CRESCITA THERAPEUTICS

Management's Discussion & Analysis

Third Quarter 2020

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November 11, 2020

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 Crescita's board of directors (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 that management believes is relevant to an assessment and understanding of the consolidated results of operations, cash flows and financial position 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, 2020 and 2019 (the "Q3-20 Interim Financial Statements") which have been filed on the System for Electronic Document Analysis and Retrieval ("SEDAR"). Crescita's accounting policies are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information relating to the Company, including its Annual Information Form ("AIF"), can be found on SEDAR at www.sedar.com.

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.

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

This MD&A contains "forward-looking information". Please refer to *Forward-looking Statements* below.

The Company uses non-IFRS and key financial measures in this MD&A. Please refer to *Non-IFRS and Key Financial Measures* and the *EBITDA and Adjusted EBITDA Reconciliation* sections of this MD&A.

Highlights and Key Business Developments

Q3-2020 vs Q3-2019 Financial Highlights

- Revenue was $7,301 compared to $4,906, an increase of $2,395;
- In Q3-F2020, the Company amended its licensing agreement with commercial partner Taro Pharmaceuticals Inc. ("Taro") for Pliaglis® in the U.S. and received a total of $5,151 (US$3,855). Revenue was recorded as follows:
    - $4,483 (US$3,355) as licensing revenue;
    - $668 (US$500) as Other Income;
- Gross profit was $6,129 representing an increase of $2,686;
- Operating expenses (excluding COGS) were $2,259, compared to $2,965, a decrease of $706;
- Adjusted EBITDA was $4,316 compared to $939, an increase of $3,377;
- Ending cash position was $13,856, an increase of $851 year-over-year and $4,591 versus Q2-F2020.

Key Business Developments

Patent Granted for an Enhanced Formulation of Pliaglis
On August 25, 2020, the United States Patent and Trademark Office ("USPTO") granted U.S. Patent No. 10,751,305 for Solid-Forming Topical Formulations for Pain Control, which covers an enhanced formulation of Pliaglis through January 14, 2031. The patent was listed in the U.S. Food and Drug Administration's ("FDA") Orange Book on September 24, 2020 by Taro Pharmaceuticals Inc. ("Taro"), our commercial licensing partner for Pliaglis in the U.S.

Licensing Agreement for Pliaglis® in Austria
On August 12, 2020, the Company entered into a commercialization license agreement with Pelpharma, a privately held Austrian pharmaceutical company specializing in the treatment of various skin and nail diseases, granting them the exclusive rights to sell and distribute Pliaglis in Austria. Under the agreement, Crescita will supply Pliaglis through its existing partnership with Cantabria Labs and will receive payments based on a pre-determined price per unit that includes a profit margin.

Amendment to the Development and Commercialization Agreement with Taro Pharmaceuticals Inc.
On July 28, 2020, the Company announced that it entered into an amendment to the development and commercialization agreement with Taro (the "Taro Amendment") with regard to Pliaglis in the United States ("U.S."). The Taro Amendment entitled the Company to receive a one-time payment in the aggregate amount of $5,151 (US$3,855). The Company recorded $4,483 (US$3,355) as licensing revenue, as it represented a royalty adjustment to past sales as well as an upward modification of future royalty payments, while $668 (US$500) was recorded as Other Income. See *Significant Partnerships* and *Other Expense (Income).*

Approval of Site Transfer Variation Application for European Supply of Pliaglis
On June 24, 2020, Crescita's licensing partner, Cantabria Labs ("Cantabria") received approval from European regulatory authorities for a site transfer variation application, allowing Cantabria's manufacturing facility in Santander, Spain to be the supplier of Pliaglis in Europe. In connection with the approval, the Company revised its estimate of the present value of future guaranteed minimum royalties to be received over the remaining term of the contract, recognizing $413 in Q2-20. See *Significant Partnerships*.

Resumption of Operations following COVID-19 Related Pause
On May 11, 2020, the Company started progressively re-opening its manufacturing and office facility following authorization from the Québec provincial government. As at the date of this MD&A, our facility is fully operational, and we have rehired the majority of employees that were temporarily laid off toward the end of Q1-20. In support of a safe work environment, the Company put in place several health and safety measures for its employees and visitors according to the recommendations of public health and the CNESST - *Commission des normes, de l'équité, de la santé et de la sécurité du travail,* the organization mandated by the government of Québec to administer the province's occupational health and safety plan.

On March 24, 2020, the Company announced that it had taken the following measures in response to the pandemic:

- The Company temporarily closed its office and manufacturing facility, in accordance with the Québec government-mandated shut-down of all non-essential businesses. The facility closure resulted in temporary layoffs affecting plant, sales, and most office personnel. The majority of employees who had been temporarily laid off have since been rehired and have returned to a five-day workweek following the resumption of operations.

- The Company implemented the following cash conservation initiatives to navigate the uncertainties and economic pressures posed by the pandemic: (i) temporary base salary reductions for the executive team, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as well as fee reductions for all members of the Company's Board of Directors, ranging between 25% and 40%; and (ii) the termination of the Company's automatic securities purchase plan in connection with its previous Normal Course Issuer Bid. Full base salaries and fees were restored for the executive team as well as for the Board of Directors effective July 1, 2020.

Patent Granted for an Enhanced Formulation of Pliaglis
On March 31, 2020, the USPTO granted U.S. Patent No. 10,603,293 for Solid-Forming Anesthetic Formulations for Pain Control, with validity through January 14, 2031. The patent was listed in the FDA's Orange Book on April 14, 2020 by Taro, our commercial licensing partner for Pliaglis in the U.S.

Positive Topline Results from Two Pivotal Phase 3 Clinical Studies for CTX-101
On February 11, 2020, the Company announced positive topline results from two pivotal Phase 3 clinical trials for CTX-101 (formerly MiCal 1), an ultra-potent topical corticosteroid product being developed for the treatment of plaque psoriasis using the Company's patented MMPE™ technology. See *Product Candidates in Co-Development*.

Award of Cannabis Research License from Health Canada
On January 24, 2020, the Company announced that its wholly-owned subsidiary, INTEGA Skin Sciences Inc. ("INTEGA") was awarded a cannabis research license (the "Research License") by Health Canada under the Cannabis Act and Cannabis Regulations, allowing the Company to possess cannabis for the purpose of R&D. The Research License enables the Company to better support the needs of its existing partnerships in the cannabis industry through innovation-driven product development.

Credit Facility with the Royal Bank of Canada
On January 22, 2020, the Company announced that it had secured a $3,500 revolving credit facility (the "Facility") with the Royal Bank of Canada ("RBC"). The Facility can be drawn by Crescita for working capital requirements and general corporate purposes and bears interest at RBC's prime (2.45% as at September 30, 2020) rate plus 0.25%. The Facility is secured by a first ranking charge in favour of RBC over the Company's accounts receivable and inventories. Drawings after the first $1,000 on the Facility will be limited to a percentage of the Company's then outstanding accounts receivable and inventory. The Facility bears no financial covenants, and no amounts have yet been drawn on the Facility.

Exclusive Distribution Agreement with Laboratoires FILLMED
On January 20, 2020, the Company announced that it entered into a distribution agreement with Laboratoires FILLMED ("FILLMED") for the exclusive distribution of the ART-FILLER® injectables range and New Cellular Treatment Factor® ("NCTF®") in Canada. FILLMED is a French aesthetic medicine company with expertise in developing aesthetic and cosmetic anti-ageing treatment solutions using hyaluronic acid. The partnership with FILLMED will allow Crescita to expand its product offering in the medical aesthetic field with the addition of the hyaluronic acid ("HA") ART-FILLER® injectables range and NCTF®135 HA, a skin rejuvenation solution indicated primarily for the improvement of skin quality and fine lines.

FILLMED passed its Medical Device Single Audit Program and expects to submit the ART-FILLER injectables for approval to Health Canada before the end of 2020, with a 6-12-month review process. The program is intended to improve Health Canada's oversight of the medical devices sold in Canada and to ensure that the medical devices used by Canadians meet higher quality standards. The Company expects to launch NCTF in the first half of 2021, while the ART-FILLER injectables are expected to be launched following approval from Health Canada.

Subsequent Events

Licensing Agreement for Pliaglis® in China
On November 5, 2020, the Company announced that it has entered into an exclusive agreement with Juyou-Biotechnology Co. Ltd ("Juyou"), a biotechnology company that develops and sells medical and cosmetic skin care products, for the commercialization and development of Pliaglis® and an enhanced formulation of Pliaglis in mainland China (the "License Agreement"). Juyou will be responsible for the overall clinical development and regulatory filings for Pliaglis with the National Medical Products Administration (the "NMPA", formerly the China State Food and Drug Administration). As part of the License Agreement, Crescita will receive an upfront payment in cash of US$125 and will be eligible for potential regulatory and sales milestones of up to US$1,000 and US$1,800 respectively. Crescita will supply Pliaglis at a pre-determined price per unit including a profit margin and will be eligible to receive double-digit royalties once the product is available for commercial sale.

