CRESCITA THERAPEUTICS

Management's Discussion & Analysis

Third Quarter 2021

Management's Discussion and Analysis

November 10, 2021

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 condition of the Company. The following information should be read in conjunction with Crescita's condensed consolidated interim financial statements and the notes thereto for the three and nine months ended September 30, 2021 and 2020 (the "Q3-21 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 most recently filed 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". Refer to *Forward-looking Statements*.

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

Highlights and Key Business Developments

Q3-2021 vs Q3-2020 Financial Highlights

- Revenue was $2,993 compared to $7,301, a decrease of $4,308 primarily driven by the non-recurring impact of the amendment to our licensing agreement with Taro Pharmaceuticals Inc. ("Taro" and the "Taro Amendment") for Pliaglis® in the United States ("U.S.") in Q3-20, representing $4,483;
- Gross profit was $1,525 compared to $6,129, a decrease of $4,604;
- Operating expenses were $2,385 compared to $2,259, an increase of $126;
- Adjusted EBITDA was $(471) compared to $4,316, a decrease of $4,787;
- Ending cash position was $12,236, reflecting a net change of $(847) for the quarter of which $(500) related to the investment in The Best You®. Refer to *Acquisition of Minority Interest in The Best You*.

Key Business Developments

For the three and nine month-periods ended September 30, 2021 and up to the date of this MD&A:

Appointment of New Member to the Board of Directors
The Board appointed Ms. Deborah Shannon-Trudeau as an independent non-executive director effective November 10, 2021. Ms. Shannon-Trudeau has over 30 years' experience in strategy, business development, commercial and manufacturing operations. Formerly, she was Senior Vice-President Licensing and International Business at Trudeau Corporation, a privately held company specializing in the design, development, and distribution of its own "Trudeau" branded kitchenware products where she pioneered the development of licensing and strategic partnerships.

Ms. Trudeau is Vice-Chair of the Board and Chair of the Governance Committee of the Royal Canadian Mint. In parallel, she serves on the Board of CORIM – Conseil des relations internationales de Montréal. She is a Director on the Board of Governors at St. Mary's Hospital and served as Vice President of the Board of the Community Foundation of Greater Montreal where she continues to be involved in its development. In 2018, Ms. Trudeau became the second Canadian to serve for a two-year term as Global President and Chair of the Board of the International Women's Forum ("IWF"), headquartered in Washington D.C., an organization counting more that 7,500 women leaders active in 33 countries with a purpose to advance women's leadership. A dedicated IWF advocate for many years, she has served as a mentor/sponsor to many young women professionals and continues to serve on the Global Board of IWF as Director Emeritus. A graduate of Queen's University in Health Sciences, Ms. Shannon-Trudeau is bilingual and was recognized as a Canadian Diversity Champion by Women of Influence and as a Women's Executive Network ("WXN") Top 100 honoree.

Amendment to Credit Facility
In September, we amended our existing revolving demand operating credit facility (the "Facility") for a temporary $2.5 million increase in the available amount from $3.5 million to $6 million until April 30, 2022. The temporary increase provides Crescita with additional financial flexibility to fund increases in production volumes in the Manufacturing segment, including approximately $7 million of new orders received in July, and for business development opportunities. Refer also to *Outlook and Liquidity Update*.

Distribution Agreement with Obagi Cosmeceuticals LLC
In September, we entered into a distribution agreement with Obagi Cosmeceuticals LLC ("Obagi") for the exclusive rights to promote, distribute and sell the Obagi Medical® product line in Canada.

The Obagi Medical line provides skincare products formulated to minimize signs of aging, address dark spots, hyperpigmentation, fine lines and wrinkles and to protect and enhance skin tone and texture. We expect to launch the Obagi line nationwide through our existing sales network in the fist half of 2022.

Acquisition of Minority Interest in The Best You
In September, we completed the acquisition of a minority interest in Akyucorp Ltd. d/b/a The Best You, a privately held network of six medical aesthetic clinics in Ontario ("The Best You"). In consideration for the minority interest investment, Crescita issued 470,128, or 2.2% of its Class A common shares (the "Common Shares"), at a price of $0.70 per Common Share. In addition, we will support The Best You's growth strategy by investing in a secured convertible promissory note (the "Convertible Note") with an initial principal amount of $500 that could grow to $1,250 based on financial performance and certain events and conditions being met. The Convertible Note will bear interest at variable rates based on the annual volume of purchases of Crescita products and is convertible at Crescita's option into an additional equity interest in The Best You.

The Best You clinics, together with their affiliated physicians and specialists, provide private pay cosmetic procedures such as neurotoxin injections, dermal fillers, Limitless Hair Removal™, and platelet-rich plasma ("PRP") procedures. The Best You clinics carry a full range of skincare and dermatology products and offer popular cosmetic surgery procedures, including liposuction, breast augmentations, face lifts and blepharoplasty. In addition to aesthetic services, The Best You clinics also provide skin cancer screening and surgical treatments covered by the Ontario Health Insurance Plan via its SkinCancerCare.ca network.

Licensing Agreement for Pliaglis with STADA MENA DWC-LLC
In August, we signed an exclusive commercialization and development license agreement with STADA MENA DWC-LLC ("STADA"), a subsidiary of STADA Arzneimittel AG, a specialty pharma, generics and consumer healthcare group, for the exclusive rights to Pliaglis in 15 countries in the Middle East and North Africa ("MENA") region, comprising: Saudi Arabia, the United Arab Emirates ("UAE"), Kuwait, Oman, Qatar, Bahrain, Jordan, Lebanon, Egypt, Algeria, Morocco, Tunisia, Iraq, Libya and Yemen (the "Territories").

Under the terms of the agreement, Crescita received an upfront payment and will be the exclusive supplier of Pliaglis. Crescita will also provide regulatory support to STADA for seeking approval for Pliaglis in the Territories. STADA expects to submit the requisite regulatory filings in the Territories as soon as practicable.

Expansion of Production Volumes within the Manufacturing and Services Segment
In July, we received firm purchase orders of approximately $7 million within our Manufacturing and Services segment, representing a significant increase in production and sales volume over the next twelve months. The increase in volume is a result of our customers ordering products to support anticipated launches into new key markets and therefore may not be representative of future orders. We are allocating the required cash for capital investments, inventory acquisition, and the addition of key staff to fulfill the purchase orders.

Launch of Pliaglis in Austria
In July, our licensing partner, Pelpharma Handels GmbH ("Pelpharma"), a privately held Austrian pharmaceutical company specializing in the treatment of various skin and nail diseases, launched Pliaglis in Austria.

Licensing Agreement for Pliaglis with Croma Pharma GmbH
In June, we signed an exclusive commercialization and development license agreement with Croma Pharma GmbH ("Croma"), a globally acclaimed pharmaceutical company with specializations in medical aesthetics, ophthalmology, and orthopaedics for the rights to Pliaglis in nine countries including Germany, the United Kingdom, Ireland, Switzerland, Brazil, Romania, Belgium, the Netherlands and Luxembourg (the "Croma Territories").

Crescita received an upfront payment and is eligible to receive a combination of cumulative sales and other milestone payments for a total of €1,250 over the term of the agreement with a potential for further cumulative sales milestones based on tranches of incremental sales. Crescita will be the exclusive supplier of Pliaglis. Croma expects to launch Pliaglis in most of the Croma Territories in 2022 and will promote Pliaglis directly to physicians through its sales network consisting of approximately 130 members.

