MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE-MONTH PERIOD ENDED FEBRUARY 28, 2017

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, 2017 as compared to the three-month period ended February 29, 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 April 5, 2017, 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 28, 2017 as well as the MD&A and audited annual consolidated financial statements, including the notes thereto, as at November 30, 2016. The interim financial, statements for the three-month period ended February 28, 2017 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 audited consolidated 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 2017 (CAD equivalents of 1 USD) were 1.3214 and 1.3281 respectively compared to 1.3906 and 1.3531 for the first quarter of fiscal 2016. 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 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.

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.

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.

After regaining the rights to *EGRIFTA*® for the United States from EMD Serono, Inc., or EMD Serono, in 2014 pursuant to a transfer and termination agreement, or EMD Serono Termination Agreement, we have established a medical science liaison group to work with HIV-treating physicians and we have built and

steadily refined our own 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. With the exception of Mexico, where *EGRIFTA*® has been approved, our commercial partners are developing regulatory strategies to seek the approval of *EGRIFTA*® in their respective territories. Our current commercial partners are: sanofi for Latin America, Africa and the Middle East; AOP Orphan Pharmaceuticals, or AOP, in several European countries, BL&H Co., Ltd., or BL&H, in South Korea; Praxis Pharmaceutical S.A., or Praxis, in Spain and PRX Pharma Produtos Farmacêuticos Unipessoal, LDA, or PRX, in Portugal.

We acquired the commercial rights for the United States and Canada to ibalizumab, an investigational product, from TaiMed Biologics, Inc., or TaiMed, in March 2016. Ibalizumab, an anti-retroviral, is a novel CD4-directed HIV entry-inhibitor aimed at treating multi-drug resistant HIV-1 infection (MDR HIV-1). Ibalizumab's pivotal Phase III trial was successfully completed in November 2016. An application to the FDA for marketing approval in the United States is currently being finalized by TaiMed and will be filed electronically in the coming weeks.

Our business strategy rests upon three main pillars, aimed at generating the revenue and cash flow growth that will build value for our shareholders over time.

The first pillar is continued growth in *EGRIFTA*® sales revenue. *EGRIFTA*® provides us with the stability and cash flow that we need to move forward with future plans. The second pillar is infrastructure optimization through the launch of ibalizumab, which will be marketed from the same commercial platform as *EGRIFTA*®. The third pillar is to expand our business further afield through additional product acquisitions and in-licensing activities that would utilize our infrastructure or build on the in-house knowledge we have developed The recent acquisition of the European commercial rights to ibalizumab is a good example. The experience we are presently gaining with ibalizumab in the United States can add considerable value when it comes to bringing the product to market in Europe.

First Quarter Highlights

EGRIFTA® Net Sales Revenue

As detailed in the revenue discussion below, *EGRIFTA*® net sales revenue was $9,034,000 in the first quarter of fiscal 2017, compared to $8,741,000 in the first quarter of the prior year, an increase of 3%. In USD, net *EGRIFTA*® sales in the first quarter of fiscal 2017 were $6,836,000 compared to $6,286,000 in the first quarter of fiscal 2016, an increase of 9%.

We use adjusted EBITDA to measure cash flow generation. See "Non-IFRS Financial Measures" below. Adjusted EBITDA in the first quarter of fiscal 2017 was $725,000 compared to $1,102,000 in the first quarter of fiscal 2016.

Ibalizumab

Following the signing of the Ibalizumab Agreement in March 2016, we commissioned a series of market studies internally and through independent external consultants. We 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. This will likely require physicians to modify their treatment plans. The research also indicated that an efficacious and safe treatment is needed and would be well received by HIV-physicians and third-party payors.

The results of the pivotal clinical study, which were released in fiscal 2016 and early fiscal 2017, indicate that ibalizumab is efficacious and well-tolerated. The data support the submission of a Biologics License Application, or BLA, to the FDA and the next step is the completion of the regulatory submission by TaiMed in the coming weeks. Our goal is to receive marketing approval and launch ibalizumab on the United States market in fiscal 2017.