Licensing Agreement for Pliaglis® in Mexico

On October 19, 2020, the Company entered into a commercialization and license agreement with LIV LABORATÓRIOS ("LIV"), a division of MINOS Labs, a privately held Mexican group of pharmaceutical, consulting, and regulatory companies. LIV specializes in dermatology solutions and sells directly to physicians. The agreement grants LIV the exclusive rights to distribute and sell Pliaglis in Mexico. Crescita will supply the product under its existing agreement with Cantabria and will be entitled to receive payments based on a pre-determined price per unit including a profit margin.

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 include, but are not limited to, statements concerning the Company's future objectives, strategies to achieve those objectives, the expected impact of, and responses to be taken with respect to, the outbreak of the coronavirus disease ("COVID-19") as well as statements with respect to management's expectations regarding beliefs, plans, estimates, goals, strategies, intentions, future growth, results of operations, performance, business prospects, opportunities and macroeconomic industry trends and similar statements concerning anticipated future events, results, circumstances, performance or expectations. 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, industry trends, legislative or regulatory matters, future levels of indebtedness, availability of capital, current economic conditions, the impact of, and response measures to be taken with respect to COVID-19 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 general business and economic uncertainties, adverse market conditions, the impact of COVID-19 on the operations, business and financial results of the Company, the Company's ability to execute its growth strategies, the impact of changing conditions in the regulatory environment and product development processes, increasing competition in the industries in which the Company operates, the Company's ability to meet its debt commitments, the impact of unexpected product liability matters, the impact of litigation involving the Company and/or its products, the impact of changes in relationships with customers and suppliers, the degree of intellectual property protection of the Company's products, the degree of market acceptance of the Company's products, developments and changes in applicable laws and regulations, as well as other risk factors as described from time to time in the reports and disclosure documents filed by Crescita with Canadian securities regulatory agencies and commissions, including the Company's Annual Information Form dated March 24, 2020. 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

We report our 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 alongside their respective definitions:

Profitability	• **EBITDA *(non-IFRS)*** – is defined as earnings 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 Reconciliation* section of this MD&A. • **Adjusted EBITDA *(non-IFRS)*** – is defined as earnings before interest, income taxes, depreciation and amortization, other expenses or (income), share-based compensation costs, goodwill and intangible asset impairment, and foreign exchange gains or (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 Reconciliation* section of this MD&A. • **Net income (loss) before income taxes** – is a measure of income or loss generated by the Company during the period.
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 growth strategy.

Impact of COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, a global pandemic. The outbreak resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, border shutdowns, self-imposed quarantine periods, closure of non-essential businesses and restrictive social measures, have caused material disruption to businesses globally, resulting in an economic slowdown, and significant volatility in global equity markets.

As at the date of this MD&A, the majority of Canadian provinces have allowed the reopening of personal care service businesses, including spas and medispas which had temporarily closed in line with recommendations by public health officials on or around March 24, 2020, and throughout the greater part of the second quarter of 2020. The pandemic has led to high levels of unemployment in Canada and has resulted in lower consumer spending. The timing of a recovery of consumer behavior and willingness to spend discretionary income on aesthetic products and treatments may adversely affect the Company’s ability to generate revenue comparable to historical levels. Even with the reopening of economies across Canada and worldwide, it remains unclear what the duration and long-term effects of this pandemic will be on our industry. With a surge in the number of cases across many provinces this fall, Canadian health officials have confirmed that the country is experiencing the second wave of the pandemic. There is the possibility that restrictions may be reinstituted in the future if outbreaks of COVID-19 worsen in Canada, a vaccine has not been developed and other effective treatment options are not available. Any reinstitution of restrictions leading to temporary closure of spas, medispas and medical clinics, may have further negative impacts on our business.

The overall reduction in customer demand for our products caused by the temporary closure of spas and medispas in Canada and in the various geographies where we do business has had a meaningful impact on our fiscal 2020 results to date. We anticipate that royalties from the worldwide sales of Pliaglis as well as revenue from our contract development and manufacturing business may be adversely affected by the economic conditions created by the pandemic. In Q2-20, we reviewed the estimates, judgments and assumptions used in the preparation of our Interim Financial Statements and as a result of performing a recoverability test on our intangible assets, we recorded an impairment charge of $1,918. At September 30, 2020, the Company updated its impairment test performed at June 30, 2020 and concluded that no further impairment charge was required. Refer to Note 6 - *Intangible Assets* of our Q3-20 Interim Financial Statements.

In response to the negative economic impact of COVID-19, various government programs have been announced to provide financial relief to affected businesses. The Company determined that it qualified for the Canada Emergency Wage Subsidy (“CEWS”) program under the COVID-19 Economic Response Plan in Canada. For the three and nine months ended September 30, 2020, the Company recognized payroll subsidies of $485 and $783, respectively under CEWS. In addition, as previously announced, Crescita’s management proactively implemented various cost reduction measures from the onset of the pandemic to protect its financial flexibility. Refer to *Key Business Developments – Resumption of Operations following COVID-19 Related Pause* for an update on these measures and their impact on our business.

Crescita’s executive team is closely monitoring the evolution of the pandemic and continues to focus on developing new commercial initiatives to grow its business in light of the new economic realities brought on by the pandemic. The health and safety of our employees, clients, and community continue to be a top priority.

Outlook and Liquidity Update

Our objectives when managing our liquidity and capital structure are to maintain enough cash to fund our operations, including business development and organic growth initiatives to enable us to continue as a going concern and to meet contractual obligations as they become due. As of September 30, 2020, Crescita had working capital (defined as current assets minus current liabilities) of $15,197, including a cash balance of $13,856 and an accumulated deficit of $(39,778). The Company's cash and other current assets at September 30, 2020, were sufficient to meet the Company's current accounts payable, accrued liabilities and other obligations for at least the next twelve months. In addition, the Company has further liquidity available of up to $3,500 under its revolving credit facility, subject to margin requirements. The facility bears no financial covenants, and no amounts has yet been drawn on the Facility.

Our ability to generate sufficient revenue to reach profitability is dependent on the successful implementation of its growth strategy. The emergence of the COVID-19 pandemic, causing the slowdown of the worldwide economy, could adversely impact the Company's ability to carry out its plans. The ability to raise additional financing for future activities may be impaired, or such financing may not be available on favourable terms, due to conditions beyond the control of the Company, such as uncertainty in the capital markets. This exposure is discussed in more detail in the "Risks Factors" section of our 2019 annual MD&A, in our most recently filed AIF for the 2019 fiscal year. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time.

Normal Course Issuer Bid

The Company's normal course issuer bid (the "NCIB") expired on June 27, 2020 and was not renewed. The NCIB permitted Crescita to purchase up to 1,000,000 of its common shares ("Common Shares") for cancellation on the open market through the facilities of the Toronto Stock Exchange, commencing June 28, 2019.

For the nine months ended September 30, 2020, the Company repurchased and cancelled 84,188 Common Shares at an average market price of $0.81 per Common Share for aggregate consideration including commissions of $68. Since the beginning of the NCIB, the Company repurchased and cancelled 367,611 shares for aggregate consideration including commissions of $325.

Outstanding Share Data

The following table provides the designation and number of each class and series of voting, equity, or convertible securities of Crescita, outstanding:

	As at November 9, 2020
Common shares	20,648,448
Stock options[1]	2,836,812
Convertible debentures[2]	1,000,000
Warrants	496,000

[1] This amount includes 1,760,812 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.