Expansion of our Senior Leadership Team
Mr. François Lafortune joined Crescita's senior leadership team as Executive Vice-President and General Manager on May 10. This new senior management position is intended to drive growth within our Commercial Skincare and Manufacturing and Services segments. Mr. Lafortune brings strong collaborative leadership to the role as well as strategic domestic and international managerial experience in the cosmetics industry. Mr. Lafortune has been a long-time lecturer at the Hautes Études Commerciales business school of the Université de Montréal and was Vice-President of Marketing for Groupe Marcelle Cosmetics, General Manager of the Luxury Brands Division of L'Oréal Turkey and Marketing Director for L'Oréal's Europe Region.

Canadian launch of New Cellular Treatment Factor®
In April, we launched New Cellular Treatment Factor ("NCTF"), a skin revitalization solution primarily used for the improvement of skin quality and fine lines. NCTF represents a key opportunity for us to take advantage of the increasing popularity of minimally invasive and non-invasive aesthetic procedures and to strengthen our presence in the rapidly growing Canadian medical aesthetics market.

Patent Granted for CTX-102
On March 16, the United States Patent and Trademark Office ("USPTO") granted U.S. Patent No. 10,945,952 for *Rinse-Off Compositions and Uses Thereof for Delivery of Active Agents* which provides coverage for CTX-102 through March 16, 2040. This patent will be Orange Book listable once CTX-102 is approved. An Investigational New Drug Application for CTX-102 has been submitted with the U.S. Food and Drug Administration ("FDA"). Refer to *Product Candidates in Co-Development*.

Lease Amendment for Manufacturing and Office Facility
Effective March 15, we amended the lease for our manufacturing and office facility, extending the term for five years to September 30, 2026 and adding a renewal option in favour of the Company for an additional five years to September 30, 2031.

Filing of Application for New Medical Device Licence by FILLMED for ART FILLER®
On January 21, we announced that Laboratoires FILLMED ("FILLMED") submitted its application to Health Canada for a new Medical Device License ("MDL") for the ART FILLER range, an exclusive collection of hyaluronic acid-based fillers, as a Class III medical device. Due to the COVID-19 pandemic, review time by Health Canada is longer than expected, however, we still anticipate launching the ART FILLER range in the first half of 2022, shortly after its anticipated approval by Health Canada.

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. Example of forward-looking statements include, but are not limited to, statements regarding the Company's objectives, plans, goals, strategies, growth, performance, operating results, financial condition, our belief that we have sufficient liquidity to fund our business operations during the upcoming fiscal year, strategy for customer retention, growth, product development, market position, financial results and reserves, strategy for risk management, business prospects, opportunities and industry trends, the expected impact of, and responses taken by the Company with respect to, the COVID-19 pandemic, 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 our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the Company's control. Crescita's actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, readers should not unduly 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, among others, economic and market conditions, the impact of the COVID-19 pandemic and the response thereto of governments and consumers, the Company's ability to execute its growth strategies, reliance on third parties for clinical trials, marketing, distribution and commercialization, the impact of changing conditions in the regulatory environment and product development processes, manufacturing and supply risks, 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 described from time to time in the reports and disclosure documents filed by Crescita with Canadian securities regulatory agencies and commissions, including the sections entitled "Risk Factors" in the Company's most recent annual MD&A dated March 23, 2021 and AIF dated March 24, 2021. As a result of the foregoing and other factors, no assurance can be given that future results, levels of activity or achievements indicated in any forward-looking statements will actually be achieved. Any forward-looking statement made by the Company in this MD&A is based only on information currently available to management 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 (income) expenses, share-based compensation costs, goodwill and intangible asset impairment, and foreign exchange (gains) losses, as applicable. Management believes that Adjusted EBITDA is an important measure of operating performance and cash flow and provides useful information to investors as it highlights trends in the underlying business that may not otherwise be apparent when relying solely on IFRS measures. A reconciliation of 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.

Reporting Segments

We have three reportable segments: (i) Commercial Skincare; (ii) Licensing and Royalties; and (iii) Manufacturing and Services.

Commercial Skincare
The Commercial Skincare ("Commercial") reportable segment manufactures and sells branded non-prescription skincare products in both the Canadian and international markets. It also commercializes Pliaglis and NCTF in Canada. Branded non-prescription products manufactured by the Company include: Laboratoire Dr Renaud® ("LDR"), Pro-Derm® and Alyria®. These premium skincare lines provide solutions for a wide range of skin concerns such as aging, acne, hydration, pigmentation, and rosacea.

In Canada, our sales force calls on aesthetic spas, medispas as well as medical aesthetic clinics using a business to business to consumer model, while some of our brands are also sold directly to consumers through our online platforms. International markets include the U.S., South Korea and Malaysia, where some of our brands are sold by distribution partners, including through e-commerce. The Company recognizes revenue from the sale of products when the goods are shipped or received by the customers depending on the specific arrangement.

Licensing and Royalties
The Licensing and Royalties ("Licensing") reportable segment includes revenues generated from licensing the intellectual property related to Pliaglis or for the use of our transdermal delivery technologies, MMPE™ and DuraPeel™, on either an exclusive or non-exclusive basis. The Licensing segment may also leverage our in-house research and development ("R&D") capabilities for the development of new topical products combining our technologies and various selected molecules in order to fuel future licensing agreements in the non-prescription skincare market. The key revenue streams in the Licensing segment include upfront and milestones payments as well as royalties determined using the agreed-upon formulas as described in each respective licensing agreement. Under agreements where we supply Pliaglis, revenue streams also include product sales including a mark-up.

Manufacturing and Services
The Manufacturing and Services ("Manufacturing") reportable segment includes two main revenue streams: 1) revenue from the sale of topical products manufactured to client specifications under our contract development and manufacturing organization ("CDMO") infrastructure; and 2) revenue from product development services. Clients in the Manufacturing segment use our CDMO services to manufacture topicals 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.

Refer to the *Revenue by Segment* and *Gross Profit by Segment* sections of this MD&A and to Note 5 - *Segmented Information* of our Q3-21 Interim Financial Statements.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic (the "Pandemic"). The Pandemic 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, restrictive social measures and the closure of non-essential businesses, have caused material disruptions to businesses globally.

We sell our dermocosmetic products mainly through a direct sales force that meets face-to-face with spa and medispa owners and physicians. Such establishments are considered non-essential and therefore have been subject to prolonged closures in 2020 as well as in the nine months ended September 30, 2021. With most services offered in aesthetic spas and medispas being discretionary, the performance of our business is closely tied to fluctuations in consumer disposable income and changing consumer behaviors and has been impacted by the Pandemic. The timing of a recovery of consumer behavior and willingness to spend discretionary income on aesthetic products and treatments may adversely affect our ability to generate revenue comparable to historical levels.

In response to the negative economic impact of COVID-19, various government programs have been announced to provide financial relief to affected businesses. We determined that we qualified for the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") programs under the COVID-19 Economic Response Plan in Canada. For the three and nine months ended September 30, 2021, we recognized payroll subsidies of $227 and $1,014 under the CEWS program and $nil and $163, respectively under the CERS program.

While we have used all currently available information in assessing our business prospects, it remains unclear what the duration and long-term effects of the Pandemic will be, and we continue to closely monitor its evolution. 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, 2021, Crescita had working capital (defined as current assets minus current liabilities) of $12,295, including a cash balance of $12,236, and an accumulated deficit of $(42,418). Our cash and other current assets at September 30, 2021, were sufficient to meet our current accounts payable, accrued liabilities and other obligations for at least the next twelve months. In addition, we currently have further liquidity available of up to $6,000, subject to margin requirements, under our revolving credit facility (the "Facility") which was temporarily increased by $2,500 until April 30, 2022. Based on our accounts receivables and inventory values at the end of the quarter, the total amount available under the Facility was $2,103. The Facility bears no financial covenants, and no amounts have yet been drawn.

