Management's Discussion and Analysis (MD&A)

November 9, 2017

Basis of Presentation

This Management's Discussion and Analysis of the Financial Position and Results of Operations (MD&A) is the responsibility of management and has been reviewed and approved by the Board of Directors. While the Board of Directors is ultimately responsible for approving the MD&A, it carries out this responsibility mainly through the oversight of its Audit Committee, which is appointed by the Board of Directors and is composed of independent and financially literate directors.

Throughout this document, Crescita Therapeutics™ Inc. is referred to as "Crescita", "we", "our" or "Company". The following information should be read in conjunction with the Crescita Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2017 and 2016 (Condensed Consolidated Interim Financial Statements) which were filed on SEDAR. Crescita's accounting policies are in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"). Additional information relating to the Company, including its Annual Information Form (AIF), can be found on SEDAR at www.sedar.com.

All amounts in this MD&A are expressed in thousands of Canadian dollars, unless otherwise noted.

Materiality of Disclosures

This MD&A includes information we believe is material to investors. We consider something to be material if it results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares, or if it is likely that a reasonable investor would consider the information important in making an investment decision.

Forward-looking Statements

This MD&A 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 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, 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 MD&A 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.

Corporate Overview

About Crescita

On March 1, 2016, Nuvo Research Inc. (Nuvo) completed a transaction (the Reorganization) pursuant to which Nuvo was reorganized into two separate publicly traded companies, Nuvo and Crescita. As part of the Reorganization, Nuvo Research Inc. changed its name to "Nuvo Pharmaceuticals Inc." Crescita is a publicly traded, Canadian commercial dermatology company with a portfolio of non-prescription skincare products and prescription drug products for the treatment and care of skin conditions, diseases and their symptoms. 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.

The Company has a manufacturing facility located in Laval, Québec, Canada, which produces a significant majority of its non-prescription skincare products under the Laboratoire Dr Renaud™, Pro-Derm™ and Premiology® banners. Formulations manufactured by or for Crescita include cosmetics, natural health products and products with Drug Identifications Numbers (DIN) and are currently sold in the U.S., Canadian and Asian markets.

The manufacturing facility is in compliance with current Canadian Good Manufacturing Practices (GMP) and is regularly inspected by Health Canada. Crescita Therapeutics specializes in the custom manufacturing of creams, liquids, gels ointments and serums.

Following the Reorganization and the acquisition of INTEGA Skin Sciences Inc. (INTEGA) on September 1st, 2016, the Company maintained two facilities; its Laval manufacturing plant and office as well as the office located in Mississauga, Ontario. During the year, Crescita begun consolidating its operations and corporate functions to its Laval facility and intents to vacate the Mississauga premises by early 2018. The Company's registered office will remain in Ontario.

As of September 30, 2017, the Company and its subsidiaries employed a combined total of 73 full-time employees and contractual professionals.

Growth Strategy

Following the Reorganization creating Crescita, the Company's management and Board of Directors made the decision to pursue a strategy to transform Crescita from a Research and Development (R&D) focused company into a dermatology company with an emphasis on commercially advanced non-prescription skincare markets and prescription drug products. This strategy would allow Crescita to leverage its skin penetration technology, as well as an approved topical product and to mitigate risks by pursuing already approved products in the non-prescription skincare market.

Crescita's growth strategy is comprised of and executed through four distinct pillars, which we refer to as our four-pillar growth strategy:

Pillar 1: Organic Growth

The first pillar involves existing product line innovations and extensions of our well-established brands: Laboratoire Dr Renaud, Pro-Derm and Premiology, leveraging Crescita's superior quality science-based formulations and topical delivery technologies. Within the next twelve months, the Company is also exploring alternatives for the preferred commercial distribution pathway for Pliaglis in Canada, in addition to its own Canadian launch efforts, concurrent with this product's much-anticipated U.S. market launch by Taro Pharmaceuticals Inc. (Taro), the Canadian subsidiary of Taro Pharmaceutical Industries Ltd. – See Pliaglis®

and Flexicaine Out-licensing under Significant Transactions – 2017. Management is also actively seeking commercial distribution partnerships with Canadian retailers and/or wholesalers for the sale and distribution of its branded skin care products.

Pillar 2: Strategic Acquisitions and/or Out-licensing Agreements
The second pillar involves the potential acquisition of skincare companies offering product portfolios which are complementary to our own. Management remains open to acquiring assets or businesses that will be immediately accretive, at the right time and at the right price. Management demonstrated its commitment to its four-pillar growth strategy during the quarter with the acquisition of the Alyria® line of skincare products (Alyria) from Sanofi Consumer Health Inc.(Sanofi). The Company is also actively seeking out-licensing agreements to commercial partners in local and international markets for its flagship brands. Such transactions would allow us to leverage our current infrastructure and to build a large, profitable and successful North American skincare company serving both the non-prescription and prescription markets. Our aspiration is to double our size within the next 3-5 years.

Pillar 3: International Markets
The third growth pillar consists of plans to expand our international presence through further global business development initiatives which involve new market penetration of our medical skin-care product lines, Pro-Derm and Alyria, as well as increasing market share for our Laboratoire Dr Renaud brand into the Asian and U.S. markets. The Company's intent is to access available markets through strategic distribution partnerships. Management also plans to expand by offering our technologies and portfolio of more than 200 product formulations for private label skincare products.

Pillar 4: Contract Manufacturing Services
The fourth growth pillar aims to maximize the utilization of the Company's manufacturing facility in Laval, Québec. As mentioned, Crescita specializes in the custom manufacturing of creams, liquids, gels ointments and serums. Crescita's management is actively seeking customers to forge lasting partnerships and to become a third-party contract manufacturer of choice by offering its customers high quality, cost-effective contract manufacturing services from our 50,000-square foot facility. Crescita delivers innovative turnkey manufacturing of skin care products which integrate production with in-house R&D, supply chain management, regulatory and quality assurance /quality control functions.

Significant Transactions

2017

Agreement with Former INTEGA Shareholders
During the third quarter, the Company and all but one (0.3%) of the former shareholders of INTEGA entered into a Mutual Release agreement pursuant to which the former INTEGA shareholders forfeited their rights to any further payments from Crescita under the INTEGA purchase agreement and Crescita waived any claims it may have against the former INTEGA shareholders under the agreement. As a result, the consideration payable in the form of future issuances of shares and milestone payments was trued up based on clauses within the original purchase and sale agreement. The Company has adjusted the purchase price allocation, including goodwill for the settlement reached and has adjusted goodwill for the forfeiture of future share consideration and Milestone payments previously recognized. The Company also renegotiated the debt assumed on acquisition and secured additional financing through the issuance of convertible in tandem with the Mutual Release agreement.

Completion of $1.0M Convertible Debenture Financing
On August 28, 2017, the Company completed a $1.0 million convertible debenture financing with Bloom Burton Funds. The convertible debenture bears interest at 9% payable in cash and is convertible into common shares at the option of the holder at an initial conversion price of $1.00 per share. 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 Company also

issued 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.

Amended Terms to Knight Loan

On August 14, 2017, the Company renegotiated the terms of the original loan with Knight. The Company assumed approximately $6.8 million, of which $6.6 million was principal outstanding, of an INTEGA loan from Knight. Under the terms of the amended loan agreement, Crescita has repaid $3.1 million of the loan (reducing the principal amount to $3.6 million) and Knight has agreed to release the letter of credit in exchange for a general security interest over all of Crescita's assets. The amended loan continues to bear interest at 9% per annum and matures on January 22, 2022. The amended loan can be repaid by the Company at any time prior to December 31, 2018 without penalty. The Company may be required to prepay the outstanding balance through a cash sweep of 50% of any net cash proceeds received through milestone and royalty payments from Taro, debt or equity financing, or through the sale of assets prior to December 31, 2018. Thereafter, the Company has the right to prepay the outstanding principal of the amended loan and pay a prepayment fee equal to 5% of the principal amount prepaid. The amended 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.

Acquisition of Alyria® Skincare Products

On August 8, 2017, the Company announced that its wholly owned subsidiary, INTEGA acquired the Alyria skincare line of products from Sanofi. Alyria is a high-quality, non-prescription, line of medical skincare products sold into medical spas. The product is highly complementary to INTEGA's Pro-Derm product offering and will be sold through its existing sales force. The Company purchased Alyria for cash consideration of $1.7 million, consisting of a combination of fixed cash installments, of which $0.7 million will be paid in 2017, as well as a royalty agreement based on a threshold of annual net sales of Alyria over a nine-year period starting in 2020. The Company subsequently entered into an Amendment to the original agreement which extended some of the payment terms. In addition, INTEGA has an agreement with Sanofi with regards to inventory supply which has been provided to INTEGA on consignment under terms that confer a potential benefit related to achieving certain sales targets and levels of inventory consumption. This has been recorded as a contingent consideration receivable of $0.1 million.