Selected Quarterly Financial Information

In thousands of CAD, except number of shares and per share data	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
Operations	**$**	**$**	**$**	**$**
Revenues	**7,301**	4,906	**12,849**	18,517
Cost of goods sold ("COGS")	**1,172**	1,463	**3,164**	4,113
Gross profit	**6,129**	3,443	**9,685**	14,404
Gross margin as a percentage of revenue	***83.9%***	*70.2%*	***75.4%***	*77.8%*
Operating expenses (excluding COGS)	**2,259**	2,965	**7,402**	8,850
Operating profit	**3,870**	478	**2,283**	5,554
Interest (income) expense, net	**(5)**	69	**(10)**	278
Impairment of intangible assets	**-**	-	**1,918**	-
Other expenses (income)	**(668)**	-	**(668)**	1,274
Foreign exchange (gain) loss	**(64)**	77	**(165)**	105
Total other expenses (income)	**(737)**	146	**1,075**	1,657
Income before income taxes	**4,607**	332	**1,208**	3,897
Deferred income tax expense	**399**	244	**579**	1,559
Net income	**4,208**	88	**629**	2,338
Adjusted EBITDA[1]	**4,316**	939	**3,647**	6,978
Net per common share				
Basic	**$ 0.20**	**$ -**	**$ 0.03**	**$ 0.11**
Diluted	**$ 0.19**	**$ -**	**$ 0.03**	**$ 0.11**
Weighted average number of common shares outstanding				
Basic	**20,648,448**	20,921,387	**20,665,803**	20,984,502
Diluted	**21,796,236**	22,705,677	**21,995,583**	22,442,250
Balance Sheet (As at September 30)				
Cash and cash equivalents	**13,856**	13,005	**13,856**	13,005
Total assets	**27,791**	32,537	**27,791**	32,537
Total non-current financial liabilities[2,3]	**1,123**	5,001	**1,123**	5,001
Total liabilities	**6,005**	10,918	**6,005**	10,918
Total equity	**21,786**	21,619	**21,786**	21,619

[1] Adjusted EBITDA is a non-IFRS measure. Please refer to *Non-IFRS and Key Financial Measures and EBITDA and Adjusted EBITDA Reconciliation*.

[2] Non-current financial liabilities are the sum of the long-term portions of long-term debt, convertible debentures, other obligations, and lease obligations.

[3] Non-current financial liabilities as at September 30, 2019 included the Company's long-term debt with Knight Therapeutics Inc. In Q4-19, the Company repaid the entire outstanding balance of $3,570.

Corporate Overview

About Crescita

Crescita (TSX: CTX and OTC US: CRRTF) is a growth-oriented, innovation-driven Canadian commercial dermatology company with in-house research & development ("R&D") and manufacturing capabilities. The Company offers a portfolio of non-prescription skincare products and early to commercial stage prescription drug products and 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 a business to business to consumer marketing approach, Crescita sells its non-prescription skincare products domestically through spas, medispas, and medical aesthetic clinics, as well as internationally, through distributors. Below is a description of the Company's primary distribution channels:

1) **Spas:** our lead aesthetic skincare brand, Laboratoire Dr Renaud® ("LDR"), is sold to professional aestheticians in spas. The spa environment provides non-invasive skincare solutions to clients. Specializing in anti-aging, dehydration, pigmentation, sensitivity, acne, and rosacea, LDR provides high performance active ingredient product formulations to enhance skincare treatments. LDR is also sold and used for training in aesthetic schools across Canada.

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

3) **International distributors:** some of our skincare brands and formulations are currently sold in certain Asian markets, such as Malaysia and South Korea, through international distributors. In addition, some of the Company's products are also sold in the U.S. Dermazulene®, a product specifically designed and created for the Chinese market, is sold through a large cross-border e-commerce platform in China.

Crescita's portfolio also includes a prescription product called Pliaglis® that utilizes our proprietary phase-changing topical cream Peel technology – see Transdermal Delivery Technologies. Pliaglis is a topical local anesthetic cream that provides safe and effective local dermal analgesia on intact skin prior to superficial dermatological procedures. The product is currently approved in over 25 different countries, is sold by commercial partners in the U.S., Italy, and Brazil, and was most recently licensed to partners in Austria, Mexico and China. We market Pliaglis in the Canadian medispa market through our existing sales force.

Crescita's expertise in product formulation and development can be leveraged in combination with our patented transdermal delivery technologies to develop and manufacture creams, liquids, gels, ointments and serums under our contract development and manufacturing organization ("CDMO") infrastructure. We provide our CDMO services to several North American clients under full cGMP (current Canadian Good Manufacturing Practices) conditions and deliver innovative turnkey solutions integrating production with in-house R&D, supply chain, quality assurance and quality control functions. Our integrated approach aims to simplify our clients' supply chain and maximize value to ensure timely and cost-effective commercial product launches for our clients.

The Company operates out of a 50,000 square-foot facility located in Laval, Québec, which produces the majority of our non-prescription skincare products. Formulations manufactured by or for Crescita include cosmetics, natural health products and products with Drug Identification Numbers.

The Company runs its operations through its corporate head office located in Laval, Québec and maintains a registered office located at 6733 Mississauga Road, Suite 800, Mississauga, Ontario, L5N 6J5.

Vision and Growth Strategy

Our vision is to become a leader in innovative, science-based skincare solutions, providing improved outcomes for all its clients' skincare concerns.

Our growth strategy is comprised of four pillars, each of which is based on the fundamentals of our business model. Together, we refer to these as our "Four-Pillar Growth Strategy."

- Pillar 1: Organic Growth
- Pillar 2: Strategic Acquisitions and/or In-licensing Agreements
- Pillar 3: Strategic Out-licensing of Assets
- Pillar 4: Contract Development and Manufacturing Services

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, 2019. For further details, please refer to the section entitled "Vision and Growth Strategy" on page 6 of Crescita's 2019 Annual Report, which is available on our website at www.crescitatherapeutics.com and which was filed with the CSA on SEDAR at www.sedar.com.

Competitive Conditions

There have been no changes to the Company's competitive conditions since our year ended December 31, 2019. For further details please refer to the section entitled "Competitive Conditions" on page 7 of Crescita's 2019 Annual Report, which can be found on our website at www.crescitatherapeutics.com and which has been filed with the CSA on SEDAR at www.sedar.com.

Change in Reporting Segments

IFRS 8 - *Operating Segments* ("IFRS 8") requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker ("CODM") for the purpose of allocating resources to the segment and to assessing its performance.

As a result of certain realignments in the 2020 strategic planning process, effective January 1, 2020, we now have three reportable segments: (i) Commercial Skincare ("Commercial"); (ii) Licensing and Royalties ("Licensing"); and (iii) Manufacturing and Services ("Manufacturing"). Prior to this, we operated our business as one segment.

We have retrospectively revised the segmented information for the comparative period to conform to the new segmented information structure. Please refer to the *Revenue by Segment* and *Gross Profit by Segment* sections of this MD&A and to Note 16 - *Segmented Information* of our Q3-20 Interim Financial Statements.

Non-Prescription Skincare 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 concerns 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 was launched as a Canadian brand 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 as well as the worldwide rights for the formulations. Virtually all the LDR products are manufactured at the Company's Laval manufacturing facility and can be purchased either through a professional aesthetician, a spa or online.

Pro-Derm™

Pro-Derm is a line of high-quality cosmeceutical products sold to physicians operating medispas and medical aesthetic 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 a range 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 trademark rights for Canada and the worldwide formulations and marketing rights for Pro-Derm. Virtually all the Pro-Derm products are manufactured at the Company's Laval manufacturing facility.

Alyria®

Alyria is a comprehensive skincare line developed using scientific research to target major skincare concerns. Alyria offers a complete regimen to help patients achieve healthier-looking skin. Alyria products are sold by physicians operating medispas and medical aesthetic clinics and use therapeutic 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 Pro-Derm line and can be purchased throughout Canada in various medispas and medical clinics. Crescita owns the trademark rights for Canada, Europe, certain South American countries, and the United States. In addition, 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 is advancing the transfer of the manufacturing process of the Alyria line of products to its facility and anticipates completion of the transfer by the end of fiscal 2020.

Dermazulene®

Dermazulene is a skincare brand developed specifically to address the skincare needs of Asian consumers. The brand differentiates itself through effective anti-aging, whitening and anti-pollution formulas, while offering novel packaging such as encapsulated products. The brand was launched in China in early 2019 through NetEase Kaola, an e-commerce platform of Alibaba Group Holding Limited. Crescita owns the trademark rights to Dermazulene in Canada, China, and the U.S.

Prescription Product Portfolio

Pliaglis®

Pliaglis is a topical local anesthetic 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 Company's 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 procedure to be performed with minimal to no pain. In clinical studies, the mean duration of anesthesia has been shown to be in the range of 7 to 9 hours after the application of Pliaglis.

The product is currently approved in over 25 countries and sold by commercial partners in the U.S., Italy, and Brazil (see *Significant Partnerships*), and was most recently licensed to partners in Austria, Mexico and China (see *Key Business Developments and Subsequent Events*). In addition, the Company launched Pliaglis in the Canadian medispa market through its existing sales force in late 2019.

Crescita continues to explore alternatives for the preferred commercial distribution pathway for Pliaglis in the rest-of-world ("ROW") and is actively seeking to secure licensing partners in countries that have been identified by management as having the highest strategic priority.

