

CRESCITA THERAPEUTICS INC.
MATERIAL CHANGE REPORT FORM
51-102F3

Item 1. Name and Address of Corporation

Crescita Therapeutics Inc.
6733 Mississauga Road, Suite 610
Mississauga, Ontario
L5N 6J5

Item 2. Date of Material Change

July 27, 2020

Item 3. News Release

A news release was disseminated on July 28, 2020 via CISION, a copy of which is attached.

Item 4. Summary of Material Change

On July 28, 2020, the Company announced that it entered into an amendment to the development and commercialization agreement (the “Amendment”) with Taro Pharmaceuticals Inc. (“Taro”) with regard to Pliaglis[®] in the United States.

Item 5. 5.1 Full Description of Material Change

Please see attached news release for a full description of the material change.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

The name and business number of the executive officer of the Corporation who is knowledgeable about the material change and this report is:

Serge Verreault – President & Chief Executive Officer
Tel: (450) 680-4704

Item 9. Date of Report

August 6, 2020



Crescita to Receive One-time Cash Payment Following Amendment to Pliaglis® U.S. Licensing Agreement

Laval, Québec, Canada – July 28, 2020 – Crescita Therapeutics Inc. (TSX: CTX and OTC US: CRRTF) (“Crescita” or the “Company”), a growth-oriented, innovation-driven Canadian commercial dermatology company with in-house research & development (“R&D”) and manufacturing capabilities, today announced that it has entered into an amendment to the development and commercialization agreement (the “Amendment”) with Taro Pharmaceuticals Inc. (“Taro”) with regard to Pliaglis® in the United States (“U.S.”).

The Amendment entitles Crescita to receive a one-time payment of US\$3.9 million (approximately CAD\$5.2 million), largely representing a royalty adjustment to past sales as well as an upward modification of future royalty payments.

The Company continues to pursue out-licensing partnerships with focus on approximately 20 countries where Pliaglis has already received regulatory approval.

About Crescita Therapeutics Inc.

Crescita is a growth-oriented, innovation-driven Canadian commercial dermatology company with in-house 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 clinics, as well as internationally, through distributors.

Crescita’s portfolio also includes a prescription product called Pliaglis®, that utilizes the Company’s proprietary phase-changing topical cream *Peel* technology, a part of the *DuraPeel*™ family, which are self-occluding, film-forming cream/gel formulations, that provide extended release delivery of the active ingredients to the site of application. Pliaglis is a topical local anaesthetic cream that provides safe and effective local dermal analgesia on intact skin prior to superficial dermatological procedures. The product is currently approved in over 25 different countries and sold by commercial partners in the U.S., Italy, and Brazil, and sold in Canada by the Company.

Crescita’s expertise in product formulation and development can be leveraged in combination with its patented transdermal delivery technologies to develop and manufacture creams, liquids, gels, ointments and serums under its contract development and manufacturing organization (“CDMO”) infrastructure. The Company operates out of a 50,000 square-foot facility located in Laval, Québec, which produces the majority of its non-prescription skincare products, such as Laboratoire Dr Renaud, Pro-Derm, Dermazulene and Alyria. Formulations manufactured by or for Crescita include cosmetics, natural health products (“NHP”) and products with Drug Identification Numbers (“DIN”). For additional information, please visit www.crescitatherapeutics.com.

About Pliaglis®

Pliaglis is a topical local anaesthetic cream that provides safe and effective local dermal analgesia on intact skin prior to superficial dermatological procedures. The formulation contains a eutectic mixture of 7% lidocaine and 7% tetracaine that utilizes the 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.

About Taro Pharmaceuticals Industries Inc.

Taro Pharmaceutical Industries Ltd. is a multinational, science-based pharmaceutical company, dedicated to meeting the needs of its customers through the discovery, development, manufacturing and marketing of the highest quality healthcare products. For further information on Taro Pharmaceutical Industries Ltd., please visit the Company's website at www.taro.com.

Forward-Looking Statements

This press release contains "forward-looking information" as defined under Canadian securities laws (collectively, "forward-looking statements"). The words "plans", "expects", "does not expect", "goals", "seek", "strategy", "future", "estimates", "intends", "anticipates", "does not anticipate", "projected", "believes" or variations of such words and phrases or statements to the effect that certain actions, events or results "may", "will", "could", "would", "should", "might", "likely", "occur", "be achieved" "continue" or "temporary" and similar expressions identify forward-looking statements and include statements regarding the Company's plans, objectives and responses to the COVID-19 pandemic. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking statements.

Forward-looking statements are not historical facts but instead represent management's expectations, estimates, projections and assumptions regarding future events or circumstances. Such forward-looking statements are qualified in their entirety by the inherent risks, uncertainties and changes in circumstances surrounding future expectations which are difficult to predict and many of which are beyond the control of the Company. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the Company as of the date of this press release, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Material factors and assumptions used to develop the forward-looking statements, and material risk factors that could cause actual results to differ materially from the forward-looking statements, include but are not limited to the risks of, and future impacts related to, COVID-19, including the response of domestic and international governments to the virus; the impact of COVID-19 on the Company's operations, personnel, supply chain, product sales, royalties, customer demand and financial flexibility; changes in the business or affairs of Crescita; the ability of Crescita's licensees to successfully market its products; competitive factors in the industries in which Crescita operates; relationships with customers, suppliers and licensees; changes in legal and regulatory requirements; foreign exchange and interest rates; prevailing economic conditions; and other factors, many of which are beyond the control of Crescita.

Additional factors that could cause Crescita's actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the risk factors included in Crescita's most recent Annual Information Form under the heading "Risks Factors", and as described from time to time in the reports and disclosure documents filed by Crescita with Canadian securities regulatory authorities and commissions. These and other factors should be considered carefully, and readers should not place undue reliance on Crescita's forward-looking statements when making decisions, as forward-looking statements involve significant risks and uncertainties. Forward-looking statements should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved.

All forward-looking statements are based only on information currently available to the Company and are made as of the date of this press release. Except as expressly required by applicable Canadian securities law, the Company assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All forward-looking statements in this press release are qualified by these cautionary statements.

FOR MORE INFORMATION, PLEASE CONTACT:

Investor Relations

Email: ir@crescitatx.com