Our ability to generate sufficient revenue to reach profitability depends on the successful implementation of our growth strategy. The emergence and continuation of the COVID-19 pandemic, which caused the slowdown of the worldwide economy, could adversely impact our ability to carry out our 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 our control. This exposure is discussed in more detail in the *Risks Factors* section of our most recent annual MD&A, and Annual Information Form for the fiscal year ended December 31, 2020. The evolution of the Pandemic is dynamic and the ultimate duration and magnitude of its impact on the economy, capital markets and our financial position cannot be reasonably estimated at this time.

Normal Course Issuer Bid

On November 26, 2020, we announced that the Toronto Stock Exchange ("TSX") approved our intention to make a normal course issuer bid (the "NCIB") for a portion of our Class A Common Shares, enabling us to purchase up to 1,000,000 Common Shares for cancellation on the open market through the facilities of the TSX. The NCIB was effective November 30, 2020 and ends no later than November 29, 2021, or such earlier time as the Company completes its purchases pursuant to the NCIB or provides notice of termination.

In connection with the NCIB, we adopted an automatic securities purchase plan ("ASPP") that contains strict parameters regarding how our Common Shares may be repurchased during times when we would ordinarily not be permitted to purchase Common Shares due to regulatory restrictions or self-imposed blackout periods.

For the three and nine-month period ended September 30, 2021, 31,804 and 67,412 Common Shares were repurchased for cancellation at an average market price for the quarter and year-to-date periods of $0.70 per share, for aggregate consideration of $22 and $46, respectively. Of the Common Shares repurchased during the quarter, 10,652 Common Shares were cancelled after September 30, 2021.

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, 2021
Common shares	21,020,208
Stock options[1]	2,745,993
Convertible debentures[2]	1,000,000
Warrants	496,000

[1] This amount includes 1,962,993 options which have vested.
[2] The convertible debentures are convertible into common shares at the option of the holder at a 1-to-1 conversion ratio.

Selected Quarterly Financial Information

In thousands of CAD, except per share data and number of shares	Three months ended September 30, 2021	2020	Nine months ended September 30, 2021	2020
Operations	**$**	$	**$**	$
Revenues	**2,993**	7,301	**9,207**	12,849
Cost of goods sold	**1,468**	1,172	**3,844**	3,164
Gross profit	**1,525**	6,129	**5,363**	9,685
Gross margin (%)	***51.0%***	*83.9%*	***58.2%***	*75.4%*
Operating expenses	**2,385**	2,259	**7,197**	7,402
Operating profit (loss)	**(860)**	3,870	**(1,834)**	2,283
Interest (income) expense, net	**27**	(5)	**40**	(10)
Impairment of intangible assets	**-**	-	**-**	1,918
Other income	**-**	(668)	**-**	(668)
Foreign exchange (gain) loss	**13**	(64)	**174**	(165)
Total other (income) expenses	**40**	(737)	**214**	1,075
Income (loss) before income taxes	**(900)**	4,607	**(2,048)**	1,208
Deferred income tax expense	**-**	399	**-**	579
Net income (loss)	**(900)**	4,208	**(2,048)**	629
Adjusted EBITDA[1]	**(471)**	4,316	**(653)**	3,647
Earnings per share				
Basic	**$ (0.04)**	$ 0.20	**$ (0.10)**	$ 0.03
Diluted	**$ (0.04)**	$ 0.19	**$ (0.10)**	$ 0.03
Weighted average number of common shares outstanding				
Basic	**20,761,085**	20,648,448	**20,667,337**	20,665,803
Diluted	**20,761,085**	21,796,236	**20,667,337**	21,995,583
Balance Sheet as at September 30,			**2021**	**2020**
Cash and cash equivalents			**12,236**	13,856
Total assets			**28,023**	27,791
Total non-current financial liabilities[2]			**1,796**	1,123
Total liabilities			**8,517**	6,005
Total equity			**19,506**	21,786

[1] Adjusted EBITDA is a non-IFRS measure. Refer to the *Non-IFRS and Key Financial Measures and the EBITDA and Adjusted EBITDA Reconciliation* sections of this MD&A.

[2] Non-current financial liabilities are defined as the sum of the long-term portions of convertible debentures, other obligations, and lease obligations. On March 15, 2021, the Company amended the lease for its manufacturing and office facility resulting in an adjustment of $1,944 to the lease obligation. As at September 30, 2021, convertible debentures totaling $965 were presented as part of current liabilities given a maturity date of June 30, 2022.

Corporate Overview

About Crescita

Crescita (TSX: CTX and OTC US: CRRTF) is a growth-oriented, innovation-driven Canadian commercial dermatology company with in-house R&D and manufacturing capabilities. The Company offers a portfolio of high-quality, science-based non-prescription skincare products and early to commercial stage prescription products. In addition, we own multiple proprietary transdermal delivery platforms that support the development of patented formulations to facilitate the delivery of active ingredients into or through the skin.

Our non-prescription portfolio includes a wide variety of premium quality dermocosmetic products. To qualify as a dermocosmetic, a product must contain active ingredients whose effectiveness against a specific skin concern has been proven through clinical studies. Our dermocosmetic products include facial creams, cleansers, exfoliants, masks, serums and suncare, that each serve a different and personalized consumer need. The portfolio is designed to address preventive care to combating the first signs of aging, as well as all primary aesthetic skin concerns.

Our products serve two sub-sets of the skincare market: (i) aesthetics and (ii) medical aesthetics.

(i) Professional aestheticians use our skincare products to target well-known and common skin concerns, such as mild acne, aging, dehydration, pigmentation, sensitivity, and rosacea. Most professional aestheticians in Canada operate a single-location aesthetic salon or spa business and typically serve a small geographic area. The spa environment provides non-invasive skincare solutions to consumers. Our lead aesthetic skincare brand, Laboratoire Dr Renaud, is sold to professional aestheticians and directly to consumers via our website www.ldrenaud.com.

(ii) Medical aesthetics is a niche market between the cosmetic industry and plastic surgery and includes medical treatments that are focused on improving patients' cosmetic appearance. Qualified doctors and nurses typically perform both non-invasive and minimally invasive procedures or skincare treatments such as chemical peels, advanced retinol facials, microdermabrasion, HA and neurotoxin injections, and various laser and device treatments. Our primary medical aesthetic brands are Pro-Derm, Alyria and NCTF.

Our national sales force calls on aesthetic practitioners, medical aesthetic clinics and medispas across Canada. In addition, our skincare brands are sold in certain Asian markets, such as Malaysia and South Korea through international distributors, as well as through various e-commerce platforms.

Crescita's portfolio also includes Pliaglis, our lead prescription product, that utilizes our proprietary phase-changing topical cream Peel technology – refer to *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 approved in over 25 countries, and licensed in 32 countries, including the U.S., Italy, Spain, Brazil and Austria, where Pliaglis is currently sold by commercial partners. We market Pliaglis in the Canadian physician-dispensed skincare market through our own sales force.

Our expertise in topical 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 CDMO infrastructure. We provide our services to several North American clients under full cGMP ("Current Good Manufacturing Practice") conditions. We deliver turnkey solutions, integrating production with in-house R&D, supply chain, and quality control functions. Our integrated approach aims to simplify our clients' supply chain to maximize value, ensuring timely and cost-effective product launches. We run our operations from our head office located in the heart of the Biotech City in Laval, Québec, including a 50,000 square-foot production facility where we also manufacture the majority of our non-prescription skincare products. Formulations manufactured by or for Crescita include cosmetics, natural health products ("NHP") and products with Drug Identification Numbers ("DIN"). We maintain 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 our clients' skincare concerns.

Our corporate 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, 2020. For further details, please refer to the section entitled "Vision and Growth Strategy" on page 13 of Crescita's 2020 Annual Report, which is available on our website at www.crescitatherapeutics.com and which was filed on SEDAR at www.sedar.com.

