News Release

Theratechnologies Announces Financial Results for Third Quarter of 2017

Montreal, Canada – October 5, 2017 – Theratechnologies Inc. (Theratechnologies) (TSX: TH) today announced its financial results for the third quarter ended August 31, 2017.

Third quarter 2017 financial highlights

- Net *EGRIFTA*® sales reached $11,217,000
- Adjusted EBITDA of $(2,046,000)[1]
- Liquidities of $29,578,000

"With three quarters into our fiscal year, our business plan is very much on track. Sales of *EGRIFTA*® are growing and the ibalizumab file is progressing as we anticipated. In fact, we are even ahead of our plan for ibalizumab in Europe as we started investing in regulatory work much sooner than we expected," said Luc Tanguay, President and Chief Executive Officer, Theratechnologies inc.

"During our last quarter, *EGRIFTA*® sales were up 26 percent compared to the same quarter last year, ibalizumab was accepted for filing and is currently being evaluated under priority review and the Food and Drug Administration ("FDA") gave a Prescription Drug User Fee Act ("PDUFA") target action date of January 3, 2018 for the ibalizumab application. While we are pleased with those accomplishments, we remain more than ever focused on making sure that we spare no effort to support the successful launch of ibalizumab," added Mr. Tanguay.

2017 Revised Guidance

We have adjusted our net sales revenue guidance to account for the recent strength of the CAD versus the USD and the possible impact of severe, adverse weather conditions on fourth quarter sales in Florida, Texas and Puerto Rico, which are three important *EGRIFTA*® markets. Adjusted EBITDA will be affected by the anticipated lower net sales revenue as well as by higher ibalizumab expenses in Europe where more rapid than expected regulatory progress is being achieved. Net sales revenue of *EGRIFTA*® for fiscal 2017 is now expected to be in the range of $42,000,000 to $44,000,000, compared to $44,000,000 to $46,000,000 in our previous report. Adjusted EBITDA for fiscal 2017 is now expected to be in the range of ($5,000,000) to ($5,500,000) compared to ($2,000,000) to ($3,000,000) in our previous report. See "Non-IFRS Financial Measures" below.

An assumed average exchange rate in the fourth quarter of USD 1 = CAD 1.22 was used in providing this guidance, compared to USD 1 = CAD 1.32 in our previous report.

Third Quarter Financial Results

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

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 August 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 third quarter ended August 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.

Consolidated revenue for the three- and nine-month periods ended August 31, 2017 was $11,217,000 and $30,268,000 compared to $8,925,000 and $26,695,000 in the comparable periods of fiscal 2016.

Revenue generated from net sales in the three- and nine-month periods ended August 31, 2017 was $11,217,000 and $30,266,000 compared to $8,924,000 and $26,691,000 in the comparable period of fiscal 2016. Revenue in 2017, for both the quarter and year-to-date, reflects increased unit volumes and higher prices compared to the comparable period in 2016, gains that were partially offset by changes in the mix of participating third-party payors as we move to expand our market to include more patients on Medicaid and other financial assistance programs. These programs typically involve rebates that reduce our average net selling price.

For the three- and nine-month periods ended August 31, 2017, **cost of sales** was $2,659,000 and $6,750,000 compared to $1,654,000 and $4,680,000 in the comparable period of fiscal 2016. Included in these amounts was cost of goods sold of $1,333,000 and $3,598,000, respectively, for the three- and nine-month periods ended August 31, 2017, compared to $1,005,000 and $3,007,000 in the comparable period of fiscal 2016. The increases in cost of goods sold were due to the higher sales in the 2017 periods.

Other production-related costs in the third quarter of fiscal 2017 amounted to $219,000, which was principally due to a write-down of inventory.

Finally, cost of sales in the three- and nine-month periods ended August 31, 2017 included royalties of $1,107,000 and $2,880,000, respectively compared to $659,000 and $1,673,000 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 nine-month periods ended August 31, 2017 amounted to $3,088,000 and $8,762,000 compared to $1,779,000 and $5,797,000 in the comparable periods of fiscal 2016.

The higher expenses in the 2017 periods 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 $505,000 and $1,584,000 in the three- and nine-month periods ended August 31, 2017 compared to $709,000 and $2,031,000 in the comparable periods of fiscal 2016. Other components of R&D expenses include regulatory affairs and quality assurance activities.

Selling and Market Development expenses in the three- and nine-month periods ended August 31, 2017 amounted to $7,074,000 and $18,032,000 compared to $3,660,000 and $10,896,000 in the comparable periods of fiscal 2016. The year-over-year increase generally reflects the growth in our business and intensified marketing efforts.

The third quarter of 2017 included the full cost associated with the expansion of our U.S. sales team in order to cover additional territories and prepare for the potential launch of ibalizumab in the United States. We also added staff to our managed markets and reimbursement 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.