Enhanced Formulation of Pliaglis®

The Company developed alternate enhanced formulations of Pliaglis that also contain 7% lidocaine and 7% tetracaine but possess improved application and removal properties compared to Pliaglis with extended patent protection through 2031 in multiple jurisdictions.

On August 25, 2020, the USPTO granted U.S. Patent No. 10,751,305 for Solid-Forming Topical Formulations for Pain Control, which covers the enhanced formulations of Pliaglis through January 14, 2031. The new patent was listed in the Orange Book by Taro on September 21, 2020.

On March 31, 2020, the USPTO granted U.S. Patent No. 10,603,293 which covers both Pliaglis and the enhanced formulations of Pliaglis through January 14, 2031. The new patent was listed in the Orange Book on April 14, 2020 by Taro, our commercial licensing partner for Pliaglis in the U.S.

Product Candidates in Co-Development

In April 2014, Crescita entered into a joint venture with Ferndale Laboratories Inc. and a leading U.S. contract research organization (a "CRO" and together the "Development Partners") to develop and formulate two topical dermatology product candidates (the "Product Candidates") utilizing our patented MMPE™ technology. Under this agreement (the "Original Joint Venture Agreement"), upon completion of the formulations, the Development Partners 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 licensing.

However, in 2019, the Company amended the Original Joint Venture Agreement, including a financial commitment from the Company to fund its proportionate share of the Phase 3 clinical development costs in order to maintain its anticipated share of future licensing proceeds.

CTX-101

CTX-101 (formerly referred to as MiCal 1), is a topical formulation utilizing a corticosteroid in combination with the Company's patented MMPE technology to treat plaque psoriasis. On February 11, 2020, the Company announced positive topline results from two pivotal Phase 3 clinical trials for CTX-101. The two Phase 3 multi-centre, randomized, vehicle-controlled, double-blind, parallel group trials were conducted in the U.S. using the same study design.

Both studies met the primary endpoint demonstrating that a statistically significant greater number of patients achieved the Investigator's Global Assessment ("IGAs") treatment success ($p < 0.001$) at the end of study. The IGA score is a static evaluation by the investigator of the overall assessment of the patient's disease status within the designated treatment area. These results are based on the Intention to Treat population and study results in the Per Protocol population were also highly significant as were key secondary endpoints for both studies. The Company is now working with its Development Partners to complete the full development program and clinical reports for these studies for submission to the FDA and has agreed with its Development Partners to initiate licensing discussions.

CTX-102

CTX-102 (formerly referred to as MiCal 2), is a topical formulation also utilizing our patented MMPE technology to treat an undisclosed dermatological skin condition. Initial formulation development efforts for CTX-102 were completed in Q2-18, while an Investigational New Drug ("IND") application update was filed on June 25, 2018 including details on the formulations to be evaluated in the first planned Phase 1 vasoconstrictor assay ("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 completed in Q1-19. The results of the Phase 1 VCA study were encouraging, and the Company is now advancing the development program through a pilot Phase 2 study that will provide additional feedback on the safety, user response and clinical efficacy of the lead formulation.

Transdermal Delivery Technologies

Crescita has multiple drug delivery platforms supporting the development of patented formulations that 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 of the active ingredients 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 U.S., with the latest expiring in 2031. Patent applications are pending in Brazil and the U.S. DuraPeel patents have been issued in Australia, Canada, Japan, and in 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 in the FDA's Inactive Ingredients Database ("IID") 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 in the United States, with the latest expiry date in 2036.

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 and commercial stage products and proprietary platform technologies, which include MMPE and DuraPeel. See *Transdermal Delivery Technologies*. The following table summarizes the Company's key prescription drug products and 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 superficial dermatological procedures	Commercial	U.S. patent for Pliaglis expired on September 28, 2019. Three Orange Book listed U.S. patents for enhanced formulation expiring in 2031. Application pending in the U.S. through 2031.
Pliaglis (ROW)	Local anesthesia prior to superficial dermatological procedures	Commercial	International patents for Pliaglis expired on September 27, 2020.
Enhanced formulations of Pliaglis (ROW)	Local anesthesia prior to superficial dermatological 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.
CTX-101 [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.
CTX-102 [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. International and US applications pending through 2040.
Dermatology products utilizing MMPE [3]	Prescription treatments of skin diseases	Pre-clinical	Patent granted in the U.S. expiring in 2027. U.S. patent pending through 2027.

1. CTX-101 and CTX-102 (formerly MiCal 1 and 2, respectively), are topical products in co-development with the Company's Development Partners which utilize our MMPE technology.
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 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.

Significant Partnerships

Licensing Agreement with Cantabria Labs
On April 25, 2019, the Company announced that it entered into a commercialization license agreement with Cantabria (the "Cantabria Agreement") 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").

Under the Cantabria Agreement, 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 each of the Territories.

Effective April 1, 2019, Crescita reacquired the ROW development and marketing rights for Pliaglis from Galderma S.A. ("Galderma"), a global pharmaceutical company specialized in dermatology.

Manufacturing & Supply of Pliaglis in Europe
In addition, under the Cantabria Agreement, the parties agreed that Cantabria would transfer the manufacturing of Pliaglis to its centre for sustainable production in Spain and that Cantabria would supply the product to Crescita outside the Territories.

In Q1-20, Cantabria successfully completed the transfer of the manufacturing process and analytical test methods for Pliaglis to its manufacturing facility in Santander, Spain, and a manufacturing site variation application seeking approval for Cantabria's facility to manufacture Pliaglis for the European market was submitted to the European Union member states on April 22, 2020.

On June 24, 2020, Cantabria received approval from the European regulatory authorities for the site transfer variation application, allowing Cantabria's manufacturing facility to be the supplier of Pliaglis in Europe. In connection with the approval, the Company revised its estimate of the present value of future guaranteed minimum royalties to be received under the contract, recognizing an additional $413 in Q2-20.

Licensing Agreement with Taro Pharmaceuticals Inc.
On April 25, 2017, the Company announced that it entered into a development and commercialization license agreement with Taro Pharmaceuticals Inc., a subsidiary of Taro Pharmaceutical Industries Ltd. (the "Original Taro Agreement"). Under the terms of the Original Taro Agreement, Crescita granted Taro an exclusive license to sell and distribute Pliaglis and an enhanced formulation of Pliaglis in the U.S. market.

On July 28, 2020, the Company announced that it entered into an amendment agreement with Taro. The Taro Amendment entitled Crescita to receive a one-time payment for an aggregate amount of $5,151 (US$3,855), largely representing a royalty adjustment to past sales as well as an upward modification of future royalty payments. The parties also agreed to certain modifications of non-financial clauses, which resulted in the recognition of Other Income of $668 (US$500) during the quarter. See *Other Expenses (Income).* Under the amended agreement, royalties will be calculated using a higher double-digit flat rate in lieu of a series of tiered double-digit rates as prescribed under the original agreement.

In Q4-19, we were informed by Taro of certain restrictive amendments to managed care in the U.S. which may have an adverse impact on Pliaglis sales in the future. Although the impact still cannot be quantified and its extent remains unknown, we, along with Taro, are closely monitoring sales in the U.S.

Results of Operations

Fluctuations in Operating Results

Crescita's results of operations have fluctuated significantly from period-to-period in the past and are likely to do so in the future. Crescita anticipates that its quarterly and annual results of operations will be impacted for the foreseeable future by several factors including the COVID-19 pandemic, the timing and amount of product sales, royalties, milestone and upfront 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 an adequate indicator of future performance.

Foreign Exchange Rates

Through its international operations, Crescita 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 Note 16 - *Financial Instruments and Risk Management* to the Q3-20 Interim Financial Statements.

Average rates	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
U.S. dollar	**1.3316**	1.3206	**1.3539**	1.3291
Euro	**1.5579**	1.4677	**1.5216**	1.4934

Spot rates	As at September 30, 2020	2019
U.S. dollar	**1.3339**	1.3243
Euro	**1.5631**	1.4438

Revenue by Segment

In thousands of CAD	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
	$	**$**	**$**	**$**
Commercial skincare	**1,782**	1,705	**4,625**	5,390
Licensing and royalties	**4,999**	2,537	**6,865**	11,037
Manufacturing and services	**520**	664	**1,359**	2,090
Total revenue	**7,301**	**4,906**	**12,849**	**18,517**

For the three months ended September 30, 2020, total revenue was $7,301 compared to $4,906 for the three months ended September 30, 2019, representing a year-over-year increase of $2,395. The increase came primarily from the Licensing segment, representing $2,462, as a result of the Taro Amendment of $4,483, and to a lesser extent from the Commercial Skincare segment, representing a slight increase of $77 year-over-year, and was partly offset by lower Pliaglis royalties and sales milestones under the Taro Agreement. Manufacturing segment revenue decreased by $144, mainly due to a reduction in work volumes from our contract manufacturing clients due to pandemic-driven decreases in demand.

