CRESCITA THERAPEUTICS

Third Quarter 2019

Management's Discussion & Analysis

Management's Discussion and Analysis (MD&A)

November 6, 2019

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. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators ("CSA"). 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 has been appointed by the Board of Directors and is composed entirely of independent and financially literate directors.

Throughout this document, Crescita Therapeutics Inc. is referred to as "Crescita", "we", "our" or "Company". This MD&A provides information management believes is relevant to an assessment and understanding of the consolidated results of operations, cash flows and financial condition of the Company. The following information should be read in conjunction with Crescita's Condensed Consolidated Interim Financial Statements and the notes thereto for the three and nine months ended September 30, 2019 and 2018 which have been filed on SEDAR. Crescita's accounting policies are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Additional information relating to the Company, including its Annual Information Form ("AIF"), can be found on SEDAR at www.sedar.com. All amounts 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 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.

Non-IFRS and Key Financial Measures

The Company reports its financial results in accordance with IFRS. However, we use certain non-IFRS financial measures to assess our Company's performance. We believe these to be useful to management, investors and other financial stakeholders in assessing Crescita's performance. The non-IFRS measures used in this MD&A do not have any standardized meaning prescribed by IFRS and are therefore not comparable to similar measures presented by other issuers. These measures should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS.

The following are the non-IFRS and key financial measures used by Management to assess the underlying financial performance of the Company alongside their respective definitions:

Profitability	• **EBITDA *(non-IFRS)*** – is defined as earnings (loss) from continuing operations before interest, income taxes, depreciation and amortization. A reconciliation of EBITDA to its closest IFRS measure can be found under the *EBITDA and Adjusted EBITDA* section of this MD&A on page 22. • **Adjusted EBITDA *(non-IFRS)*** – is defined as earnings (loss) from continuing operations before interest, income taxes, depreciation and amortization, gain on settlement, other income or expense, equity-settled stock-based compensation ("SBC"), gain on debt renegotiations, goodwill and intangible asset impairment, accretion on the fair value of inventory and foreign currency gains (losses), as applicable. Management believes that Adjusted EBITDA is an important measure of operating performance and cash flow and provides useful information to investors as it highlights trends in the underlying business that may not otherwise be apparent when relying solely on IFRS measures. A reconciliation of the adjusted EBITDA to its closest IFRS measure can be found under the *EBITDA and Adjusted EBITDA* section of the present document on page 22. • **Net income (loss) from continuing operations before income taxes** – is a measure of income or loss generated by the Company during the period, prior to the impact of any discontinued operations.
Liquidity	• **Cash provided by (used in) operating activities** – is a measure of cash generated from or (used in) managing our day-to-day business operations. We believe that operating cash flow is indicative of financial flexibility, allowing us to execute our four-pillar growth strategy.

Reclassification

Certain comparative figures have been reclassified to conform to the current period's presentation.

Reporting Segments

The Company reports the entire business as one segment.

MD&A Contents

Corporate Overview

About Crescita

Crescita **(TSX: CTX and OTC US: CRRTF)** is a publicly traded, Canadian commercial dermatology company with manufacturing capabilities and 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 ingredients into or through the skin.

Supported by a sales force covering Canada, and executing its business to business to consumer marketing approach, Crescita sells its non-prescription products through two primary domestic distribution channels:

1) **Spas:** our lead aesthetic product line Laboratoire Dr Renaud® ("LDR"), is sold to professional aestheticians in spas providing high performance active ingredient product formulations to enhance skincare treatments. Specializing in anti-aging, hydration, acne, rosacea, as well as overall skin beauty, the spa environment provides non-invasive skincare solutions to clients. LDR is also sold and used for training in aesthetic schools across Canada.

2) **Medispas and Medical Clinics:** our medical aesthetic brands, Pro-Derm™ and Alyria®, are sold in medispas and medical clinics which require at least one medical doctor to be on staff, or affiliated to the establishment, and may be either a general practitioner, a dermatologist or a plastic surgeon. Such establishments offer both non-invasive and invasive procedures for anti-aging, acne and other skin ailments. Medical aestheticians and the affiliated doctor(s) perform advanced skincare treatments such as chemical peels, advanced retinol facials, microdermabrasion, neurotoxin injections, and various laser and device treatments.

In addition, our brands and formulations are currently sold in the U.S. and certain Asian markets through international distributors as well as through a leading cross-border e-commerce channel in China.

Crescita developed a prescription product called Pliaglis® that utilizes our proprietary phase-changing topical cream Peel technology. Pliaglis is a topical local anaesthetic cream that provides safe and effective local dermal analgesia on intact skin prior to superficial dermatological procedures. The product is currently approved in 25 different countries and sold by commercial partners in the U.S., Italy and Brazil. Refer to *Prescription Product Portfolio – Pliaglis*.

Crescita also provides contract development and manufacturing services to several local and North American clients. Our contract development and manufacturing organization ("CDMO") infrastructure allows Crescita to provide its clients with development and other support activities required to bring their products to market. Crescita has extensive expertise in product formulation and development, leveraging our patented transdermal delivery technologies, and specializes in manufacturing creams, liquids, gels ointments and serums. The Company operates out of a 50,000 square-foot manufacturing facility located in Laval, Québec, which produces a significant part of its non-prescription skincare products, such as LDR, Pro-Derm and Alyria. Formulations manufactured by or for Crescita include cosmetics, natural health products ("NHP") and products with Drug Identifications Numbers ("DIN"). The manufacturing facility is compliant with current Canadian Good Manufacturing Practices ("cGMP") and is regularly inspected by Health Canada.

In accordance with its articles of incorporation, the Company maintains its registered office in Ontario, located at 6733 Mississauga Road, Mississauga, Ontario.

Vision and Growth Strategy

Our strategy was designed to generate growth over the long-term. There have been no changes to our Vision and Growth Strategy since our year ended December 31, 2018. For further details, please refer to the section entitled "Vision and Growth Strategy" on page 6 of Crescita's 2018 Annual Report, which is available on Crescita's website at www.crescitatherapeutics.com and which was filed with the Canadian Securities Administrators on SEDAR at www.sedar.com.

Competitive Conditions

There have been no significant changes to the competitive conditions of the Company since our last fiscal year ended December 31, 2018. For further details please refer to the section entitled "Competitive Conditions" on page 7 of the 2018 Annual Report, which can be found on Crescita's website at www.crescitatherapeutics.com and which has been filed with the Canadian Securities Administrators on SEDAR at www.sedar.com.

Non-Prescription Product Portfolio

Laboratoire Dr Renaud®
The Laboratoire Dr Renaud skincare line is inspired by nature and joins science and aesthetics to develop personalized solutions to address daily skin challenges such as aging, acne, rosacea, pigmentation, dehydration and sensitivity. The product line was founded in France in 1947 by Dr. Louis Raymond Renaud, a renowned French dermatologist, and became a Canadian company based in Montreal in 1963. With science and innovation at the heart of the brand since its inception, products are designed according to the principles of biomimicry which imitate natural processes, making them extremely compatible with the skin. 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 formulations. Virtually all of the LDR products are manufactured at the Company's Laval manufacturing facility.

Pro-Derm™
Pro-Derm is a line of high-quality cosmeceutical products sold to physicians operating in medispas and medical 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 as well as to prevent the undesired effects of aging. Developed by a Canadian team of chemists and a dermatologist, the products are designed to achieve and maintain healthy-looking 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. Our formulas are free from parabens, dyes, perfumes, alcohol, mineral oils and other harsh chemicals, as well as from ingredients of animal origin. Crescita owns the worldwide formulations and marketing rights for Pro-Derm. Virtually all of the Pro-Derm products are manufactured at the Company's Laval manufacturing facility.

Alyria®
Alyria is a comprehensive cosmeceutical skincare line using scientific research to target major skincare concerns. Alyria offers a complete skincare solution for all patients, helping them to achieve healthier-looking skin with visible results. Alyria products target physicians and use effective concentrations of some of the most advanced ingredients in proven formulations, delivered through advanced skin optimizing systems. 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 marketing rights for Alyria, as well as the rights to the product formulations, which are, in some cases, on a non-exclusive basis. The Company has commenced the technology transfer of the manufacturing of the Alyria line of products to its facility and anticipates completion of the transfer during fiscal 2020.

Prescription Product Portfolio

Pliaglis®
Pliaglis is a topical local anaesthetic cream that provides safe and effective local dermal analgesia on intact skin prior to superficial dermatological procedures. The formulation contains a eutectic mixture of 7% lidocaine and 7% 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 is applied to intact skin for 20 to 30 minutes prior to superficial dermatological procedures such as dermal filler injections, non-ablative laser facial resurfacing, or pulsed-dye laser therapy and 60 minutes prior to procedures such as laser-assisted tattoo removal. Following the application period, the pliable layer is easily removed from the skin allowing the dermatological procedure to be performed with minimal to no pain.