Pliaglis® and Flexicaine Out-licensing

On April 25, 2017, the Company entered into a development and commercialization license agreement (the Agreement) with Taro. Under the terms of the Agreement, Crescita granted Taro an exclusive license to the rights to sell and distribute Pliaglis in the U.S. market and for a second-generation enhanced version of Pliaglis - Flexicaine. Crescita continues to retain all rights to Pliaglis in Canada and Mexico. In consideration of the rights granted under the Agreement, Taro made an upfront payment of US$2.0 million ($2.7 million) to Crescita in the second quarter of 2017, as well as a US$0.5 million ($0.6 million) milestone payment in relation to the issuance of the Flexicaine composition patent in the third quarter of 2017. The Company could further receive up to US$5.25 million in non-dilutive development and sales milestone payments and tiered royalties on net sales of products licensed under the Agreement.

In addition, Crescita and Taro entered into a fee-for-service development agreement, whereby, the Company will provide services related to the further development of Pliaglis and Flexicaine and will receive fees based on services performed. These services include assisting Taro in performing the following tasks:

1) Conducting a study to support the removal of the "Not for Home Use" Pliaglis label restriction. Taro's current plans are to initiate an expanded launch of Pliaglis once the U.S. Food and Drug Administration (FDA) approves the label change.
2) Filing the application of the label change with the FDA.
3) Transferring the manufacturing process and analytical test methods for Pliaglis to the Taro manufacturing facility in Brampton, Ontario.
4) Preparing and filing an FDA application for the approval of a second-generation enhanced version of Pliaglis with extended patent protection (Flexicaine).

Furthermore, in July 2017, the United States Patent and Trademark Office granted U.S. Patent No. 9,693,976, entitled “Solid-Forming Local Anesthetic Formulations for Pain Control” relating to the Flexicaine composition. Under the terms of the Agreement, the grant of the Flexicaine U.S. patent entitled Crescita to a US$0.5 million ($0.6 million) milestone payment which was received during the third quarter.

The Company recently completed the study to support the removal of the Pliaglis label restriction and anticipates filing the FDA submission with the proposed label change in the fourth quarter of 2017. While there is a mandated four-month FDA review period for such applications, there can be no assurance that the FDA will complete its review within that timeframe.

MMPE™ Technology
On March 21, 2017, the Company signed an exclusive license agreement with a U.S.-based, major dermatological contract research company (the Licensee) to develop prescription treatments of skin diseases utilizing Crescita's patented Multiplexed Molecular Penetration Enhancer (MMPE) technology. The Licensee will oversee and fund the cost of all development activities until commercialization partner(s) for the products are secured. Crescita is entitled to a share of royalties and other consideration received by the Licensee from such partners based on a formula that includes compensation to Crescita for granting the Licensee the exclusive license to the MMPE technology.

2016

Acquisition of INTEGA Skin Sciences Inc.
On September 1, 2016, the Company acquired 100% of the equity of INTEGA, a private company located in Laval, Québec that develops, manufactures, sells and markets science-based quality non-prescription skincare products. The Company paid for a portion of the purchase through the issuance of 2,402,314 Crescita common shares at a price of $1.66 per share (representing approximately 17.3% of Crescita's outstanding common shares post-issuance).

Corporate Reorganization
On March 1, 2016, Nuvo Research Inc. completed a corporate reorganization that reorganized Nuvo Research Inc. into two separate publicly traded companies: Nuvo and Crescita. See Corporate Reorganization and the Nuvo Reorganization Circular filed on SEDAR for information on this transaction.

Discontinued Operations

On July 2016, the Company sold its German manufacturing operation that produced the active ingredient in WF10™ and Oxoferin™ and the intellectual property related to WF10 for nominal proceeds, after which the Company ceased to earn product revenue from the Immunology Group. During the second half of 2016, the Company commenced the wind-down of the Immunology Group operations and expects this process to be completed by early 2018.

The operating results have been restated to reflect the Immunology Group as a discontinued operation.

Product Portfolio

Non-Prescription Skincare Products

Laboratoire Dr Renaud
The Laboratoire Dr Renaud skincare line joins science and aesthetics to develop personalized solutions to address daily skin challenges – aging, acne, rosacea, pigmentation, dehydration and sensitivity. The product line was founded in France in 1947 by Dr. Louis Raymond Renaud and became a Canadian company, based in Montreal in 1963. The Laboratoire Dr Renaud skincare products are sold exclusively to certified

aestheticians, in spas and aesthetic schools. Crescita owns the trademark rights for the skincare line in North America, certain South American countries and the Pacific Rim and the worldwide rights for the formulation.

Pro-Derm
Pro-Derm is a line of high-quality cosmeceutical products sold to physicians operating through medispas and medicalized clinics. Pro-Derm products are used in conjunction with anti-aging medical procedures -both pre- and post-treatment, such as dermal filler injections for lines and wrinkles, facial peels, laser treatments, aesthetic surgery and also to prevent the negative effects of skin aging. Developed by a Canadian team of chemists and a dermatologist, the products are designed to achieve and maintain beautiful skin and to optimize cosmetic procedures offered by physicians. By offering high levels of clinically proven effective ingredients, Pro-Derm combines the benefits of both cosmetic and pharmaceutical products. Crescita owns the worldwide sales, formulations and marketing rights for Pro-Derm.

Alyria
Alyria is a comprehensive and sophisticated skincare line using scientific research to target and treat major skincare concerns. The Alyria Skin Optimizing System offers a complete skincare solution for all patients, helping them to achieve healthier skin with visible results. Alyria products use effective concentrations of the world's most advanced ingredients in proven formulations, and are available exclusively to physicians. Alyria's portfolio is complementary to the Company's existing Pro-Derm line and can be purchased throughout Canada in various medispas. Crescita owns the worldwide sales, most formulations and marketing rights for Alyria.

Premiology
Premiology is a high-end premium anti-aging skincare line targeted to consumers 35 years of age and over. The formulations contain a high performing combination of HA4 Technology (4 types of hyaluronic acids) and unique active ingredients to deliver targeted actions and results. Crescita owns the worldwide sales, formulations and marketing rights for Premiology.

ISDIN
ISDIN is the market leader in skincare in Spain and was formed in 1975 through a joint venture between Esteve and Puig. ISDIN's focus is to offer a complete range of innovative dermatology solutions to consumers with the highest quality standards and strong clinical evidence. ISDIN is well established in Europe, Latin America and Asia with more than 14 brand families and a leading consumer market position in skin categories like hydration, sun care, atopic dermatitis, baby skin, acne and women's health and sun damage repair. INTEGA has the exclusive rights to market and sell ISDIN products in Canada. The trademark is owned by ISDIN S.A. and is being used under license by INTEGA.

Prescription Drug Products

Pliaglis
Pliaglis is a topical local anaesthetic cream that provides safe and effective local dermal analgesia on intact skin prior to superficial dermatological procedures, such as dermal filler injections, pulsed dye laser therapy, facial laser resurfacing and laser-assisted tattoo removal. This product consists of a proprietary formulation of lidocaine and tetracaine that utilizes the proprietary phase-changing topical cream Peel technology. The Peel technology consists of a drug-containing cream which, once applied to a patient's skin, dries to form a pliable layer that releases drug into the skin. Pliaglis should be applied to intact skin for 20 to 30 minutes prior to superficial dermatological procedures and for 60 minutes prior to laser-assisted tattoo removal. Following the application period, Pliaglis forms a pliable layer that is easily removed from the skin allowing the dermatological procedure to be performed with minimal to no pain.

In December 2015, the Company reacquired the development and marketing rights for Pliaglis for the U.S., Canada and Mexico from Galderma Pharma S.A. (Galderma), a global pharmaceutical company specialized in dermatology. In April 2017, when the Company entered into the Agreement with Taro that granted Taro an exclusive license to the rights to sell and distribute Pliaglis and Flexicaine in the U.S., Crescita paid 125,000 Swiss Francs ($174,000) when Galderma transferred the U.S. rights to Taro. In addition, the Company paid

US$107,000 ($139,000) to Galderma in connection with the product manufacturing agreement for Pliaglis (See Significant Transactions – 2017 – Pliaglis and Flexicaine Out-licensing).