For the nine months ended September 30, 2020, total revenue was $12,849 compared to $18,517 in the comparable nine-month period of 2019, representing a decrease of $5,668. The Commercial Skincare and Manufacturing segments were impacted by $765 and $731, respectively, as a result of lower demand for our products and services due to COVID-19-related shutdowns of personal services businesses such as spas and medispas throughout most of the second quarter of 2020. The Licensing segment posted a decrease of $4,172 year-over-year primarily due to the aggregate amount of $5,459 recognized in the first nine months of 2019 in connection with the Cantabria Agreement, which did not repeat in 2020, partly offset by lower royalties on global Pliaglis sales of $967, and sales milestones of $2,645 (US$2,000), which did not repeat in 2020, partly offset by the $4,483 received from the Taro Amendment.

Commercial Skincare

The Commercial Skincare reportable segment manufactures branded non-prescription skincare products for sale to both the Canadian and international markets, and commercializes the Company's lead prescription product, Pliaglis, in Canada. The Company's branded non-prescription products include: Laboratoire Dr. Renaud, Pro-Derm, Alyria and Dermazulene. These premium skincare lines provide solutions for a wide range of skin concerns such as aging, acne, hydration, pigmentation, and rosacea.

In Canada, the Company's sales force calls on aesthetic spas, medispas and medical aesthetic clinics using a business to business to consumer model. International markets include South Korea and Malaysia where the Company sells LDR through distribution partners, and China where Dermazulene is sold through a large e-commerce distributor. The Company recognizes revenue from the sale of products when the goods are shipped or received by the customers depending on the specific arrangement.

Commercial Skincare sales for the three months ended September 30, 2020 were $1,782 compared to $1,705 for the three months ended September 30, 2019, representing a slight increase of $77. The increase was mainly driven by incremental sales from our lead aesthetic brand, LDR, primarily as a result of the incremental sales of hand sanitizer and personal protective equipment starter kits commercialized by the Company during the pandemic, partly offset by a decrease in export sales due to timing of shipments versus the prior year's quarter.

Commercial Skincare sales for the nine months ended September 30, 2020 were $4,625 compared to $5,390 for the nine months ended September 30, 2019, representing a decrease of $765. The decrease was mainly driven by lower overall demand for our skincare products, both in the Canadian and international markets, triggered by the temporary closure of aesthetic and medical aesthetic clinics due to the COVID-19 pandemic throughout most of the second quarter. The decrease was partly offset by the incremental sales of hand sanitizer and personal protective equipment starter kits, as mentioned above.

Licensing and Royalties

The Licensing reportable segment includes revenue generated from licensing the intellectual property related to the Company's lead prescription product, Pliaglis, or for the use of its transdermal delivery technologies, MMPE and DuraPeel either on an exclusive or non-exclusive basis. The Licensing segment also leverages the Company's in-house R&D capabilities for the development of new topical products combining its technologies and various selected molecules to fuel future licensing agreements in the non-prescription skincare market.
The key sources of revenue in this segment are upfront and milestones payments as well as royalties determined using the agreed-upon formulas described in each respective licensing agreement.

For the three months ended September 30, 2020, Licensing revenue was $4,999, compared to $2,537 for the three months ended September 30, 2019, representing an increase of $2,462. The increase was largely driven by the $4,483 received as part of the Taro Amendment (also see *Other Expenses (Income)*), partly offset by the fourth and final cumulative sales milestone of $1,324 (US$1,000) in Q3-19 under the Taro Agreement, which did not repeat in 2020, as well as lower royalties on global Pliaglis sales of $697 year-over-year.

For the nine months ended September 30, 2020, Licensing revenue was $6,865 compared to $11,037 for the nine months ended September 30, 2019, representing a decrease of $4,172. In the first nine months of 2020, the Company had the following revenue streams: 1) $4,483 recognized as part of the Taro Amendment, as discussed above; 2) $1,969 in royalties on global Pliaglis sales; and 3) $413 as a result of a revision to the net present value of future guaranteed minimum royalties under the Cantabria Agreement. In the first nine months of 2019, the Company had the following revenue streams: 1) $5,459 in connection to the Cantabria Agreement ($3,721 in up-front payments and $1,738 in future guaranteed minimum royalties); 2) $2,645 (US$2,000) in sales milestones triggered by Taro reaching the third and fourth and final contractual cumulative sales targets; as well as 3) $2,936 in royalties on global Pliaglis sales.

Manufacturing and Services

The Manufacturing and Services reportable segment includes two main revenue streams: 1) revenue from the sale of topical products manufactured to client-specifications under its CDMO infrastructure; and 2) revenue for product development services. Clients in the Manufacturing and Services segment use Crescita's CDMO services to manufacture their products either under a private label or a brand name and may use a combination of Crescita's existing formulations or novel formulations, with or without the utilization of our transdermal delivery technologies.

Manufacturing and Services revenue for the three and nine months ended September 30, 2020, were $520 and $1,359, respectively, compared to $664 and $2,090 for the three months ended September 30, 2019, respectively. The year-over-year decreases of $144 and $731, were mainly due to the decrease in demand for our services as a result of the economic impacts of the COVID-19 pandemic on our clients, as well as the timing of those services.

Revenue Distribution

The following charts provide additional information regarding our revenue mix by geography and reportable segment for the three and nine months ended September 30, 2020 and 2019:

By Geography *(based on client's domicile)*

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Canada	**88%**	80%	**82%**	54%
U.S.	**7%**	12%	**10%**	10%
ROW	**5%**	8%	**8%**	36%
	100%	100%	**100%**	100%

By Segment

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Commercial Skincare	**24%**	35%	**36%**	29%
Licensing and Royalties	**69%**	52%	**53%**	60%
Manufacturing and Services	**7%**	13%	**11%**	11%
	100%	100%	**100%**	100%

Major Customers

Under IFRS 8, major customers are those that account for greater than 10% of a company's consolidated revenue. The Company had one major customer that accounted for 68% and 50%, respectively, of the Company's total revenue for the three and nine months ended September 30, 2020, and two major customers that accounted for 63% and 58%, respectively, of revenue for the three and nine months ended September 30, 2019.

Gross Profit by Segment

The CODM uses gross profit as the measure to assess the performance of the Company's segments and to allocate resources to these segments. Gross profit is calculated by subtracting the cost of goods sold ("COGS") from revenue, either on a consolidated or on a by segment basis. Gross margin, as reported below and elsewhere in this MD&A is an expression of gross profit as a percentage of revenue, either on a consolidated or by segment basis. The cost of goods sold primarily includes: the costs associated with manufacturing and packaging our products, provisions for inventory obsolescence, the cost of products purchased from third parties, as well as the costs related to earning licensing revenue in the prior year.

	Three months ended September 30,		Nine months ended September 30,	
In thousands of CAD	2020	2019	2020	2019
	$	$	$	$
Revenue	**7,301**	4,906	**12,849**	18,517
Cost of goods sold	**1,172**	1,463	**3,164**	4,113
Gross profit	**6,129**	3,443	**9,685**	14,404
Gross margin %	***83.9%***	***70.2%***	***75.4%***	***77.8%***

For the three months ended September 30, 2020, total gross profit was $6,129, representing a gross margin of 83.9%, compared to $3,443 or a gross margin of 70.2% for the three months ended September 30, 2019. The year-over-year increase in gross profit of $2,686 and improvement in gross margin of 13.7% were primarily due to the increase in high margin Licensing revenue, as explained above, combined with lower costs associated to earning royalties on Pliaglis year-over-year.

For the nine months ended September 30, 2020, total gross profit was $9,685, representing a gross margin of 75.4%, compared to $14,404 or a gross margin of 77.8% for the comparative nine months of 2019. The decreases in gross profit of $4,719 and in gross margin of 2.4% were mainly due to: the decrease in high margin licensing revenue, the COVID-19 related business and product demand disruptions, as well as the timing and mix of CDMO sales driving the decreases in our Commercial Skincare and Manufacturing segments, respectively, partly offset by the lower costs associated to earning royalties on Pliaglis year-over-year.

