



Condensed Consolidated Interim Financial Statements of

Crescita Therapeutics™ Inc.

For the three and nine months ended September 30, 2017 and 2016
(unaudited)

CRESCITA THERAPEUTICS INC.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at September 30, 2017	As at December 31, 2016 Restated (Note 6)
<i>(In thousands of Canadian dollars)</i>		\$	\$
Assets			
Current			
Cash and cash equivalents	21	8,755	9,807
Restricted short-term investments	12	-	8,551
Accounts receivable	21, 23	1,101	1,679
Inventories	8	4,064	2,982
Other current assets	9	921	1,353
Total current assets		14,841	24,372
Non-current			
Property, plant and equipment	10	759	810
Intangible assets	11	10,400	9,839
Goodwill	6	5,219	5,219
Total assets		31,219	40,240
Liabilities and Equity			
Current			
Accounts payable and accrued liabilities	16, 21	3,850	6,011
Current portion of long-term debt	12	-	723
Current portion convertible debenture	13	27	-
Current portion of other obligations	14, 21	1,193	1,000
Total current liabilities		5,070	7,734
Long-term debt	12	3,464	7,441
Convertible debentures	13	801	-
Other obligations	14, 21	597	972
Total liabilities		9,932	16,147
Equity			
Common shares issued	6, 15	55,694	55,646
Contributed surplus	13, 16	729	359
Accumulated other comprehensive income (AOCI)		1,146	1,164
Deficit		(36,282)	(33,076)
Total equity		21,287	24,093
Total liabilities and equity		31,219	40,240

Commitments (Note 20)
See accompanying Notes.

CRESCITA THERAPEUTICS INC.
CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Notes	Three months ended September 30		Nine months ended September 30	
		2017	2016	2017	2016
<i>(In thousands of Canadian dollars, except per share data and number of shares)</i>		\$	\$	\$	\$
Revenue					
Product sales	22	1,966	924	5,966	924
Out-licensing revenue	22	675	21	3,466	72
Services revenue	22, 23	79	118	226	260
Total Revenue		2,720	1,063	9,658	1,256
Operating expenses					
Cost of goods sold	8, 18	1,167	567	3,081	567
Research and development	16, 18, 23	252	247	942	1,505
Selling, general and administrative	16, 18, 23	2,655	3,106	9,468	8,969
Interest expense	12, 13, 14	153	58	272	70
Interest income		-	(30)	(48)	(95)
Total Operating Expenses		4,227	3,948	13,715	11,016
Other income (expenses)					
Foreign currency gain (loss)		(29)	115	(71)	(303)
Gain on debt renegotiations, net	12	1,079	-	1,079	-
Total Other Income (Expenses)		1,050	115	1,008	(303)
Loss from continuing operations before income taxes					
		(457)	(2,770)	(3,049)	(10,063)
Income tax recovery		-	63	-	63
Net loss from continuing operations		(457)	(2,707)	(3,049)	(10,000)
Net loss from discontinued operations					
	7	(56)	(343)	(157)	(2,187)
Net Loss		(513)	(3,050)	(3,206)	(12,187)
Other comprehensive income (loss) to be reclassified to net loss in subsequent periods					
Unrealized gain (loss) on translation of foreign operations		1	(22)	(18)	110
Total Comprehensive Loss		(512)	(3,072)	(3,224)	(12,077)
Net loss per common share from continuing operations					
- basic and diluted	17	\$(0.03)	\$(0.19)	\$(0.22)	\$(0.82)
Net loss per common share from discontinued operations					
- basic and diluted	7, 17	-	\$(0.02)	\$(0.01)	\$(0.18)
Weighted average number of common shares outstanding (in thousands)					
- basic and diluted	17	14,003	13,903	13,958	12,234

See accompanying Notes.