Beginning in 2021, Crescita has the right to reacquire the Rest of World (ROW) rights on a country-by-country basis without additional compensation if Galderma does not achieve minimum sales targets. Crescita will receive a fixed single-digit royalty on net sales in the territories where Galderma still owns the development and marketing rights. Galderma is responsible for manufacturing Pliaglis. Taro will sell and distribute Pliaglis and Flexicaine in the U.S. market. The Company continues to explore alternatives for the preferred commercial distribution pathway for Pliaglis in Canada and is seeking to secure partners for Mexico (See Significant Transactions – 2017 – Pliaglis and Flexicaine Out-licensing).

Flexicaine

Flexicaine is a new proprietary cream anesthetic formulation of lidocaine and tetracaine (7%/7%) that is designed for the topical treatment of pain conditions. The formulation dries to form a film which can be easily peeled from the skin once active ingredients have been delivered to the site on the body providing a long-lasting anesthetic effect. Flexicaine possesses improved application and removal properties compared to Pliaglis with extended patent protection to 2031 in multiple jurisdictions. In July 2017, the United States Patent and Trademark Office has granted U.S. Patent No. 9,693,976, entitled “Solid-Forming Local Anesthetic Formulations for Pain Control” relating to the Flexicaine composition.

MiCal 1 and MiCal 2

In April 2014, Nuvo entered into a collaboration agreement with MiCal - a joint venture between Ferndale and a leading U.S. contract research company (CRO) (Ferndale Collaboration) - to develop two topical dermatology products based on the Company’s patented MMPE technology. Under the terms of the collaboration agreement, the Company will utilize its proprietary MMPE technology to formulate two patented topical dermatology product candidates. Upon completion of the formulations, Ferndale, in collaboration with the CRO, will oversee and fund the formulations’ advancement through Phase 2 clinical studies. It is anticipated that the product candidates will then be made available for out-licensing.

The first MiCal product, MiCal 1, is a topical formulation utilizing a corticosteroid in combination with the Company’s patented MMPE technology to treat psoriasis. A lead formulation has been identified and successfully tested in a vasoconstrictor assay test. A Phase 2 clinical trial (the Trial) on MiCal 1 was initiated in early 2017 by the CRO. During the quarter, Crescita received and reported positive topline results from the Phase 2 clinical trial. It is anticipated that the product candidate will be made available for out-licensing at or before the completion of development. Licensing revenues would be shared between the parties, where Crescita's share would reflect its contribution of the patented formulations.

The second MiCal product (MiCal 2) is a topical formulation also utilizing the Company’s patented MMPE technology to treat a dermatological skin condition. MiCal 2 is still under development and an Investigational New Drug (IND) application is expected to be filed by the early 2018 once a lead formulation has been identified. Once the IND is accepted by the FDA, it is anticipated that the partnership will initiate clinical studies.

Mical 1 Phase 2 Clinical Trial

The multi-centre, randomized, vehicle-controlled, double-blind, parallel group Phase 2 trial was conducted to determine and compare the efficacy and safety of MiCal 1 in the treatment of moderate to severe plaque psoriasis. The Trial was conducted at multiple U.S. study sites and enrolled 89 patients. The patients were randomly assigned on a double-blind basis to receive active or vehicle (the Control) formulations to treat their psoriasis in the designated treatment area twice daily for up to 28 days.

Primary Endpoint

The primary efficacy endpoint of the Trial was the proportion of patients with Investigator's Global Assessment (IGA's) "treatment success" at the end of study after 28 days of treatment. The IGA score is a static evaluation by the investigator of the overall assessment of the patient's disease status within the designated treatment area. Successful achievement of the primary endpoint was defined as achieving an IGA score of 0 or 1 and a two-point move from their baseline assessment. The successful outcome was achieved in 17/89 (37.8%) of

subjects in the active group compared to 3/89 (6.8%) of subjects in the vehicle group. This outcome was statistically significant. In addition, no unanticipated safety signals were noted in this Trial.

Next Steps
The Trial results will be evaluated in more detail to plan next steps in anticipation of an End-of-Phase 2 meeting with the FDA to further discuss the development of the product regarding advancement to Phase 3 as well as requirements for future FDA approval to market the product.

Pipeline Products

Non-Prescription Skincare Products
The non-prescription skincare business requires that the product lines be rejuvenated from time-to-time with new product offerings. Crescita has established a multi-disciplinary R&D Product Committee that screens and identifies new products to be developed. These new products are selected based on a number of criteria primarily driven by reviewing sales and marketing trends, but also include regulatory, manufacturing and cost considerations. The products under development are usually kept confidential for competitive reasons.

Prescription Products
Crescita has a portfolio of development stage products and proprietary platform technologies, which include MMPE™ and DuraPeel™.

The following table summarizes the Company's key prescription product candidates.

Product	Therapeutic Area	Stage of Development	Intellectual Property [2]
Flexicaine	Local anesthesia prior to cosmetic dermatology procedures	Phase 3	Patents granted in AU, CA, CN, EP, HK, JP, MX, RU and the U.S. with latest expiring in 2031. Applications pending in 4 countries including U.S. Latest anticipated expiry date is 2031.
MiCal 1 [1]	Psoriasis	Phase 2	Patents allowed and granted in the U.S. expiring in 2027. Patent pending through 2036.
MiCal 2 [1]	Dermatological skin treatment	Pre-clinical	Patents allowed and granted in the U.S. expiring in 2027. Patent pending through 2036.
Dermatology products utilizing MMPE [3]	Prescription treatments of skin diseases	Pre-clinical	Patent granted in the U.S. expiring in 2027. Patent pending through 2027.

1. MiCal 1 and 2 are products being developed under the Ferndale Collaboration.
2. Region and country abbreviations defined as follows: Australia (AU), Canada (CA), China (CN), Europe (EP), Hong Kong (HK), Japan (JP), Mexico (MX), Russian Federation (RU), United States (U.S.).
3. Crescita has licensed the MMPE technology to a U.S.-based, major dermatological contract research company. The Licensee, in this case, will oversee and fund the total cost of the development program.

Technology
Crescita has multiple drug delivery platforms that support the development of patented formulations that can deliver actives into or through the skin. The most significant platforms include:

DuraPeel
The DuraPeel technology is a self-occluding, film-forming cream/gel formulation that provides extended release delivery to the site of application. The cream/gel contains a drug applied to a patient's skin forming a pliable layer that releases drug into the skin for up to 12 hours. The benefits of the DuraPeel technology include proven compatibility with a variety of active pharmaceutical ingredients (APIs). Self-occluding film reduces product transference risk, provides fast drying time, facilitates easy application and removal, and enables application to large and irregular skin surfaces. Patents have been issued in Australia, Canada, China,

Japan and the U.S. with the latest expiry in 2027. Patent applications are pending in Europe and allowed in the U.S.

MMPE

The MMPE technology uses synergistic combinations of pharmaceutical excipients included on the FDA's Inactive Ingredient Guide for improved topical delivery of actives into or through the skin. The benefits of this technology include the potential for increased penetration of APIs with the possibility of improved efficacy, lower API concentration and/or reduced dosing. Issued U.S. patents and pending applications provide intellectual property protection through March 6, 2027.

Liquidity Risk

On March 1, 2016, upon completion of the Reorganization, Crescita received $35.0 million from Nuvo to fund its operations.

As at September 30, 2017, Crescita had an accumulated deficit of $36.3 million, including a net loss of $3.2 million for the nine months then ended. As at September 30, 2017, the Company had cash and short-term investments of $8.8 million on its balance sheet. From September 1st, 2016 to August 17, 2017, $8.6 million of Crescita's short-term investments were restricted and were held as collateral for the Company's Letter of Credit under the terms of the loan agreement with Knight Therapeutics in effect at that time. The restriction was lifted this quarter upon amending the loan. See Significant Transactions – 2017 – Amended Terms to Knight Loan for further details on this transaction.

The Company anticipates that its current cash balance and the revenue it expects to generate from product sales, upfront and milestone payments related to out-licensing its products, in addition to royalty payments on the global net sales of Pliaglis, may not be sufficient to fund Crescita's operations as currently planned past the first half of 2018. Unexpected increases in Crescita's costs and expenses due to operational decisions made by the Company and/or factors beyond the Company's control could cause its cash resources to be depleted or profitability not being achieved. However, should additional funding be required for the development of new products and/or for future acquisitions, management has reasonable expectation that the Company should be able to raise additional funds.

Crescita's ability to continue as a going concern depends on:

- its ability to secure additional licensing fees, secure co-development agreements, obtain additional capital when required, obtain regulatory approval for other drugs and ultimately achieve profitable operations;
- market acceptance of the Company's products by consumers, physicians or patients will depend on distribution channels (i.e. spas, medical spas, pharmacies, and retail chains) accepting the product for sale; and
- its ability to advance the development of its pipeline products to significant milestones which can be monetized.