In furtherance of our Four-Pillar Growth Strategy, the Company is continuously evaluating and negotiating a variety of potential transactions and other business opportunities, including potential acquisitions, in-licensing and out-licensing arrangements and other strategic transactions that could expand the Company's product offering and distribution channels, some of which may be material to the Company. As of the date hereof, a number of negotiations for potential transactions are in progress at varying stages (including, in some cases, non-binding letters of intent or term sheets), all of which remain subject to the approval of the Board. There can be no assurance that any of these negotiations will result in a binding transaction. See *Risks Related to the Company's Business* in the section entitled *Risk Factors* of our 2020 Annual Report.

Competitive Conditions

There have been no changes to the Company's competitive conditions since our last fiscal year ended December 31, 2020. For further details please refer to the section entitled "Competitive Conditions" on page 14 of Crescita's 2020 Annual Report, which is available on our website at www.crescitatherapeutics.com and which was filed on SEDAR at www.sedar.com.

Non-Prescription Skincare Product Portfolio

Laboratoire Dr Renaud
Founded over 70 years ago, Laboratoire Dr Renaud is a pioneer in the cosmetics industry. The product line was founded in France in 1947 by Dr. Louis Raymond Renaud, a well-known French dermatologist and was proudly launched as a Canadian brand in Montreal in 1963. Laboratoire Dr Renaud is inspired by nature to develop personalized solutions to address daily skin concerns such as: aging, acne, rosacea, pigmentation, dehydration, and sensitivity. With research and innovation at the heart of the brand, Laboratoire Dr Renaud's skincare solutions represent the perfect synergy of science and aesthetics. 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 or through our e-commerce platform.

Pro-Derm
Pro-Derm is a line of high-quality dermocosmetic 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 our Laval manufacturing facility.

Alyria
Alyria is a comprehensive dermocosmetic 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 high-quality ingredients, delivered through advanced skin optimizing systems. Alyria's portfolio is complementary to our 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 U.S. 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.

New Cellular Treatment Factor
NCTF 135 HA is a skin revitalization solution primarily used for the improvement of skin quality and fine lines. Comprising hyaluronic acid and more than 50 key ingredients including amino acids, vitamins, co-enzymes, and minerals, NCTF is a hydration booster providing the essential ingredients for skin health. Suitable for all generations, it specifically targets age-related skin changes such as dryness, dullness, uneven complexion, dilated pores, and wrinkles. Since 1978, NCTF has been a leader in skin revitalization with over 4 million bottles sold around the world annually. We launched NCTF in the Canadian medical aesthetic market in April 2021.

ART FILLER
ART FILLER is an exclusive collection of hyaluronic acid-based fillers designed to smooth-out superficial to deep wrinkles, plump up the lips and create/restore the volumes and contours of the face. Developed, manufactured, and launched in 2016 by FILLMED, the ART FILLER range benefits from the Tri-Hyal® technology, an innovation in the R&D space. The gels are made of non-animal origin hyaluronic acid and feature an optimized equilibrium between free hyaluronic acid, long chains and very long chains of hyaluronic acid. Each product of the range has been developed with consideration of a precise treatment objective. The high performance and the tolerance of ART FILLER have been proven through a unique study combining clinical evaluations and instrument-based measurements over an 18-month period. We are expecting to launch the ART FILLER range in the Canadian medical aesthetic market in the first half of 2022, following its anticipated approval by Health Canada.

Prescription Product Portfolio

Pliaglis is a topical 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 our 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 the active ingredients into the skin. Pliaglis is applied to intact skin 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 approved in over 25 countries, and licensed in 32 countries including the U.S., Italy, Spain, Brazil and Austria where Pliaglis is sold by commercial partners. Crescita continues to focus on expanding its global network 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. Refer to *Key Business Developments* and *Significant Partnerships.*

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

On March 31, 2020, the USPTO granted U.S. Patent No. 10,603,293 for *Solid-Forming Anesthetic Formulations for Pain Control*, which covers both Pliaglis and enhanced formulations of Pliaglis through January 14, 2031. The new patent was listed in a publication called *Approved Drug Products with Therapeutic Equivalence Evaluations* (commonly known as the "Orange Book"), on April 14, 2020 by Taro Pharmaceuticals Inc. ("Taro"), our licensing partner in the U.S. The Orange Book identifies drug products approved on the basis of safety and effectiveness by the FDA under the Federal Food, Drug, and Cosmetic Act and related patent and exclusivity information.

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

Product Candidates in Co-Development

In April 2014, Crescita entered 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, we amended the Original Joint Venture Agreement, including a financial commitment from Crescita to fund our proportionate share of the Phase 3 clinical development costs for CTX-101 to maintain our anticipated share of future licensing proceeds.

CTX-101
CTX-101 is a topical formulation utilizing a corticosteroid in combination with our patented MMPE technology to treat plaque psoriasis. On February 11, 2020, we 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. Our Development Partners are completing the preparation of the New Drug Application ("NDA") for submission to the FDA and have initiated licensing discussions.

Two U.S. patents claiming certain combinations of particular molecular penetration enhancers together with active drugs in topical formulations were issued on January 1, 2013, as U.S. Patent No. 8,343,962, and May 9, 2017, as U.S. Patent No. 9,642,912. In addition, European Patent No. 3528818 was issued on September 15, 2021, and patent applications are pending in Australia, Canada, Mexico (allowed), New Zealand, and the U. S., with anticipated term through 2036.

CTX-102
CTX-102 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 a successful pilot Phase 2 study was recently completed, providing encouraging feedback on the safety, user response and clinical efficacy of the lead formulation. We are now working with our Development Partners to evaluate the next steps of the development program.

In addition to U.S. patent No. 8,343,962, U.S. patent No. 9,642,912, and European Patent no. 3528818 which pertain to both CTX-101 and CTX-102, U.S. Patent No. 10,945,952 was granted March 16, 2021, for *Rinse-Off Compositions and Uses Thereof for Delivery of Active Agents* with term to March 16, 2040. Patent applications are also pending in Canada, Europe, Japan and the U.S. with anticipated term through 2040.

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 ingredient from the formulation into the skin.

Peel technology patents have been issued in 22 countries including the U.S., with the latest expiring in 2031. In addition, a patent application is pending in 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 on 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. A European patent was issued with term to 2036. In addition, applications are pending in Australia, Canada, Mexico (allowed), New Zealand, and in the U.S., 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 the introduction of new product offerings and 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. 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 formulations 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 formulations 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, BR, 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.
CTX-101[1]	Plaque Psoriasis	Phase 3	Patents granted in the U.S. expiring in 2027. Patent granted in Europe expiring in 2036. Applications pending in AU, CA, MX (allowed), NZ, and U.S. through 2036.
CTX-102[1]	Dermatological skin treatment	Phase 1	Patents granted in the U.S. expiring in 2027. Patent granted in Europe expiring in 2036. Applications pending in AU, CA, MX (allowed), NZ, and U.S. through 2036. U.S. patent for CTX-102 granted through 2040. Applications pending in CA, EP, JP and U.S. through 2040.
Dermatology products utilizing MMPE[3]	Prescription treatments of skin diseases	Pre-clinical	Patent granted in the U.S. expiring in 2027.

1. CTX-101 and CTX-102 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.), 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

In April 2019, we entered into a commercialization license agreement with Cantabria Labs Inc. ("Cantabria" and 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, we are eligible to receive double-digit royalties on the net sales of Pliaglis in the Territories, with minimum guaranteed sales-based royalties per year, and milestones related to the launch and sales performance of Pliaglis in each of the Territories. In addition, 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.

