MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE-MONTH PERIOD ENDED FEBRUARY 29, 2016

The following Management's Discussion and Analysis, or MD&A, provides management's point of view on the financial position and results of operations of Theratechnologies Inc., on a consolidated basis, for the three-month period ended February 29, 2016 as compared to the three-month period ended February 28, 2015. 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 March 30, 2016, was approved by our Audit Committee, and should be read in conjunction with our unaudited interim consolidated financial statements and the notes thereto as at February 29, 2016, as well as the MD&A and audited consolidated financial statements including the notes thereto as at November 30, 2015. The interim consolidated financial statements for the three-month period ended February 29, 2016 have not been reviewed by our auditors.

Except as otherwise indicated, the financial information contained in this MD&A and in our unaudited interim consolidated financial statements and 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.

Effective December 1, 2014, the Company changed its functional currency to the United States dollar, or USD, from the Canadian dollar, or CAD. This is the result of the Company's increased exposure to the USD through increased operational activity and sales in the United States. In accordance with IFRS, the Company translated all amounts for the December 1, 2014 consolidated statement of financial position into the new functional currency using the exchange rate in effect at the date of the change. However, since the Company believes that CAD currency is more useful to users of these documents, all monetary amounts set forth in this MD&A and in our unaudited interim consolidated financial statements and audited consolidated financial statements and the notes thereto are expressed in CAD for reporting purposes. The exchange difference resulting from the translation 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. Tesamorelin refers to the use of tesamorelin for the potential treatment of other diseases. *EGRIFTA*® is our registered trademark in the United States and Canada and it is used in those countries to commercialize tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

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 in metabolic disorders to promote healthy ageing and improved quality of life, among HIV patients.

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 March 2015, and by COFEPRIS, Mexico's health agency, in March 2016. *EGRIFTA*® is, to date, the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. In March 2016, we signed a 12-year collaboration agreement with TaiMed Biologics, Inc., or TaiMed, to market and distribute ibalizumab in the United States and Canada, or Ibalizumab Agreement.

ibalizumab is a novel CD4-directed HIV entry-inhibitor that is currently in late-stage, Phase III, clinical development for the treatment of multi-drug resistant HIV.

Since May 1, 2014, *EGRIFTA*® is marketed by us exclusively in the United States after regaining all of the U.S. commercialization rights from EMD Serono, Inc., or EMD Serono, pursuant to a transfer and termination agreement dated December 13, 2013, or 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 on October 28, 2008, as amended, or the EMD Serono Agreement.

Fiscal 2016 Business Plan Update

In 2016, we continue to focus principally on increasing sales of *EGRIFTA*® in the U.S. market. An important strategy in support of this goal is a commitment to growing our patient base by elevating the importance of treating excess abdominal fat in HIV-infected patients with lipodystrophy in the minds of patients, health care providers and third-party payors. We are investing more in medical education programs, involving opinion-leading physicians and nurses who work with the HIV-infected population. And, we have developed a promotional campaign in support of our message, which was deployed in the fourth quarter of Fiscal 2015 and will continue throughout 2016.

As detailed in the revenue discussion below, net *EGRIFTA*® sales in the first quarter of fiscal 2016 were $8,741,000, compared to $4,567,000 in the first quarter of fiscal 2015 and, on a unit basis, net sales were higher than those of the fourth quarter of Fiscal 2015. The quarter-over-quarter unit growth was achieved despite the fact that first quarter sales of prescription medications are generally negatively affected by the reimbursement policies of third-party payors.

In addition to growing our U.S. business, our 2016 business plan objectives include; establishing the market for *EGRIFTA*® in Canada; supporting our three existing commercial partners in their efforts to obtain marketing approvals in Latin America, Europe and South Korea; and securing additional commercial partners for other selected territories. In this regard, we were pleased to announce in March 2016 that *EGRIFTA*® received approval from COFEPRIS, the Mexican health agency.