As there can be no certainty as to the outcome of the above matters, there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

There can be no assurance that Crescita will have sufficient capital to fund its ongoing operations or develop or commercialize any further products or make product acquisitions without future financings. The Company successfully filed its Business Acquisition Report (the BAR) with respect to the acquisition of INTEGA on June 22, 2017 and is now able to issue securities qualified by a prospectus or raise funds by way of a private placement. Crescita also renegotiated the Knight Loan during the third quarter, resulting in the release of the associated letter of credit and restricted cash thereby freeing up $6.0 million of its cash for funding operations and growth. There remains the possibility, however, that Crescita may not achieve profitability and positive

cash flow before it requires further financings and that should it require further funding, there is no assurance that the Company will be able to secure future adequate debt or equity financing on acceptable terms or at all. The credit ratings that Crescita might obtain in connection with any debt financing may make securing debt financing prohibitive.

The Condensed Consolidated Interim Financial Statements do not include adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Reporting Segments

The Company had historically reported two operating segments: the Topical Products and Technology (TPT) Group and the Immunology Group. As a result of discontinuing the operations of the Immunology Group, the Company is now reporting the entire business as one segment.

Fluctuations in Operating Results

Crescita's results of operations have fluctuated significantly from period-to-period in the past and are likely to do so in the future. Crescita anticipates that its quarterly and annual results of operations will be impacted for the foreseeable future by several factors including the timing and amount of product sales, royalties and other payments received pursuant to current and future operations and collaborations and licensing arrangements and the progress and timing of expenditures related to integration and R&D efforts. Due to these fluctuations, Crescita believes that the period-to-period comparisons of its operating results are not necessarily a good indicator of future performance.

Foreign Exchange

Crescita operates globally and as such is exposed to changes in foreign currency rates. Accordingly, as prescribed by IFRS, we value assets, liabilities and transactions measured in foreign currencies using various exchange rates. We report all dollar amounts in Canadian dollars. Please refer to Financial Risk Management - Currency Risk for a further discussion on the impact of foreign currency fluctuations on our results of operations.

Selected Summary Financial Information

In thousands, except per share data and number of shares	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Change	2017	2016	Change
Total revenue	**2,720**	1,063	*1,657*	**9,658**	**1,256**	*8,402*
Total operating expenses	**4,227**	3,948	*279*	**13,715**	11,016	*2,699*
Loss from operations[1]	**(1,507)**	(2,885)	*1,378*	**(4,057)**	(9,760)	*5,703*
Other income (expenses)	**1,050**	115	*935*	**1,008**	(303)	*1,311*
Loss from continuing operations before income taxes	**(457)**	(2,770)	*2,313*	**(3,049)**	**(10,063)**	*7,014*
Income tax recovery	**-**	63	*(63)*	**-**	**63**	*(63)*
Net loss from continuing operations	**(457)**	(2,707)	*2,250*	**(3,049)**	**(10,000)**	*6,951*
Net loss from discontinued operations	**(56)**	(343)	*287*	**(157)**	**(2,187)**	*2,030*
Net loss	**(513)**	(3,050)	*2,537*	**(3,206)**	(12,187)	*8,981*
Net loss per common share from continuing operations						
Basic and diluted	**($0.03)**	($0.19)	$0.16	**($0.22)**	($0.82)	$0.60
Weighted average number of common shares outstanding						
Basic and diluted	**14,003**	13,903	100	**13,958**	12,234	1,724

[1] Loss from operations is a Non-IFRS measure used by the Company and is defined as revenue less operating expenses.

Selected Financial Position Information *In thousands*	September 30, 2017	December 31, 2016 (Restated)[1]
Cash and cash equivalents	**8,755**	9,807
Restricted short-term investments	**-**	8,551
Total assets	**31,219**	40,240
Other obligations, including current portion	**1,790**	1,972
Long-term Debt, including current portion	**3,464**	8,164
Convertible debenture, including current portion	**828**	-
Total liabilities	**9,932**	16,147
Total equity	**21,287**	24,093

[1] Pursuant to the Mutual Release Agreement with certain former INTEGA shareholders, whereby all but one minority shareholder forfeited their rights to receive any further payments from Crescita under the INTEGA purchase agreement, the Company finalized the purchase price allocation in August 2017 and has adjusted goodwill for the forfeiture of future share consideration and milestone payments previously recognized. Please refer to *Note 6 – Acquisition of INTEGA* of the Condensed Consolidated Interim Financial Statements for further details.

Non-IFRS Financial Measures

Crescita discloses non-IFRS measures that do not have standardized meanings prescribed by IFRS, but are considered useful by management, investors and other financial stakeholders to assess Crescita's performance and management from a financial and operational standpoint. Total operating expenses is defined as the sum of: cost of goods sold (COGS), R&D expenses, selling, general and administrative (SG&A) expenses, interest expense and interest income. Loss from operations is defined as total revenue, less total operating expenses. Crescita considers these to be useful measures, as they provide investors with an indication of the operating performance of Crescita before considering gains or losses from foreign exchange or items that are non-recurring transactions.

Results of Operations

Revenue

In thousands	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Change	2017	2016	Change
Product Sales	**1,966**	924	*1,042*	**5,966**	924	*5,042*
Out-licensing revenue	**675**	21	*654*	**3,466**	72	*3,394*
Services revenue	**79**	118	*(39)*	**226**	260	*(34)*
Total revenue	**2,720**	**1,063**	*1,657*	**9,658**	**1,256**	*8,402*

Product Sales
Product sales consist of our portfolio of non-prescription skincare products under our five brands: Laboratoire Dr Renaud, Pro-Derm, Premiology, ISDIN and Alyria, as well as Contract Manufacturing Organization sales, which are sales arising from products manufactured to the customers' custom requirements. We recognize revenue from the sale of products when the goods are shipped or received by the customers depending on the specific arrangement.

Product sales for the third quarter ended September 30, 2017 were $2.0 million compared to $0.9 million for the third quarter 2016, representing an increase of $1.0 million. This increase was mainly driven by a full quarter's impact of product sales in the current quarter versus prior year, as the INTEGA operations were only acquired on September 1st, 2016.

For the nine months ended September 30, 2017, product sales were $6.0 million, up $5.0 million from the comparable nine-month period ended September 30, 2016. The year-over-year increase was primarily a result of the same factors described above.

For the three and nine months just ended, the Company recorded a nominal amount of sales from Alyria, given the timing of the acquisition, but expects revenue to ramp up going forward.

Out-licensing Revenue
Out-licensing revenue includes upfront payments, milestones and royalties received from the Company's licensees. For the three months ended September 30, 2017, out-licensing revenue was $0.7 million compared to $21 for the comparable quarter of 2016. This increase was mainly driven by a US$0.5 million ($0.6 million) milestone payment received during the quarter from Taro following the issuance of a patent by the United States Patent and Trademark Office in relation to the Flexicaine composition, and to a lesser extent by a nominal increase in royalty revenue.

All royalty revenue to-date relates to the global net sales of Pliaglis by Galderma determined using agreed upon formulas based on the definition of the licensee's net sales as defined in the licensing agreement. Crescita recognizes royalty revenue based on the net sales of the licensee. In December 2015, the Company reacquired the development and marketing rights for Pliaglis for the U.S., Canada and Mexico. Since the reacquisition of the North American Rights, the Company now earns a single-digit royalty on Galderma's net sales.

For the nine months ended September 30, 2017, out-licensing revenue was $3.5 million compared to $0.1 million in the year-to-date period of 2016, representing an increase of $3.4 million. The year-over-year increase was primarily driven by an upfront payment of US$2.0 million ($2.7 million) received in the second quarter of 2017, pursuant to the Development and Commercialization License Agreement with Taro as well as the receipt in the current quarter of a US$0.5 million ($0.6 million) milestone payment for the Patent issuance related to the Flexicaine composition, as described above. Under the agreement, Taro has the exclusive rights to sell

and distribute Pliaglis and Flexicaine in the U.S. Taro plans to launch the marketing and sales efforts for Pliaglis in the U.S. in the second half of fiscal 2018 and is now responsible for all matters related to Pliaglis in the U.S.

Services Revenue
Effective March 1, 2016, immediately following the Reorganization, Crescita and Nuvo entered into a reciprocal transitional services agreement with an initial term of 18 months. Under the agreement, Crescita was to provide Nuvo corporate-level employee services, R&D support, as well as facility and equipment rental.