On March 1, 2017, we announced a major expansion of our sales organization to prepare for the potential launch of ibalizumab and to cover additional territories in the United States. We have begun recruiting sales representatives and sales managers with the objective of increasing our sales organization to 41 people, from the existing 12. This investment will allow for an optimal launch of ibalizumab, if and when it is approved by the FDA; and it is also expected to have a direct positive effect on *EGRIFTA*® sales in fiscal 2017. However, this investment will reduce Adjusted EBITDA in fiscal 2017 (see revised guidance below).

On March 6, 2017, we announced that we amended our agreement with TaiMed to include the acquisition of the commercial rights to ibalizumab in the European Union, Israel, Norway, Russia and Switzerland, collectively the European Territory. See "Subsequent Event" below. We believe that the European Territory represents a significant opportunity for the Company.

2017 Revised Guidance
On March 1, 2017, we issued revised guidance for fiscal 2017. Net sales revenue of *EGRIFTA*® for fiscal 2017 is now expected to be in the range of $44,000,000 to $46,000,000 (previously $40,000,000 to $42,000,000). 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.

Revenue
Consolidated revenue for the three-month period ended February 28, 2017 was $9,035,000, compared to $8,743,000 in the three-month period ended February 29, 2016.

	Three-month Periods ended February 28 and 29	
(in thousands of Canadian dollars)	**2017**	2016
Net sales	**$9,034**	$8,741
Royalties and license fees	**$1**	$2
Revenue	**$9,035**	$8,743

Revenue generated from net sales increased by 3% in the first quarter of fiscal 2017 compared to the comparable period in fiscal 2016, due to higher unit volumes and prices, partially offset by higher average rebates and negative exchange rate fluctuations.

Cost of Sales
For the three months ended February 28, 2017, cost of sales was $2,050,000 compared to $1,369,000 in the comparable period of fiscal 2016. Cost of goods sold was $1,086,000 in the first quarter of fiscal 2017 compared to $1,055,000 in the prior-year period. Other production-related costs amounted to $178,000 in the first quarter of fiscal 2017, compared to a recovery of $34,000 in the prior-year period. Most of the change in other production-related costs is attributable to an inventory write-down of $125,000 in the first quarter of fiscal 2017 related to work in progress, due to losses incurred during the conversion of raw materials to finished goods.

Finally, cost of sales in the first quarter of fiscal 2017 included $786,000 of royalties compared to $348,000 of royalties in the comparable period of fiscal 2016. Royalties became payable on *EGRIFTA*® sales starting January 1, 2016 under the terms of the EMD Serono Termination Agreement.

R&D Expenses
R&D expenses amounted to $2,020,000 in the three-month period ended February 28, 2017 compared to $1,884,000 in the comparable period of fiscal 2016. Most of the year-over-year increase was due to increased spending on medical affairs in 2017 in support of our goal of increasing awareness about *EGRIFTA*® and about MDR HIV-1 among opinion-leading physicians and nurses who work with the HIV-infected population. These increases were partially offset by lower expenses associated with our two Phase 4 clinical trials, which amounted to $447,000 in the three months ended February 28, 2017 compared to $683,000 in the comparable period of fiscal 2016. Other components of R&D expenses are regulatory affairs, quality assurance and the F4 formulation project.

Selling and Market Development Expenses
Selling and market development expenses amounted to $3,767,000 for the three months ended February 28, 2017, compared to $3,903,000 in the comparable period of fiscal 2016. The decrease was largely due to variations in the exchange rate as selling and market development expenses are generally incurred in USD. In addition, the first quarter of fiscal 2016 included start-up costs for 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 $499,000 in the three months ended February 28, 2017 compared to $525,000 in the comparable period of fiscal 2016.

Finally, beginning in fiscal 2016 and continuing into the first quarter of fiscal 2017, we began incurring costs related to the anticipated launch of ibalizumab in the United States market.

General and Administrative Expenses
General and administrative expenses amounted to $1,234,000 in the three months ended February 28, 2017 compared to $1,083,000 in the comparable period of fiscal 2016. The increase reflects the growth and development of our business.

Finance Income
Finance income, consisting of interest income, for the three months ended February 28, 2017 was $65,000 compared to $28,000 in the comparable period of fiscal 2016.

