

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Crescita Therapeutics Inc. (“**Crescita**” or the “**Company**”)
7560 Airport Road, Unit 10
Mississauga, Ontario
L4T 4H4

Item 2 Date of Material Change

August 14, 2017

Item 3 News Release

On August 14, 2017, Crescita issued a news release through the newswire services of CNW Group. A copy of the news release is attached hereto as Schedule A.

Item 4 Summary of Material Change

On August 14, 2017, Crescita announced that it had entered into an amended loan agreement (the “**Amended Loan Agreement**”) with Knight Therapeutics Inc. (“**Knight**”).

Item 5 Full Description of Material Change

On August 14, 2017, Crescita announced that it had entered into the Amended Loan Agreement with Knight.

On September 1, 2016, the Company acquired 100% of the equity of INTEGA Skin Sciences Inc. (“**INTEGA**”), a private company located in Laval, Québec that develops, manufactures, sells and markets science-based quality non-prescription skincare products. Concurrent with the Company’s acquisition of INTEGA, the Company assumed approximately \$6.8 million (\$6.6 million of principal outstanding as of August 13, 2017) of an INTEGA loan from Knight, which was secured by a letter of credit issued by a Canadian chartered bank on the Company’s behalf (the “**Letter of Credit**”). The Letter of Credit was secured by cash held in the Company’s account with the bank.

Pursuant to the terms of the Amended Loan Agreement, Crescita has repaid \$2.5 million of the loan (reducing the principal amount to \$4.1 million) and Knight has released the Letter of Credit in exchange for a general security interest over all of Crescita’s assets. As a result, the Company now has access to an additional \$6.0 million of its cash (after the repayment described above) – that was previously restricted under the terms of the Letter of Credit – to fund its operations.

The amended loan continues to bear interest at 9% per annum and matures on January 22, 2022. Subject to early repayment, until August 21, 2019, the Company is only required to pay accrued interest on the principal amount of the

loan, and thereafter the Company is required to repay the principal on a straight-line basis until the maturity date. Under the amended loan, Crescita has agreed that the principal amount of the loan will be reduced to \$2.5 million by December 31, 2018.

The loan may be prepaid by the Company, in whole or in part, at any time prior to December 31, 2018 without penalty. Thereafter, the Company has the right to prepay the outstanding principal of the amended loan upon the payment of a fee equal to 5% of the principal amount prepaid. If requested by Knight, the Company has agreed to apply up to 50% of any net cash proceeds received by the Company in certain circumstances (including in the event of an equity or debt financing) to prepay the outstanding principal amount of the loan.

The amended loan does not contain any financial covenants or covenants that materially impact the manner in which Crescita conducts its business.

Until January 21, 2022, if the Company decides that it will, directly or indirectly, sell any products in Canada via a third-party, Knight has a right of first offer to propose terms upon which it would provide such services or license such products within Canada.

In addition, following the date upon which the former shareholders of INTEGA are no longer entitled to a board nominee pursuant to the INTEGA Purchase Agreement (as defined below), and thereafter for as long as there is any outstanding balance of the loan, Knight shall have the right, subject to certain requirements, to designate one nominee to Crescita's board of directors. Samira Sakhia, President of Knight, currently serves as a director of Crescita.

The terms and conditions of the amended loan are set forth in an Amended Loan Agreement, a copy of which has been filed under the Company's profile at www.sedar.com. The summary of the amended loan above is qualified by reference to the specific terms of the loan agreement.

The Company also announced that funds associated with Bloom Burton & Co. ("**Bloom Burton**") have agreed to invest \$1.0 million in the Company in exchange for a convertible debenture that will bear interest at 9% (payable in cash) and will be convertible into common shares at the option of the holder at an initial conversion price of \$1.00 per share (subject to customary adjustments). The convertible debenture matures on June 30, 2022, unless converted earlier in accordance with its terms. Commencing on the second anniversary of the issue date, the Company has the option to force conversion of the convertible debenture if the closing price of its common shares exceeds 150% of the conversion price on 20 trading days in any 30 trading day period. The proceeds of the convertible debenture financing are expected to be used to repay indebtedness and for general corporate purposes. Completion of this convertible debenture financing is subject to certain customary conditions and, as such, there can be no assurance that this financing will be completed. If all of the conditions to the financing are satisfied, it is expected that the convertible debenture financing will close during the third quarter.