During Q4-20, Cantabria launched Pliaglis in Spain, which entitled Crescita to a milestone payment of $78 (€50). Cantabria is promoting Pliaglis through its field force, calling on physicians such as aesthetic doctors and dermatologists, similarly to the sales approach in Italy. Cantabria is evaluating the market conditions to launch Pliaglis in Portugal and France.

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. A manufacturing site variation application seeking approval for Cantabria's facility to manufacture Pliaglis for the European market was submitted to the European Union ("E.U.") member states and was approved on June 24, 2020. The approval allows Cantabria's manufacturing facility to be the supplier of Pliaglis in Europe. In connection with the approval, we revised our estimate of the present value of future minimum guaranteed sales-based royalties to be received under the contract, recognizing incremental licensing revenue of $413 in Q2-20.

Licensing Agreement with Taro Pharmaceuticals Inc.

In April 2017, we 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.

In July 2020, we entered into an amendment to the Original Taro Agreement (the "Taro Amendment"). The Taro Amendment entitled Crescita to a one-time total cash payment of $5,151 (US$3,855) in Q3-20, 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) which was also recognized in Q3-20. Under the Taro Amendment, royalties are now calculated using a higher double-digit flat rate in lieu of a series of tiered double-digit rates as prescribed under the Original Taro Agreement.

Pliaglis sales continue to be affected, in part, by certain restrictive amendments to U.S. managed care. Pliaglis and an authorized generic form of the branded "Pliaglis" are sold by third-party distributors directly to pharmacy chains. While management cannot determine the isolated impact of the restrictive amendments on product sales, it has become apparent that these, as well as the unknown impact of COVID-19 have both contributed to the decrease in Pliaglis sales in the U.S. Under the terms of the Original Taro Agreement, we are entitled to minimum annual royalties in the amount of US$1,000 per Taro fiscal year, which spans from April 1 to March 31. Taro is also entitled to terminate the agreement without penalty, subject to a six-month notice period. Royalties earned on the U.S. sales of Pliaglis for the Taro fiscal year ended March 31, 2021, totaled US$363, which triggered the recognition of minimum guaranteed royalties of US$637 ($806) in Q1-21.

Taro is still committed to commercializing Pliaglis and is seeking to address its strategy for the United States. However, we have no certainty as to how Pliaglis sales will evolve.

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 collaboration and licensing arrangements and the progress and timing of expenditures related to 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 amounts in Canadian dollars, unless otherwise noted. Refer *to* Note 18 - *Financial Instruments and Risk Management* of our Q3-21 Interim Financial Statements for a further discussion on the impact of foreign currency fluctuations on our results of operations.

	Three months ended September 30,		Nine months ended September 30,	
Average rates	**2021**	**2020**	**2021**	**2020**
U.S. dollar	**1.2601**	1.3316	**1.2516**	1.3539
Euro	**1.4852**	1.5579	**1.4974**	1.5216

	As at September 30,	
Spot rates	**2021**	**2020**
U.S. dollar	**1.2741**	1.3339
Euro	**1.4801**	1.5631

Revenue by Segment

	Three months ended September 30,		Nine months ended September 30,	
In thousands of CAD	**2021**	**2020**	**2021**	**2020**
	$	$	**$**	$
Commercial skincare	**1,563**	1,782	**5,199**	4,625
Licensing and royalties	**319**	4,999	**1,600**	6,865
Manufacturing and services	**1,111**	520	**2,408**	1,359
Total revenue	**2,993**	7,301	**9,207**	12,849

For the three months ended September 30, 2021, total revenue was $2,993 compared to $7,301 for the three months ended September 30, 2020, representing a decrease of $4,308. The most significant year-over-year decrease was in our Licensing segment in the amount of $4,680, primarily driven by the Taro Amendment concluded in Q3-20 representing $4,483 and, to a lesser extent, by the decrease in our Commercial segment revenue of $219 from lower exports to Asian markets. The decreases were offset in part by higher revenue in the Manufacturing segment, showing signs of recovery in demand following COVID-19-related impacts.

For the nine months ended September 30, 2021, total revenue was $9,207 compared to $12,849 for the nine months ended September 30, 2020, representing a decrease of $3,642. The decrease came primarily from our Licensing segment in the amount of $5,265, mainly driven by the Taro Amendment, as described above,

partly offset by higher revenue from the Commercial and Manufacturing segments, largely representing the recovery in consumer demand following COVID-19-related shutdowns of personal services businesses throughout periods of 2020 and 2021.

Commercial Skincare
For the three months ended September 30, 2021, Commercial Skincare sales were $1,563 compared to $1,782 for the three months ended September 30, 2020. The decrease of $219 year-over-year was mainly a result of lower export revenue in Asian markets, combined with lower year-over-year sales of hand sanitizer and personal protective equipment starter kits that we had commercialized during the pandemic. However, during the quarter, our core brands outperformed the prior year in domestic markets, supported by the recovery of customer demand following COVID-19-related closures in 2020. We also observed incremental online sales this quarter, due in part to our investment in digital marketing initiatives, as well as incremental sales from the launch of NCTF.

For the nine months ended September 30, 2021, sales in this segment were $5,199 compared to $4,625 for the nine months ended September 30, 2020, representing a year-over-year increase of $574, mainly due to the same factors as described for the quarter regarding our core brands, e-commerce and NCTF sales.

Licensing and Royalties
For the three months ended September 30, 2021, revenue from the Licensing segment was $319 compared to $4,999 for the three months ended September 30, 2020, representing a decrease of $4,680. Our Q3-21 Licensing revenue comprised of 1) an upfront payment from STADA as part of the 15-country Pliaglis licensing agreement in the MENA region and 2) incremental royalties beyond the previously recognized minimum royalty threshold under the Cantabria Agreement. No royalties were recognized from U.S. sales of Pliaglis. In Q3-20, Licensing revenue was composed of 1) $4,483 received as part of the Taro Amendment (also see *Other (Income) Expenses*); 2) royalties on the global sales of Pliaglis of $500; 2) and upfront payment from Pelpharma as part of Pliaglis licensing agreement in Austria.

For the nine months ended September 30, 2021, revenue from the Licensing segment was $1,600 compared to $6,865 for the nine months ended September 30, 2020, representing a decrease of $5,265. During the first nine months of 2021, we recorded minimum guaranteed royalties of $806 (US$637) in accordance with our U.S. licensing agreement with Taro; 2) upfront payments from Croma and STADA as part of the respective licensing agreements; 3) incremental royalties beyond the previously recognized minimum royalty threshold under the Cantabria Agreement; and 4) products sales for supplying Pliaglis under the Austria licensing agreement. During the first nine months of 2020, Licensing revenue comprised of 1) $4,483 received as part of the Taro Amendment; 2) royalties on the global sales of Pliaglis of $1,969; and 3) $413 in future guaranteed minimum royalties under the Cantabria Agreement.

Manufacturing and Services
Manufacturing and Services revenue for the three and nine months ended September 30, 2021 was $1,111 and $2,408 compared to $520 and $1,359 for the comparable periods of 2020. The increases were mainly due to higher manufacturing volumes from new and existing clients.

Revenue Distribution

The following tables provide additional information regarding our revenue mix by geography and reportable segment for the three and nine months ended September 30, 2021, and 2020:

By Geography *(based on client's billing address)*

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Canada	**54%**	88%	**66%**	82%
U.S.	**30%**	7%	**22%**	10%
ROW	**16%**	5%	**12%**	8%
	100%	100%	**100%**	100%

By Segment

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Commercial Skincare	**52%**	24%	**56%**	36%
Licensing and Royalties	**11%**	69%	**17%**	53%
Manufacturing and Services	**37%**	7%	**26%**	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. For the three and nine months ended September 30, 2021, we had one major customer in the Manufacturing segment that accounted for 23% and 17%, respectively, of our total revenue (one major customer in the Licensing segment that accounted for 68% and 50% of revenue, respectively, for the three and nine months ended September 30, 2020).