Finance Costs
Finance costs for the three months ended February 28, 2017 were $2,272,000 compared to $685,000 in the comparable period of fiscal 2016. Finance costs in the first quarter of fiscal 2017 included a loss of $1,918,000 related to change in the fair value of the warrant liability. There was no comparable cost in the prior-year period. Accretion expense on the long-term obligation was $418,000 in the first quarter of fiscal 2017 compared to $594,000 in the first quarter of fiscal 2016, reflecting the lower average balance outstanding during the periods.

Adjusted EBITDA
Adjusted EBITDA was $725,000 in the three months ended February 28, 2017 compared to $1,102,000 in the comparable period of fiscal 2016. See “Non-IFRS Financial Measures” below.

Net Loss
Taking into account the revenue and expense variations described above, most notably the loss of $1,918,000 related to change in the fair value of the warrant liability, we recorded a net loss of $2,243,000 or $(0.03) per share in the three months ended February 28, 2017 compared to a net loss of $153,000 or $nil per share in the comparable period of fiscal 2016.

Financial Position
For the three months ended February 28, 2017, cash flow from operating activities was $2,560,000 compared to $389,000 in the comparable period of fiscal 2016. The increased cash flow was largely due to positive changes in operating assets and liabilities. The principal components were decreases in

inventories of $492,000 and in trade and other receivables of $584,000, as well as an increase in accounts payable and accrued liabilities of $610,000.

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 January 2017, the remaining 124,000 broker warrants, issued in fiscal 2015, were exercised and 124,000 common shares and 62,000 common share purchase warrants were issued for a cash consideration of $298,000.

In the three months ended February 28, 2017, the Company issued 7,834 common shares following the exercise of stock options for cash proceeds of $8,000.

As at February 28, 2017, cash, bonds and money market funds amounted to $29,602,000 compared to $11,603,000 at the end of the previous fiscal year on November 30, 2016.

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			2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	**$9,034**	$10,376	$8,924	$9,026	$8,741	$9,007	$9,189	$7,076
Upfront payments and initial technology access fees	**$--**	$--	$--	$--	$--	$--	$--	$200
Royalties and license fees	**$1**	$1	$1	$1	$2	$4	$4	$4
Revenue	**$9,035**	$10,377	$8,925	$9,027	$8,743	$9,011	$9,193	$7,280
Net (loss) profit	**$(2,243)**	$173	$888	$(498)	$(153)	$488	$1,179	$818
Basic and diluted (loss) earnings per share	**$(0.03)**	$--	$0.01	$(0.01)	$--	$0.01	$0.02	$0.01

CAD/USD currency fluctuations have an effect when sales figures are converted to CAD for reporting purposes. Quarterly *EGRIFTA*® net sales revenue, measured in USD, has been relatively stable since the third quarter of fiscal 2015. The underlying trend, as measured by sales units, is growth at a steady pace in accordance with our plan. However, 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.

An upfront payment of $200,000 was received in the second quarter of 2015 in connection with the execution of the AOP Agreement.

The decline in net profit in the fourth quarter of 2015 was essentially due to a planned increase in our investment in selling and market development activities. This followed the completion of the public offering in the third quarter, which was undertaken, in large part, to finance this increased investment.

Net quarterly profits in 2016 and 2017 have been impacted by royalty expenses, which became payable on sales starting January 1, 2016, and thereafter, under the terms of the EMD Serono Termination Agreement. Royalties on *EGRIFTA*® were as follows: 2017 – (Q1) $786,000; 2016 – (Q1) $348,000, (Q2) $666,000, (Q3) $659,000 and (Q4) $757,000.

The issuance of common share purchase warrants in 2015 and 2016 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 $1,918,000; 2016 – (Q2) a loss of $1,035,000, (Q3) a gain of $782,000, (Q4) a loss of $805,000. There was no impact in the first quarter of fiscal 2016.

Subsequent Events

Amendment to TaiMed Agreement

On March 6, 2017, the Company amended its agreement with TaiMed to include the acquisition of the commercial rights to ibalizumab in the European Territory, or the Amended Agreement. Under the terms of the Amended Agreement, the Company will assume regulatory responsibilities and associated costs while the clinical trial activity required by the European Medicines Agency, or EMA, if any, and associated costs will be the responsibility of TaiMed.