Commercial Skincare

In thousands of CAD	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
	$	**$**	**$**	**$**
Revenue	**1,782**	1,705	**4,625**	5,390
Cost of goods sold	**789**	722	**2,200**	2,389
Segment gross profit	**993**	983	**2,425**	3,001
Gross margin %	***55.7%***	*57.7%*	***52.4%***	*55.7%*

For the three months ended September 30, 2020, gross profit in the Commercial Skincare segment was $993, representing a gross margin of 55.7%, compared to $983 or a gross margin of 57.7%, respectively, for the three months ended September 30, 2019. While gross profit was essentially flat year-over-year, gross margin decreased by 2.0% mainly due to the incremental obsolescence charges taken in the quarter versus Q3-19.

For the nine months ended September 30, 2020, gross profit in the Commercial segment was $2,425, representing a gross margin of 52.4%, compared to $3,001 or a gross margin of 55.7% for the nine months ended September 30, 2019. The decreases in gross profit of $576 and in gross margin of 3.3% were mainly attributable to lower segment revenue, as a result of COVID-19 related business and product demand disruptions, as well as the incremental obsolescence charges taken versus the comparable period of the prior year.

Licensing and Royalties

In thousands of CAD	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
	$	**$**	**$**	**$**
Revenue	**4,999**	2,537	**6,865**	11,037
Cost of goods sold	**-**	197	**-**	432
Segment gross profit	**4,999**	2,340	**6,865**	10,605
Gross margin %	***100.0%***	*92.2%*	***100.0%***	*96.1%*

For the three months ended September 30, 2020, gross profit in the Licensing segment was $4,999, representing a 100.0% gross margin, compared to $2,340 and a gross margin of 92.2% for the three months ended September 30, 2019. The increase in gross profit of $2,659 was primarily related to the net incremental segment revenue, as described previously, which also resulted in the improvement in gross margin of 7.8%, combined with the year-over-year lower cost of earning royalties on Pliaglis sales.

For the nine months ended September 30, 2020, gross profit in the Licensing segment was $6,865, representing a gross margin of 100.0%, compared to $10,605 and a gross margin of 96.1% for the nine months ended September 30, 2019. The decrease in gross profit of $3,740 was primarily a result of lower segment revenue, as described previously, while the improvement in gross margin of 3.9% was related to the lower cost of earning royalties on Pliaglis sales.

Manufacturing and Services

In thousands of CAD	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
	$	$	$	$
Revenue	**520**	664	**1,359**	2,090
Cost of goods sold	**383**	544	**964**	1,292
Segment gross profit	**137**	120	**395**	798
Gross margin %	***26.3%***	*18.1%*	***29.1%***	*38.2%*

For the three months ended September 30, 2020, gross profit in the Manufacturing and Services segment was $137, representing a gross margin of 26.3%, compared to $120 and a gross margin of 18.1% for the three months ended September 30, 2019. While segment gross profit was essentially flat year-over-year, the improvement in gross margin of 8.2% was primarily related to timing and mix of CDMO orders.

For the nine months ended September 30, 2020, gross profit in the Manufacturing segment was $395, representing a gross margin of 29.1%, compared to $798 and a gross margin of 38.2% for the nine months ended September 30, 2019. The decreases in gross profit of $403 and gross margin of 9.1% were primarily related to the same factors are described for the quarter.

Gross margins generated by the Manufacturing and Services segment are dependent on the specific terms of agreements and vary by customer. The timing of customer orders and the mix of customers will continue to have an impact on our segment margins.

Operating Expenses (excluding COGS)

In thousands of CAD	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
	$	$	$	$
Research and development	**212**	462	**776**	1,338
Selling, general and administrative	**1,632**	2,092	**5,383**	6,335
Amortization and depreciation	**415**	411	**1,243**	1,177
Total operating expenses	**2,259**	2,965	**7,402**	**8,850**

For the three and nine months ended September 30, 2020, total operating expenses were $2,259 and $7,402, compared to $2,965 and $8,850, for the three and nine months ended September 30, 2019. The year-over-year decreases $706 and $1,448 were mainly driven by lower selling, general and administrative (“SG&A”) and R&D expenses. Late in Q1-20, we initiated cash conservation measures in response to the COVID-19 pandemic which contributed to the year-over-year decreases. In addition, we had the benefit of wage subsidies under the CEWS program of $259 and $557, respectively, for the three and nine months ended September 30, 2020, which were recorded against SG&A-related compensation, as well as savings due to certain unfilled positions.

Management continues to monitor the evolution of the pandemic and may reinstate cost containment measures or add new ones to maintain as much financial flexibility through this uncertain time.

Research and Development
R&D expenses are mainly composed of employee compensation costs, clinical trial costs, clinical manufacturing and scale-up costs and other third-party laboratory testing and service fees. 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 Manufacturing and Services and Licensing businesses.

Product portfolio rejuvenation and innovation activities are ongoing and are a key success factor for Crescita, allowing us to remain competitive in our product offerings. To a lesser extent, the Company also incurs formulation development costs related to our prescription product candidates such as CTX-101 and CTX-102 (formerly MiCal 1 and MiCal 2). 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 development of test batches.

The Company also leverages its in-house R&D function for the development of new topical products combining its technologies and various selected molecules to fuel future licensing agreements in the non-prescription skincare market.

R&D expenses for the three and nine months ended September 30, 2020 were $212 and $462, compared to $776 and $1,338 for the three and nine months ended September 30, 2019. The year-over-year decreases of $250 and $562, respectively, were mainly driven by the cash conservation measures initiated by the Company in response to the COVID-19 pandemic, including temporary layoffs and salary reductions, as well as lower third-party laboratory and service fees year-over-year.

Selling, General and Administrative
SG&A expenses for the three months ended September 30, 2020 were $1,632 compared to $2,092, representing a year-over-year decrease of $460. The decrease was mainly driven by the combined benefit of the federal government wage subsidy under the CEWS program of the Canadian COVID-19 Economic Response Plan in the amount of $259, as well as savings from certain vacant positions versus the prior year's quarter as well as lower travel expenses due to shelter-in place rules.

For the nine months ended September 30, 2020, SG&A expenses were $5,383 compared to $6,335, representing a decrease of $952 year-over-year. The decrease was primarily driven by the impact of cash conservation measures initiated by the Company in late in Q1-20 in response to the COVID-19 pandemic, including temporary layoffs and salary reductions, the benefit of $557 under the CEWS program, savings from certain vacant positions versus the prior year's quarter and lower travel expenses as a result of not being able to physically attend aesthetic trade shows and conferences due to shelter-in place rules.

Depreciation and Amortization
For the three and nine months ended September 30, 2020, depreciation and amortization expense was $415 and $1,243, respectively, compared to $411 and $1,177, respectively, for the three and nine months ended September 30, 2019. The year-over-year increase for the nine-month period of $66 was mainly due to the accelerated amortization of intangible assets. In 2019, the Company reassessed the useful lives of certain intangible assets to better reflect the Company's current competitive landscape, resulting in accelerated amortization of these intangible assets.

Other Expenses (Income)

In thousands of CAD	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
	$	$	$	$
Interest expense	**52**	149	**199**	460
Interest income	**(57)**	(80)	**(209)**	(182)
Foreign exchange (gain) loss	**(64)**	77	**(165)**	105
Impairment of intangible assets	**-**	-	**1,918**	-
Taro Amendment	**(668)**	-	**(668)**	-
Termination fees and other costs	**-**	-	**-**	1,274
Total other expenses (income)	**(737)**	**146**	**1,075**	**1,657**

Interest
For the three and nine months ended September 30, 2020, interest expense was $52 and $199, compared to $149 and $460 for the three and nine months ended September 30, 2019, respectively. The year-over-year decreases of $97 and $261, respectively were primarily a result of the repayment in full of the Company's long-term debt with Knight Therapeutics Inc. (the "Knight Loan") in December 2019. Interest expense also includes the interest accretion on other obligations related to the acquisition of Alyria and on the convertible debentures.

For the three and nine months ended September 30, 2020, interest income was $57 and $209, respectively, compared to $80 and $182 for the three and nine months ended September 30, 2019, respectively. The Company earns interest on its cash balances and short-term investments. In addition, the Company records interest income accretion on the contract assets related to the guaranteed minimum royalties recognized under the Cantabria Agreement. Refer to Note 9 – *Revenue* to the Q3-20 Interim Financial Statements.

Foreign Exchange (Gain) Loss
For the three and nine months ended September 30, 2020, the Company recorded a net foreign currency gain of $64 and $165, respectively, compared to a net foreign currency loss of $77 and $105 for the three and nine months ended September 30, 2019, respectively. The year-over-year foreign currency variances are primarily driven by the timing of payments and settlements of foreign currency denominated balances, the revaluation of certain items on the Consolidated Statement of Financial Position as well as combined with the volatility of foreign exchange rates.