CRESCITA THERAPEUTICS INC.
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Common Shares Restated (Note 6)		Contributed Surplus	Deficit Restated (Note 6)	Owner's Net Investment	AOCI	Total
<i>(In thousands of Canadian dollars, except for number of shares)</i>	000's	\$	\$	\$	\$	\$	\$
<i>Notes</i>	<i>1, 6, 15, 16</i>	<i>1, 6, 15, 16</i>	<i>12, 13, 15, 16</i>	<i>6</i>			
Balance, December 31, 2015	-	-	-	-	(4,425)	1,059	(3,366)
Net loss	-	-	-	-	(3,180)	-	(3,180)
Net adjustments to owner's net investment	-	-	-	-	4,830	-	4,830
Cash transferred from Nuvo Research Inc. (Nuvo) in connection with the Arrangement	-	-	-	-	35,016	-	35,016
Issuance of common stock and reclassification of owner's net investment to deficit in connection with the Arrangement	11,487	51,613	-	(19,372)	(32,241)	-	-
Unrealized gain on translation of foreign operations	-	-	-	-	-	48	48
Balance, March 1, 2016	11,487	51,613	-	(19,372)	-	1,107	33,348
Net loss	-	-	-	(9,007)	-	-	(9,007)
Issuance of shares on acquisition	2,402	3,988	-	-	-	-	3,988
Shared-based option exercise	46	45	-	-	-	-	45
Issuance of warrants	-	-	211	-	-	-	211
Share-based compensation expense	-	-	86	-	-	-	86
Unrealized losses on translation of foreign operations	-	-	-	-	-	62	62
Balance, September 30, 2016	13,935	55,646	297	(28,379)	-	1,169	28,733
Net loss	-	-	-	(4,697)	-	-	(4,697)
Share-based compensation expense	-	-	62	-	-	-	62
Unrealized gain on translation of foreign operations	-	-	-	-	-	(5)	(5)
Balance, December 31, 2016	13,935	55,646	359	(33,076)	-	1,164	24,093
Net income	-	-	-	(3,206)	-	-	(3,206)
Issuance of warrants	-	-	222	-	-	-	222
Cancellation of warrants	-	-	(164)	-	-	-	(164)
Option on convertible debenture	-	-	133	-	-	-	133
Employee share purchase plan	68	48	-	-	-	-	48
Share-based compensation expense	-	-	179	-	-	-	179
Unrealized loss on translation of foreign operations	-	-	-	-	-	(18)	(18)
Balance, September 30, 2017	14,003	55,694	729	(36,282)	-	1,146	21,287

See accompanying Notes.

CRESCITA THERAPEUTICS INC.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

		Three months ended September 30		Nine months ended September 30	
		2017	2016	2017	2016
<i>(In thousands of Canadian dollars)</i>	Notes	\$	\$	\$	\$
Operating Activities					
Net loss from continuing operations		(457)	(2,707)	(3,049)	(10,000)
Net loss from discontinued operations		(56)	(343)	(157)	(2,187)
Items not involving cash flows:					
Depreciation and amortization	10, 11, 18	297	129	853	150
Equity-settled share-based compensation	16	88	49	202	115
Unrealized foreign exchange losses (gains)		8	(155)	20	412
Inventory write-down	8	11	-	145	342
Gain on debt renegotiations	12	(1,229)	-	(1,229)	-
Accretion on fair value of inventory		-	-	371	-
Accretion and amortization of debt premium	12, 14	(37)	12	(231)	24
Other		99	(26)	36	1
		(1,276)	(3,041)	(3,039)	(11,143)
Net change in non-cash working capital	19	39	(576)	(2,676)	(2,195)
Cash used in operating activities		(1,237)	(3,617)	(5,715)	(13,338)
Investing Activities					
Acquisition of Alyria	5	(600)	-	(600)	-
Acquisition of property, plant and equipment	10	(36)	(6)	(107)	(45)
Acquisition of INTEGA, net of cash acquired		-	(2,744)	-	(2,744)
Redemption (purchase) of short-term investments	12	8,551	(8,551)	8,551	(8,551)
Cash provided by (used) in investing activities		7,915	(11,301)	7,844	(11,340)
Financing Activities					
Additional net investment from Nuvo prior to the Arrangement		-	-	-	4,801
Cash transferred from Nuvo per the Arrangement	1	-	-	-	35,016
Payments under other obligations related to previous acquisition by INTEGA	14	-	-	(1,000)	-
Principal repayments on long-term debt	12	(3,060)	-	(3,184)	-
Cash received on exercise of stock options	16	-	45	-	45
Shares issued through Share Purchase Plan	15	25	-	25	-
Cash received from Convertible Debenture	13	1,000	-	1,000	-
Payments under long-term consulting agreement		-	(179)	-	(280)
Cash (used in) provided by financing activities		(2,035)	(134)	(3,159)	39,582
Effect of exchange rate changes on cash		-	113	(22)	(351)
Net change in cash during the period		4,643	(14,939)	(1,052)	14,553
Cash and cash equivalents, beginning of period		4,112	29,970	9,807	478
Cash and cash equivalents, end of period		8,755	15,031	8,755	15,031
<i>Interest paid</i> ⁽ⁱ⁾		(89)	-	(394)	-
<i>Interest received</i> ⁽ⁱ⁾		-	26	50	118

⁽ⁱ⁾ Amounts paid and received were reflected as operating cash flows in the Consolidated Interim Statements of Cash Flows. See accompanying Notes.

CRESCITA THERAPEUTICS™ INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unless noted otherwise, all amounts shown are in thousands of Canadian dollars

1. CORPORATE INFORMATION

Crescita Therapeutics Inc. (Crescita or the Company) is a Canadian commercial dermatology company with a portfolio of non-prescription skincare products and prescription drug products for the treatment and care of skin conditions and 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. On August 8, 2017, the Company's wholly owned subsidiary INTEGA Skin Sciences Inc. (INTEGA) acquired the Alyria® skincare line of products. On September 1, 2016, the Company acquired INTEGA and on July 11, 2016, discontinued the operations of the Immunology Group (see Note 7, *Discontinued Operations*). The Company's registered office is located at 7560 Airport Road, Unit 10, Mississauga, Ontario, L4T 4H4.