Finally, in the 2016 business plan, we set out to identify product acquisition opportunities that could benefit from our current infrastructure and address a population of patients similar to that of *EGRIFTA*®. On March 18, 2016, we announced the Ibalizumab Agreement, a 12-year collaboration agreement with TaiMed, to market and distribute ibalizumab in the United States and in Canada. Ibalizumab is a novel CD4-directed HIV entry-inhibitor and is the first humanized monoclonal antibody in clinical trials for the treatment of multi-drug resistant HIV. It is currently in a late-stage Phase III clinical trial, the last step before submitting the product for regulatory approval to the Food and Drug Administration in the United States. Ibalizumab fits well within our existing commercial infrastructure, as we can leverage our salesforce, our medical science liaison team as well as our managed markets group and call center. For more information on the Ibalizumab Agreement see "Subsequent Event" below.

Overall, we are pleased with the progress made with respect to each of our key objectives in the first quarter of the year. We are off to a good start and well positioned to achieve our 2016 business plan objectives.

Revised Guidance

For the twelve months ending November 30, 2016, we continue to expect that net sales of *EGRIFTA*® will be in the range of $46,000,000 to $49,000,000. However, given the additional expense associated with ibalizumab agreement we now anticipate that Adjusted EBITDA in Fiscal 2016 will be in the range of $9,000,000 to $11,000,000 (previously $10,000,000 to $12,000,000). See "Non-IFRS Financial Measures" below.

Revenues
Consolidated revenue for the three months ended February 29, 2016 was $8,743,000 compared to $4,571,000 in the comparable period of 2015.

(in Canadian dollars)	2016	2015
Net sales	$8,741,000	$4,567,000
Royalties and license fees	$2,000	$4,000
Revenue	**$8,743,000**	**$4,571,000**

Revenue generated by net sales amounted to $8,741,000 in the three-month period ended February 29, 2016 compared to $4,567,000 in the comparable period of fiscal 2015. The significant increase is principally due to higher volumes, somewhat augmented by exchange rate fluctuations, and a January 2016 price increase.

Cost of Sales
For the three-month period ended February 29, 2016, cost of sales rose in relation to the higher sales volumes to $1,369,000 compared to $641,000 in the comparable period of fiscal 2015. Beginning January 1, 2016, under the terms of the EMD Serono Termination Agreement, the Company is obligated to pay royalties to EMD Serono on *EGRIFTA*® sales in the United States. In the three months ended February 29, 2016, these royalties amounted to $348,000 and were included in cost of sales for the period.

R&D Expenses
R&D expenses amounted to $1,884,000 in the three months ended February 29, 2016 compared to $1,120,000 in the comparable period 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 $686,000 in the first quarter of fiscal 2016 compared to $666,000 in the prior-year period. 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 expense increase is attributable to the decline in the value of the Canadian dollar versus the US dollar.

Selling and Market Development Expenses
Selling and market development expenses amounted to $3,903,000 for the three-month period ended February 29, 2016, compared to $2,516,000 in the comparable period of fiscal 2015. The increase is principally due to growth in our business and an intensified marketing effort which is reflected in the cost of maintaining our sales team as well as the patient call center, reimbursement services, and 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. This amortization expense amounted to $525,000 in the first quarter of fiscal 2016 compared to $455,000 in the comparable period of fiscal 2015.

Because most of our Selling and Market Development expenses are incurred in the United States, part of the year-over-year expense increase is attributable to the decline in the value of the Canadian dollar versus the US dollar.

General and Administrative Expenses
General and administrative expenses amounted to $1,083,000 in the three-month period ended February 29, 2016, up slightly from $1,020,000 in the comparable period of fiscal 2015.

Finance Income
Finance income for the three months ended February 29, 2016 was $28,000 compared to $258,000 in the comparable period of fiscal 2015. The higher income in the first quarter 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
Finance costs for the three months ended February 29, 2016 were $685,000 compared to $436,000 in the comparable period of fiscal 2015. Finance costs in the first quarter of fiscal 2016 included $594,000 of accretion expense on the Long-term Obligation compared to $574,000 in the comparable period of fiscal 2015. Finance costs in the first quarter of fiscal 2016 also included a foreign currency expense of $75,000 compared to a foreign currency gain of $105,000 in the comparable period of fiscal 2015.