Impairment of Intangible Assets
The Company recognized an impairment charge of $1,918, following an update to its impairment assessment as at June 30, 2020. The impairment charge was mainly to reflect the projected impact on its long-term forecasts of the pandemic-driven decrease in demand for its non-prescription skincare products and contract manufacturing and development services. Refer to Note 6 – *Intangible Assets* to the Q3-20 Interim Financial Statements.

Taro Amendment
As part of the Taro Amendment concluded during the quarter, the Company recognized $668 (US$500) in connection with the termination of a non-financial clause regarding the supply of Pliaglis to non-U.S. territories.

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.

Net Income and Net Income per Share

In thousands of CAD except number of shares and per share amounts	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
	$	**$**	**$**	**$**
Income before income taxes	**4,607**	332	**1,208**	3,897
Deferred income tax expense	**399**	244	**579**	1,559
Net income	**4,208**	88	**629**	2,338
Net income per common share				
- basic	**$ 0.20**	$ -	**$ 0.03**	$ 0.11
- diluted	**$ 0.19**	$ -	**$ 0.03**	$ 0.11
Weighted average number of common shares outstanding				
- basic	**20,648,448**	20,921,387	**20,665,803**	20,984,502
- diluted	**21,796,236**	22,705,677	**21,995,583**	22,442,250

Income before Income Taxes

For the three months ended September 30, 2020, the Company reported income before income taxes of $4,607, compared to $332 for the three months ended September 30, 2019. The year-over-year increase of $4,275 was mainly attributable to: 1) the incremental total gross margin of $2,686 across our segments, largely due to the amounts received under the Taro Amendment; 2) a reduction in R&D and SG&A expenses of $250 and $460, respectively; 3) Other Income of $668 recognized as part of the Taro Amendment in connection with the termination of certain non-financial clauses; 4) a reduction in net interest expense of $74; and 5) the favourable impact of a foreign exchange gain in the amount of $141 year-over-year.

For the nine months ended September 30, 2020, the Company reported income before income taxes of $1,208, compared to $3,897 reported for the nine months ended September 30, 2019. The year-over-year decrease of $2,689 was mainly attributable to: 1) the reduction in gross margin of $4,156 across all segments, excluding the impacts of both the Cantabria Agreement as well as the Taro Amendment; 2) the benefit of the upfront payment and guaranteed minimum royalties under the Cantabria Agreement of $3,772, net of contract termination fees recognized in Q2-19 which did not repeat; 3) the impairment charge of $1,918 taken in Q2-20; partly offset by 1) the aggregate impact of the Taro Amendment of $5,151; 2) the decrease in SG&A and R&D expenses of $952 and $562, respectively; 3) the reduction in net interest expense of $288; and 4) the favourable impact of a net foreign exchange gain in the amount of $270.

Net Income

For the three and nine months ended September 30, 2020, net income was $4,208 and $629 compared to $88 and $2,338 reported in the comparable three and nine-month periods of 2019, respectively. The year-over-year increase of $4,120 for the quarter and the decrease of $1,709 for the nine-month period, were mainly caused by the same factors as identified above under the section entitled *Income before Income Taxes*.

Weighted Average Number of Shares Outstanding

The basic and diluted weighted average number of shares were both affected by the shares purchased for cancellation under the Company's previous NCIB, which expired on June 27, 2020. The weighted average number of diluted shares outstanding for the periods was further impacted by the number of options and warrants that were "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, as reported in accordance with IFRS, and EBITDA and Adjusted EBITDA, for the three and nine months ended September 30, 2020 and 2019. Refer to the section entitled *Income before Income Taxes* for details.

	Three months ended September 30,		Nine months ended September 30,	
In thousands of CAD	2020	2019	2020	2019
	$	$	$	$
Net income	**4,208**	88	**629**	2,338
Add:				
Depreciation and amortization	**415**	411	**1,243**	1,177
Interest, net	**(5)**	69	**(10)**	278
Income tax expense	**399**	244	**579**	1,559
EBITDA	**5,017**	**812**	**2,441**	**5,352**
Add:				
Share-based compensation	**31**	50	**121**	247
Foreign exchange loss	**-**	77	**-**	105
Other expense - Termination costs	**-**	-	**-**	1,274
Impairment of intangible assets	**-**	-	**1,918**	-
Less:				
Other income - Taro Amendment	**668**	-	**668**	-
Foreign exchange gain	**64**	-	**165**	-
Adjusted EBITDA	**4,316**	**939**	**3,647**	**6,978**

Liquidity and Capital Resources

Consolidated Statement of Cash Flows

In thousands of CAD	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
	$	$	$	$
Net income	**4,208**	88	**629**	2,338
Items not involving cash flows	**798**	781	**3,535**	1,373
Cash from operations	**5,006**	869	**4,164**	3,711
Net change in non-cash working capital	**(313)**	763	**879**	1,543
Cash provided by operating activities	**4,693**	1,632	**5,043**	5,254
Cash used in investing activities	**(1)**	(55)	**(62)**	(169)
Cash used in financing activities	**(90)**	(263)	**(382)**	(666)
Effect of foreign exchange rates on cash and cash equivalents	**(11)**	2	**(11)**	(3)
Net change in cash and cash equivalents during the period	**4,591**	1,316	**4,588**	4,416
Cash and cash equivalents, beginning of the period	**9,265**	11,689	**9,268**	8,589
Cash and cash equivalents, end of the period	**13,856**	**13,005**	**13,856**	**13,005**

Cash and Cash Equivalents

Cash and cash equivalents were $13,856 as at September 30, 2020 compared to $13,005 as at September 30, 2019, representing a year-over-year increase of $851. During the fourth quarter ended December 31, 2019, the Company repaid the outstanding balance of the Knight Loan in the amount of $3,570.

Operating Activities

For the three months ended September 30, 2020, cash provided by operating activities was $4,693 compared to $1,632 for the three months ended September 30, 2019. The year-over-year increase of $3,061 was mainly driven by the increase in cash generated from operations of $4,137, partly offset by the unfavorable movement in non-cash working capital items of $(1,076). The increase in cash from operations was due to the same drivers as those explaining the increase in our Adjusted EBITDA.

The net change in non-cash working capital of $(313) for the current quarter was mainly driven by the increase in accounts receivable due to the timing of collections. For the three months ended September 30, 2019, the net change in non-cash working capital of $763 was mainly driven by an increase in accounts payable, partly offset by an increase in inventory to meet planned demand.

For the nine months ended September 30, 2020, cash provided by operating activities was $5,043 compared to $5,254 for the nine months ended September 30, 2019. The year-over-year decrease of $211 was mainly driven by the increase in cash generated from operations of $453, partly offset by the unfavorable movement in non-cash working capital items of $(664) year-over-year. The decrease in cash from operations was due to the same drivers as those explaining the reduction in our Adjusted EBITDA.

The net change in non-cash working capital of $879 for the current nine-month period was mainly driven by the decrease in accounts receivable due to the timing of collections and an increase in accounts payable, partly offset by an increase in inventory. The net change in non-cash working capital of $1,543 for the nine months ended September 30, 2019, was mainly driven by the same factors as described for the current year period.

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

Investing Activities
For the three and nine months ended September 30, 2020, the Company invested $1 and $62, respectively, compared to $55 and $169 invested in the three and nine months ended September 30, 2019. All amounts primarily related to plant equipment and facility upgrades.

Financing Activities
For the three months ended September 30, 2020, the Company used $90 in financing activities which was entirely related to its lease obligation for its manufacturing and office facility. For the three months September 30, 2019, the Company used $263 in financing activities: 1) $80 paid under its lease obligation for its manufacturing and office facility and; 2) $183 paid for the purchase for cancellation of 201,517 Common Shares.

For the nine months ended September 30, 2020, cash used in financing activities totaled $382 compared to $666 for the nine months ended September 30, 2019. During the first nine months of fiscal 2020, the Company paid: 1) $264 under its lease obligation for its manufacturing and office facility; 2) $68 for the purchase for cancellation of 84,188 Common Shares; and 3) $50 in connection with the acquisition of the Alyria product line. For the first nine months of 2019, the Company paid: 1) $233 under its lease obligation for its manufacturing and office facility; 2) $183 for the purchase for cancellation of 201,517 Common Shares; and 3) $250 in connection with the acquisition of the Alyria product line.

Commitments

The Company has commitments under a lease for the rental of its manufacturing and office facility. This lease is accounted for entirely on the Consolidated Statement of Financial Position under IFRS 16 – *Leases*. There have been no material changes to these commitments since our year ended December 31, 2019. Refer to Note 3 – *Summary of Significant Accounting Policies* in the Company's audited consolidated financial statements for the year ended December 31, 2019 (the "2019 Consolidated Financial Statements") for further details.

