News Release

Theratechnologies Announces Financial Results for Second Quarter of 2016

Montreal, Canada – July 5, 2016 – Theratechnologies Inc. (Theratechnologies) (TSX: TH) today announced its financial results for the second quarter ended May 31, 2016.

Second quarter 2016 financial highlights

- Net sales of $9,026,000
- Adjusted EBITDA of $1,362,000
- Net loss of $498,000 or 0.01 per share
- Liquidities of $9,239,000

"We are pleased with the revenue generated by *EGRIFTA*® in the second quarter. Indeed, revenues in U.S. dollars grew by 11 percent quarter-over-quarter and by 24 percent when compared to the same quarter last year," said Luc Tanguay, President and CEO, Theratechnologies Inc.

"In addition, in the second quarter, we announced the agreement for the commercialization of ibalizumab in the United States and Canada. Shortly thereafter, we released preliminary Phase III clinical trial data showing that 82.5% of enrolled patients had reached the primary endpoint. These results gave us even more reasons to be very excited about this breakthrough treatment addressing multi-drug resistant HIV infection. If approved, it could start generating revenues as early as next year," added Luc Tanguay.

Revised guidance

While *EGRIFTA*® sales are growing, the current rate of growth is lower than previously expected. In addition, the recent strengthening of the CAD versus the USD has negatively affected revenue guidance reported in CAD by an amount of close to $3,000,000. For the twelve months ending November 30, 2016, we now expect that net sales of *EGRIFTA*® will be in the range of $36,000,000 to $37,000,000 (previously $46,000,000 to $49,000,000). Our expectations for Adjusted EBITDA in Fiscal 2016 are now in the range of $5,000,000 to $6,000,000 (previously $9,000,000 to $11,000,000). For the balance of fiscal 2016, we have assumed an average exchange rate of USD 1 = CAD 1.30. See "Non-IFRS Financial Measures" below.

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, 2016, 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, 2016 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.

Consolidated revenue for the three- and six-month periods ended May 31, 2016 was $9,027,000 and $17,770,000 compared to $7,280,000 and $11,851,000 in the comparable periods of fiscal 2015.

Revenue generated from net sales in the three- and six-month periods ended May 31, 2016 was $9,026,000 and $17,767,000 compared to $7,076,000 and $11,643,000 in the comparable periods of fiscal 2015, reflecting increased volumes and a price increase that took effect in January 2016.

In the three months ended May 31, 2015, we received an upfront payment of $200,000 from AOP Orphan Pharmaceuticals AG, or AOP, our commercial partner in Europe.

For the three- and six-month periods ended May 31, 2016, the **cost of goods** sold was $1,017,000 and $2,072,000 compared to $937,000 and $1,578,000 in the comparable periods of fiscal 2015. Royalty expense in the three- and six- month periods ended May 31, 2016 was $666,000 and $1,014,000. Royalties on *EGRIFTA*® sales became payable effective January 1, 2016 and thereafter under the terms of the EMD Serono Termination Agreement.

R&D expenses R&D expenses in the three- and six-month periods ended May 31, 2016 amounted to $2,134,000 and $4,018,000 compared to $1,388,000 and $2,508,000 in the comparable periods of fiscal 2015. Most of the year-over-year increase is the result of increased spending on medical affairs in support of our goal of increasing the *EGRIFTA*® patient base. Medical affairs is largely medical education programs involving opinion-leading physicians and nurses who work with the HIV-infected population to build scientific awareness about *EGRIFTA*® and its therapeutic benefits. R&D expenses also include costs associated with our two Phase 4 clinical trials, which amounted to $638,000 and $1,324,000 in the three- and six-month periods ended May 31, 2016 compared to $1,014,000 and $1,680,000 in the comparable periods of fiscal 2015. Other components of R&D expenses are regulatory affairs and quality assurance.

Because most of our R&D expenses are incurred in the United States, part of the year-over-year variation in R&D expenses is attributable to changes in the value of the CAD versus the USD.

Selling and market development expenses in the three- and six-month periods ended May 31, 2016 amounted to $3,333,000 and $7,236,000 compared to $2,537,000 and $5,053,000 in the comparable periods of fiscal 2015. The increase is principally due to growth in our business and an intensified marketing effort, notably promotional campaigns aimed at increasing awareness of *EGRIFTA*® and its therapeutic benefits within the HIV community.

Selling and market development expenses also include the amortization of the intangible asset value established for the *EGRIFTA*® commercialization rights. In the three- and six-month periods ended May 31, 2016, this amortization expense amounted to $491,000 and $1,016,000 compared to $468,000 and $923,000 in the comparable periods of fiscal 2015.

Because most of our Selling and Market Development expenses are incurred in the United States, part of the year-over-year variation in selling and market development expenses 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, 2016 amounted to $1,109,000 and $2,192,000, up only slightly from the $1,013,000 and 2,033,000 reported in the comparable periods of fiscal 2015.

Finance income for the three- and six-month periods ended May 31, 2016 was $31,000 and $59,000 compared to nil and $258,000 in the comparable periods of fiscal 2015. Finance income in the first six months of 2015 included a gain of $188,000 on the renegotiation of the long-term obligation owed to EMD Serono, or Long-term Obligation.