During the quarter, the transitional service agreement was extended until the end of the fourth quarter of 2017 and is primarily for specific legal counsel as well as general corporate-level services. The Company expects there to be no further revenue from the transitional service agreement beyond December 31, 2017.

For the three and nine months ended September 30, 2017, Crescita earned $29 and $0.1 million, respectively, for services provided to Nuvo under the terms of the transitional services agreement, compared to $0.1 million and $0.3 million for the three and nine-month periods of the previous year.

For the three and nine months ended September 30, 2017, the Company also recorded $50 and $0.1 million, respectively, for development services provided to Taro in accordance with the fee-for-service development agreement, whereby, the Company provides services related to the further development of Pliaglis and Flexicaine.

Operating Expenses

In thousands	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Change	2017	2016	Change
Cost of goods sold	**1,167**	567	*600*	**3,081**	567	*2,514*
Research and development	**252**	247	*5*	**942**	1,505	*(563)*
Selling, general and administrative	**2,655**	3,106	*(451)*	**9,468**	8,969	*499*
Interest expense	**153**	58	*95*	**272**	70	*202*
Interest income	**-**	(30)	*30*	**(48)**	(95)	*47*
Total operating expenses	**4,227**	3,948	*279*	**13,715**	11,016	*2,699*

Total operating expenses for the three and nine months ended September 30, 2017 were $4.2 million and $13.7 million, respectively, compared to $3.9 million and $11.0 million for the three and nine months ended September 30, 2016.

Cost of Goods Sold
The cost of goods sold primarily includes: the costs associated to manufacturing and packaging our products, depreciation of manufacturing facilities and equipment and the cost of products we purchase from third parties.

For the three months ended September 30, 2017, COGS related to product sales, were $1.2 million, compared to $0.6 million for the third quarter of 2016. The year-over-year increase in COGS was mainly a result of the full quarter's impact of INTEGA's operations. In the prior year, COGS included fair value adjustments to inventory resulting from the INTEGA acquisition which increased costs for this period. Management remains committed to improve margins over time.

For the nine-month period ended September 30, 2017, COGS were $3.1 million, compared to $0.6 million or for the nine months ended September 30, 2016, representing an increase of $2.5 million. The variance was attributable to same factor as described for the quarter above.

Gross margin on product sales was $0.8 million and $2.9 million or 41% and 48%, respectively for the three and nine months ended September 30, 2017. Excluding fair value adjustments to inventory, the gross margin

for the current three and nine-month periods would have been $0.8 million and $3.3 million or 41% and 55%, respectively.

Research and Development
R&D expenses are mainly composed of employee compensation costs; overhead and facility occupancy costs; depreciation of R&D facilities and equipment; clinical trial costs; clinical manufacturing and scale-up costs; and other third-party laboratory testing costs.

R&D expenditures vary depending on the stage of development of products and product candidates in Crescita's pipeline and management's allocation of Crescita's internal resources to these activities and to each product specifically. The significant majority of clinical development costs are covered by our development/commercial partners: Ferndale Laboratories in the case of Mical 1 and Mical 2 and Taro in the case of Flexicaine. Costs borne by Crescita are limited to pre-clinical testing costs as well as costs related to the formulations and developments of test batches.

For the three months ended September 30, 2017, R&D expenses were $0.3 million, essentially flat when compared to the third quarter of the prior year. While we continue to see the cost benefits of the consolidation of Crescita's R&D function to our Laval facility, these benefits were partly offset by the costs incurred for the development of certain product formulations. Such activities are ongoing and are a key success factor for Crescita, allowing the Company to remain competitive in its offering.

For the nine-month period ended September 30, 2017, R&D expenses amounted to $0.9 million, a decrease of $0.6 million when compared to the $1.5 million incurred in the nine months ended September 30, 2016. For the current nine-month period, R&D costs were mainly driven by R&D activities related to the advancement of the Mical product candidate formulations under the Ferndale Collaboration as well as for the rejuvenation of the Company's non-prescription skincare lines, while the comparative year's nine-month period was mainly composed of clinical and non-clinical costs related to the neuropathic pain development program for Flexicaine. Crescita curtailed this program following extensive requirements by the FDA.

Selling, General and Administrative
For the three months ended September 30, 2017, SG&A expenses were $2.7 million, down $0.4 million from the $3.1 million reported a year ago. The improvement in SG&A was mainly a result of non-recurring transaction and acquisition-related costs dropping-off versus the same quarter of last year. In the comparable quarter last year, significant professional, consulting and legal fees were incurred in relation to the acquisition of INTEGA as well as transaction fees and severances related to the sale of the Immunology Group's manufacturing operations. This year-over-year reduction is costs was partly offset by the full quarter's impact of INTEGA's operating expenses.

For the nine months ended September 30, 2017, SG&A expenses were $9.5 million, representing a $0.5 million increase when compared to the $9.0 million reported in the comparable period a year ago. The year-over-year variance was primarily due to the same factors as described for the quarter above. The Company continues its focus on rationalizing its cost structure and anticipates an overall reduction in SG&A costs going forward, especially from the consolidation of its corporate functions to its Laval office.

Interest
Interest expense was $0.1 million and $0.2 million for the three and nine months ended September 30, 2017, compared to $0.1 million for the three and nine months ended September 30, 2016. These amounts primarily related to the Knight Loan, net of amortization of the fair value adjustments. In the three and nine months ended September 30, 2016, interest expense included non-cash accretion charges on the five-year consulting agreement as part of the consideration paid for the 2011 acquisition of the non-controlling interest in Nuvo Research AG.

Interest income was $nil and $48, respectively for the three and nine months ended September 30, 2017 and $30 and $6, respectively for the comparable periods of the prior year. The Company earns interest income on its cash balances held primarily with Schedule 1 Canadian banks.

Other Income (Expenses)

In thousands	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Change	2017	2016	Change
Foreign currency (loss) gain	**(29)**	115	(144)	**(71)**	(303)	232
Gain on debt renegotiations, net	**1,079**	-	1,079	**1,079**	-	1,079
Total other income (expenses)	**1,050**	115	935	**1,008**	(303)	1,311

Foreign Currency (Loss) Gain

For the three and nine months ended September 30, 2017, the Company incurred a net foreign currency loss of $29 and $0.1 million , respectively, primarily driven primarily by the timing of payments and settlements of foreign currency denominated balances. These compare to a $0.1 net foreign currency gain and a net loss of $0.3 million, respectively for the three and nine months ended September 2016. The comparative nine-month period included a loss of $0.4 million the Company realized on U.S. dollar cash balances that were transferred from Nuvo to Crescita as part of the Reorganization.

Gain on Debt Renegotiations, net

During the quarter, the Company renegotiated the terms of the original Knight loan. As the terms of the amended loan were substantially different from the original loan, the renegotiation created a debt extinguishment for accounting purposes and the original loan was derecognized with the amended loan being recognized at fair value. The difference in the fair value of the amended loan and the carrying value of the original loan resulted in the reported gain of $1.1 million, net of transaction costs.

Net Loss

In thousands	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Change	2017	2016	Change
Net loss from continuing operations before income taxes	**(457)**	(2,770)	2,313	**(3,049)**	(10,063)	7,014
Income tax recovery	**-**	63	(63)	**-**	63	(63)
Net loss from continuing operations	**(457)**	(2,707)	2,250	**(3,049)**	(10,000)	6,951
Net loss from discontinued operations	**(56)**	(343)	287	**(157)**	(2,187)	2,030
Net Loss	**(513)**	(3,050)	2,537	**(3,206)**	(12,187)	8,981

Net loss from Continuing Operations

Net loss from continuing operations for the three months ended September 30, 2017 was $0.5 million, compared to a net loss from continuing operations of $2.7 million in the comparative quarter of 2016. The year-over-year improvement was mainly a result of the non-recurring non-cash gain on the renegotiation of the Knight loan, the milestone payment received in relation to the Flexicaine patent issuance, and to a lesser extent from the year-over-year incremental gross margin on INTEGA's operations. For the nine months ended September 30, 2017, net loss from continuing operations was $3.0 million, compared to $10.0 million in the comparable period of 2016. The year-over-year improvement was primarily driven by the aggregate of the up-front payment for the exclusive U.S. rights for Pliaglis and the milestone revenue received from Taro in the second and third quarters, as well as the factors described above.

