITDA see "Non-IFRS Financial Measures" below.

Taking into account the revenue and expense variations described above, in particular non-recurring expenses, the investments made in organizational expansion and the $4,020,000 increase in the fair value of outstanding warrants, we recorded a **net loss** of $9,109,000 or $(0.13) per share in the three months ended May 31, 2017 compared to a net loss of $498,000 or $(0.01) per share in the comparable period of fiscal 2016. In the six-month period ended May 31, 2017 the net loss was $11,352,000 or $(0.16) per share compared to a net loss of $651,000 or $(0.01) per share in the comparable period of fiscal 2016.

As at May 31, 2017, cash, cash equivalents and bonds amounted to $29,603,000 compared to $11,603,000 at November 30, 2016.

In the second quarter of fiscal 2017, changes in operating assets and liabilities had a positive impact on **cash flow** of $3,898,000. These changes, which reflect the growth of our business and organizational expansion, included an increase in trade and other receivables of $1,840,000 and a $5,682,000 increase in accounts payable and accrued liabilities.

In the first six months of fiscal 2017, changes in operating assets and liabilities positively affected cash flow by $5,761,000 compared to decrease in cash flow of $1,843,000 in the comparable period of fiscal 2016. As was the case in the second quarter, the most significant changes were an increase in trade and other receivables of $1,256,000, and increased accounts payable and accrued liabilities of $6,292,000.

Overall, operating activities used $88,000 of cash in the three months ended May 31, 2017, compared to cash flow generated from operating activities of $233,000 in the comparable period of fiscal 2016. In the six-month periods, cash flows from operating activities were $2,472,000 in 2017 compared to $622,000 in 2016.

Subsequent Events

Exercise of Common Share Purchase Warrants

Since the end of the second quarter ended May 31, 2017, 353,150 common share purchase warrants, issued in 2015, were exercised and 353,150 common shares were issued for a cash consideration of $1,059,000.

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 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.

Reconciliation of non-IFRS financial information

(in thousands of Canadian dollars)

	Three-month periods ended May 31,		**Six-month periods ended May 31,**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Net (loss)	**(9,109)**	(498)	**(11,352)**	(651)
Add (deduct):				
Depreciation and amortization	**516**	498	**1,020**	1,026
Finance costs	**4,625**	1,323	**6,897**	2,008
Finance income	**(84)**	(31)	**(149)**	(59)
Share-based compensation for stock option plan	**485**	96	**617**	166
Write-down of inventories	**(172)**	(26)	**(47)**	(26)
Adjusted EBITDA	**(3,739)**	1,362	**(3,014)**	2,464

Conference Call Details

A conference call will be held today at 8:30 a.m. (ET) to discuss the results. 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 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/8535. Audio replay of the conference call will be available until July 26, 2017, by dialling 1-800-585-8367 (North America) or 1-416-621-4642 (International) and by entering the playback code 37967002.

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*® and adjusted EBITDA for the 2017 fiscal year, the approval of ibalizumab by the FDA, our future growth in relation to the 2017 organizational expansion and our capacity to reach a certain number of physicians.

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*® and our anticipated Adjusted EBITDA for the 2017 fiscal year, the USD/CAD exchange rate will not vary during the 2017 fiscal year, the FDA will not issue any order or decision negatively affecting the commercialization of *EGRIFTA*® in the United States, the timing regarding the issuance of a decision regarding the BLA for ibalizumab will be met, the FDA will approve ibalizumab, and, if approved by the FDA, ibalizumab will be accepted by both patients and physicians, and our commercial infrastructure will be adequate to commercialize ibalizumab.

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 2017 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 launch and commercialize ibalizumab.

We refer potential investors to the "Risk Factors" section of our Annual Information Form dated February 7, 2017 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
EXOCET Public Relations
514-913-1957