TaiMed will manufacture and supply ibalizumab to the Company. The parties have agreed to a transfer price of 52% of the net selling price on annual sales up to USD 50,000,000 in the European Territory. The transfer price will increase to 57% of the net selling price on annual sales above the USD 50,000,000 threshold.

The Amended Agreement also provides for the following development, launch and sales milestones to be paid by the Company to TaiMed:

- An upfront payment of USD 3,000,000 was paid through the issuance to TaiMed of 906,077 of the Company's common shares;
- An approval milestone representing 50% of the cost of the clinical trials and all associated development activities incurred by TaiMed, if any, to obtain approval in the European Territory, payable through a transfer price increase of 5% of the net selling price;
- A launch milestone payment of USD 10,000,000 payable as follows: USD 5,000,000 one year after launch; and USD 5,000,000 one year after reaching sales in the European Territory of USD 50,000,000 over four consecutive quarters;
- A milestone of USD 10,000,000 upon sales in the European Territory reaching USD 150,000,000 over four consecutive quarters;
- A milestone of USD 20,000,000 upon sales in the European Territory reaching USD 500,000,000 over four consecutive quarters; and
- A milestone of USD 50,000,000 upon sales in the European Territory reaching USD 1,000,000,000 over four consecutive quarters.

The term of the Amended Agreement is calculated on a country-by-country basis and it expires 12 years following marketing approval of ibalizumab in each country comprising the European Territory.

Exercise of Broker Options

Since the end of the first quarter of fiscal 2017, 25,000 broker options, issued in December 2016, were exercised and 25,000 common shares were issued for a cash consideration of $78,000. See note 9 (a) of the interim consolidated financial statements.

Exercise of Common Share purchase Warrants
Since the end of the first quarter of fiscal 2017, 1,018,200 common share purchase warrants, issued in 2015, were exercised and 1,018,200 common shares were issued for a cash consideration of $3,055,000.

Recent Changes in Accounting Standards

Amendments to IAS 1, which took effect in the first quarter of fiscal 2017
In December 2014, the IASB issued amendments to IAS 1, P*resentation of Financial Statements,* as part of its major initiative to improve presentation and disclosure in financial reports. These amendments, which did not require any changes to current accounting practices, had no impact on the Company's interim consolidated financial statements.

Outstanding Share Data
On April 4, 2017, the number of common shares issued and outstanding was 73,400,180 while outstanding options granted under our stock option plan were 2,191,535. There were also 1,373,800 common share purchase warrants and 187,920 broker options issued and outstanding.

Contractual Obligations
There was no material change in contractual obligations during the three-month period ended February 28, 2017, 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, 2016.

Internal Control
No significant changes have occurred in our internal control over financial reporting during the period beginning on December 1, 2016 and ending on February 28, 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 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 Feb. 28 and 29	
	2017	2016
	$	$
Net loss	**(2,243)**	(153)
Add (deduct):		
Depreciation and amortization	**504**	528
Finance costs	**2,272**	685
Finance income	**(65)**	(28)
Share-based compensation for stock option plan	**132**	70
Write-down of inventories	**125**	--
Adjusted EBITDA	**725**	1,102

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*® and adjusted EBITDA for the 2017 fiscal year, the timing of the filing a biologic license application with the FDA regarding ibalizumab, the approval of ibalizumab, the growth of the Company in relation to the acquisition of commercial rights to ibalizumab in Europe, our capacity to optimize our infrastructure and to acquire or in-license new products.

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 filing of a biologic license application for ibalizumab will be met, the FDA will approve ibalizumab, we will start the commercialization of ibalizumab by the end of 2017 and ibalizumab will be accepted by both patients and physicians, if approved, our commercial infrastructure will be adequate to commercialize ibalizumab, if approved, and we will find products to acquire or to in-license 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. 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-filing of a biologic license application with the FDA seeking approval of ibalizumab, the non-approval of ibalizumab by the FDA and, even if approved, our incapacity to launch and commercialize ibalizumab by the end of 2017, and our incapacity to identify products or to negotiate terms and conditions regarding the acquisition or in-licensing of identified products that are suitable to us.

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 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.