Net Loss

Net loss was $0.5 million and $3.2 million, respectively for the three and nine months ended September 30, 2017, compared to a net loss of $3.1 million and $12.2 million in the comparative periods ended September 30, 2016. The year-over-year improvements in net loss were a result of the same factors as discussed above under *Net loss from Continuing Operations.*

Net Loss from Discontinued Operations

In thousands	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Change	2017	2016	Change
Product Sales	**-**	-	-	**-**	189	(189)
Services revenue	**-**	1	(1)	**-**	4	(4)
Total revenue	**-**	1	(1)	**-**	193	(193)
Total operating expenses	**59**	213	(154)	**166**	2,235	(2,069)
Foreign currency gain	**(3)**	(1)	(2)	**(9)**	(14)	5
Impairment of property, plant and equipment	**-**	**-**	-	**-**	**27**	(27)
Loss on disposal	**-**	132	(132)	**-**	132	(132)
Net loss from discontinued operations	**(56)**	(343)	287	**(157)**	(2,187)	2,030

Net loss from discontinued operations was $0.1 million and $0.2 million for the three and nine months ended September 30, 2017 compared to a net loss of $0.3 million and $2.2 million for the three and nine months ended September 30, 2016. The Company incurred additional costs, mainly legal and accounting fees, in the current quarter to complete the requisite regulatory filings required as part of the wind-down process for the Immunology Group. The improvement in net loss from discontinued operations for the three and nine months ended September 30, 2017 resulted from the cancellation of the Immunology Group's R&D programs, as part of the orderly wind-down which commenced during the second half of 2016. In the comparative periods, net loss was attributable to the development of WF10 and the 2015 WF10 trial.

Net Loss per Common Share

In thousands, expect per share amounts	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Change	2017	2016	Change
Net loss per common share from continuing operations						
- basic and diluted	**($0.03)**	($0.19)	$0.16	**($0.22)**	($0.82)	$0.60
Weight average number of common shares outstanding						
- basic and diluted	**14,003**	13,903	100	**13,958**	12,234	1,724

Net loss per share from continuing operations was $0.03 and $0.22 for the three and nine months ended September 30, 2017 compared to $0.19 and $0.82 for the three and nine months ended September 30, 2016.

The Company issued 11.5 million common shares on March 1, 2016 and a further 2.4 million in conjunction with the INTEGA Acquisition. The weighted average number of shares outstanding on a basic and diluted basis was 14.0 million for the three and nine months ended September 30, 2017 compared to 13.9 million and 12.2 million for the three and nine months ended June 30, 2016.

Liquidity and Capital Resources

In thousands	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Change	2017	2016	Change
Net loss from continuing operations	**(457)**	(2,707)	2,250	**(3,049)**	(10,000)	6,951
Net loss from discontinued operations	**(56)**	(343)	287	**(157)**	(2,187)	2,030
Items not involving cash flows	**(763)**	9	(772)	**167**	1,044	(877)
Cash used in operations	**(1,276)**	(3,041)	1,765	**(3,039)**	(11,143)	8,104
Net change in non-cash working capital	**39**	(576)	615	**(2,676)**	(2,195)	(481)
Cash used in operating activities	**(1,237)**	(3,617)	2,380	**(5,715)**	(13,338)	7,623
Cash provided by (used in) investing activities	**7,915**	(11,301)	19,216	**7,844**	(11,340)	19,184
Cash (used in) provided by financing activities	**(2,035)**	(134)	(1,901)	**(3,159)**	39,582	(42,741)
Effect of foreign exchange rates on cash	**-**	113	(113)	**(22)**	(351)	329
Net change in cash and cash equivalents	**4,643**	(14,939)	19,582	**(1,052)**	14,553	(15,605)
Cash and cash equivalents, beginning of the period	**4,112**	29,970	(25,858)	**9,807**	478	9,329
Cash and cash equivalents, end of the period	**8,755**	**15,031**	**(6,276)**	**8,755**	**15,031**	**(6,276)**

Cash and Cash Equivalents

Cash and cash equivalents were $8.8 million as at September 30, 2017 compared to $9.8 million at December 31, 2016. Available cash increased during the quarter as a result of the transfer of previously restricted short-term investments to unrestricted cash investment accounts. As described previously, the restriction on short-term investments was lifted as part of the Knight loan renegotiation. Prior to March 1, 2016, Crescita was economically dependent on and relied on Nuvo for funding to support its operations. Under the terms of the Arrangement, on March 1, 2016, Crescita received $35.0 million from Nuvo to fund its operations.

Operating Activities

Cash used in operating activities was $1.2 million for the three months ended September 30, 2017 compared to $3.6 million used for the three months ended September 30, 2016. The year-over-year improvement of $2.4 million was mainly a result of the improved net loss from continuing operations, driven primarily by the non-recurring cash milestone received from Taro during the quarter, the incremental gross margin from INTEGA's operations, a decrease in SG&A expenses, and to a lesser extent, the improvement in net loss from discontinued operations compared to the three months ended September 30, 2016. From a working capital standpoint, the current quarter's impact was nominal due to the timing of our working capital inflows and outflows and was favorable versus the prior year where our investment in working capital primarily related to the settlement of outstanding liabilities incurred with the INTEGA Acquisition.

For the nine months ended September 30, 2017, cash used in operating activities was $5.7 million compared to $13.3 million used for the nine months ended September 30, 2016. The year-over-year improvement in cash used in operating activities of $7.6 million was mainly driven by the improvement in net loss from continuing operations, driven by the aggregate of non-recurring cash payments received from Taro in the amount of $3.4 million and the incremental gross margin from INTEGA's operations of $2.5 million, as well as the improvement in net loss from discontinued operations of $2.0 million. For the current nine-month period, the investment in working capital was $2.7 million, primarily related to an increase in inventory to meet planned demand, and a decrease in accounts payables, resulting from the settlement of certain liabilities assumed and incurred as part of the INTEGA acquisition and the restructuring of its operations, partly offset by a decrease in accounts receivable because of improved collections. In the nine-month period of 2016, the $2.2 million investment in working capital related primarily to a decrease in accounts payable and accruals for payments asociated to the 2015 WF10 Trial and a decrease in the Company's Share Appreciation Rights liability.

Investing Activities
Cash provided by investing activities was $7.9 and $7.8 million for the three and nine months ended September 30, 2017, compared to $11.3 million used in investing activities for three and nine months ended September 30, 2016. The current year's three and nine-month periods, reflect the redemption of $8.6 million in short-term investments previously restricted and held as collateral for the Knight loan, partly offset by amounts paid in connection to the Alyria acquisition of $0.6 million. This restriction was lifted in this quarter and gave the Company access to the funds. The prior year's periods reflected the Company's investment of the restricted funds of $8.6 million, mentioned above, as well as the cash paid to acquire INTEGA in the amount of $2.7 million.

Financing Activities
Net cash used in financing activities totaled $2.0 million for the three months ended September 30, 2017 compared to $0.1 million for the three months ended September 30, 2016. In the current quarter, financing activities related to principal repayments against the Knight Loan in the amount of $3.1 million, partly offset by the proceeds from the convertible debenture financing completed with Bloom Burton Funds in the amount of $1.0 million. In the comparative quarter, financing activities related to payments made towards the five-year consulting agreement as part of the consideration paid for the 2011 acquisition of the non-controlling interest in Nuvo Research AG.

Net cash used in financing activities totaled $3.2 million for the nine months ended September 30, 2017 compared to net cash provided by financing activities of $39.6 million for the comparable nine months of 2016. Financing activities in the current nine-month period related primarily to the principal repayments of $3.2 million against the Knight Loan, as described above as well as to a payment of $1.0 million made during the year relating to a previous acquisition by INTEGA. These were partly offset by the proceeds from the convertible debenture financing completed with Bloom Burton Funds in the amount of $1.0 million.

In the comparative nine-month period, Crescita received $35.0 million from Nuvo to fund its operations in accordance with the terms of the Arrangement and funding provided by Nuvo (prior to the Reorganization) was partially offset by payments made towards the five-year consulting agreement recognized as part of the purchase of the non-controlling interest in 2011.

Capability to Deliver Results
The Company will need to spend resources to research, develop and manufacture its products and technologies. Crescita may finance these activities through: existing cash, revenue generated by product sales to its customers, royalties, licensing and co-development agreements for other new drug candidates or of its existing products in territories where they are not currently licensed, by raising funds in the capital markets or by incurring debt.

Crescita is dependent on its customers and commercial partners for the sale and marketing of its products in their respective territories.

Management believes that it has appropriate in-house personnel with the experience and expertise to market and sell its existing products and to develop its pipeline. To execute the current business plan, Crescita may selectively add key personnel and in the future, may need to hire additional staff as activities expand. In addition, market acceptance of the Company's products by consumers, physicians or patients will depend on distribution channels (i.e. spas, medical spas, pharmacies retail chains) accepting the product for sale.