Reorganization

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. The Reorganization proceeded by way of arrangement under the *Canada Business Corporations Act* (the Arrangement). As part of the Reorganization, Nuvo Research Inc. changed its name to "Nuvo Pharmaceuticals Inc." Detailed information regarding the Reorganization and its effects, including a description of certain risks and uncertainties in respect of the Reorganization and the operations of Nuvo and Crescita as separate publicly traded companies, are included in the Management Information Circular of Nuvo dated December 31, 2015 (Nuvo Reorganization Circular) available under Nuvo's profile at www.sedar.com.

Prior to the Reorganization, Nuvo operated two distinct business units: Nuvo and Crescita. Nuvo is a commercial healthcare company with a portfolio of commercial products and pharmaceutical manufacturing capabilities. Crescita is a commercial dermatology business that operated two sub-groups: the Topical Products and Technology (TPT) Group and the Immunology Group. The Immunology Group had two commercial products and is presented as discontinued operations in these Condensed Consolidated Interim Financial Statements; therefore, the Company is now reporting the entire business as one segment.

These Condensed Consolidated Interim Financial Statements present the financial position, results of operations, changes in equity and cash flows of Nuvo's drug development operations as if it had always operated as a stand-alone entity prior to March 1, 2016. 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.

As the financial information prior to March 1, 2016 represents a portion of the business of Nuvo, which was not organized as a stand-alone entity, the net assets of Crescita prior to March 1, 2016 have been reflected as owner's net investment.

Management believes both the assumptions and the allocations underlying the financial information prior to March 1, 2016 are reasonable. However, as a result of the basis of presentation described above, the financial information prior to March 1, 2016 may not necessarily be indicative of the operating results and financial position that would have resulted had Crescita historically operated as a stand-alone entity.

2. BASIS OF PREPARATION

Statement of Compliance

The Company prepares its Condensed Consolidated Interim Financial Statements in accordance with IAS 34 - *Interim Financial Reporting* (IAS 34), as issued by the International Accounting Standards Board (IASB). Accordingly, these Condensed Consolidated Interim Financial Statements do not include all disclosures required for annual financial statements and should be read in conjunction with the annual Restated Consolidated Financial Statements of the Company for the year ended December 31, 2016, which are available on SEDAR at www.sedar.com.

The Company's interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2017 and 2016 were authorized for issue by the Board of Directors on November 9, 2017.

3. GOING CONCERN ASSUMPTION

These Condensed Consolidated Interim Financial Statements have been prepared on a going-concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

As at September 30, 2017, the Company had an accumulated deficit of \$36.3 million including a net loss of \$3.2 million for the nine months then ended.

The Company anticipates that its current cash 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. Additional funding may be required for the development of new products and/or for future acquisitions. 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.

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 successfully renegotiated its debt with Knight Therapeutics Inc. (Knight), resulting in the release of the associated letter of credit and restricted cash thereby freeing up cash for funding operations and growth and was also able to complete a \$1.0 million convertible debenture financing with Bloom Burton Funds. 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.

If adequate funds are not available, Crescita may have to substantially reduce or eliminate planned expenditures, terminate or delay clinical trials for its product candidates, curtail product development programs designed to expand the product pipeline or discontinue certain operations.

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.

These Condensed Consolidated Interim Financial Statements do not include any 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies have been applied on a basis consistent with those followed in the most recent annual Restated Consolidated Financial Statements for the year ended December 31, 2016. The policies applied in these Condensed Consolidated Interim Financial Statements are based on International Financial Reporting Standards (IFRS).

Basis of Measurement

These Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value. Items included in the financial statements of each consolidated entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These Condensed Consolidated Interim Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

Use of Estimates and Judgments

The preparation of financial statements in accordance with IAS 34 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 these Condensed Consolidated Interim Financial Statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates and such differences could be material.

Key areas of estimation or use of managerial assumptions have been applied on a basis consistent with those described in the most recent annual Restated Consolidated Financial Statements and include revenue recognition for licensing and collaborative agreements, corporate allocations resulting from the Reorganization (see Note 23, *Related Party Transactions*) and acquisition accounting.

Basis of Consolidation

These Condensed Consolidated Interim Financial Statements include the accounts of the Company's wholly owned Canadian, U.S. and European subsidiaries, as listed below. The financial information prior to March 1, 2016 has been adjusted to remove balances and transactions related to the heated lidocaine/tetracaine patch.

	September 30, 2017	December 31, 2016
INTEGA Skin Sciences Inc.	100%	100%
Nuvo Research America, Inc. and its subsidiaries: Nuvo Research US, Inc., ZARS Pharma, Inc., and ZARS (UK) Limited	100%	100%
Dimethaid Immunology Inc.	100%	100%
Nuvo Research AG and its subsidiary: ⁽ⁱ⁾ Nuvo Research GmbH	100%	100%

⁽ⁱ⁾ On July 11, 2016, the Company sold its German manufacturing operation (see Note 7, *Discontinued Operations*).