Enhanced Formulation of Pliaglis
The Company developed an enhanced formulation of Pliaglis, that also contains 7% lidocaine and 7% tetracaine but possesses improved application and removal properties compared to Pliaglis, with extended patent protection to 2031 in multiple jurisdictions. Like Pliaglis, the formulation dries to form a pliable layer which can be easily peeled from the skin once the active ingredients have been delivered to the site on the body, providing a long-lasting anesthetic effect. The Company also developed alternate enhanced versions of Pliaglis and filed additional patent applications that may provide supplemental protection for the enhanced formulations of Pliaglis. On July 16, 2019, the United States Patent and Trademark Office granted U.S. Patent No. 10,350,180 for the FDA-approved enhanced formulation of Pliaglis.

On November 5, 2019, the Company announced that the U.S. Food and Drug Administration ("FDA") approved the enhanced formulation of Pliaglis® (the "Enhanced Formulation"). Refer to *Subsequent Events*.

Out-licensing Agreement with Cantabria Labs and Reacquisition of ROW Rights from Galderma S.A.
On April 25, 2019, the Company announced that it had entered into a commercialization license agreement (the "Cantabria Agreement") with Cantabria Labs ("Cantabria") for an initial term of 15 years, granting Cantabria the exclusive rights to sell and distribute Pliaglis in Italy, Portugal, France and Spain (the "Territories").

In consideration for the rights granted under the Cantabria Agreement, the Company received up-front payments totaling $3,721 (€2,500), of which 50% was received upon signing the Agreement and the remaining 50% was received on July 2, 2019, following the first commercial sale of Pliaglis by Cantabria in Italy which occurred on June 10, 2019. In addition, the Company is eligible to receive double digit royalties on the net sales of Pliaglis in the Territories, with guaranteed minimum royalties per year, and milestones related to the launch and sales performance of Pliaglis in France, Spain and Portugal. Such minimum guaranteed royalties were recognized up-front in Q2-19 as prescribed by IFRS 15 – *Revenue from Contracts with Customers*.

Effective April 1, 2019, Crescita reacquired the Rest-of-World ("ROW") development and marketing rights for Pliaglis from Galderma S.A. ("Galderma"), a global pharmaceutical company specialized in dermatology. Pliaglis is approved for sale in over 25 ROW countries but is currently only commercialized in Italy and Brazil with annual ROW product sales of approximately $3,200 (US$2,500) in 2018. In July 2019, the completion of the transition activities from Galderma to Cantabria led to the first commercial sale of Pliaglis in Italy by the Cantabria sales team. However, Galderma continues to distribute Pliaglis in Brazil. From a supply standpoint, Galderma will continue to manufacture the product for Italy, Brazil, Canada and Mexico until other manufacturing is arranged, but at the longest until March 2021.

In December 2015, the Company reacquired the Pliaglis development and marketing rights for the U.S., Canada and Mexico ("North America") from its then international licensee, Galderma.

Out-licensing Agreement with Taro Pharmaceuticals Inc.
On April 25, 2017, the Company entered into a development and commercialization license agreement ("the Taro Agreement") with Taro Pharmaceuticals Inc. ("Taro"). Under the terms of the Agreement, Crescita granted Taro an exclusive license to sell and distribute Pliaglis and an Enhanced Formulation in the U.S. market.

In consideration for the rights granted under the Agreement, Taro made an upfront payment of $2,700 (US$2,000) to Crescita in April 2017. In addition, in the third quarter of 2017, Crescita recognized a $647 (US$500) development milestone related to obtaining a U.S. composition patent for an enhanced formulation of Pliaglis. Taro launched Pliaglis in the U.S during the first quarter of 2018. A further patent covering the FDA-approved version of the enhanced formulation which extends to 2031 was issued on July 16, 2019.

In addition, the Company and Taro entered into a fee-for-service development agreement whereby Crescita provided services related to the further development of Pliaglis and the Enhanced Formulation and received 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;
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 the Enhanced Formulation, the second-generation Pliaglis with extended patent protection.

Removal of "Not for Home Use" Label Restriction
In 2017, Taro completed the study to support the removal of the Pliaglis "Not for Home Use" label restriction and filed the FDA submission with the proposed label change on June 8, 2018. On December 11, 2018, Crescita announced that the FDA had approved the Prior Approval Supplement ("PAS") for Pliaglis, allowing the restriction to be removed following its mandated six-month review process. The approval of this submission triggered a milestone of $661 (US$500) which was recognized in Q4-2018.

Manufacturing & Supply
In 2018, Taro successfully completed the transfer of the manufacturing process and analytical test methods for Pliaglis to its manufacturing facility in Brampton, Ontario. A Manufacturing Site Change Supplement seeking approval for Taro's facility to manufacture Pliaglis was submitted to the FDA on July 6, 2018. The FDA approved the site addition on September 4, 2018. Taro successfully completed their process validation batches and began to supply commercial batches of Pliaglis for the U.S. market in Q4-2018.

Canadian Launch of Pliaglis
The Company plans to launch Pliaglis in the fourth quarter of fiscal 2019 through its existing medical clinic distribution channel using its existing sales force. To this end, certain key milestones have been achieved including obtaining the DIN from Health Canada and amending the Company's Drug Establishment License ("DEL"). Commercial activities are progressing and are on track for the expected launch.

Status of Partnering Efforts in the ROW
Crescita continues to explore alternatives for the preferred commercial distribution pathway for Pliaglis in the ROW and is actively seeking to secure partners.

MiCal Collaboration

Terms of Original Agreement
In April 2014, Nuvo Pharma, the predecessor company of Crescita, entered into a collaboration agreement with MiCal, a joint venture between Ferndale Laboratories Inc. ("Ferndale") and a leading U.S. contract research company (a "CRO") (the "Ferndale Collaboration"), to formulate and develop two topical dermatology products candidates utilizing the Company's patented MMPE technology. Under the original agreement, upon completion of the formulations, Ferndale, in collaboration with the CRO, would oversee and fund the formulations' advancement through Phase 2 clinical studies, after which, it was anticipated that the product candidates would be made available for out-licensing.

MiCal 1
MiCal 1 is a topical formulation utilizing a corticosteroid in combination with the Company's patented MMPE technology to treat plaque psoriasis. A lead formulation was identified and successfully tested in a vasoconstrictor assay ("VCA") test. A Phase 2 clinical trial on MiCal 1 was initiated in early 2017 by the CRO and during the third quarter of 2017, Crescita received and reported positive topline results from the Phase 2 clinical trial (the "Trial"). For further details about the clinical trial, please refer to page 10 of our 2018 Annual Report.

An End-of-Phase 2 meeting was held with the FDA on January 24, 2018 to further discuss its advancement to Phase 3 as well as requirements for future FDA approval to market the product. Based on the feedback provided by the FDA, the clinical study protocols for the two pivotal Phase 3 studies were prepared and submitted to the FDA along with additional relevant information to support the initiation of Phase 3 clinical development. The Phase 3 clinical studies were successfully initiated in Q4-2018 and are expected to be fully enrolled by the end of 2019 with results expected by the end of the first half of 2020.

During the second quarter of 2019, the Company finalized an amendment to the collaboration agreement with MiCal that included a commitment from the Company to participate in the funding of the Phase 3 clinical development in order to maintain Crescita's anticipated share of future licensing proceeds.

MiCal 2
MiCal 2, is a topical formulation also utilizing the Company's patented MMPE technology to treat an undisclosed dermatological skin condition. Initial formulation development efforts for MiCal 2 were completed in the second quarter 2018 and an Investigational New Drug ("IND") application updated was filed on June 25, 2018 including details on the formulations to be evaluated in the first planned Phase 1 VCA study. The IND update was accepted by the FDA and the initial Phase 1 VCA study designed to evaluate the relative potency of several formulations, was initiated early in Q4-2018 and was completed in Q1-2019. The results of the VCA were encouraging and the Company is now advancing the development program.

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 and product innovations, which, in some cases utilize our patented transdermal delivery technologies. Crescita has established a multi-disciplinary product development committee that screens and identifies new products to be developed or existing products to be upgraded. These new products are selected based on sales and marketing trends, but also include regulatory, manufacturing and cost considerations. The products under development are usually kept confidential for competitive reasons.

Prescription Drug Products

Crescita has a portfolio of development stage products and proprietary platform technologies, which include MMPE and DuraPeel. See "Technology". The following table summarizes the Company's key prescription drug product candidates and associated intellectual property.