Selected Quarterly Financial Information

For the three months ended,	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016[2]	Sep. 30, 2016	Jun. 30, 2016	Mar. 30, 2016	Dec. 31, 2015
In thousands unless otherwise noted								
Growth								
Revenue	**2,720**	4,858	2,080	2,248	1,063	98	95	60
Profitability								
Total operating expenses	**4,227**	4,317	5,171	7,191	3,948	2,395	4,673	2,518
(Loss) Profit from operations[1]	**(1,507)**	541	(3,091)	(4,943)	(2,885)	(2,297)	(4,578)	(2,458)
Net (loss) income from continuing operations	**(457)**	538	(3,130)	(4,638)	(2,707)	(2,340)	(4,953)	(2,461)
Net (loss) income	**(513)**	500	(3,193)	(4,697)	(3,050)	(3,079)	(6,058)	(4,405)
Share Information								
Net (loss) income per common share from continuing operations								
basic and diluted *(in dollars)*	**(0.03)**	0.04	(0.23)	(0.33)	(0.19)	(0.20)	(0.44)	(0.22)
Weighted average number of common shares outstanding for the period								
basic and diluted	**14,003**	13,935	13,935	13,935	13,903	11,487	11,294	11,145

[1] (Loss) Profit from operations is a Non-IFRS measure used by the Company and is defined as revenue less operating expenses.
[2] December 31, 2016 was restated to reflect the fair value adjustment for the milestone payments recorded in 2016 of $0.1 million in connection to the INTEGA acquisition.

Key Developments of the Third Quarter 2017

- Reduced Q3-17 operating loss to $1.5 million from $2.9 million in the same quarter of the prior year;
- Received a US$0.5 million milestone payment from Taro Pharmaceuticals Inc. (Taro) upon the issuance of the Flexicaine composition patent from the United States Patent and Trademark Office;
- Ended the quarter with $8.8 million of cash;
- Amended the Knight loan, freeing up $8.6 million of previously restricted cash;
- Reduced debt by $3.1 million in the quarter;
- Completed convertible debenture financing with Bloom Burton Funds for proceeds of $1.0 million;
- Completed the acquisition of Alyria® from Sanofi Consumer Health Inc. - a skincare line using scientific research;
- Received positive topline results from a Phase 2 clinical trial (The Trial) studying the efficacy of the Mical 1 formulation in patients with plaque psoriasis. The Trial was conducted by our partner, Ferndale Laboratories, Inc., in conjunction with a leading U.S. Contract Research Organization;
- Entered into a Mutual Release agreement with all but one (0.3%) of the former shareholders of INTEGA pursuant to which the former INTEGA shareholders forfeited their rights to any future payments from Crescita under the INTEGA purchase agreement;

Please refer to the section entitled Significant Transactions – 2017 for further details on each of the above items.

Financial Instruments

The fair values of the Company's current financial assets and liabilities approximate their carrying amounts due to the short period to maturity of these instruments.

The fair values of the Company's non-current obligations have been estimated using rates currently available to the Company for obligations with similar terms and remaining maturities. The fair values of these instruments approximate their carrying values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - determined by reference to quoted prices in active markets for identical assets and liabilities.
Level 2 - include those where valuations are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly.
Level 3 - valuations are those based on inputs that are unobservable and significant to the overall fair value measurement.

The following table provides the fair value measurement hierarchy of the financial instruments measured at fair value subsequent to initial recognition in the Consolidated Interim Statements of Financial Position as at:

	September 30, 2017			December 31, 2016		
In thousands	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Recurring fair value measurements						
Contingent consideration receivable	**-**	**-**	**126**	-	-	-
Contingent consideration – royalty earn-out	**-**	**-**	**20**	-	-	-
SARs	**-**	**4**	**-**	-	229	-

Valuation Methods and Assumptions
Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. The Company reviews the fair value hierarchy classification on a quarterly basis. Changes to the ability to observe valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. The Company did not have any transfer of assets and liabilities between Level 1, Level 2 and Level 3 of the fair value hierarchy during the three and nine months ended September 30, 2017 and 2016.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. However, considerable judgment is required to develop these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies.

Level 2 liabilities include obligations of the Company for the SARs Plan. The fair values of each tranche of SARs issued and outstanding are revalued as at each reporting period using the Black-Scholes option pricing model.

Level 3 liabilities include obligations of the Company for the contingent consideration receivable and the contingent consideration payable for the royalty earn-out relating to the acquisition of Alyria. The fair value of the contingent consideration receivable and payable is revalued at each reporting period based on management's best estimate.

Financial Risk Management

Risk Factors
The following is a discussion of liquidity, credit and market risks and related mitigation strategies that have been identified. This is not an exhaustive list of all risks nor will the mitigation strategies eliminate all risks listed.

Liquidity Risk
Prior to the Reorganization, the Company was economically dependent on, and has historically relied on, Nuvo for funding to support its operations. Under the terms of the Arrangement, Nuvo transferred $35.0 million of cash to the Company to provide working capital. The Company anticipates that its current cash and the revenue it expects to generate from product sales and upfront and milestone payments related to out-licensing its products, in addition to royalty payments on the global net sales of Pliaglis may not fund Crescita's operations as currently planned past the first half of 2018. Additional funding may be required for the development of new products and/or for future acquisitions.

The Company has purchase commitments and minimum future rental payments under operating leases of $2.5 million that are due in less than one year and $8.4 million that is payable from 2018 to 2024.

The Company's exposure to liquidity risk is dependent on the sales growth and profitability of INTEGA which will be impacted by the status of competitive products and the success of the Company in developing and maintaining markets for its products. In addition, a number of other factors will have an impact to liquidity risk including the level of R&D expenditures for product candidates, costs associated with maintaining regulatory approvals, the timing of payments received or made under licensing arrangements and the acquisition costs of licenses for new products or technologies.

Credit Risk
Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that may subject the Company to credit risk consist of cash and amounts receivable from global customers. The Company manages its exposure to credit risk by holding cash on deposit in major financial institutions. The Company, in the normal course of business, is exposed to credit risk from its global customers. The accounts receivable are subject to normal industry risks in each geographic region in which the Company operates. In addition, the Company is exposed to credit-related losses on sales to its customers outside North America due to potentially higher risks of enforceability and collectability.

As at September 30, 2017, 16% of accounts receivable related to customers outside North America and the E.U. [December 31, 2016 - 9%].

Pursuant to their collective terms, accounts receivable were aged as follows:

In thousands	September 30, 2017	December 31, 2016
Current	**913**	476
0-30 days past due	**145**	783
31-60 days past due	**26**	235
61-90 days past due	**13**	143
Over 90 days past due	**4**	42
Total Accounts receivable	**1,101**	1,679

As at September 30, 2017, the allowance for doubtful accounts receivable was $0.1 million [December 31, 2016 - $0.1 million].

Interest Rate Risk
The Company's long-term debt bears interest at a rate of 9% per year, compounded on a monthly basis.

Currency Risk
The Company operates globally, which gives rise to a risk that earnings and cash flows may be adversely affected by fluctuations in foreign currency exchange rates. The Company is primarily exposed to the U.S. dollar and euro, but also transacts in other foreign currencies. The Company currently does not use financial instruments to hedge these risks. The significant balances in foreign currencies were as follows:

In thousands	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
	Euros (€)	Euros (€)	**USD**	USD
Cash	**60**	50	**390**	1,680
Short-term investments			**500**	
Accounts receivable	**-**	-	**93**	66
Other current assets	**7**	126	**14**	90
Accounts payable and accrued liabilities	**(151)**	(51)	**(349)**	(522)
Other short-term obligations	**-**	(4)	**-**	(35)
	(84)	**121**	**648**	**1,279**

Based on the aforementioned net exposure as at September 30, 2017, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the U.S. dollar would have an effect of $0.1 million on total comprehensive income (loss) and a 10% appreciation or depreciation of the Canadian dollar against the euro would have an effect of $8 on total comprehensive income (loss).

In terms of the euro, the Company had one significant exposure: its net investment and net cash flows in its European operations, which were discontinued on July 11, 2016. In terms of the U.S. dollar, the Company has four significant exposures: its net investment and net cash flows in its U.S. operations, its product sales to U.S. customers, royalties from licensing agreement with Galderma and Taro regarding Pliaglis and the cost of running trials and other studies at U.S. sites.

The Company does not actively hedge any of its foreign currency exposures given the relative risk of currency versus other risks the Company faces and the cost of establishing the necessary credit facilities and purchasing financial instruments to mitigate or hedge these exposures. As a result, the Company does not attempt to hedge its net investments in foreign subsidiaries.