The Company controls the subsidiaries above with the power to govern their financial and operating policies. All significant intercompany balances and transactions have been eliminated upon consolidation.

Convertible debentures

The convertible debentures are separated into their debt and equity components. The value of the debt component of the debentures is determined, at the time of issuance, by discounting the future interest obligations and the principal payment due at maturity, using a discount rate which represents the estimated borrowing rate available to the Company for similar debentures having no conversion rights. The remaining portion of the gross proceeds of the debentures issued is presented as an option to convert debentures in equity, and the attributed amount is not subsequently reviewed. The attributed amount does not change over the term of the related convertible debentures.

The debt component presented in the consolidated statements of financial position increases over the term of the debenture to the full-face value of the outstanding debentures at maturity. The difference, that is, the accretion on convertible debentures, is presented as implicit interest expense with the result that adjusted interest expense reflects the effective yield of the debt component of the debentures. Upon conversion of the debentures into common shares by the holders, both of the above-mentioned components are transferred to share capital. If a conversion option is not exercised at the expiry of the convertible debentures, the equity component of the convertible debentures will remain in contributed surplus.

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 following standards have been issued but are not yet effective.

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 a significant 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.

5. ASSET PURCHASE – ALYRIA

On August 8, 2017, the Company announced that its wholly owned subsidiary, INTEGA acquired the Alyria skincare line of products (Alyria) from Sanofi Consumer Health Inc. (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 Crescita's existing sales force. The Company subsequently entered into an amendment (Amendment) to the original agreement which extended the payment terms related to certain future payments. 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.

Under IFRS 3, this acquisition does not qualify as a business combination and has been accounted for as an asset acquisition of a group of assets. The estimated fair values of the assets acquired in accordance with the Amendment are:

	Fair value recognized on acquisition
	\$
ASSETS AND OTHER ASSETS	
Intangible assets (Note 11)	1,256
Contingent consideration receivable (Note 9)	126
PURCHASE CONSIDERATION TRANSFERRED	1,382
	\$
PURCHASE CONSIDERATION	
Cash paid on closing (<i>included in cash flows from investing activities</i>)	600
Consideration Payable (Note 14)	762
Contingent consideration – royalty earn-out (Note 14)	20
PURCHASE CONSIDERATION	1,382

The royalty arrangement requires additional consideration to be paid by the Company based on the future annual net sales of Alyria. Amounts are payable over nine years after the acquisition date. The range of undiscounted amounts the Company could pay under the arrangement is between \$1.1 million and \$1.2 million. Management estimated the fair value of this consideration at \$0.8 million as at the acquisition date using an income approach with a discount rate of 14%.

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 (see Note 9, *Other Current Assets*).

6. ACQUISITION OF INTEGA

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's management and Board of Directors made the decision to pursue a strategy to transform Crescita 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 approved topical products and to mitigate risks by pursuing already approved products in the non-prescription skincare market.

The acquisition was accounted for in accordance with the acquisition method of accounting with the excess of purchase price over estimated fair values of assets acquired and liabilities assumed being recognized as goodwill at the acquisition date of September 1, 2016. Subsequent to the date of acquisition, the Company and all but one (0.3%) of the former shareholders of INTEGA entered into a Mutual Release agreement 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. 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 finalized the purchase price allocation in August 2017 and has adjusted goodwill for the forfeiture of future share consideration previously recognized of \$0.8 million and the milestone payments of \$0.2 million. The fair value adjustment for the milestone payments recorded in 2016 of \$0.1 million has been recorded as a prior period adjustment through retained earnings and the remaining \$0.1 million is reflected in the results of operations for the current period. The Company also renegotiated the debt assumed on acquisition (see Note 12 – *Long-term debt*) and secured financing through the issuance of convertible debentures (see Note 13 – *Convertible Debentures*) in tandem with the Mutual Release agreement.

Accordingly, the purchase price allocation has been retrospectively adjusted to reflect the changes to the consideration, assets acquired and liabilities assumed at the date of acquisition:

	As previously reported	Adjustments	Final
	\$	\$	\$
ASSETS			
Cash and cash equivalents	316	-	316
Accounts receivable	976	-	976
Inventory	3,499	-	3,499
Prepaid expenses	103	-	103
Property, plant and equipment	733	-	733
Intangible assets	10,140	-	10,140
Total assets	15,767	-	15,767
LIABILITIES			
Accounts payable and accrued liabilities	3,176	-	3,176
Long-term debt	8,303	-	8,303
Deferred income tax liabilities	295	-	295
Other liabilities	1,953	-	1,953
Total liabilities	13,727	-	13,727
Total identifiable net assets at fair value	2,040	-	2,040
Goodwill arising on acquisition	6,195	(976)	5,219
REVISED PURCHASE CONSIDERATION	8,235	(976)	7,259

	\$	\$	\$
PURCHASE CONSIDERATION			
Base Consideration – Initial Payment	3,988	-	3,988
Base Consideration – Future Payment	779	(779)	-
Warrants	211	-	211
Bridge loan repayments	3,060	-	3,060
Milestone Payments	197	(197)	-
REVISED PURCHASE CONSIDERATION	8,235	(976)	7,259