Gross Profit by Segment

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. COGS primarily includes: the costs associated with manufacturing and packaging our products, provisions for inventory obsolescence, freight-in costs, the cost of products purchased from third parties, and costs for the development and manufacturing of formulas under our CDMO services.

	Three months ended September 30,		Nine months ended September 30,	
In thousands of CAD	2021	2020	2021	2020
	$	$	**$**	$
Revenue	**2,993**	7,301	**9,207**	12,849
Cost of goods sold	**1,468**	1,172	**3,844**	3,164
Gross profit	**1,525**	6,129	**5,363**	9,685
Gross margin %	***51.0%***	*83.9%*	***58.2%***	*75.4%*

For the three months ended September 30, 2021, gross profit was $1,525, representing a gross margin of 51.0%, compared to $6,129 and 83.9%, respectively, for the three months ended September 30, 2020. The decrease of $4,604 in gross profit was mainly due to the full margin benefit of the Taro Amendment in the amount of $4,483 recognized in Q3-20 and to a lesser extent from the recovery in Manufacturing segment sales year-over-year. The decrease in gross margin of 32.9% was mainly driven by the decrease in full-margin licensing revenue and the unfavourable revenue mix of having higher revenue in our Manufacturing segment year-over-year.

For the nine months ended September 30, 2021, gross profit was $5,363, representing a gross margin of 58.2%, compared to $9,685 and 75.4%, respectively, for the nine months ended September 30, 2020. The decrease of $4,322 in gross profit and the decrease in gross margin of 17.2% were mainly due to the same factors as described for the three-month period, partly offset by the benefit of government subsidies.

Commercial Skincare

	Three months ended September 30,		Nine months ended September 30,	
In thousands of CAD	2021	2020	2021	2020
	$	$	**$**	$
Revenue	**1,563**	1,782	**5,199**	4,625
Cost of goods sold	**678**	789	**2,202**	2,200
Gross profit	**885**	993	**2,997**	2,425
Gross margin %	***56.6%***	*55.7%*	***57.6%***	*52.4%*

For the three months ended September 30, 2021, gross profit in the Commercial segment was $885, representing a gross margin of 56.6%, compared to $993 and 55.7% for the three months ended September 30, 2020. The decrease of $108 in gross profit was mainly attributable to lower segment revenue year-over-year, while the improvement in gross margin of 0.9% was mainly driven by a favorably product mix, partly offset by incremental obsolescence charges in the quarter.

For the nine months ended September 30, 2021, gross profit in the Commercial segment was $2,997, representing a gross margin of 57.6%, compared to $2,425 and 52.4% for the nine months ended September 30, 2020. The increase of $572 in gross profit was mainly driven by the increase in segment revenue, while the gross margin improvement of 5.2% year-over-year was mainly driven by the same factors as for the quarter. Government subsidies also had a favorable impact on both gross profit and gross margin for the nine months ended September 30, 2021.

Licensing and Royalties

	Three months ended September 30,		Nine months ended September 30,	
In thousands of CAD	2021	2020	2021	2020
	$	$	**$**	$
Revenue	**319**	4,999	**1,600**	6,865
Cost of goods sold	**-**	-	**116**	-
Gross profit	**319**	4,999	**1,484**	6,865
Gross margin %	***100.0%***	*100.0%*	***92.8%***	*100.0%*

For the three months ended September 30, 2021, gross profit in the Licensing segment was $319, compared to $4,999 for the three months ended September 30, 2020, with a gross margin of 100.0% in both periods. The decrease in gross profit of $4,680 year-over-year was primarily driven by the decrease in full-margin licensing revenue related to Pliaglis as explained previously.

For the nine months ended September 30, 2021, gross profit in the Licensing segment was $1,484, representing a gross margin of 92.8%, compared to $6,865 and 100.0% for the nine months ended September 30, 2020. The decreases in gross profit and gross margin of $5,381 and 7.2%, respectively, were primarily driven by the decrease in full-margin licensing revenue related to Pliaglis, compounded by the incremental COGS from supplying Pliaglis under the Austria licensing agreement.

Manufacturing and Services

	Three months ended September 30,		Nine months ended September 30,	
In thousands of CAD	2021	2020	2021	2020
	$	$	**$**	$
Revenue	**1,111**	520	**2,408**	1,359
Cost of goods sold	**790**	383	**1,526**	964
Gross profit	**321**	137	**882**	395
Gross margin %	***28.9%***	*26.3%*	***36.6%***	*29.1%*

For the three months ended September 30, 2021, gross profit in the Manufacturing segment was $321, representing a gross margin of 28.9%, compared to $137 and 26.3%, respectively, for the three months ended September 30, 2020. The increase in gross profit of $184 and the improvement in gross margin of 2.6% were primarily a result of higher segment revenue and improved product mix.

For the nine months ended September 30, 2021, gross profit in the Manufacturing segment was $882, representing a gross margin of 36.6%, compared to $395 and 29.1%, respectively, for the nine months ended September 30, 2020. The increase in gross profit of $487 and the improvement in gross margin of 7.5% were primarily a result of the same factors as described for the quarter. Government subsidies also had a favorable impact on both gross profit and gross margin for the nine months ended September 30, 2021.

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

Operating Expenses

	Three months ended September 30,		Nine months ended September 30,	
In thousands of CAD	2021	2020	2021	2020
	$	$	**$**	$
Research and development	**126**	212	**463**	776
Selling, general and administrative	**1,909**	1,632	**5,702**	5,383
Depreciation and amortization	**350**	415	**1,032**	1,243
Total operating expenses	**2,385**	2,259	**7,197**	7,402

For the three months ended September 30, 2021, total operating expenses were $2,385 compared to $2,259 for the three months ended September 30, 2020, representing a slight increase of $126. The increase was primarily driven by higher selling, general and administrative ("SG&A") expenses of $277, mainly reflecting investments in advertising and promotion to grow our brands, in various key positions across the organization, incremental legal fees in support of business development activities, and lower government subsidies in Q3-

21 versus Q3-20. These additional costs were partly offset by lower R&D spend of $86 and by lower depreciation and amortization expense of $65.

For the nine months ended September 30, 2021, total operating expenses were $7,197 compared to $7,402 for the nine months ended September 30, 2020, representing a decrease of $205. The decrease was primarily driven by lower R&D expense of $313 largely reflecting the Company's proportionate funding of clinical development activities related to CTX-101 in Q2-20, lower depreciation and amortization expense of $211, partly offset by higher SG&A expenses of $319, net of higher government subsidies year-over-year due to the same factors as identified for the quarter.

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 business, we allocate a significant part of our R&D resources to the rejuvenation of our non-prescription skincare lines through product development and product reformulations, as well as to support business activities in our Manufacturing and Licensing segments.

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 and clinical costs related to our prescription product candidates such as CTX-101 and CTX-102. 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.

We also leverage our in-house R&D function for the development of new topical products combining our transdermal delivery technologies and various selected molecules to fuel future licensing agreements in the non-prescription skincare market.

For the three months ended September 30, 2021, R&D expenses were $126 compared to $212 for the three months ended September 30, 2020. The year-over-year decrease of $86, largely reflects lower outside laboratory testing and supply fees.

For the nine months ended September 30, 2021, R&D expenses were $463, compared to $776 for the nine months ended September 30, 2020. The year-to-date decrease of $313 largely reflects our proportionate funding of clinical development activities related to CTX-101 in Q2-20, which did not repeat, partly offset by a return to pre-COVID level headcount-related costs in the current year, following temporary layoffs and salary reductions implemented in response to the Pandemic in 2020.