Product	Therapeutic Area	Stage of Development	Intellectual Property [2]
Pliaglis and Enhanced Formulation of Pliaglis (U.S.)	Local anesthesia prior to cosmetic dermatology procedures	Commercial	Patent for Pliaglis expired on September 28, 2019. Patent for Enhanced Formulation granted in U.S. and expiring in 2031. Applications pending in the U.S. through 2031.
Pliaglis (ROW)	Local anesthesia prior to cosmetic dermatology procedures	Commercial	Patents granted until 2020 in EP.
Enhanced Formulations of Pliaglis (ROW)	Local anesthesia prior to cosmetic dermatology procedures	Phase 3/4	Patents granted in AU, CA, CN, AT, BE, CH, DE, ES, FR, GB, GR, IT, LU, NL, PL, TR, HK, JP, MX, and RU, with latest expiring in 2031. Application pending in BR through 2031.
MiCal 1 [1]	Plaque Psoriasis	Phase 3	Patents granted in the U.S. expiring in 2027. Applications pending in AU, CA, EP, MX, NZ, and U.S. through 2036.
MiCal 2 [1]	Dermatological skin treatment	Phase 1	Patents granted in the U.S. expiring in 2027. Applications pending in AU, CA, EP, MX, NZ, and U.S. 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. Country abbreviations defined as follows: Australia (AU), Brazil (BR), Canada (CA), China (CN), Austria (AT), Belgium (BE), Switzerland (CH), Germany (DE), Spain (ES), France (FR), Great Britain (GB), Greece (GR), Italy (IT), Luxembourg (LU), Netherlands (NL), Poland (PL) Turkey (TR), Hong Kong (HK), Japan (JP), Mexico (MX), Russian Federation (RU), United States (U.S.), Patent Cooperation Treaty (PCT), Rest of World (ROW), Europe (EP).
3. Crescita has licensed the MMPE technology to a U.S.-based, major dermatological CRO. 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 active ingredients into or through the skin.

Peel and DuraPeel™

The Peel and DuraPeel technologies are self-occluding, film-forming cream/gel formulations that provide extended release delivery to the site of application. The cream/gel contains a drug, that when applied to a patient's skin, forms a pliable layer that releases the active ingredient into the skin for up to 12 hours. The benefits of the Peel and DuraPeel technologies include proven compatibility with a variety of active pharmaceutical ingredients ("APIs"). A 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. While the Peel technology typically involves a single solvent that dries to form a pliable film, the DuraPeel technology involves a two-solvent system which includes: 1) a volatile solvent component that dries to form a self-occluding film and 2) a non-volatile solvent component that remains in the formulation to facilitate prolonged release of the active from the formulation into the skin. Peel technology patents have been issued in 21 countries including the US, with the latest expiring in 2031. Patent applications are pending in 2 countries. DuraPeel patents have been issued in Australia, Canada, Japan and the U.S. with the latest expiry in 2027. The European patent application is pending.

MMPE™
The MMPE technology uses synergistic combinations of certain specific pharmaceutical excipients included on the FDA's Inactive Ingredient Guide for improved topical delivery of active ingredients 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 provide intellectual property protection through March 6, 2027. Applications are pending in Australia, Canada, Europe, Mexico, New Zealand and the United States, with an anticipated expiry date in 2036.

Skin Permeation Study Using MMPE and DuraPeel
On October 15, 2018 the Company announced that its patented transdermal delivery technologies, MMPE and DuraPeel, demonstrated enhanced permeation of Cannabidiol ("CBD"), the non-psychoactive component of cannabis, in an in-vitro skin permeation study performed in Franz Diffusion Cells.

The study, performed by an independent Southern California-based laboratory specializing in the transdermal delivery of actives, showed that both MMPE and DuraPeel significantly increased the transdermal permeation of CBD over the control formulation by up to 14 and 6-fold, respectively. CBD has been associated with antiseizure, antioxidant, neuroprotective, anxiolytic, anti-inflammatory, antidepressant, and antipsychotic effects. These proprietary technologies have already been successfully utilized in a number of topical products to enhance the delivery of different active ingredients. The Company has expertise in developing and manufacturing topical and transdermal skincare products for a wide variety of conditions and is interested in engaging with partners to develop and commercialize cannabinoid-containing products in various industries and for various indications.

Refer to *Subsequent Events* and *Key Development Highlights – Fiscal 2019* for further information on the licensing agreements signed to date.

Normal Course Issuer Bid

On June 26, 2019, the Company announced that the Toronto Stock Exchange (the "TSX") approved the Company's intention to make a normal course issuer bid (the "NCIB") for a portion of its common shares ("Common Shares") as appropriate opportunities arise from time to time.

The NCIB enables Crescita to purchase on the open market, through the facilities of the Toronto Stock Exchange, up to 1,000,000 Common Shares for cancellation. The Common Shares may be purchased under the NCIB commencing June 28, 2019, and ending no later than June 27, 2020, or on such earlier date when the Company completes its purchases or elects to terminate the bid.

The Company adopted an automatic securities purchase plan (the "ASPP") in connection with its NCIB that contains strict parameters regarding how its Common Shares may be repurchased during times when it would ordinarily not be permitted to purchase Common Shares due to regulatory restrictions or self-imposed blackout periods. The automatic securities purchase plan took effect at the commencement of the NCIB.

During the quarter ended September 30, 2019, 201,517 shares were repurchased for cancellation, at an average market price of $0.91per share for an aggregate consideration of $183 plus commission, of which 124,688 shares were cancelled as at September 30, 2019, and 76,829 were cancelled subsequently.

Key Developments and Highlights

Q3-2019 Year-over-Year and Operational Highlights

- Revenue was $4,906, an increase of $442 or 9.9% versus Q3-2018;
- Recognized a $1,324 (US$1,000) sales milestone from Taro for achieving the 4th and final cumulative target for the U.S. sales of Pliaglis (included in revenue above);
- Operating expenses were $4,428, an increase of $472 or 11.9% versus Q3-2018;
- Adjusted EBITDA was $939, an increase of $93 versus Q3-2018;
- Generated $1,316 in cash during the quarter, resulting in an ending cash and cash equivalents balance of $13,005 as at September 30, 2019, compared to $11,689 at the end of Q2-2019;
- On July 4, 2019, the Company received the second tranche of the up-front payment from Cantabria of $1,695 triggered by the first commercial sale of Pliaglis in Italy;
- On July 16, 2019, the Company announced that the United States Patent and Trademark Office granted U.S. Patent No. 10,350,180 for an enhanced formulation of Pliaglis providing extended patent protection to 2031.

Subsequent Events

Development and Licensing Agreement with Sundial Growers Inc.
On October 28, 2019, the Company announced that it entered into a development and license agreement with Sundial Growers Inc. (“Sundial”), (the “Sundial Agreement”), a Canadian licensed producer of cannabis, granting Sundial the worldwide rights to Crescita’s proprietary transdermal delivery technologies, MMPE™ and DuraPeel™, for the development of topicals containing cannabis and hemp.

The partnership combines Crescita’s leading expertise in dermal sciences and in the development of patented topical formulations with Sundial’s cannabis production and extraction expertise. The agreement will enable the development of unique, high-quality cannabis and hemp topicals for the Canadian and international non-prescription markets.

Sundial will fund the development and formulation costs and will have the worldwide marketing and distribution rights for the newly developed products. In addition, Sundial will support Crescita in applying for and obtaining the Health Canada Standard Processing License for Cannabis. Crescita will receive tiered royalties on the net worldwide sales for these products and retains the right to leverage its intellectual property for future product development under its own brands.

Development Milestone Related to the Approval of the Enhanced Formulation of Pliaglis®
On November 5, 2019, the Company announced that the FDA approved the enhanced formulation of Pliaglis® following its statutory six-month review process and in line with the target action date under the Prescription Drug User Fee Act (“PDUFA”). While the U.S. patent covering the original formulation of Pliaglis® expired on September 28, 2019, the U.S. patent covering the Enhanced Formulation extends until 2031 and is in the process of being added to the Orange Book.

On May 2, 2019, our licensing partner for the U.S. market, Taro filed a CBE-30 supplement seeking approval for an Enhanced Formulation of Pliaglis which has improved application and removal properties as well as extended patent protection until 2031 in multiple jurisdictions. The approval of the Enhanced Formulation triggers a US$0.75 million milestone under the terms of the out-licensing agreement in place with Taro.

Significant Transactions

Fiscal 2019

Out-licensing Agreement with Cantabria Labs
On April 25, 2019, the Company announced that it entered into a commercialization license agreement with Cantabria Labs for an initial term of 15 years, granting Cantabria the exclusive rights to sell and distribute Pliaglis in Italy, Portugal, France and Spain.

In consideration for the rights granted under the Agreement, the Company received upfront payments totaling $3,721 (€2,500), of which 50% was received upon signing the Agreement and the remaining 50% was received on July 2nd, 2019, following the first commercial sale of Pliaglis by Cantabria on June 10, 2019. Furthermore, the Company is eligible to receive double digit royalties on the net sales of Pliaglis in the Territories, with guaranteed minimum royalties per year and milestones related to the launch and sales performance of Pliaglis in the Territories.

Effective April 1, 2019, Crescita reacquired the ROW development and marketing rights for Pliaglis from Galderma, and in doing so, incurred $1,274 in termination fees and other transaction-related costs. Refer to *Prescription Product Portfolio - Out-licensing Agreement with Cantabria Labs and Reacquisition of ROW Rights from Galderma S.A*.

Participation in Funding for MiCal 1 Phase 3 Clinical Development
Effective May 31, 2019, the Company amended its collaboration agreement with MiCal, outlining the Company's participation in the funding of the Phase 3 clinical development for MiCal 1, in order to maintain its anticipated share of future licensing proceeds. MiCal 1 is a topical corticosteroid formulation to treat plaque psoriasis and is being developed through the Ferndale Collaboration.