The effects of the adjustments to the Consolidated Financial Statements are presented below. The adjusted line items are as follows:

	As previously reported	Adjustments	Final
	\$	\$	\$
ASSETS			
Goodwill	6,195	(976)	5,219
LIABILITIES			
Other obligations	63	(63)	-
EQUITY			
Common shares issued	56,425	(779)	55,646
Deficit	(32,942)	(134)	(33,076)

7. DISCONTINUED OPERATIONS

The Company has historically reported two operating segments: TPT Group and Immunology Group. During the year ended December 31, 2016, the Company discontinued the operations of the Immunology Group.

On July 11, 2016, the Company sold its German manufacturing operation that produced the active ingredient in WF10™ and Oxoferin™ and the intellectual property related to WF10 to Dr. Kuehne, the inventor of WF10, for nominal proceeds. The net assets for the manufacturing plant as at the date of the sale were \$0.1 million. In addition, under the terms of the agreement, the balance of Dr. Kuehne's consulting fees (see Note 14, *Other Obligations*) was paid in full. 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.

Operating results have been restated to reflect the Immunology Group as a discontinued operation. Accordingly, the Immunology Group is no longer presented in Note 22, *Segmented Information*.

The following table presents the effect of the discontinued operations in the Consolidated Interim Statements of Loss and Comprehensive Loss:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Revenue				
Product sales	-	-	-	189
Services revenue	-	1	-	4
Total Revenue	-	1	-	193
Operating expenses				
Cost of goods sold	-	17	-	658
Research and development expenses	-	175	2	1,406
Selling, general and administrative expenses	59	21	164	171
Total Operating Expenses	59	213	166	2,235
Other expenses				
Foreign currency gain	(3)	(1)	(9)	(14)
Impairment of property, plant and equipment (Note 10)	-	-	-	27
Loss on disposal	-	132	-	132
Net loss from Discontinued Operations	(56)	(343)	(157)	(2,187)
Net loss per common share from discontinued operations				
- basic and diluted	-	\$(0.02)	\$(0.01)	\$(0.18)
Weighted average number of common shares outstanding (in thousands)				
- basic and diluted	14,003	13,903	13,958	12,234

The following table presents the effect of the discontinued operations in the Consolidated Interim Statements of Cash Flows:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash used in operating activities	(88)	(865)	(160)	(2,702)
Cash used in investing activities	-	-	-	-
Cash used in financing activities	-	-	-	-
Net cash outflow	(88)	(865)	(160)	(2,702)

8. INVENTORIES

Inventories consist of the following as at:

	September 30, 2017	December 31, 2016
	\$	\$
Raw materials	1,993	1,332
Work-in-process	513	422
Finished goods	1,558	1,228
	4,064	2,982

During the three and nine months ended September 30, 2017, inventories related to continuing operations in the amount of \$1.1 million and \$2.8 million were recognized in cost of goods sold [\$0.3 million for the three and nine months ended September 30, 2016].

During the three and nine months ended September 30, 2017, \$nil and \$0.1 million of finished goods related to continuing operations were written down [\$0.1 million for the three and nine months ended September 30, 2016].

There were \$nil and \$24 reversals of prior write-downs during the three and nine months ended September 30, 2017 [\$nil for the three and nine months ended September 30, 2016].

9. OTHER CURRENT ASSETS

Other current assets consisted of the following as at:

	September 30, 2017	December 31, 2016
	\$	\$
Sales taxes receivable	453	592
Research and development supplies	66	74
Contingent Consideration Receivable (Note 5)	126	-
Prepaid expenses	215	389
Deposits	61	298
	921	1,353

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PP&E) consists of the following as at:

	Leasehold Improvements	Furniture and Fixtures	Computer Equipment and Software	Production Laboratory and Other Equipment	Total
Cost	\$	\$	\$	\$	\$
Balance, December 31, 2016	479	184	1,205	754	2,622
Additions	-	-	13	94	107
Balance, September 30, 2017	479	184	1,218	848	2,729
Accumulated depreciation					
Balance, December 31, 2016	135	158	871	648	1,812
Depreciation expense	48	4	84	22	158
Balance, September 30, 2017	183	162	955	670	1,970
Net book value as at December 31, 2016	344	26	334	106	810
Net book value as at September 30, 2017	296	22	263	178	759

11. INTANGIBLE ASSETS

Intangible assets consist of the following as at:

	Product Brands and Formulations	Customer Relationships	License Agreement	Total
Cost	\$	\$	\$	\$
Balance, December 31, 2016	6,740	3,050	350	10,140
Additions (Note 5)	1,256	-	-	1,256
Balance, September 30, 2017	7,996	3,050	350	11,396
Accumulated amortization				
Balance, December 31, 2016	187	102	12	301
Amortization expense	441	228	26	695
Balance, September 30, 2017	628	330	38	996
Net book value as at December 31, 2016	6,553	2,948	338	9,839
Net book value as at September 30, 2017	7,368	2,720	312	10,400