Selling, General and Administrative

For the three months ended September 30, 2021, SG&A expenses were $1,909 compared to $1,632 for the three months ended September 30, 2020, representing an increase of $277 year-over-year. The increase was mainly reflective of a return to a pre-pandemic level of headcount-related costs, investments in advertising and promotion spend to grow our brands and in various key positions across the organization, as well as incremental legal fees in support of business development activities. During Q3-21, we recognized the benefit of $153 in wage subsidies under the CEWS program, compared to $258 in Q3-20.

For the nine months ended September 30, 2021, SG&A expenses were $5,702 compared to $5,383 for the nine months ended September 30, 2020, representing an increase of $319 year-over-year. The increase was mainly reflective of the same factors as discussed for the three-month period. During the first nine months of 2021, we recognized the benefit of $716 in wage subsidies under the CEWS program, compared to $556 for the comparable nine months of 2020. In Q2-20, we initiated cash conservation measures including temporary layoffs and salary reductions in response to the Pandemic.

Depreciation and Amortization
For the three and nine months ended September 30, 2021, depreciation and amortization expense were $350 and $1,032, compared to $415 and $1,243, respectively, for the three and nine months ended September 30, 2020. The decreases of $65 and $211 for the three and nine-month periods, were primarily due to the revision to the periodic amortization expense for intangibles following the recognition of an impairment charge of $1,918 in Q2-20.

Other (Income) Expenses

	Three months ended September 30,		Nine months ended September 30,	
In thousands of CAD	2021	2020	2021	2020
	$	$	**$**	$
Interest expense	**63**	52	**174**	199
Interest income	**(36)**	(57)	**(134)**	(209)
Foreign exchange (gain) loss	**13**	(64)	**174**	(165)
Impairment of intangible assets	**-**	-	**-**	1,918
Taro Amendment	**-**	(668)	**-**	(668)
Total other (income) expenses	**40**	(737)	**214**	1,075

Interest
For the three and nine months ended September 30, 2021, interest expense was $63 and $174, respectively, compared to $52 and $199 for the three and nine months ended September 30, 2020. The year-over-year decrease of $25 after nine months was primarily related to interest accretion and other adjustments.

For the three and nine months ended September 30, 2021, interest income was $36 and $134, respectively, compared to $57 and $209 for the three and nine months ended September 30, 2020, representing year-over-year decreases of $21 and $75. The Company earns interest on its cash balances and short-term investments and records interest accretion on the contract assets recognized under the Cantabria Agreement. Refer to Note 8 – *Contract Assets* to our Q3-21 Interim Financial Statements.

Foreign Exchange (Gain) Loss
For the three and nine months ended September 30, 2021, we recorded net foreign currency losses of $13 and $174, respectively, compared to net foreign currency gains of $64 and $165 for the three and nine months ended September 30, 2020. These currency variances are primarily driven by the timing of payments and settlements of foreign currency denominated balances, the revaluation of certain balance sheet items including the contract asset in the amount of $1,903 related to the Cantabria Agreement denominated in euros.

Impairment of Intangible Assets
For the nine months ended September 30, 2020, the Company recognized an impairment charge of $1,918. The Company updated its impairment assessment at June 30, 2020, 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.

Taro Amendment
As part of the Taro Amendment concluded in Q3-20, 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.

Net Income (Loss) and Earnings per Share

In thousands of CAD, except number of shares and per share data	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	$	$	**$**	$
Income (loss) before income taxes	**(900)**	4,607	**(2,048)**	1,208
Deferred income tax expense	**-**	399	**-**	579
Net income (loss)	**(900)**	4,208	**(2,048)**	629
Weighted average number of common shares outstanding				
Basic	**20,761,085**	20,648,448	**20,667,337**	20,665,803
Diluted	**20,761,085**	21,796,236	**20,667,337**	21,995,583
Earnings per share				
Basic	**$ (0.04)**	$ 0.20	**$ (0.10)**	$ 0.03
Diluted	**$ (0.04)**	$ 0.19	**$ (0.10)**	$ 0.03

Income (Loss) before Income Taxes
For the three months ended September 30, 2021, we reported a loss before income taxes of $900 compared to income before income taxes of $4,607 for the three months ended September 30, 2020. The year-over-year decrease of $5,507 was mainly attributable to: 1) the reduction in gross profit of $121 across all segments but excluding the impact of the Taro Amendment in Q3-20; 2) the aggregate impact of the Taro Amendment of $5,151; 3) higher SG&A expenses of $277 year-over-year; and 4) an increase in the net foreign exchange loss of $77, partly offset by the decreases in R&D and depreciation and amortization expenses of $86 and $65, respectively.

For the nine months ended September 30, 2021, we reported a loss before income taxes of $2,048 compared to income before income taxes of $1,208 for the nine months ended September 30, 2020. The year-over-year decrease of $3,256 was mainly attributable to: 1) the aggregate impact of the Taro Amendment of $5,151 in Q3-20; 2) higher SG&A expenses of $319; 3) an increase in the net foreign exchange loss of $339, partly offset by 1) the net overall increase in gross profit of $161 excluding the impact of the Taro Amendment; 2) the impairment charge of $1,918 taken in Q2-20 which did not repeat; and 3) the decreases in R&D and depreciation and amortization expenses of $313 and $211.

Deferred Income Tax Expense
Deferred income tax expense for the three and nine months ended September 30, 2021 was $nil compared to $399 and $579 for the three and nine months ended September 30, 2020.

Net Income (Loss)
For the three and nine months ended September 30, 2021, net loss was $900 and $2,048, respectively, compared to net income of $4,208 and $629, respectively, reported for the three and nine months ended September 30, 2020. The year-over-year decreases of $5,108 and $2,677 were mainly driven by the same factors as identified above under the section entitled Income (*Loss) before Income Taxes*.

Weighted Average Number of Common Shares Outstanding
During the three months ended September 30, 2021, the Company issued 470,128 Common Shares at a price of $0.70 per Common Share in connection with the minority interest acquired in The Best You (Refer to *Key Business Developments*).

The basic and diluted weighted average number of common shares outstanding are further affected by the shares purchased for cancellation under the Company's NCIB. The diluted weighted average number of common shares outstanding for the periods is further impacted by the number of options and warrants that are "in the money" and the effect of convertible debentures, when such impact is dilutive.

EBITDA and Adjusted EBITDA Reconciliation

The following table provides a reconciliation between net income (loss), as reported in accordance with IFRS, and EBITDA and Adjusted EBITDA, for the three and six months ended September 30, 2021 and 2020. Refer to the section entitled *Income (Loss) before Income Taxes* for details.

	Three months ended September 30,		Nine months ended September 30,	
In thousands of CAD	**2021**	**2020**	**2021**	**2020**
	$	$	**$**	$
Net income (loss)	**(900)**	4,208	**(2,048)**	629
Adjust for:				
Depreciation and amortization	**350**	415	**1,032**	1,243
Interest (income) expense, net	**27**	(5)	**40**	(10)
Deferred income tax expense	**-**	399	**-**	579
EBITDA	**(523)**	**5,017**	**(976)**	**2,441**
Adjust for:				
Share-based compensation	**39**	31	**149**	121
Foreign exchange (gain) loss	**13**	(64)	**174**	(165)
Impairment of intangible assets	**-**	-	**-**	1,918
Taro Amendment	**-**	(668)	**-**	(668)
Adjusted EBITDA	**(471)**	4,316	**(653)**	3,647

Liquidity and Capital Resources

Consolidated Statement of Cash Flows

In thousands of CAD	Three months ended September 30, 2021	2020	Nine months ended September 30, 2021	2020
	$	$	**$**	$
Net income (loss)	**(900)**	4,208	**(2,048)**	629
Items not involving cash flows	**486**	798	**1,467**	3,535
Cash from operations	**(414)**	5,006	**(581)**	4,164
Net change in non-cash working capital	**225**	(313)	**(547)**	879
Cash provided by (used in) operating activities	**(189)**	4,693	**(1,128)**	5,043
Cash used in investing activities	**(581)**	(1)	**(624)**	(62)
Cash used in financing activities	**(104)**	(90)	**(306)**	(382)
Effect of foreign exchange rates on cash and cash equivalents	**27**	(11)	**13**	(11)
Net change in cash and cash equivalents during the period	**(847)**	4,591	**(2,045)**	4,588
Cash and cash equivalents, beginning of the period	**13,083**	9,265	**14,281**	9,268
Cash and cash equivalents, end of the period	**12,236**	13,856	**12,236**	13,856

Operating Activities
For the three months ended September 30, 2021, cash used in operating activities was $189 compared to $4,693 provided by operating activities for the three months ended September 30, 2020. The year-over-year decrease of $4,882 was mainly driven by the favourable movement in non-cash working capital items of $538, partly offset by the decrease in cash used in operations of $5,420 year-over-year.