The Company also issued 396,000 common share purchase warrants to Knight (the “**Knight Warrants**”), 216,000 of which are exercisable at a price of \$0.75 per share and the other 180,000 of which are exercisable at a price of \$1.00 per share, in each case for a period of six years. Concurrent with the issuance of the Knight Warrants, Knight surrendered the 293,163 common share purchase warrants it previously held. Subject to closing of the convertible debenture financing, the Company has agreed to issue to the Bloom Burton funds, an aggregate of 100,000 common share purchase warrants which are exercisable at a price of \$0.75 per share.

Finally, the Company has entered into an agreement with certain parties (who represent a majority in interest of the former INTEGA shareholders and include Knight) to the securities purchase agreement dated September 1, 2016 (the “**INTEGA Purchase Agreement**”) among the Company, INTEGA, and the former INTEGA shareholders, pursuant to which the Company acquired INTEGA, pursuant to which those parties have agreed with the Company that none of them will be entitled to any further payments from Crescita under the INTEGA Purchase Agreement. The Company and the other parties to the INTEGA Purchase Agreement have agreed to defer the date for final payment of the purchase price for the INTEGA acquisition until at least September 10, 2017, while discussions are ongoing to reach a similar agreement.

Under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), (a) the borrowing of money from a related party or the entering into of a credit facility with a related party and (b) the issuing of securities to a related party are both characterized as related party transactions, whether or not there are also other parties to the transaction. Since Knight is a related party of Crescita (as a result of Knight beneficially owning more than 10% of the outstanding common shares of Crescita), the Amended Loan Agreement and issuance of the Knight Warrants to Knight are “related party transactions” under MI 61-101.

The board of directors of Crescita determined that since the Amended Loan Agreement improves the financial position of the Company and is on reasonable commercial terms in the circumstances, it was in the best interests of the Company to enter into the Amended Loan Agreement. The board of directors of Crescita (with Samira Sakhia, the President of Knight, having declared her interest in the Amended Loan Agreement and having abstained from voting) unanimously approved the Amended Loan Agreement, the issuance of the Knight Warrants and the other transactions described above. In a separate vote, solely among the independent directors of Crescita, those directors unanimously reaffirmed their approval of such resolutions.

In connection with the Amended Loan Agreement, Crescita relied upon the exemption from the minority approval requirement that would otherwise have applied to the Amended Loan Agreement set forth in Section 5.7(1)(f) of MI 61-101, which applies to non-participating loans made on reasonable commercial terms. In connection with the issuance of the Knight Warrants, the Company relied upon the exemptions from the valuation and minority approval requirements otherwise applicable to related party transactions set forth in

Sections 5.5(a) and 5.7(1)(a) of MI 61-101, which apply to transactions that have a fair market value of not more than 25% of the market capitalization of the issuer.

This material change report is not being filed at least 21 days prior to the closing date of the Amended Loan Agreement and the issuance of the Knight Warrants because the board of directors of Crescita determined that it was in the best interests of the Company to close the transactions simultaneously with the parties reaching an agreement with respect to the terms of those transactions. As a result, the terms of the Amended Loan Agreement were agreed upon and announced by news release on August 14, 2017.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

The material change report is not being filed on a confidential basis.

Item 7 Omitted Information

No information has been omitted.

Item 8 Executive Officer

The following senior officer of Crescita is knowledgeable about the material change described in this report:

Dan Chicoine
Chairman and Interim Chief Executive Officer
(905) 673-4295

Item 9 Date of Report

August 23, 2017

SCHEDULE A

(Please see attached.)



Crescita Therapeutics™ Announces Amended Loan Agreement with Knight Therapeutics

Mississauga, Ontario, Canada – August 14, 2017 – Crescita Therapeutics Inc. (TSX:CTX) (Crescita or the Company), a commercial dermatology company with a portfolio of non-prescription skincare products and prescription drug products, today announced it has entered into an amended loan agreement with Knight Therapeutics Inc. (Knight) (TSX:GUD).

On September 1, 2016, the Company acquired 100% of the equity of INTEGA Skin Sciences Inc. (INTEGA), a private company located in Laval, Québec that develops, manufactures, sells and markets science-based quality non-prescription skincare products. Concurrent with the Company's acquisition of INTEGA, the Company assumed approximately \$6.8 million (currently \$6.6 million of principal outstanding) of an INTEGA loan from Knight, which was secured by a letter of credit issued by a Canadian chartered bank on the Company's behalf. The letter of credit was secured by cash held in the Company's account with the bank.