12. LONG-TERM DEBT

Long-term debt consists of the following as at:

	September 30, 2017	December 31, 2016
	\$	\$
Knight loan – principal	3,639	6,841
Knight loan – unamortized (discount) premium	(175)	1,323
	3,464	8,164
Less current portion	-	723
Long-term balance	3,464	7,441

On September 1, 2016, concurrent with the Company's acquisition of INTEGA, INTEGA entered into an amended and restated loan agreement (Knight Loan) with Knight Therapeutics Inc. (Knight) in which Crescita acted as the guarantor, supported by a letter of credit in the amount of \$8.6 million, providing an irrevocable right of payment to Knight in the event of default. In addition to the letter of credit, Crescita also entered into a cash collateral agreement for the amount of the letter of credit. These restricted funds were held as short-term investments and redeemable within one year. The loan was recorded at fair value upon initial measurement and subsequently accounted for at amortized cost using the effective interest method.

On August 14, 2017, the Company renegotiated the terms of the Knight Loan (Amended Knight Loan). Under the terms of the Amended Knight Loan, Crescita repaid \$3.1 million of the loan (reducing the principal amount to \$3.6 million) and Knight agreed to release the letter of credit in exchange for a general security interest over all of Crescita's assets. The Amended Knight Loan continues to bear interest at 9% per annum and matures on January 22, 2022. The Amended Knight 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 Knight Loan and pay a prepayment fee equal to 5% of the principal amount prepaid. The Amended Knight Loan does not contain any financial covenants. Under the Amended Knight 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 Amended Loan was recorded at fair value upon initial measurement and subsequently accounted for at amortized cost using the effective interest method. As part of the loan renegotiation, Knight surrendered and cancelled the 293,163 common share purchase warrants it previously held. The Company issued 396,000 new warrants to Knight of which, 216,000 are exercisable at a price of \$0.75 per share and the other 180,000 are exercisable at a price of \$1.00 per share, in each case for a period of six years (see Note 16 – Share-Based Compensation and other Share-Based Payments).

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

13. CONVERTIBLE DEBENTURES

On August 28, 2017, the Company completed a \$1.0 million convertible debenture financing with Bloom Burton Funds. The debentures bear interest at 9% payable in cash on a quarterly basis, have a maturity date of June 30, 2022 and are convertible into common shares at the option of the holder at a conversion price of \$1.00 per share. 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 outstanding convertible debentures are secured by assets of the Company, ranking in priority behind Knight.

Management estimated the fair value of the debt using a discount rate of 14% and allocated \$0.8 million to the debenture, \$40 to the issuance of warrants and \$0.1 million to the conversion feature. The convertible debentures are being accreted to the face value of the debt plus interest to maturity. The Company also issued an additional 100,000 common share warrants to Bloom Burton Funds at an exercise price of \$0.75 per share for a period of six years (see Note 16 – Share-Based Compensation and other Share-Based Payments).

The following table reconciles the recorded value of the liability and the equity components of the convertible debenture:

	Liability	Equity	Total
Balance, December 31, 2016	-	-	-
Balance, June 30, 2017	-	-	-
Proceeds	827	173	1,000
Accretion	1	-	1
Balance, September 30, 2017	828	173	1,001
Less current portion	27	-	-
Long-term balance	801	-	-

14. OTHER OBLIGATIONS

Other obligations consist of the following as at:

	September 30, 2017	December 31, 2016 Restated (Note 6)
	\$	\$
Payable relating to a previous acquisition by INTEGA	993	1,972
Consideration payable, including accrued interest – Alyria (Note 5)	777	-
Contingent payments relating to the Alyria acquisition (Note 5)	20	-
	1,790	1,972
Less current portion	1,193	1,000
Long-term balance	597	972

15. SHARE CAPITAL

Authorized

- Unlimited common shares, voting, without par value
- Unlimited first and second preferred shares, non-voting, non-participating, issuable in series, number, designation, rights, privileges, restrictions and conditions are determinable by the Company's Board of Directors

Issued and Outstanding

The following table summarizes Crescita's outstanding common shares:

	Number Restated (Note 6) 000's	Amount Restated (Note 6) \$
Balance, December 31, 2016	13,935	55,646
Balance, June 30, 2017	13,935	55,646
Issued through employee plans	68	48
Balance, September 30, 2017	14,003	55,694

16. SHARE-BASED COMPENSATION AND OTHER SHARE-BASED PAYMENTS

The following is a summary of share-based compensation activity for the three and nine months ended September 30, 2017:

Share Option Plan

The following is a schedule of Crescita's options outstanding as at:

	Number of Options 000's	Range of Exercise Price \$	Weighted Average Exercise Price \$
Balance, December 31, 2016	1,353	0.43 - 3.55	1.51
Granted	623	0.65	0.65
Forfeited	(39)	1.23 – 1.83	1.67
Expired	(19)	1.23 – 3.55	2.06
Balance, June 30, 2017	1,918	0.43 - 3.55	1.22
Forfeited	(5)	1.23	1.23
Expired	(10)	1.23	1.23
Balance, September 30, 2017	1,903	0.43 - 3.55	1.22