Adjusted EBITDA
Adjusted EBITDA was $1,102,000 in the three months ended February 29, 2016 compared to $(252,000) in the comparable period of fiscal 2015. The growth in Adjusted EBITDA is principally due to the success of our business plan focused on growing *EGRIFTA*® sales in the United States market. For a reconciliation of net loss and Adjusted EBITDA see "Non-IFRS Financial Measures" below.

Net Loss
Taking into account the revenue and expense variations described above, we recorded a net loss of $153,000 or $0.00 per share in the three months ended February 29, 2016 compared to a net loss of $914,000 or $0.01 per share in the comparable period of fiscal 2015.

Financial Position
In the three-month period ended February 29, 2016, operating activities generated cash flow of $389,000, compared to $720,000 in the comparable period of fiscal 2015. In the first quarter of fiscal 2016, changes in operating assets and liabilities reduced cash flow by $668,000. These included an increase in trade and other receivables and lower accounts payable and accrued liabilities, partly offset by a reduction in inventories and higher provisions for chargebacks, rebates and returns.

As at February 29, 2016, cash, cash equivalents and bonds amounted to $15,803,000 compared to $15,350,000 at November 30, 2015.

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

	2016				2015			2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	**$8,741**	$9,007	$9,189	$7,076	$4,567	2,675	$--	$--
Upfront payments and initial technology access fees	**$--**	$--	$--	$200-	$--	$--	$--	$2,450
Royalties and license fees	**$2**	$4	$4	$4	$4	$6	$4	$(57)
Revenue	**$8,743**	$9,011	$9,193	$7,280	$4,571	$2,663	$4	$2,393
Net (loss) profit	**$(153)**	$158	$1,179	$818	$(914)	$(3,620)	$(4,394)	$1,007
Basic and diluted earnings (loss) per share	**$0.00**	$0.00	$0.02	$0.01	$(0.01)	$(0.06)	$(0.07)	$0.02

While net sales in the first quarter of fiscal 2016 were 3% lower than the previous quarter, they were 9% higher in unit terms. The higher fourth quarter 2015 sales in dollar terms resulted from a reversal of provisions for chargebacks, rebates and returns at that time.

Net sales in the fourth quarter of 2015 declined slightly from the third quarter of 2015 due to inventory adjustments in the supply chain and flat patient prescription refills, which were largely offset by the reversal of provisions for chargebacks, rebates and returns referred to above.

Net sales in the second and third quarters of 2014 were nil due to a prolonged product shortage, which also had a negative impact on *EGRIFTA*® royalties in the second quarter of that year.

An upfront payment of $200,000 was received in the second quarter of 2015 in connection with the execution of an agreement with AOP Orphan Pharmaceuticals AG for the distribution and commercialization of *EGRIFTA*® in certain European countries. With the closing of the EMD Serono Termination Agreement on May 1, 2014, all of the unamortized balance of the initial payment was recognized as revenue in the second quarter of 2014.

Net profit in the first quarter of 2016 was impacted by $348,000 in royalty expense. Royalties on *EGRIFTA*® sales became payable effective January 1, 2016 under the terms of the EMD Serono Termination Agreement.

The decline in profitability in the fourth quarter of 2015 was largely attributable to a planned increase in our investment in selling and market development activities, aimed at increasing our patient base in the United States.

The net profit reported in the second quarter of 2014 took into account $4,110,000 received in settlement of a dispute over an investment tax credit refund claim related to our 1994 and 1995 taxation years.

Subsequent Event
On March 18, 2016, we entered into a 12-year collaboration agreement with TaiMed Biologics, Inc. to market and distribute ibalizumab in the United States and in Canada. Ibalizumab is a novel CD4-

directed HIV entry-inhibitor and is the first humanized monoclonal antibody in clinical trials for the treatment of HIV. It is currently in a late-stage Phase III clinical trial, the last step before submitting the product for regulatory approval to the Food and Drug Administration in the United States.