Amortization of the intangible asset value established for the *EGRIFTA*® commercialization rights amounted to $486,000 and $1,494,000 in the three- and nine-month periods ended August 31, 2017, compared to $490,000 and $1,506,000 in the prior-year periods.

General and Administrative expenses in the three- and nine-month periods ended August 31, 2017 amounted to $1,293,000 and $4,225,000, compared to $1,286,000 and $3,478,000 reported in the comparable periods of fiscal 2016. The increase in general and administrative expenses in 2017 is essentially attributable to the growth and development of the business.

Finance income, consisting of interest income, for the three- and nine-month periods ended August 31, 2017 was $95,000 and $244,000 compared to $21,000 and $80,000 in the comparable periods of fiscal 2016.

Finance costs for the three- and nine-month periods ended August 31, 2017 were $80,000 and $6,977,000 compared to a gain of $321,000 and costs of $1,687,000 in the comparable periods of fiscal 2016. These costs are almost entirely non-cash items. Finance costs in the third quarter of 2017 included a loss of $906,000 on financial instruments carried at fair value which was more than offset by a net foreign currency gain of $1,065,000. Finance costs for the nine-month period ended August 31, 2017 included a loss of $6,654,000 related to an increase in the fair value of outstanding warrants. Finance costs for the three- and nine-month periods ended August 31, 2017 also included $288,000 and $1,090,000, respectively, of accretion expense on our Long-term obligation, compared to $410,000 and $1,511,000 in the comparable periods of fiscal 2016.

Adjusted EBITDA for the three- and nine-month periods ended August 31, 2017 was ($2,046,000) and ($5,060,000) compared to $1,297,000 and $3,761,000 in the comparable periods of 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 organization, added staffing in our medical science liaison and managed markets groups, as well as expenses related to ibalizumab in the United States and in Europe where more rapid than expected regulatory progress is being achieved. 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 investments made in organizational expansion and ibalizumab, we recorded a **net loss** of $2,882,000 or $0.04 per share in the three months ended August 31, 2017 compared to a net profit of $888,000 or $0.01 per share in the comparable period of fiscal 2016. In the nine-month period ended August 31, 2017 the net loss, which included a loss of $6,654,000 related to an increase in the fair value of outstanding warrants, was $14,234,000 or $0.20 per share compared to a net profit of $237,000 or nil per share in the comparable period of fiscal 2016.

As at August 31, 2017, cash, bonds, and money market funds amounted to $29,578,000 compared to $29,603,000 at May 31, 2017 and $11,603,000 at November 30, 2016.

Operating activities used $1,975,000 of cash in the three months ended August 31, 2017, compared to **cash flows** from operating activities of $513,000 in the comparable period of fiscal 2016. In the nine-month periods, cash flows from operating activities were $497,000 in 2017 compared to $3,000 in 2016.

In the third quarter of fiscal 2017, changes in operating assets and liabilities had a positive impact on cash flow of $598,000. These changes, which reflect the growth of our business and organizational expansion, included an increase in trade and other receivables of $1,191,000 and a $1,285,000 increase in accounts payable and accrued liabilities.

In the first nine months of fiscal 2017, changes in operating assets and liabilities positively affected cash flow by $6,359,000 compared to $3,656,000 of cash used in the comparable period of fiscal 2016. As was the case in the third quarter, the most significant changes were an increase in trade and other receivables of $2,447,000, and increased accounts payable and accrued liabilities of $7,577,000, reflecting the growth of our business and organizational expansion.

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 also issued broker options for the sale and issuance 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 three- and nine-month periods ended August 31, 2017, the Company received cash consideration of $2,582,000 and $7,900,000 respectively for the exercise of common share purchase warrants, broker options, broker warrants and stock options. Financing activities in both of the nine-month periods of fiscal 2017 and fiscal 2016

also included scheduled payments against the Long-term obligation of US$4,000,000 (C$5,390,000 in fiscal 2017 compared to C$5,196,000 in fiscal 2016).

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 August 31,		**Nine-month periods ended August 31,**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Net (loss) profit	**(2,882)**	888	**(14,234)**	237
Add (deduct):				
Depreciation and amortization	**492**	495	**1,512**	1,521
Finance costs	**80**	(321)	**6,977**	1,687
Finance income	**(95)**	(21)	**(244)**	(80)
Share-based compensation	**204**	266	**821**	432

for stock option plan				
Write-down of inventories	**155**	(10)	**108**	(36)
Adjusted EBITDA	**(2,046)**	1,297	**(5,060)**	3,761

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/8852. Audio replay of the conference call will be available until October 19, 2017, by dialling 1-800-585-8367 (North America) or 1-416-621-4642 (International) and by entering the playback code 84471075.

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 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 and we will meet our revised 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 remainder of the 2017 fiscal year, the FDA will not issue any order or decision negatively affecting the commercialization of *EGRIFTA*® in the United States, the PDUFA target action date will be met, 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 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 successfully launch 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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