The following table summarizes the outstanding and exercisable Crescita options held by directors, officers, employees and consultants as at September 30, 2017:

Exercise Price Range \$	Number of Options 000's	Outstanding Remaining Contractual Life years	Weighted Average Exercise Price \$	Exercisable	
				Vested Options 000's	Weighted Average Exercise Price \$
0.43 - 0.74	866	8.83	0.65	204	0.64
1.21 - 1.42	187	4.14	1.35	186	1.35
1.63 - 1.91	805	6.73	1.69	345	1.77
3.12 - 3.55	45	2.71	3.12	45	3.12
	1,903	7.34	1.22	780	1.45

Share Appreciation Rights Plan

The following is a schedule of Crescita's Share Appreciation Rights (SARs) as at:

	Number of SARs 000's	Fair Values \$	Accrual \$
Balance, December 31, 2016	417	0.00 - 0.81	229
Settled	(246)	0.40 - 0.74	(129)
Adjustment to market value	-	-	(75)
Balance, June 30, 2017	171	0.00 - 0.34	25
Adjustment to market value	-	-	(21)
Balance, September 30, 2017	171	0.00 - 0.04	4

As at September 30, 2017, a SARs accrual of \$4 was included in Crescita's accounts payable and accrued liabilities [December 31, 2016 - \$0.2 million].

Fair values of each tranche issued and outstanding as at September 30, 2017 were measured using the Black-Scholes option pricing model with the following inputs:

SARs Outstanding 000's	Grant Date	Exercise Price \$	Risk-free Interest Rate %	Expected Life years	Volatility Factor %	Fair Values \$
67	April 4, 2014	0.74	1.22	1	63	0.04
104	January 7, 2015	1.58	1.22	1-2	62-63	0.00 - 0.03

Warrants

The following is a schedule of Crescita's warrants outstanding:

	Number of Warrants 000's	Range of Exercise Price \$	Weighted Average Exercise Price \$
Balance, December 31, 2016	458	2.44	2.44
Balance, June 30, 2017	458	2.44	2.44
Issued	496	0.75 - 1.00	0.84
Cancelled	(293)	2.44	2.44
Balance, September 30, 2017	661	0.75 - 2.44	1.24

The Company issued 496,000 common share purchase warrants in conjunction with the Mutual Release agreement. Of these, 396,000 were issued to Knight of which, 216,000 are exercisable at a price of \$0.75 per share and the other 180,000 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 and cancelled the 293,163 common share purchase warrants it previously held. An additional 100,000 common share warrants were issued to Bloom Burton Funds at an exercise price of \$0.75 per share for a period of six years.

The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. The model inputs for warrants granted during the quarter ended September 30, 2017 were as follows:

Options 000s	Grant Date	Share Price \$	Exercise Price \$	Risk-free Interest Rate %	Expected Life years	Volatility Factor %	Fair Values \$
216	August 14, 2017	0.79	0.75	1.50	6	66.0	0.48
180	August 14, 2017	0.79	1.00	1.50	6	66.0	0.43
100	August 28, 2017	0.69	0.75	1.50	6	66.1	0.40

Nuvo Deferred Share Unit Plan

Effective March 1, 2016, Crescita does not have a Deferred Share Unit (DSU) Plan for directors or employees.

Prior to the Arrangement, all costs related to the DSU Plans were allocations from Nuvo and the portion of Nuvo's liability related to Crescita was recorded in accounts payable and accrued liabilities.

Summary of Share-based Compensation

Prior to March 1, 2016, Nuvo's corporate costs allocated to the Company included an amount representing share-based compensation expense. These allocated amounts are included in the following summary of Crescita's share-based compensation expense:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Stock option compensation expense	65	49	179	115
Employee Stock Purchase Plan	23	-	23	-
DSUs – adjustment to market value	-	-	-	111
SARs compensation expense	(21)	62	(96)	448
Share-based compensation expense	67	111	106	674

*Recorded in the Consolidated Interim Statements of Income
(Loss) and Comprehensive Income (Loss) as follows:*

Research and development expenses	7	7	25	102
Selling, general and administrative expenses	60	104	81	572
Share-based compensation expense	67	111	106	674

Share-based compensation expense allocated from Nuvo totalled \$0.3 million for the period from January 1, 2016 to February 29, 2016.

17. NET LOSS PER COMMON SHARE

The following table presents the maximum number of shares that would be outstanding if all dilutive and potentially dilutive instruments were exercised or converted as at:

	September 30, 2017	September 30, 2016
	000's	000's
Common shares issued and outstanding (Note 15)	14,003	13,935
Stock options outstanding (Note 16)	1,903	1,421
SARs liability ⁽ⁱ⁾ (Note 16)	171	417
Warrants (Note 16)	661	458
	16,738	16,231

⁽ⁱ⁾ The shareholders of Nuvo approved a resolution on February 18, 2016 to allow SARs to be equity settled.