Amended Terms to Knight Loan
Effective March 29, 2019, the Company and Knight Therapeutics Inc. ("Knight") entered into an amendment to the Second Amended and Restated Loan Agreement (the "Third Amended Loan Agreement" or the "Loan"). The Second Amended Loan Agreement, entered into on August 14, 2017, further amended and restated the loan agreement with Knight dated September 1, 2016 (the "First Amended Loan Agreement"). The First Amended Loan Agreement amends and restates the original loan agreement dated as of January 21, 2016 (the "Original Loan Agreement").

Under the terms of the Loan, the maturity date was deferred from January 22, 2022 to June 30, 2022 (the "Loan Maturity Date"). The payment terms relating to the capital portion of the Loan were also amended such that: (a) forty percent (40%) of the principal amount of the Loan outstanding as of March 31, 2019 will be paid in quarterly installments of $146, commencing on March 31, 2020 and (b) a lump sum payment of $2,183 due on the Loan Maturity Date, representing sixty percent (60%) of the principal amount of the Loan outstanding as of March 31, 2019. Notwithstanding the foregoing, should the Company generate royalty or milestone revenue from Pliaglis, equal to or in excess of $3,000 during the 2019 calendar year, the Company, may choose to pay 40% of the principal, as described in (a) above, to Knight on June 30, 2022. As at September 30, 2019, the Company had already generated over $3,000 in royalty and milestone revenue related to Pliaglis for the 2019 calendar year, and as a result, the entire balance outstanding was classified as long-term.

The terms of the Loan also allow the Company to prepay all or any outstanding portion of the outstanding principal at any time up to December 31, 2019, together with all accrued and unpaid interest, without penalty. Any prepayment thereafter would include a prepayment fee of 5% of the principal amount if made during the 2020 calendar year, 4% if made during the 2021 calendar year and 3% if made during the 2022 calendar year. The cash sweep clause included in the Second Amended and Restated Loan Agreement was also eliminated.

In addition, under the terms of the Loan, the Company and Knight agreed to enter into a license and supply agreement whereby the Israeli rights for Pliaglis will be licensed to Knight following the Company's reacquisition of the rest-of-world rights for Pliaglis from Galderma.

Development Collaboration Agreement with Tetra Natural Health
On February 4, 2019, the Company entered into an agreement with Tetra Natural Health ("Tetra"), a subsidiary of Tetra Bio-Pharma, a leader in cannabinoid-derived drug discovery and development, to develop an enhanced version of Tetra's dermatology portfolio using Crescita's patented transdermal delivery technologies: MMPE and DuraPeel. The primary active ingredient contained in the product portfolio to be reformulated is beta-caryophyllene ("Beta-C"), which is known to work on CBD 2 receptors. The testing methodology and the clinical development made possible by the collaboration is intended to help optimize the delivery of Beta-C and several other active ingredients into the skin and local tissues. During the third quarter of 2019, the Company expanded its collaboration agreement with Tetra to further specify certain commercial terms. Once the formulation development is complete, the parties intend to enter into a manufacturing agreement.

Fiscal 2018

Deferral of Principal Payments on Knight Loan
Under the terms of the Second Amended Loan Agreement, Crescita had agreed to make additional repayments such that the principal amount of the loan would be reduced to $2,500 by December 31, 2018. During the fourth quarter of 2018, the Company initiated discussions with Knight to further renegotiate the terms currently in effect. Accordingly, the parties executed certain amendments to the Second Amended Loan Agreement on December 7, 2018 and then again on January 31, 2019, extending the repayment date without penalty from December 31, 2018 to January 31, 2019 and then to March 31, 2019. These amendments allowed the Company to defer the due date of the principal payment from December 31, 2018 to March 31, 2019. As such, no repayments of principal were made in 2018. On March 29, 2019, the Company entered into the Third Amended Loan Agreement. See Significant Transactions – Fiscal 2019.

Development Milestone Related to Removal of "Not for Home Use" Label Restriction
On December 17, 2018, the Company announced that the FDA approved the Prior Approval Supplement for Pliaglis allowing the removal of the "Not for Home Use" label restriction on the product in the U.S. The approval of this submission triggered a milestone of $661 (US$500) for Crescita, which was recognized in Q4-2018. In 2017, Taro completed a study to support the removal of the Pliaglis "Not for Home Use" label restriction and filed the FDA submission with the proposed label change on June 8, 2018.

Recognition of Other Income
On June 29, 2018 the Company entered into an agreement relating to a $1,000 historical liability owing under a previous acquisition concluded in 2016. Pursuant to the terms of the agreement, in consideration for INTEGA Skin Sciences Inc. ("INTEGA"), a wholly-owned subsidiary of Crescita, releasing the counterparty from any potential future claims under the agreement, and the counterparty releasing INTEGA from the payment of virtually all of the historical liability, the Company recognized (a) a gain on settlement of $650 and (b) other income of $275 related to planned facility upgrades and the reimbursement of costs incurred in connection with previously rendered contract manufacturing services. Other income for fiscal 2018 also included a gain of $180 related to the revaluation of the contingent consideration receivable in connection with the Alyria Acquisition.

Completion of Rights Offering Raising $3.5 Million
On March 9, 2018 the Company completed a rights offering (the "Offering"), upon which 7,001,603 Class A common shares were issued for net proceeds of $3,520. Total subscriptions, including those exercised pursuant to the additional subscription privilege, represented 139% of the common shares available under the Offering. A total of 4,558,521 common shares were issued pursuant to the basic subscription privilege of the Offering, while a total of 2,443,082 Common Shares were issued pursuant to the additional subscription privilege. In connection with the Offering, Crescita obtained an irrevocable waiver from Knight of certain provisions of the Second Amended Loan Agreement, allowing Crescita to benefit from 100% of the net proceeds of the Offering.

Selected Quarterly Financial Information

In thousands of CAD, except per share data	Three months ended September 30, 2019	2018	Change $	Nine months ended September 30, 2019	2018	Change $
Operations						
Revenues	**4,906**	4,464	442	**18,517**	10,424	8,093
Total operating expenses	**4,428**	3,956	472	**12,963**	11,813	1,150
Operating Profit (Loss)	**478**	508	(30)	**5,554**	(1,389)	6,943
Interest expense, net	**69**	125	(56)	**278**	380	(102)
Other expenses (income)	**-**	(7)	7	**1,274**	(1,102)	2,376
Foreign exchangae loss	**77**	21	56	**105**	24	81
Total Other Expenses (Income)	**146**	139	7	**1,657**	(698)	2,355
Income (Loss) from continuing operations before income taxes	**332**	369	(37)	**3,897**	(691)	4,588
Deferred income tax expense	**244**	-	244	**1,559**	-	1,559
Net income (loss) from continuing operations	**88**	369	(281)	**2,338**	(691)	3,029
Net (loss) from discontinued operations	**-**	-	-	**-**	(25)	25
Net income (loss)	**88**	369	(281)	**2,338**	(716)	3,054
Adjusted EBITDA[1]	**939**	846	93	**6,978**	(328)	7,306
Net income (loss) per common share						
Basic	**$ -**	**$ 0.02**	$ (0.02)	**$ 0.11**	**$ (0.04)**	$ 0.15
Diluted	**$ -**	**$ 0.02**	$ (0.02)	**$ 0.11**	**$ (0.04)**	$ 0.15
Balance Sheet (As at September 30)						
Cash and cash equivalents	**13,005**	8,213	4,792	**13,005**	8,213	4,792
Total assets	**32,537**	24,780	7,757	**32,537**	24,780	7,757
Total non-current financial liabilities[2]	**5,001**	3,317	1,684	**5,001**	3,317	1,684
Total liabilities	**10,918**	8,709	2,209	**10,918**	8,709	2,209
Total equity	**21,619**	16,071	5,548	**21,619**	16,071	5,548

[1] Adjusted EBITDA is a non-IFRS measure. Please refer to *Non-IFRS Financial Measures*. Prior periods were not restated to reflect the adoption of IFRS 16.

[2] Non-current financial liabilities are the sum of the long-term portions of long-term debt, convertible debentures, other obligations and lease obligations, following the adoption on January 1, 2019 of IFRS 16 - *Leases*. The prior periods have not been restated.

Outstanding Share Data

The following table is a summary of the capital stock and stock options outstanding as at November 5, 2019:

	As at November 5, 2019
Common shares	20,742,183
Stock options[1]	2,676,002
Convertible debentures[2]	1,000,000
Warrants	660,823

[1] This amount includes 1,546,502 options which have vested.

[2] The convertible debentures are convertible into common shares at the option of the holder at a conversion price of $1.00 per share.

Fluctuations in Operating Results

Crescita's results of operations have fluctuated significantly from period-to-period in the past and may do so in the future. Crescita anticipates that its quarterly results of operations will be impacted for the foreseeable future by several factors including the timing and amount of product sales, including CDMO, milestone and royalty revenue 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 product development 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 Rates

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 Instruments - Currency Risk* for a further discussion on the impact of foreign currency fluctuations on our results of operations.