Financial Instruments and Risk Management

Please refer to Note 15 – *Financial Instruments and Risk Management* of our Q3-20 Interim Financial Statements for additional information on our financial instruments.

Off-Balance Sheet Arrangements

Crescita does not have any off-balance sheet arrangements.

Guarantees

The Company periodically enters into research, licensing, distribution, or supply agreements with third parties that include indemnification provisions that are customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of third-party intellectual property claims or damages arising from these transactions. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions is unlimited. These indemnification provisions generally survive termination of the underlying agreements. The nature of the intellectual property indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amounts were accrued in the results presented for three and nine months ended September 30, 2020 and 2019.

Capability to Deliver Results

The Company will need to spend resources to research, develop and manufacture and commercialize its products and technologies. Crescita may finance these activities through existing cash, revenue generated from product sales to its customers, royalty, upfront 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 or sold, by drawing on its Facility, by raising funds in the capital markets or by incurring debt. Despite the COVID-19 impact outlined earlier in this MD&A, we believe that we have sufficient capital resources from our cash and investment accounts and revolving credit facility to support our ongoing business operations and to execute our Four-Pillar growth strategy.

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 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 accepting the product for sale.

Eight Quarter Summary - Selected Financial Information

`	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019[1]	Mar. 31, 2019	Dec. 31, 2018
In thousands of CAD except number of shares and per share amounts	**$**	$	$	$	$	$	$	$
Growth - Revenue by Segment								
Commercial Skincare	1,782	1,304	1,539	2,213	1,705	1,966	1,718	1,937
Licensing[1]	4,999	413	1,453	1,019	2,537	6,700	1,803	3,441
Manufacturing and Services	520	16	823	588	664	696	728	826
Revenue	7,301	1,733	3,815	3,820	4,906	9,362	4,249	6,204
Profitability								
Total Operating Expenses (incl. COGS)	3,431	2,939	4,176	4,406	4,428	4,753	3,782	4,844
Net income (loss)	4,208	(1,165)	(494)	(483)	88	2,208	42	3,112
Adjusted EBITDA[2]	4,316	(779)	112	6	939	5,083	956	1,787
Share Information								
Net income (loss) per common share								
Basic	$ 0.20	$ (0.06)	$ (0.02)	$ (0.02)	$ -	$ 0.11	$ 0.00	$ 0.15
Diluted	$ 0.19	$ (0.05)	$ (0.02)	$ (0.02)	$ -	$ 0.10	$ 0.00	$ 0.15
Weighted average number of common shares outstanding								
Basic	20,648	20,648	20,700	20,767	20,921	21,016	21,016	21,016
Diluted	21,796	21,856	22,289	22,541	22,706	22,486	21,016	21,016
Financial Position								
Cash and cash equivalents	13,856	9,465	9,334	9,268	13,005	11,689	10,879	8,589
Long-term debt[3]	-	-	-	-	3,564	3,558	3,552	3,546
Total assets	27,791	25,176	26,607	26,837	32,537	31,534	28,923	27,565
Total non-current financial liabilities[4]	1,123	1,386	1,270	1,386	5,001	5,049	5,081	2,914

[1] Revenue for Q2-20 included $413 in future guaranteed minimum royalties, while revenue for Q2-19 included $3,721 in up-front payments as well as $1,738 in future guaranteed minimum royalties, all of which are in connection with the Cantabria Agreement. Future guaranteed minimum royalties are recognized up-front but are to be received over the remaining term of the Cantabria Agreement.

[2] Adjusted EBITDA is a non-IFRS measure. Please refer to the *Non-IFRS and Key Financial Measures* and the *EBITDA and Adjusted EBITDA* sections of this MD&A. On January 1, 2019, the Company adopted IFRS 16 – *Leases* ("IFRS 16"). Prior periods were not restated to reflect the adoption of IFRS 16.

[3] Long-term debt represents the short and long-term portions of the Company's long-term debt with Knight Therapeutics Inc. On December 21, 2019, the Company repaid the entire balance outstanding of $3,570 and currently has no long-term debt.

[4] 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 on January 1, 2019. Prior periods were not restated.

Critical Accounting Policies and Use of Estimates

The Company's significant accounting policies are described in Note 3 – *Summary of Significant Accounting Policies* of the 2019 Consolidated Financial Statements. The preparation of the audited consolidated financial statements and these condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions in applying its accounting policies, that affect the reported amounts of assets, liabilities and equity, and the accompanying disclosures at the date of the interim condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.

Management has identified key areas of judgments, estimations or use of managerial assumptions that it believes are most critical to understanding the consolidated financial statements. These accounting estimates are considered critical because they require management to make subjective and/or complex judgments that are inherently uncertain and because they could have a material impact on the presentation of our financial condition, changes in financial condition or results of operations. The Company's actual results could differ from these estimates and such differences could be material. These key areas are disclosed in Note 4 – *Use of Estimates and Judgments* to the Company's 2019 Consolidated Financial Statements.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. There have been no comparable events that provide guidance as to the effect that the spread of COVID-19 may have, and, as result, its ultimate impact on the Company's business, results of operations and financial condition. The extent of the impact will depend on future developments, which are highly uncertain, subject to change and difficult to predict with meaningful precision.

As at the date of this MD&A, all Canadian provinces have allowed the reopening of personal care service businesses, including spas and medispas which had temporarily closed in line with recommendations by public health officials on or around March 24, 2020. The pandemic has led to high levels of unemployment in Canada and has led to lower consumer spending. The overall reduction in customer demand for our products caused by the temporary closure of spas and medispas in Canada and in the various geographies where we do business has had a meaningful impact on our year-to-date results.

For the period ended September 30, 2020, the Company assessed the impact of the uncertainties around COVID-19 on its balance sheet carrying amounts and updated the following areas of judgments and estimates:

Impairment on Non-Financial Assets
The temporary closure of personal care service businesses, including spas and medispas, on or around March 24, 2020, was identified as a triggering event for purposes of testing non-financial intangible assets for impairment. As at June 30, 2020, the Company recorded an impairment charge of $1,918 mainly to reflect the pandemic-driven decrease in demand for its non-prescription skincare products and contract manufacturing services. At September 30, 2020, the Company updated this impairment test and concluded that no further impairment charge was required. Refer to Note 6 – Intangible Assets in our Q3-20 Interim Financial Statements for details.

Expected Credit Losses
The Company also updated its expected credit losses on the entire accounts receivable balance in order to adjust for the potential impact of the COVID-19 pandemic which did not result in significant impact.

Cash Flow Projections
Considering the current environment, the Company has also updated its cash flow projections. The Company anticipates that its current cash balance, amounts available through its revolving credit facility, as well as the revenue it expects to generate from product sales, upfront, milestone and royalty payments related to licensing its products and, or its technologies, will be sufficient to fund Crescita's committed cash obligations and expected level of expenses for at least the next twelve months.

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 CEO and the 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, 2020. 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 Environment

Risk Factors

An investment in the securities of the Company is speculative and involves a high degree of risk. An investor should carefully consider the risks and uncertainties discussed in detail in the Company's Annual MD&A filed on SEDAR on March 18, 2020 for the year ended December 31, 2019 and the "Risk Factors" section of the Company's AIF filed on March 25, 2020 before making an investment decision. In addition, an investor should consider all other information contained in this MD&A and other continuous disclosure documents issued by the Company. 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 disclosed risks occur, the Company's business, financial condition and results of operations could be seriously harmed.

COVID-19 Pandemic

On or around March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including the Canadian Federal and Provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel restrictions, self-imposed quarantine periods, temporary closures or restrictions of non-essential businesses, limitations on public gatherings, and social distancing guidelines, have caused material disruption to businesses globally and in Canada resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions; however, the success of these interventions is not currently determinable. Further, depending on the duration of the pandemic, or if the pandemic were to worsen, existing emergency measures may be extended, or additional restrictive measures may be implemented, causing further economic impact and uncertainty.

At this stage, it is not possible to predict what additional measures and restrictions will be imposed by governmental authorities and the period in time during which the measures and restrictions will apply. Any additional border closures and economic and supply chain disruptions could materially affect the Company's financial results and operations. The COVID-19 pandemic could also cause significant further impacts to product demand in connection with an ensuing economic downturn and contribute to supply shortages, trade disruption, temporary staff shortages and temporary closures of facilities. The extent to which COVID-19 and its effect on the economy will impact the Company's financial results and operations is highly uncertain and may lead to adverse changes in the Company's cash flows, working capital levels, debt balances, operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Company's business is not known at this time. Refer to *Impact of COVID-19 Pandemic*.

Litigation

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

Additional Information

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