Under the terms of the Arrangement (see Note 2, *Basis of Preparation*), Crescita issued 11.5 million common shares on March 1, 2016. Prior to the Arrangement, the Company used Nuvo's weighted average number of common shares outstanding to compute net income (loss) per common share.

18. EXPENSES BY NATURE

The Consolidated Interim Statements of Loss and Comprehensive Loss include the following expenses by nature:

(a) Employee costs from continuing operations:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Short-term employee wages, bonuses and benefits	1,663	983	5,072	2,898
Share-based payments (Note 16)	55	49	127	612
Post-employment benefits	4	4	10	17
Termination benefits	-	-	182	-
Total employee costs	1,722	1,036	5,391	3,527
Included in:				
Cost of goods sold	352	70	952	70
Research and development expenses	192	111	673	815
Selling, general and administrative expenses	1,178	855	3,766	2,642
Total employee costs	1,722	1,036	5,391	3,527

(b) Depreciation and amortization from continuing operations:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Selling, general and administrative expenses ⁽ⁱ⁾	297	116	853	127
Total depreciation and amortization	297	116	853	127

⁽ⁱ⁾ Selling, general and administrative expenses included \$0.2 million and \$0.7 million of amortization of intangible assets for the three and nine months ended September 30, 2017 [\$0.1 for the three and nine months ended September 30, 2016]

19. NET CHANGE IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital consisted of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Accounts receivable	(1)	(242)	583	(236)
Inventories	130	127	(1,598)	135
Other current assets	434	(159)	558	(692)
Accounts payable and accrued liabilities	(524)	(302)	(2,219)	(1,402)
Net change in non-cash working capital	39	(576)	(2,676)	(2,195)

20. COMMITMENTS

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

	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
	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 million and \$0.2 million for the three and nine months ended September 30, 2016]. The comparative nine-month period 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 these Condensed Consolidated Interim Financial Statements with respect to these indemnification obligations.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Recurring fair value measurements						
Contingent Consideration Receivable (Note 5)			126			
Contingent Consideration – royalty earn-out (Note 5)	-	-	20	-	-	-
SARs (Note 16)	-	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 described in Note 16, *Share-based Compensation and Other Share-based Payments*. 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.

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 research and development (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:

	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
	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:

	Euros		U.S. Dollars	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
	€	€	\$	\$
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 loss and a 10% appreciation or depreciation of the Canadian dollar against the euro would have an effect of \$8 on total comprehensive 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 (see Note 7, *Discontinued Operations*). 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 S.A. (Galderma) and Taro Pharmaceuticals Inc. (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.

22. SEGMENTED INFORMATION

Prior to the acquisition of INTEGA, the TPT Group had one commercial product: Pliaglis, a topical local anesthetic cream that provides safe and effective local dermal anesthesia 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. The Company owns the commercial rights in Canada and Mexico and has licensed the U.S. rights to Taro and the rest of the world marketing rights to Galderma. Pliaglis is approved for sale and marketing in the U.S., Canada and Mexico, as well as multiple European, South American and Asian countries. Galderma launched the commercial sale and marketing of Pliaglis in the U.S. and multiple countries in the E.U. in 2013, South America in 2014 and Canada in 2015. In December 2015, the Company reacquired the Pliaglis development and marketing rights from Galderma for the U.S., Canada and Mexico. In April 2017, the Company granted Taro an exclusive license to the rights to sell and distribute Pliaglis in the U.S. and for a second-generation enhanced version of Pliaglis (Flexicaine). The TPT Group has a pipeline of products to treat a variety of therapeutic areas with a focus on dermatology and pain.

The acquisition of INTEGA provides the TPT Group a revenue-generating, fully integrated commercial skincare business and manufacturing facility. The Company owns the worldwide distribution rights to INTEGA's well-known and established skincare brands: Laboratoire Dr Renaud™, Pro-Derm™, Premiology® and the Canadian rights for the ISDIN® line.

As a result of discontinuing the operations of the Immunology Group (see Note 7, *Discontinued Operations*), the Company now operates in one segment.

Geographic Information

The Company's revenue is derived from sales to and licensing revenue from external customers located in the following geographic areas:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Canada ⁽ⁱ⁾	2,089	749	8,268	891
U.S.	379	277	707	277
Other foreign countries	233	26	606	33
Europe	19	11	77	55
	2,720	1,063	9,658	1,256

⁽ⁱ⁾ Revenue in Canada included US\$0.5 million (\$0.6 million) and US\$2.5 million (\$3.3 million) for upfront payments for the out-licensing of Pliaglis for the three and nine months ended September 30, 2017 [\$nil for the three and nine months ended September 30, 2016].

As at September 30, 2017, all the Company's Property, Plant & Equipment were located in Canada.

23. RELATED PARTY TRANSACTIONS

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 which has been extended and will end in December 2017. 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.

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 and \$0.3.