Finance costs for the three- and six-month periods ended May 31, 2016 were $1,323,000 and $2,008,000 compared to $606,000 and $1,042,000 in the comparable periods of fiscal 2015. These costs are almost entirely non-cash items. Finance costs in the second quarter of 2016 included a loss of $1,035,000 related to an increase in the fair value of outstanding warrants (see note 10 of the Interim Consolidated Financial Statements). Finance costs for the three- and six-month periods ended May 31, 2016 also included $507,000 and $1,101,000 of accretion expense on the Long-term obligation, compared to $635,000 and $1,209,000 in the comparable periods of fiscal 2015.

The **adjusted EBITDA** for the three- and six- month periods ended May 31, 2016 was $1,362,000 and $2,464,000 compared to $1,885,000 and $1,633,000 in the comparable periods of fiscal 2015. Adjusted EBITDA in fiscal 2016 is being negatively

affected by the impact of EMD Serono royalties on earnings, which commenced on January 1, 2016. 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 the loss of $1,035,000 on the increase in fair value of outstanding warrants and the commencement of EMD Serono royalties on January 1, 2016, we recorded a **net loss** of $498,000 or $(0.01) per share in the three months ended May 31, 2016 compared to a net profit of $818,000 or $0.01 per share in the comparable period of fiscal 2015. In the six-month period ended May 31, 2016 the net loss was $651,000 or $(0.01) per share compared to a net loss of $96,000 or $0.00 per share in the comparable period of fiscal 2015.

In the three-month period ended May 31, 2016, operating activities generated **cash flow** of $233,000, compared to $1,106,000 in the comparable period of fiscal 2015. In the second quarter of fiscal 2016, changes in operating assets and liabilities reduced cash flow by $1,175,000. These included an increase in trade and other receivables and inventories, partially offset by increased accounts payable and accrued liabilities, and lower prepaid expenses.

A major use of cash in the second quarter of fiscal 2016 was a $5,196,000 payment against the Long-term Obligation; while the exercise of stock options generated $220,000 of cash in the period.

In accordance with the terms of the Ibalizumab Agreement, $1,491,000 (USD $1,000,000 plus related expenses) was paid in the second quarter of fiscal 2016 (see note 7 of the Interim Consolidated Financial Statements).

As at May 31, 2016, **cash, cash equivalents and bonds** amounted to $9,239,000 compared to $15,350,000 at November 30, 2015.

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 Consolidated Adjusted EBITDA measurement by adding to net profit or loss, finance income and costs, depreciation and amortization, income taxes, as well as federal investment ARC credits recorded in 2014. 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

	Three-month periods ended May 31,		**Six-month periods ended May 31,**	
	2016	2015	**2016**	2015
	$	$	**$**	$
Net profit (loss)	**(498)**	818	**(651)**	(96)
Add (deduct):				
Depreciation and amortization	**498**	470	**1,026**	929
Finance costs	**1,323**	606	**2,008**	1,042
Finance income	**(31)**	0	**(59)**	(258)
Share-based compensation for stock option plan	**96**	25	**166**	40
Income tax expenses	**--**	0	**--**	10
Write-down of inventories	**(26)**	(34)	**(26)**	(34)
Adjusted EBITDA	**1,362**	1,885	**2,464**	1,633

Conference Call Details

A conference call will be held tomorrow, July 6, 2016 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/7566. Audio replay of the conference call will be available from July 7, 2016 11:30 a.m. and until July 19, 2016, by dialling 1-800-585-8367 (North America) or 1-416-621-4642 (International) and by entering the playback code 10732812.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company addressing unmet medical needs to promote healthy ageing and 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, statements regarding the approval and commercialization of ibalizumab as a treatment and our anticipated revenue and Adjusted EBITDA for Fiscal 2016.

Forward-looking statements are based upon a number of assumptions and include, but are not limited to, the following: our marketing campaign in the United States will allow us to increase the patient base for *EGRIFTA*®and to thereby grow our sales, revenues and achieve positive earnings, we will have continuous supply of *EGRIFTA*®, the ongoing Phase III clinical trial for ibalizumab will generate positive results and Ibalizumab will be approved by the United States Food and Drug Administration, or FDA, the FDA will not issue any order or decision having the effect of suspending the commercialization of *EGRIFTA*® in the United States, the relationships with our commercial partners and third-party suppliers will be conflict-free and no unforeseen event will result in unplanned expenditures.

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, but are not limited to, the risk that sales of *EGRIFTA*® in the United States decrease, the risk that we are unable to supply *EGRIFTA*® in the United States, in Canada and to our commercial partners in Europe, Mexico and South Korea because of increasing sales or because of manufacturing issues which would deplete our current inventory, the risk that *EGRIFTA*® is subject to a recall, the risk that Phase III results from the ongoing clinical trial for ibalizumab are not conclusive, the risk that the FDA does not approve Ibalizumab and the risk that our operating expenses are materially adversely affected by unforeseen events.

We refer potential investors to the "Risks Factors" section of our Annual Information Form dated February 24, 2016 available 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.

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