The terms of the transaction include a US$2,000,000 payment obligation, of which US$1,000,000 was paid in cash at the signature of the agreement and US$1,000,000 will be paid at the commercial launch through the issuance of 957,169 common shares of Theratechnologies.

A further US$3,000,000 will become due at commercial launch, 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 upon FDA approval and US$1,000,000 in common shares of Theratechnologies at a price to be determined upon commercial launch, based on the volume-weighted average trading price of Theratechnologies' common shares on the TSX prior to each of these dates.

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

Theratechnologies will also pay development milestones to TaiMed. A US$3,000,000 milestone is due upon the approval of the once every two weeks intramuscular route of administration, again payable in two annual installments. 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 generated by the product.

Pursuant to the terms of the agreement, Theratechnologies has exclusive rights to commercialize ibalizumab in the United States and in Canada. TaiMed will continue to be responsible for development of ibalizumab and seek approval from the FDA whereas Theratechnologies will be responsible to obtain the approval from Health Canada. TaiMed will manufacture and supply ibalizumab to Theratechnologies. The transfer price is determined at 52% of net selling price of the product and 10% is added for the first manufactured products until an additional amount of US $5,500,000 has been paid.

Recent changes in accounting standards

New or revised standards and interpretations issued but not yet adopted.

On January 13, 2016, the IASB issued IFRS 16, *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 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 IFRS 17, *Leases*.

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.

Outstanding Share Data
On March 29, 2016, the number of common shares issued and outstanding was 65,615,603 while outstanding options granted under our stock option plan were 2,057,835. There were also 2,300,000 common share purchase warrants and 184,000 broker warrants issued and outstanding. The broker warrants allow for the purchase of 184,000 common shares and 92,000 common share purchase warrants.

Internal Control
No significant changes have occurred in our internal control over financial reporting during the period beginning on December 1, 2015 and ending on February 29, 2016.

Contractual Obligations
There were no material changes in contractual obligations during the three-month period ended February 29, 2016, other than in the ordinary course of business.

The contractual obligations with respect to the ibalizumab Agreement are described under "Subsequent Event" above.

Economic and Industry Factors
Economic and industry factors were substantially unchanged from those reported in our 2015 MD&A.

Non-IFRS Financial Measures

Reconciliation of net (loss) or profit 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, income taxes, as well as federal investment CRA 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

(in thousands of Canadian dollars)

	Three-month periods ended February 29 and 28	
	2016	2015
	$	$
Net loss	**(153)**	(914)
Add (deduct):		
Depreciation and amortization	**528**	459
Finance costs	**685**	436
Finance income	**(28)**	(258)
Share-based compensation for stock option plan	**70**	15
Income tax expenses	**0**	10
Adjusted EBITDA	**1,102**	(252)

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 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 MD&A include, but are not limited to, statements regarding our anticipated revenues and Adjusted EBITDA for Fiscal 2016, the successful commercialization of *EGRIFTA*® in the United States, seeking additional commercial partners for the commercialization of *EGRIFTA*® and the approval of ibalizumab in the United States.

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 achieve our anticipated sales, our operating expenses will remain under control and no unexpected event will require an outlay of cash, we will have continuous supply of *EGRIFTA*®, the FDA will not issue any order or decision having the effect of suspending the commercialization of *EGRIFTA*® in the United States, *EGRIFTA*® will be accepted by the marketplace in territories outside of the United States and will be on the list of reimbursed drugs by third-party payors in these territories, the relationships with our commercial partners and third-party suppliers will be conflict-free, the ongoing Phase III clinical trial of ibalizumab will generate positive results and ibalizumab will be approved for commercialization 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 MD&A. These risks and uncertainties include, but are not limited to, the risk that sales of *EGRIFTA*® in the United States decrease, the risk that our operating expenses are materially adversely affected by unforeseen events, the risk that we are unable to supply *EGRIFTA*® in the United States, in Canada or to our commercial partners 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 the results from the ongoing Phase III clinical trial of ibalizumab are negative and the risk that the FDA does

not approve ibalizumab for commercialization. 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 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.