Under the terms of the amended loan agreement, Crescita will immediately repay \$2.5 million of the loan (reducing the principal amount to \$4.1 million) and Knight has agreed to release the letter of credit in exchange for a general security interest over all of Crescita's assets. As a result, the Company now has access to an additional \$6.0 million of its cash (after the repayment described above) – that was previously restricted under the terms of the letter of credit – to fund its operations. The loan continues to bear interest at 9% per annum and matures on January 22, 2022. The loan can be repaid by the Company at any time prior to December 31, 2018 without interest or penalty. The loan does not contain any financial covenants. Under the amended loan, Crescita has agreed to make additional repayments such that the principal amount of the loan is reduced to \$2.5 million by December 31, 2018.

The terms and conditions of the amended loan are set forth in an Amended and Restated Loan Agreement between Crescita and Knight, a copy of which will be filed under the Company's profile at www.sedar.com. The summary of the amended loan above is qualified by reference to the specific terms of the loan agreement.

The Company also announced that funds associated with Bloom Burton & Co. (Bloom Burton) have agreed to invest \$1.0 million in the Company in exchange for a convertible debenture that will bear interest at 9% (payable in cash) and will be convertible into common shares at the option of the holder at an initial conversion price of \$1.00 per share (subject to customary adjustments). The convertible debenture matures on June 30, 2022, unless converted earlier in accordance with its terms. Commencing after the second anniversary of the issue date, the Company has the option to force conversion if the closing price of its common shares exceeds 150% of the conversion price on 20 trading days in any 30 day period. The proceeds of the convertible debenture financing are expected to be used to repay indebtedness and for general corporate purposes. Completion of this convertible debenture financing is subject to certain customary conditions and, as such, there can be no assurance that this financing will be completed. If all of the conditions to the financing are satisfied, it is expected that the convertible debenture financing will close during the third quarter.

The Company issued 396,000 common share purchase warrants to Knight, 216,000 of which are exercisable at a price of \$0.75 per share and the other 180,000 of which are exercisable at a price of \$1.00 per share, in each case for a period of six years. Concurrent with the issuance of those warrants, Knight surrendered the 293,163 common share purchase warrants it previously held. Subject to closing of the convertible debenture financing, the Company has agreed to issue to the Bloom Burton funds, an aggregate of 100,000 common share purchase warrants which are exercisable at a price of \$0.75 per share.

Finally, the Company has entered into an agreement with certain parties to the INTEGA purchase agreement (who represent a majority in interest of the former INTEGA shareholders) pursuant to which those parties have agreed with the Company that none of them will be entitled to any further payments from Crescita under the INTEGA purchase agreement. The Company and the other parties to the INTEGA purchase agreement have agreed to defer the date for final payment of the purchase price for the INTEGA acquisition until at least September 10, 2017, while discussions are ongoing to reach a similar agreement.

“We are very excited about the strong continued support of Knight and Bloom Burton. These transactions provide us with significant additional liquidity and flexibility and position Crescita to continue to grow into a successful skin science company,” said Serge Verreault, Crescita’s President.

About Crescita Therapeutics Inc.

Crescita (TSX:CTX) is a publicly traded, Canadian commercial dermatology company with a portfolio of non-prescription skincare products for the treatment and care of skin conditions and diseases and their symptoms and prescription drug products for the treatment of pain. Crescita owns multiple proprietary drug delivery platforms that support the development of patented formulations that can facilitate the delivery of active drugs into or through the skin. For additional information, please visit www.crescitatherapeutics.com.

FOR MORE INFORMATION, PLEASE CONTACT:

Investor Relations

Email: ir@crescitatx.com

Forward-Looking Statements

This Press Release contains “forward-looking statements” within the meaning of applicable securities laws. Forward-looking statements can be identified by words such as: “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “project,” “estimate,” “expect,” “strategy,” “future,” “likely,” “may,” “should,” “will” and similar references to future periods.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on the Company’s current beliefs, expectations and assumptions regarding the completion of the convertible debenture financing and use of proceeds, the Company’s obligations under the INTEGA purchase agreement, the Company’s ability to comply with the terms of the amended Knight loan, the future of its business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the Company’s control. Crescita’s actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, readers should not rely on any of these forward-looking statements. Important factors that could cause Crescita’s actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the conditions to the convertible debenture financing, the risk factors included in Crescita’s most recent Annual Information Form dated March 29, 2017 under the heading “Risks

Factors”, and as described from time to time in the reports and disclosure documents filed by Crescita with Canadian securities regulatory agencies and commissions. These and other factors should be considered carefully and readers should not place undue reliance on Crescita’s forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and none of Crescita or any other person assumes responsibility for the accuracy and completeness of these forward-looking statements.

Any forward-looking statement made by the Company in this Press Release is based only on information currently available to it and speaks only as of the date on which it is made. Except as required by applicable securities laws, Crescita undertakes no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.