Commitments

The Company has purchase commitments and minimum future rental payments under operating leases for the twelve months ending September 30 as follows:

In thousands	Purchase Obligations	Operating Leases	Total
2018	2,014	453	2,467
2019	2,457	396	2,853
2020	3,148	399	3,547
2021	835	401	1,236
2022	-	403	403
2023 and thereafter	-	404	404
Total Commitments	**8,454**	**2,456**	**10,910**

For the three and nine months ended September 30, 2017, payments under operating leases totaled $0.1 million and $0.4 million [$0.1 and $0.2 million for the three and nine months ended September 30, 2016]. The comparative three and nine-month periods included a portion of Nuvo's corporate office lease during the carve-out period, which had been allocated to the Company prior to March 1, 2016.

Guarantees

The Company periodically enters into research, licensing, distribution or supply agreements with third parties that include indemnification provisions that are customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of third-party intellectual property claims or damages arising from these transactions. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions is unlimited. These indemnification provisions generally survive termination of the underlying agreements. The nature of the intellectual property indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amount has been accrued in the Condensed Consolidated Interim Financial Statements with respect to these indemnification obligations.

Subsequent Events

There were no subsequent between the quarter ended September 30, 2017 and the filing of this MD&A.

Off-Balance Sheet Arrangements

Crescita does not have any off-balance sheet arrangements.

Related Party Transactions

Transitional Services Agreement

Nuvo Pharmaceuticals Inc.
Prior to the completion of the Arrangement on March 1, 2016, Nuvo was considered a related party due to its parent-subsidiary relationship with the Crescita entities.

Subsequent to the Reorganization, Nuvo and the Company were related parties due to shared key management personnel. Effective March 1, 2016, Nuvo and the Company entered into a reciprocal transitional services agreement with an initial term of 18 months. Under the transitional services agreement, (a) Nuvo provided Crescita corporate-level employee services, quality assurance support and facility rental, and (b) Crescita provided Nuvo corporate-level employee services, R&D support and facility and equipment rental. During the quarter, the transitional service agreement was extended until the end of the fourth quarter of 2017 and is primarily for specific legal counsel as well as general corporate-level services.

As a result of the restructuring of key management personnel in 2017, Nuvo and Crescita are no longer related parties.

For the three and nine months ended September 30, 2016, fees for services provided to Nuvo were $0.1 and $0.3 million and services received from Nuvo were $0.1 million and $0.3 million.

Expense Allocations
For the periods prior to March 1, 2016, the Company's accounts reflect Nuvo's drug development operations as if it had always operated as a stand-alone entity. The financial results for the periods prior to March 1, 2016 represent the financial position, results of operations and cash flows of Nuvo's drug development operations on a combined carve-out basis.

Allocations reflected in SG&A expenses totalled $2.2 million for the three months ended March 31, 2016 and allocations reflected in R&D expenses totalled $0.2 million for the same period.

Crescita and Nuvo considered these general corporate expense allocations to be a reasonable reflection of the underlying nature of the operations of these entities and of the utilization of services provided. The allocations may not, however, reflect the expense Crescita would have incurred as a stand-alone company. Actual costs which may have been incurred if Crescita had been a stand-alone public company in 2016 would depend on a number of factors, including how Crescita chose to organize itself, what if any functions were outsourced or performed by Crescita employees and strategic decisions in areas such as infrastructure.

Outstanding Share Data

In connection with the Reorganization, and under the terms of the Arrangement, each Nuvo Research Inc. share certificate, stock option and Share Appreciation Right (SAR) existing on March 1, 2016 became a common share, stock option and SAR of Nuvo and resulted in the right to receive one of each of the instruments noted above, from Crescita.

The following table provides a summary of the capital stock, stock options and SAR's outstanding as at November 2, 2017:

	As at November 2, 2017
Common shares	14,003,206
Stock options[1]	1,902,897
Warrants	660,823
Share appreciation rights (SAR's)[2]	170,635

[1] This amount includes 780,383 options which have vested.

[2] On February 18, 2016, the shareholders of Nuvo Research Inc. approved a resolution to allow SARs to be equity settled.

Critical Accounting Policies and Estimates

The preparation of Condensed Consolidated Interim Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Interim Financial Statements and the reported amounts of revenue and expenses during the reporting periods. Crescita's actual results could differ from these estimates and such differences could be material. All significant accounting policies are disclosed in Note 4 - *Summary of Significant Accounting Policies* of the annual restated Consolidated Financial Statements.

Accounting Standards Issued but Not Yet Adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee. The standards impacted that may be applicable to the Company are as follows:

IFRS 9 - *Financial Instruments*
In July 2014, the IASB issued IFRS 9 - *Financial Instruments* (IFRS 9), which will replace IAS 39 - *Financial Instruments,* and all previous versions of IFRS 9. IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for the Company's interim and annual Consolidated Financial Statements commencing January 1, 2018. The Company is currently finalizing its assessment of the impact of adoption of future standards on its annual Consolidated Financial Statements and does not anticipate significant changes.

IFRS 15 - *Revenue from Contracts with Customers*
In May 2014, the IASB issued IFRS 15 - *Revenue from Contracts with Customers* (IFRS 15), which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. Entities will transition following either a full or modified retrospective approach. The Company is in the process of reviewing the standard to determine the impact on the annual Consolidated Financial Statements. The Company has completed its assessment with respect to product sales and has concluded that there will not be a significant change for this revenue stream. The Company is completing its analysis with respect to royalties, licensing and collaborative arrangement.

IFRS 16 - *Leases*
In January 2016, the IASB issued IFRS 16 - *Leases* (IFRS 16), its new leases standard that requires lessees to recognize assets and liabilities for most leases on their balance sheets. Lessees applying IFRS 16 will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The new standard will be effective from January 1, 2019, with limited early application permitted. The Company is in the process of reviewing the standard to determine the impact on the annual Consolidated Financial Statements.

Amendments to IFRS 2 - *Share-based Payments*
In June 2016, the IASB issued amendments to IFRS 2 - *Share-based Payments* (IFRS 2), clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification from cash-settled to equity-settled. The amendments to IFRS 2 are effective prospectively for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company does not expect these amendments to have an impact on the consolidated financial statements upon adoption.

Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's annual Consolidated Financial Statements.

Management's Responsibility for Financial Reporting

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Disclosure controls and procedures (DCP) are designed to provide reasonable assurance that information required to be disclosed by the Company in its filings under Canadian securities legislation is recorded, processed, summarized and reported in a timely manner. The system of DCP includes, among other things, the Company's Corporate Disclosure and Code of Conduct and Business Ethics policies, the review and approval procedures of the Corporate Disclosure Committee and continuous review and monitoring procedures by senior management.

Management, under the supervision of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), have designed, or caused to be designed, internal controls over financial reporting (ICFR) in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Due to its inherent limitations, DCP and ICFR may not prevent or detect all misstatements, errors and fraud. In addition, the design of any system of control is based upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all future events, no matter how remote or that the degree of compliance with the policies or procedures may not deteriorate. Accordingly, even effective DCP and ICFR can only provide reasonable, not absolute, assurance of achieving the control objectives for financial and other reporting.

Management had previously limited the scope of their design of DCP and ICFR to exclude controls, policies and procedures of INTEGA, which was acquired on September 1, 2016 in accordance with section 3.3(1)(b) of NI 52-109, which allows for an issuer to limit the design of DCP and ICFR for a business that the issuer acquired for 365 days post acquisition. During the quarter, the Company completed the design of DCP and ICFR and these controls will be evaluated for their effectiveness as part of the Company's annual assessment.

There were no material changes in the Company's ICFR that occurred during the three and nine months ended September 30, 2017.

Risk Factors

An investment in the securities of the Company is speculative and involves a high degree of risk. An investor should carefully consider the risks and uncertainties discussed in detail in the Restated MD&A filed on SEDAR on May 15, 2017 for the year ended December 31, 2016 and the "Risk Factors" section of the Company's AIF filed March 30, 2017 which can be found on SEDAR before making an investment decision.

Litigation

From time-to-time, during the ordinary course of business, Crescita may be threatened with, or named as, a defendant in various legal proceedings including lawsuits based upon product liability, personal injury, breach of contract and lost profits or other consequential damage claims. Although the outcome of such matters is not predictable with assurance, the Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a material adverse effect on the Company's financial position, results of operations or the ability to carry on any of its business activities.

Additional Information

Additional information relating to the Company, including the Company's most recently filed AIF, can be found on SEDAR at www.sedar.com.