	For the three months ended September 30,			For the nine months ended September 30,		
	2019	2018	Change	2019	2018	Change
U.S. dollar	**1.3206**	1.3068	*1.1%*	**1.3291**	1.2876	*3.2%*
Euro	**1.4677**	1.5201	*-3.4%*	**1.4934**	1.5382	*-2.9%*

As at September 30,	2019	2018	Change
U.S. dollar	**1.3243**	1.2945	*2.3%*
Euro	**1.4438**	1.5020	*-3.9%*

Results of Operations

Revenue

	Three months ended September 30,		Change	Nine months ended September 30,		Change
In thousands of CAD	2019	2018	$	2019	2018	$
Product sales	**2,346**	2,076	270	**7,368**	6,320	1,048
Out-licensing	**2,537**	2,379	158	**11,040**	4,077	6,963
Services	**23**	9	14	**109**	27	82
Total revenue	**4,906**	**4,464**	442	**18,517**	**10,424**	8,093

For the three months ended September 30, 2019, total revenues were $4,906 compared to $4,464 for the three months ended September 30, 2018, representing an increase of $442 or 9.9% year-over-year. The increase came primarily from product sales, contributing $270 or 13.0% year-over-year, mainly as a result of incremental sales from the Q1-19 launch of Dermazulene in China through a leading e-commerce platform as well as due to the expansion of branded product sales across geographies. The out-licensing business increased by $158 or 6.6% year-over-year, including the fourth and final cumulative sales milestones under the Taro Agreement of $1,324 (US$1,000), as well as royalties on the global net sales of Pliaglis from our licensees in the amount of $1,213.

For the nine months ended September 30, 2019, total revenues were $18,517 compared to $10,424 for the nine months ended September 30, 2018, representing an increase of $8,093 or 77.6% year-over-year,

primarily from our out-licensing business, contributing $6,963 or 170.8% in incremental revenue. Included in the year-to-date out-licensing revenue was: $3,721 in up-front payments and guaranteed minimum royalties of $1,738, both related to the Cantabria Agreement signed in Q2-19, as well as incremental milestone and royalty revenue related to Pliaglis of $1,504. Product sales also grew, increasing by $1,048 or 16.6% versus the comparable nine-month period of 2018, and was primarily driven by the same factors as described above for the quarter, in addition to higher volumes from our CDMO business.

Product Sales
Product sales consist of both domestic and international sales from branded products in our non-prescription skincare portfolio as well as CDMO revenue. Branded products include: LDR, Pro-Derm, Alyria and Dermazulene™. International markets include South Korea and Malaysia where LDR is sold through distributors, and China where the Company sells Dermazulene through a leading e-commerce platform. The Company recognizes 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 three months ended September 30, 2019 were $2,346 compared to $2,076 for the three months ended September 30, 2018, representing an increase of $270 or 13.0%. The increase was primarily driven by higher overall revenue from our branded skincare products across all geographies, mainly due to the Q1-19 launch of Dermazulene in the Chinese market.

For the nine months ended September 30, 2019 product sales were $7,368 compared to $6,320 for the nine months ended September 30, 2018, representing an increase of $1,048 or 16.6%. The increase was primarily driven by higher overall revenue from our branded skincare products across all geographies, mainly due to the Q1-19 launch of Dermazulene in the Chinese market, as well as higher volumes from our CDMO business.

Out-licensing Revenue
Out-licensing revenue includes upfront and milestones payments as well as royalties based on the net sales recognized by the Company's licensees.

Taro has the exclusive rights to sell and distribute Pliaglis and its enhanced formulation in the U.S. and is responsible for all sales and marketing efforts as well as for all other matters related to Pliaglis in this market. The Company earns double-digit tiered royalties on Taro's net sales.

All other royalty revenue was related to the global net sales of Pliaglis. As of April 2019, the Company terminated its licensing agreement with Galderma for the ROW Pliaglis rights and immediately out- licensed the marketing and development rights for Italy, France, Spain and Portugal to Cantabria.

Under the Cantabria Agreement, in addition to royalties and milestones related to the launch and sales performance of Pliaglis in the Territories, the Company will receive annual guaranteed minimum royalties over the term of the agreement. Under IFRS 15, *Revenue from Contracts with Customers*, the guaranteed minimum royalties were recognized up-front as a Contract Asset at the inception of the agreement. The Contract Asset was measured at the net present value of the future guaranteed minimum sales-based royalties that are expected to be received over the 15-year life of the licensing agreement.

The amount of the royalties is determined using the agreed-upon formulas based on the definition of the licensee's net sales as described in each respective licensing agreement. The Company earned a fixed single-digit royalty on Galderma's net sales and earns a double-digit royalty on Cantabria's net sales.

For the three months ended September 30, 2019 out-licensing revenue was $2,537, compared to $2,379 for the three months ended September 30, 2018, representing an increase of $158 or 6.6%. The current quarter's revenue included $1,324 (US$1,000) for the achievement of the fourth and final cumulative sales milestone under the Taro Agreement as well as royalties of $1,213 on the global net sales of Pliaglis from our licensees. During the three months ended September 30, 2018 the Company recognized a $1,303 (US$1,000) sales milestone related to the achievement by our partner of the first of four cumulative sales milestones in the U.S., in addition to $1,076 in royalties related to the global net sales of Pliaglis.

During the nine months ended September 30, 2019, revenue from out-licensing was $11,040, compared to $4,077 for the nine months ended September 30, 2018, representing an increase of $6,963 or 170.8%. During the first nine months of 2019, the Company recorded $3,721 in up-front payments and $1,738 in guaranteed minimum royalties, both related to the Cantabria Agreement, $2,645 (US$2,000) in sales milestones triggered by Taro reaching the third and fourth and final contractual cumulative sales target in Q1-19 and Q3-19, respectively, and $2,936 in royalties on the global net sales of Pliaglis. The 2018 year-to-date period included $2,774 of royalty revenue on the net worldwide sales of Pliaglis, most of which related to the launch of the product in the U.S. in Q1-18, and a $1,303 (US$1,000) sales milestone, as described above.

When removing the impact of the guaranteed minimum royalties and up-front payments recognized in Q2-19 of $5,459, out-licensing revenue for the nine months ended September 30, 2019, would have been $5,581, representing an increase of $1,504 or 36.9% versus the comparable nine-month period ended September 30, 2018.

Services Revenue
Services revenue includes revenue earned under various product and formulation development agreements. For the three and nine months ended September 30, 2019, the Company earned $23 and $109, respectively for such services.

For the three and nine months ended September 30, 2018, the Company recorded $9 and $27 for development services provided to Taro in accordance with the fee-for-service development agreement, whereby the Company provided services related to the further development of Pliaglis and the enhanced formulation.

Major Customers

Under IFRS 8 *Operating Segments* ("IFRS 8"), major customers are those that account for greater than 10% of the Company's consolidated revenues. For the three and nine months ended September 30, 2019, the Company had two major customers that accounted for 63% and 58%, respectively, of the Company's total revenue, and one major customer that accounted for 53% and 38%, respectively, of total revenues for the three and nine months ended September 30, 2018.

Operating Expenses

In thousands of CAD	Three months ended September 30, 2019	2018	Change $	Nine months ended September 30, 2019	2018	Change $
Cost of goods sold	**1,463**	1,346	117	**4,113**	3,690	423
Research and development	**462**	264	198	**1,338**	770	568
Selling, general and administrative	**2,092**	2,061	31	**6,335**	6,489	(154)
Amortization and depreciation	**411**	285	126	**1,177**	864	313
Total operating expenses	**4,428**	3,956	472	**12,963**	11,813	1,150

Total operating expenses for the three months ended September 30, 2019 were $4,428, compared to $3,956 for the three months ended September 30, 2018, representing a year-over-year increase of $472 or 11.9%. The increase was driven by higher research and development expenses of $198 associated with certain investments made to advance the MiCal product candidates, as well as higher cost of goods sold of $117 due to incremental sales, higher amortization and depreciation charges $126, an increase in selling, general and administrative ("SG&A") expenses of $31.

For the nine months ended September 30, 2019, total operating expenses were $12,963, compared to $11,813 for the nine months ended September 30, 2018, representing a year-over-year increase of $1,150 or 9.7%. The increase was mainly driven by the same factors as identified for the three-month period, but partly offset by a decrease in SG&A of $154.

Cost of Goods Sold
For the three months ended September 30, 2019, total COGS were $1,463, compared to $1,346 for the three months ended September 30, 2018, representing an increase of $117 or 8.7%. Included in total COGS for the quarter was $1,266 for product sales and $197 related to out-licensing revenue, compared to $1,204 for product sales and $142 related to out-licensing revenue for the quarter ended September 30, 2018. The year-over-year increase in COGS for product sales was mainly due to incremental product sales, partly offset by the reclassification to amortization of the Company's right-of-use asset related to its manufacturing and office facility following the adoption of IFRS 16.

For the three months ended September 30, 2019, gross margin on product sales was $1,080 or 46.1% of product sales, compared to $872 or 42.0% of product sales revenue for the three months ended September 30, 2018. The 4.1% improvement in margin year-over-year was mainly attributable to higher production volumes, improved margins on our higher-cost CDMO business, and the impact of IFRS 16 described above, partly offset by unfavorable product mix.

For the nine months ended September 30, 2019, total COGS were $4,113, compared to $3,690 for the nine months ended September 30, 2018. Included in total COGS for the year-to-date period was $3,681 for product sales and $432 related to out-licensing revenue, compared to $3,241 for product sales and $449 related to out-licensing revenue for the comparable nine months ended September 30, 2018. The year-over-year increase in COGS for product sales was mainly due to the same factors as for the quarter above.

When comparing these same periods, gross margin on product sales was $3,687 or 50.0% of product sales in 2019, compared to $3,079 or 48.7% of product sales revenue for 2018. The increase of 1.3% in margin was attributable to the same factors as discussed for the three-month period.

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

In the normal course of its business, the Company allocates a significant part of its R&D resources to the rejuvenation of its non-prescription skincare lines for product development and product reformulations, as well as to support its CDMO business. Such product portfolio rejuvenation and innovation activities are ongoing and are a key success factor for Crescita, allowing the Company to remain competitive in its offering. To a lesser extent, the Company also incurs formulation development costs related to our prescription product candidates. 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. In general, costs borne by Crescita are limited to pre-clinical testing costs as well as costs related to the formulations and developments of test batches.

R&D expenses for the three months ended September 30, 2019 were $462 compared to $264 for the comparable three months of 2018, representing an increase of $198 or 75.0% year-over-year. The increase was mainly driven by the Company's second instalment related to the proportionate funding of the Phase 3 clinical development of MiCal 1, and to a lesser extent, incremental headcount and other related costs incurred in connection with a higher number of product and formulation development projects, and third-party laboratory testing costs.

R&D expenses for the nine months ended September 30, 2019 were $1,338 compared to $770 for the comparable nine months of 2018, representing an increase of $568 or 73.8% year-over-year. The increase was mainly driven by the same factors as described above for the three-month period.

Selling, General and Administrative
For the three months ended September 30, 2019, SG&A expenses were $2,092, essentially unchanged from the prior year's quarter. For the nine-month period then ended, SG&A expenses amounted to $6,335, compared to $6,489 incurred in the nine months ended September 30, 2018. The year-over-year decreases of $154 or 2.4% was mainly driven by overall lower consulting fees, partly offset by higher stock-based compensation.

Amortization and Depreciation
Amortization expense was $411 and $1,177, respectively, for the three and nine months ended September 30, 2019, compared to $285 and $864, respectively, for the three and nine months ended September 30, 2018. The increases of $126 and $313 over the three and nine-month periods, respectively, were mainly due to the incremental amortization of the Company's right-of-use asset related to its manufacturing and office facility following the adoption of IFRS 16, and, to a lesser extent, to additions of property, plant and equipment in the normal course of business, as well as the accelerated amortization of intangible assets.

Other Expenses (Income)

In thousands of CAD	Three months ended September 30, 2019	2018	Change $	Nine months ended September 30, 2019	2018	Change $
Interest expense	**149**	151	(2)	**460**	451	9
Interest income	**(80)**	(26)	(54)	**(182)**	(71)	(111)
Foreign exchange loss	**77**	21	56	**105**	24	81
Termination fees and other costs	**-**	-	-	**1,274**	-	1,274
Other income	**-**	(7)	7	**-**	(452)	452
Gain on settlement	**-**	-	-	**-**	(650)	650
Total other expenses (income)	**146**	**139**	**7**	**1,657**	**(698)**	**2,355**

Interest
Interest expense was $149 and $460 for the three and nine months ended September 30, 2019, compared to $151 and $451 for the three and nine months ended September 30, 2018. These amounts were primarily related to the Knight Loan, net of amortization of the fair value adjustments, as well as the interest accretion on other obligations related to the acquisition of Alyria and on the convertible debentures.

Interest income was $80 and $182 for three and nine months ended September 30, 2019, compared to $26 and $71 for the comparable three and nine months of the prior year. The Company earns interest on its cash balances and short-term investments. In addition, the Company records accretion on the Contract Assets related to the guaranteed minimum royalties recognized under the Cantabria Agreement.

Termination Fees and Other Costs
Effective April 1, 2019, the Company terminated its licensing agreement with Galderma for the ROW rights for Pliaglis. The termination fees include the costs incurred to reacquire the Pliaglis ROW rights as well as other transaction-related costs of $1,274.

Foreign Exchange Loss
For the three and nine months ended September 30, 2019, the Company incurred a net foreign currency loss of $77 and $105, respectively, compared to a net foreign currency loss of $21 and $24 for the three and nine months ended September 30, 2018. The variances from period to period was primarily driven by the timing of payments and settlements of foreign currency denominated balances.

Other Income
During the nine months ended September 30, 2018, the Company recorded $445 in Other Income which was mainly composed of the following: 1) consideration received relating to planned facility upgrades pursuant to deficiency claims under a previous acquisition and a reimbursement with respect to previously rendered contract manufacturing services, and 2) a gain related to a contingent consideration receivable from another previous acquisition, under the terms of which the Company is entitled to be compensated if certain sales targets and levels of inventory consumption are not achieved.

Gain on Settlement
On June 29, 2018 the Company entered into an agreement relating to a $1,000 historical liability owing under a previous acquisition concluded in 2016. Pursuant to the terms of the agreement, in consideration for INTEGA releasing the counterparty from any potential future claims under the agreement, INTEGA no longer had to

pay a portion of that liability equal to $650. The resulting benefit was recorded as a Gain on Settlement included in Other Income.

Net Income (Loss) and Net Income (Loss) per Common Share

In thousands of CAD except number of shares and per share amounts	Three months ended September 30, 2019	2018	Change $	Nine months ended September 30, 2019	2018	Change $
Income (loss) from continuing operations before income taxes	**332**	369	(37)	**3,897**	(691)	4,588
Deferred income tax expense	**244**	-	244	**1,559**	-	1,559
Net income (loss) from continuing operations	**88**	369	(281)	**2,338**	(691)	3,029
Net loss from discontinued operations	**-**	-	-	**-**	(25)	25
Net income (loss)	**88**	369	(281)	**2,338**	(716)	3,054
Weighted average number of common shares outstanding						
- basic	**20,921,387**	21,016,059	(94,672)	**20,984,502**	19,265,230	1,719,272
- diluted	**22,705,677**	21,016,059	1,689,618	**22,442,250**	19,265,230	3,177,020
Net income (loss) per common share						
- basic	**$ -**	**$ 0.02**	$ (0.02)	**$ 0.11**	**$ (0.04)**	$ 0.15
- diluted	**$ -**	**$ 0.02**	$ (0.02)	**$ 0.11**	**$ (0.04)**	$ 0.15

Income (Loss) from Continuing Operations before Income Taxes

Income from continuing operations before income taxes was $332 for the three months ended September 30, 2019, compared to $369 reported for the three months ended September 30, 2018. The slight year-over-year decrease of $37 was mainly attributable to: 1) higher R&D expenses of $198; and 2) higher depreciation and amortization charges in the quarter of $126, partly offset by 1) the incremental gross margin on product sales of $226; 2) the incremental gross margin on out-licensing revenue of $85.

Income from continuing operations before income taxes was $3,897 for the nine months ended September 30, 2019, compared to a net loss of $(691), reported for the nine months ended September 30, 2018. The year-over-year improvement of $4,588 was mainly attributable to: 1) the incremental gross margin on out-licensing revenue of $1,518 (excluding the impact of the Cantabria Agreement); 2) the incremental gross margin on product sales of $611; 3) the benefit of the up-front payment and guaranteed minimum royalties under the Cantabria Agreement of $4,185, net of the Galderma contract termination fees; and 4) the benefit of the reduction in SG&A costs of $154, partly offset by 1) the non-recurring benefit of other income and the gain on settlement of $1,095 recognized during the second quarter of 2018 which did not repeat; 2) higher R&D expenses of $568 in the current year-to-date period; and 3) higher depreciation and amortization charges of $313 year-over-year.

Deferred Income Tax Expense

For the three and nine months ended September 30, 2019, the Company recognized $244 and $1,559, respectively, in income tax expense related to the taxable income generated in the Crescita legal entity, compared to nil in the comparable periods of 2018.

Net Income (Loss)

Net income was $88 and $2,338 for the three and nine months ended September 30, 2019, representing a decrease of $281 versus the three months ended September 30, 2018 and an improvement of $3,029 when compared to the net loss of $(691) reported in the nine-month period of 2018. The year-over-year variances were mainly driven by the same factors as identified above under *Income (Loss) from Continuing Operations before Income Taxes and Income Tax Expense*.

Net Income (Loss) per Common Share

Basic and diluted earnings per share (“EPS”) for the three and nine months ended September 30, 2019 was $nil and $0.11, respectively, compared to $0.02 and a net loss per share of $(0.04) reported in the comparable three and nine months ended September 30, 2018.

Weighted Average Number of Shares Outstanding
For the three-month period ended September 30, 2019, the Company's basic weighted average number of shares decreased by 94,672 when compared to the same three-month period of 2018, due to the impact of the purchase for cancellation of Common Shares under the Company's NCIB. The basic weighted average number of shares for the nine-month period then ended, increased by 1,719,272 mainly due to the impact of the shares issued upon the completion of the Rights Offering in March 2018 and the exercise of stock options by an employee, partly offset by the shares purchased for cancellation under the NCIB during the third quarter.

The weighted average number of diluted shares outstanding for the periods is further impacted by the number of options and warrants that are "in the money", as well as the dilutive impact of convertible debentures.

EBITDA and Adjusted EBITDA Reconciliation

The following table provides a reconciliation between net income (loss), as reported in accordance with IFRS, and EBITDA and Adjusted EBITDA, for the three and nine months ended September 30, 2019 and 2018.

	Three months ended September 30,		Change	Nine months ended September 30,		Change
In thousands of CAD	**2019**	**2018**	**$**	**2019**	**2018**	**$**
Net income (loss) from continuing operations	**88**	369	(281)	**2,338**	(691)	3,029
Add:						
Depreciation and amortization	**411**	285	126	**1,177**	864	313
Interest expense, net	**69**	125	(56)	**278**	380	(102)
Income tax expense	**244**	-	244	**1,559**	-	1,559
EBITDA	**812**	**779**	**33**	**5,352**	**553**	**4,799**
Add:						
Equity-settled stock-based compensation	**50**	53	(3)	**247**	197	50
Foreign exchange loss	**77**	21	56	**105**	24	81
Other expense	**-**	-	-	**1,274**	-	1,274
Less:						
Other income	**-**	7	(7)	**-**	1,102	(1,102)
Adjusted EBITDA	**939**	**846**	**93**	**6,978**	**(328)**	**7,306**

Please refer to the section entitled *Income (Loss) from Continuing Operations before Income Taxes* for further details.

Liquidity and Capital Resources

Consolidated Statement of Cash Flows

In thousands of CAD	Three months ended September 30, 2019	2018	Change $	Nine months ended September 30, 2019	2018	Change $
Net income (loss) from continuing operations	**88**	369	(281)	**2,338**	(691)	3,029
Net loss from discontinued operations	**-**	-	-	**-**	(25)	25
Items not involving cash flows	**781**	312	469	**1,373**	72	1,301
Cash from operations	**869**	681	188	**3,711**	(644)	4,355
Net change in non-cash working capital	**763**	(1,468)	2,231	**1,543**	(1,451)	2,994
Cash provided by (used in) operating activities	**1,632**	(787)	2,419	**5,254**	(2,095)	7,349
Cash (used in) provided by investing activities	**(55)**	(92)	37	**(169)**	(115)	(54)
Cash (used in) provided by financing activities	**(263)**	-	(263)	**(666)**	3,426	(4,092)
Effect of foreign exchange rates on cash and cash equivalents	**2**	(2)	4	**(3)**	-	(3)
Net change in cash and cash equivalents during the period	**1,316**	(881)	2,197	**4,416**	1,216	3,200
Cash and cash equivalents, beginning of the period	**11,689**	9,094	2,595	**8,589**	6,997	1,592
Cash and cash equivalents, end of the period	**13,005**	**8,213**	**4,792**	**13,005**	**8,213**	**4,792**

Cash and Cash Equivalents

Cash and cash equivalents were $13,005 as at September 30, 2019 compared to $8,213 as at September 30, 2018, representing an increase of $4,792.

Operating Activities

For the three months ended September 30, 2019, total cash provided by operating activities was $1,632, an improvement of $2,419 versus the $(787) used in the three months ended September 30, 2018. The improvement was mainly driven by the favorable movement in non-cash working capital items of $2,231 year-over-year, and to a lesser extent, by the increase in cash generated from operations of $188 versus the prior year's quarter. The improvement in cash used in operating activities was mainly a result of the same drivers as those behind the improvement in our Adjusted EBITDA. Refer to *Income (Loss) from Continuing Operations before Income Taxes* for further details on these drivers.

The net change in non-cash working capital of $763 for the quarter just ended was mainly driven by an increase in accounts payable, partly offset by an increase in inventory to meet planned demand. For the quarter ended September 30, 2018, the investment in working capital was $(1,468) and was mostly related to the timing of the receivable related to Pliaglis royalty and milestone revenue in that period. The timing of our working capital inflows and outflows will always have an impact on the cash flow from operations.

For the nine months ended September 30, 2019, total cash provided by operating activities was $5,254, an improvement of $7,349 versus the $(2,095) used in the nine months ended September 30, 2018. The improvement was mainly driven by the increase in cash generated from operations of $4,355 versus the prior year's nine-month period, and the favorable movement in non-cash working capital items of $2,994 year-over-year. The improvement in cash used in operating activities was mainly a result of the same factors as those behind the improvement in our Adjusted EBITDA. Refer to *Income (Loss) from Continuing Operations before Income Taxes* for further details on these drivers.

The net change in non-cash working capital of $1,543 for the nine months ended September 30, 2019, was mainly driven by a decrease in accounts receivable related to the collection of revenue, an increase in accounts payable, partly offset by an increase in inventory to meet planned demand. For the nine months ended September 30, 2018, the net investment in working capital was $(1,451) and was primarily driven by the timing of the receivable related to Pliaglis royalty and milestone revenue in that period, partly offset by an increase in

accounts payable. The timing of our working capital inflows and outflows will always have an impact on the cash flow from operations.

Investing Activities
The Company invested $55 and $169, respectively, for the three and nine months ended September 30, 2019, primarily related to laboratory and plant equipment. During the three and nine months ended September 30, 2018, the Company invested $92 and $115, respectively mainly for leasehold improvements, computer equipment and software as well as laboratory and plant equipment.

Financing Activities
For the three months ended September 30, 2019, cash used in financing activities totaled $263, compared to $nil used in the three months ended September 30, 2018. In the current year's quarter, $183 was used to pay for the purchase for cancellation of 201,517 Common Shares under the Company's normal course issuer bid, and $80 was used to make a payment under its lease obligation for its manufacturing and office facility.

For the nine months ended September 30, 2019, cash used in financing activities totaled $666, compared to net cash provided by financing activities of $3,426 for the nine months ended September 30, 2018. For the first nine months of 2019, the Company paid $233 under its lease obligation for its manufacturing and office facility, $183 was used to pay for the purchase for cancellation of 201,517 Common Shares under the Company's normal course issuer bid, and $250 for amounts owing in relation to the Alyria Acquisition. For the first nine months of 2018, the Company received $3,520 in net proceeds upon the completion of its Offering and made a payment of $100 to settle amounts owing related to the Alyria Acquisition.

Commitments

The Company has commitments under a lease for the rental of its manufacturing and office facility. As a result of the Company's adoption of IFRS 16 – *Leases,* on January 1, 2019, this lease is now accounted for entirely on the Consolidated Interim Statement of Financial Position. Please refer to Note 3 – *Summary of Significant Accounting Policies* in the Company's Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2019 for further details on the impact of the adoption of this accounting standard.

Financial Instruments and Risk Management

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, 2019			December 31, 2018		
In thousands of CAD dollars	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Recurring fair value measurements						
Contingent consideration – royalty earn-out	**-**	**-**	**(20)**	-	-	(20)

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, 2019 and 2018.

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

The fair values of the Company's non-current obligations, which are presented at amortized cost using the effective interest method, 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 and would be classified as Level 2.

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
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 will fund Crescita's operations as currently planned for 2020 and beyond. Additional funding may be required for the development of new products and/or for future acquisitions.

The Company's exposure to liquidity risk is dependent on the sales growth and profitability of its operations 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 on 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 be subject the Company to credit risk consist of cash and amounts receivable (including contract assets) from global customers. The Company manages its exposure to credit risk by holding cash on deposit in major financial institutions. The accounts receivables 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, 2019, 6% of accounts receivables related to customers outside North America and the E.U. [December 31, 2018 - 3%].

The contract asset in the amount of $1,646 is related to Cantabria and is denominated in euros.

As at September 30, 2019, the Company had two customers that accounted for approximately 78% of total accounts receivables [December 31, 2018 - 86%].

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

In thousands of CAD dollars	September 30, 2019	December 31, 2018
Current	**3,420**	**4,775**
0-30 days past due	**315**	**197**
31-60 days past due	**64**	**137**
61-90 days past due	**-**	**29**
Over 90 days past due	**16**	**-**
	3,815	**5,138**
Allowance for doutful accounts	**(49)**	**(51)**
Total accounts receivable	**3,766**	**5,087**

Interest Rate Risk
The Company is not exposed to interest rate variability as debt instruments bear interest at a fixed 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	
In thousands of CAD dollars	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Cash and cash equivalents	**34**	51	**252**	194
Accounts receivable	**25**	-	**2,491**	3,334
Other current assets	**79**	38	**58**	30
Contract assets	**1,140**	-	**-**	-
Accounts payable and accrued liabilities	**(86)**	(93)	**(1,710)**	(843)
	1,192	(4)	**1,091**	2,715

Based on the aforementioned net exposure as at September 30, 2019, 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 $144 on total comprehensive income (loss) and a 10% appreciation or depreciation of the Canadian dollar against the euro would have an effect of $172 on total comprehensive income (loss).

In terms of the euro, the Company has four significant exposures: (i) its euro-denominated cash held in its Canadian operations; (ii) the cost of purchasing raw materials and packaging materials priced in euros or sourced from European suppliers required for production at the Canadian manufacturing facility; (iii) royalties and milestones from licensing agreements regarding Pliaglis; and (iv) its net investment and net cash flows in its European operations. In terms of the U.S. dollar, the Company has five significant exposures: (i) its U.S. dollar-denominated cash held in its Canadian operations; (ii) the cost of purchasing raw materials and packaging materials priced in U.S. dollars or sourced from U.S. suppliers required for production at the Canadian manufacturing facility (iii) royalties and milestones from licensing agreements regarding Pliaglis; (iv) its net investment and net cash flows in its U.S. operations and (v) revenue generated in U.S. dollars from its product sales to U.S. customers.

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.

Off-Balance Sheet Arrangements

Crescita does not have any off-balance sheet arrangements.

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, royalty and milestone payments, 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 sales force for the marketing and sale of its products to its Canadian customers. In certain foreign jurisdictions, Crescita relies on its commercial licensing and distribution partners to market and sell its products. 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 and medical spas) accepting the product for sale.

Eight Quarter Summary - Selected Financial Information

As at and for the three months ended,	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017
In thousands of CAD except number of shares and per share amounts								
Growth								
Revenue[1]	**4,906**	9,362	4,249	6,204	4,464	2,311	3,649	2,356
Profitability								
Total Operating Expenses	**4,428**	4,753	3,782	4,844	3,956	3,927	3,938	4,719
Income (loss) from continuing operations before income taxes	**332**	3,287	278	3,113	369	(636)	(424)	(8,209)
Net income (loss)	**88**	2,208	42	3,112	369	(661)	(424)	(8,257)
Adjusted EBITDA[2]	**939**	5,083	956	1,787	846	(1,265)	83	(2,006)
Share Information								
Net income (loss) from continuing operations per common share								
Basic	**$ -**	$ 0.11	$ -	$ 0.15	$ 0.02	$ (0.03)	$ (0.03)	$ (0.59)
Diluted	**$ -**	$ 0.10	$ -	$ 0.15	$ 0.02	$ (0.03)	$ (0.03)	$ (0.59)
Weighted average number of common shares outstanding for the period								
Basic	**20,921**	21,016	21,016	21,016	21,016	21,007	15,715	14,003
Diluted	**22,706**	22,486	21,016	21,016	21,016	21,007	15,715	14,003
Financial Position								
Cash and cash equivalents and short-term investments	**13,005**	11,689	10,879	8,589	8,213	9,094	9,455	6,997
Total assets	**32,537**	31,534	28,923	27,565	24,780	23,858	26,078	22,565
Total non-current financial liabilities[3]	**5,001**	5,049	5,081	2,914	3,317	3,439	3,644	3,597

[1] Revenue for Q2-19 included $3,721 in up-front payments and $1,738 in guaranteed future minimum royalties to be received over the term of the Cantabria Agreement.

[2] Adjusted EBITDA is a non-IFRS measure. This term is defined as defined as earnings (loss) from continuing operations before interest, income taxes, depreciation and amortization, gain on settlement, other income, SBC, gain on debt renegotiations, goodwill and intangible assets impairment, accretion on the fair value of inventory and foreign currency gains (losses), as applicable. Prior periods' Adjusted EBITDA were not restated to reflect the adoption of IFRS 16.

[3] Non-current financial liabilities are defined as the sum of the long-term portions of long-term debt, convertible debentures, other obligations and lease obligations, following the adoption of IFRS 16 - *Leases*. Prior periods were not restated to reflect the adoption of IFRS 16.

Critical Accounting Policies and Estimates

The preparation of financial statements 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. The Company's actual results could differ from these estimates and such differences could be material. All significant accounting policies are disclosed in Note 3 – *Summary of Significant Accounting Policies* in the Company's Consolidated Financial Statements for the year ended December 31, 2018. Key areas of judgements, estimations or use of managerial assumptions are as follows:

Impairment of Non-Financial Assets
The Company reviews the carrying value of non-financial assets for potential impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment test on a cash generating unit ("CGU") is carried out by comparing the carrying amount of the CGU and its recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. The recoverable amount has been determined by management using fair value less costs to sell model. This complex valuation process entails the use of methods, such as the discounted cash flow method which requires numerous assumptions to estimate future cash flows. The recoverable amount is impacted significantly by the discount rate used in the discounted cash flow model, as well as the quantum and timing of expected future cash flows and the growth rate used for the extrapolation.

Inventory Valuation
The Company values its inventories on a first-in, first-out basis at the lower of cost and replacement cost for raw materials and packaging, and the lower of cost and net realizable value for finished goods. In determining net realizable value, the Company considers such factors as yield, shelf life and expiry of finished goods, turnover or aging, expected future demand and historic experience. A change in the underlying assumptions related to these factors could affect the valuation of inventory and have a corresponding effect on cost of sales.

Management reviews the carrying value of inventories at each reporting year. As part of the review, management is required to make certain assumptions when determining expected realizable values and estimates an allowance for obsolescence based on product life and historical sales. Any write downs in value may be reversed if the circumstances which caused them to cease to exist.

Share-based Payments
The Company measures the cost of share-based payments, either equity or cash-settled, with employees by reference to the fair value of the equity instrument or underlying equity instrument at the date on which they are granted. In addition, cash-settled share-based payments are revalued to fair value at every reporting date.

Estimating fair value for share-based payments requires management to determine the most appropriate valuation model for a grant, which is dependent on the terms and conditions of each grant. In valuing certain types of share-based payments, such as incentive stock options and share appreciation rights, the Company uses the Black-Scholes option pricing model.

Several assumptions are used in the underlying calculation of fair values of the Company's stock options and share appreciation rights using the Black-Scholes option pricing model, including the expected life of the option, stock price volatility and forfeiture rates.

Valuation of Deferred Income Tax Assets
Management uses estimates when determining income tax provisions and deferred income tax assets. Significant judgment is required to determine the probable future taxable profits that will be available against which deductible temporary differences and unused tax losses can be utilized. Such estimates are made as part of the budget process by jurisdiction on an undiscounted basis. Management also exercises judgment to determine the extent to which realization of future taxable benefits is probable, considering factors such as the number of years to include in the forecast period, the history of taxable profits and availability of prudent tax planning strategies. Changes in market conditions, changes in tax legislation, patent challenges and other factors could adversely affect the probable future taxable profits. The carrying amount of deferred income tax assets is reassessed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to utilize all or part of the deferred income tax assets. Unrecognized deferred income tax assets are reassessed at each reporting period and are recognized to the extent that it is probable that there will be sufficient taxable income for the asset to be recovered.

New Accounting Standards Adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board ("IASB") or IFRS Interpretations Committee.

IFRS 16 - Leases
On January 1, 2019, the Company adopted IFRS 16 - *Leases* (IFRS 16) which specifies how to recognize, measure, present and disclose leases. The standard provides a single on-balance sheet accounting model, requiring lessees to recognize assets, representing its right to use the underlying asset for the lease term, and a lease liability in relation to leases which had previously been classified as operating leases under IAS 17 *Leases*, representing its obligation to make lease payments.

The Company applied the modified retrospective approach, which required recognition of the cumulative effect on retained earnings of initially applying IFRS 16 on January 1, 2019, without restating period year's periods. Currently, the Company has one operating lease for its manufacturing and office building, which qualifies as a lease under IFRS 16. The Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under IAS 17. The Company recognized a right-of-use asset and a lease obligation for this lease previously classified as operating lease. The right-of-use asset was recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. The lease liability was recognized based on the present value of the remaining lease payments, discounted using Crescita's incremental borrowing rate of 11% at the date of initial application.

This change in policy resulted in the recognition of right-of-use asset and lease liability amounting to $837 and $956 respectively on January 1, 2019, with $119 recorded as an adjustment to opening deficit.

IFRIC 23 - Uncertainty over Income Tax Treatment
In June 2017, the IASB released IFRIC 23 Uncertainty over income tax treatments (IFRIC 23), which was effective on January 1, 2019. IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances. The Company has concluded that IFRIC 23 has no material impact on its Condensed Consolidated Interim 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.

The Company evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting, supervised by and with the participation of the CEO and the CFO as of September 30, 2019. The CEO and the CFO concluded that, based on this evaluation, the Company's disclosure controls and procedures and internal controls over financial reporting were adequate and effective, at a reasonable level of assurance.

Risk Factors

An investment in the securities of the Company is speculative and involves a degree of risk. An investor should carefully consider the risks and uncertainties discussed in detail in the Annual MD&A filed on SEDAR on March 21, 2019 for the year ended December 31, 2018 and the "Risk Factors" section of the Company's AIF filed March 28, 2019 before making an investment decision. Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company's business. If any one or more of the following risks occur, the Company's business, financial condition and results of operations could be seriously harmed. Further, if the Company fails to meet the expectations of the public market in any given period, the market price of the Company's common shares could decline.

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 dated March 18, 2019, can be found on SEDAR at www.sedar.com.