The net favourable change in non-cash working capital of $225 for the three months ended September 30, 2021 was mainly driven by the decrease in accounts receivable due to the timing of collections, an increase in accounts payable, partly offset by an increase in inventory to meet planned demand during the quarter.

The net unfavourable change in non-cash working capital of $(313) for the three months ended September 30, 2020 was mainly driven by the increase in accounts receivable due to the timing of collections.

For the nine months ended September 30, 2021, cash used in operating activities was $1,128 compared to cash provided by operating activities of $5,043 for the nine months ended September 30, 2020. The year-over-year decrease of $6,171 was mainly driven by the unfavourable movement in non-cash working capital items of $1,426, and the decrease in cash used in operations of $4,745 year-over-year.

The net unfavourable change in non-cash working capital of $(547) for the nine months ended September 30, 2021 was mainly driven by the increase inventory to meet planned demand, partly offset by the increase in accounts payable.

The net favourable change in non-cash working capital of $879 for the nine months ended September 30, 2020 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 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, 2021, the Company invested $581 and $624 compared to $1 and $62, invested for the three and nine months ended September 30, 2020. In Q3-21, we purchased a secured convertible promissory note with an initial principal amount of $500 in connection with the minority

interest acquisition in The Best You. All other investments in both periods of 2021 and 2020 primarily related to plant equipment and facility upgrades.

Financing Activities
For the three and nine months ended September 30, 2021, cash used in financing activities totaled $104 and $306, respectively, compared to $90 and $382 for the three and nine months ended September 30, 2020, representing a year-over-year decrease of $14 for the three-month period and an increase of $76 for the nine-month period.

During the three-month period ended September 30, 2021, we paid: 1) $82 under our lease obligation for our manufacturing and office facility, compared to $90 in the three-month period of 2020; 2) $22 for the purchase for cancellation of 31,804 Common Shares under our NCIB, compared to $nil in the prior year's period.

During the current nine-month period, we paid: 1) $260 under our lease obligation for our manufacturing and office facility, compared to $264 in the nine-month period of 2020; 2) $46 for the purchase for cancellation of 67,412 Common Shares under our NCIB, compared to $68 for the purchase for cancellation of 84,188 Common Shares in the comparable period of 2020 under our previous NCIB; and 3) $nil in connection with the acquisition of the Alyria product line, compared to $50 in the prior year's period.

Financial Instruments and Risk Management

Please refer to Note 18 – *Financial Instruments and Risk Management* of our Q3-21 Interim Financial Statements for additional information on our financial instruments.

Commitments

We have commitments under a lease for the rental of our manufacturing and office facility. This lease is accounted for entirely on the Consolidated Interim Statement of Financial Position under IFRS 16 – *Leases*. Refer to Note 3 – *Summary of Significant Accounting Policies* to the Company's Consolidated Audited Financial Statements for the years ended December 31, 2020 and 2019 (the "2020 Consolidated Financial Statements"). During the quarter ended March 31, 2021, we entered into a lease amendment mainly to extend the lease term period by five years until September 30, 2026. Refer to Note 12 – *Lease Obligation* to our Q3-21 Interim Financial Statements for further details.

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 the quarter ended September 30, 2021.

Capability to Deliver Results

The Company will need to spend resources to research, develop, 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.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in Note 3 – *Summary of Significant Accounting Policies* of its 2020 Consolidated Financial Statements. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and equity, the accompanying disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting periods.

Management has identified key areas of judgments, estimations or use of managerial assumptions that it believes are most critical to understanding the 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 and/or results of operations. The Company's actual results could differ from these estimates and such differences could also be material. These key areas are disclosed in Note 5 - *Use of Estimates and Judgments* to the Company's 2020 Consolidated Financial Statements.

There were no changes to our critical accounting estimates and judgements since our year ended December 31, 2020. Refer to the "Critical Accounting Policies and Estimates" section within our 2020 Annual Report for a full discussion of the applicable critical accounting judgments and estimates of the Company, a copy of which is available on SEDAR at www.sedar.com.

Eight Quarter Summary - Selected Financial Information

As at and for the three months ended,	Sep. 30, 2021	Jun. 31, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019
In thousands of CAD except per share data and number of shares	$	$	$	$	$	$	$	$
Revenue by Segment								
Commercial Skincare	**1,563**	1,869	1,767	2,079	1,782	1,304	1,539	2,210
Licensing and Royalties[1]	**319**	475	806	359	4,999	413	1,453	1,022
Manufacturing and Services	**1,111**	605	692	353	520	16	823	588
Revenue	**2,993**	2,949	3,265	2,791	7,301	1,733	3,815	3,820
Profitability								
Gross profit	**1,525**	1,722	2,116	1,588	6,129	1,092	2,464	2,132
Total operating expenses	**2,385**	2,399	2,413	2,316	2,259	2,318	2,825	2,718
Net income (loss)	**(900)**	(712)	(436)	(592)	4,208	(3,085)	(494)	(483)
Adjusted EBITDA[2]	**(471)**	(269)	87	(446)	4,316	(781)	112	6
Share information								
Earnings per share								
Basic	**$ (0.04)**	$ (0.03)	$ (0.02)	$ (0.03)	$ 0.20	$ (0.15)	$ (0.02)	$ (0.02)
Diluted	**$ (0.04)**	$ (0.03)	$ (0.02)	$ (0.03)	$ 0.19	$ (0.15)	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding								
Basic	**20,761**	20,613	20,627	20,648	20,648	20,648	20,700	20,767
Diluted	**20,761**	20,613	20,627	20,648	21,796	20,648	20,700	20,767
Financial Position								
Cash and cash equivalents	**12,236**	13,083	13,944	14,281	13,856	9,265	9,334	9,268
Total assets	**28,023**	27,740	28,696	26,831	27,791	23,472	26,607	26,837
Total non-current financial liabilities[3]	**1,796**	1,879	2,900	1,080	1,123	1,196	1,270	1,386

[1] Revenue for Q3-20 included $4,483 received as part of the Taro Amendment.

[2] Adjusted EBITDA is a non-IFRS measure. Refer to the *Non-IFRS and Key Financial Measures* and the *EBITDA and Adjusted EBITDA Reconciliation* sections of this MD&A.

[3] Non-current financial liabilities are defined as the sum of the long-term portions of convertible debentures, other obligations, and lease obligations. On March 15, 2021, the Company amended the lease for its manufacturing and office facility resulting in an adjustment of $1,944 to the lease obligation. As at September 30, 2021, convertible debentures totaling $965 were presented as part of current liabilities given a maturity date of June 30, 2022.

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 DCP and ICFR, supervised by and with the participation of the CEO and the CFO as of September 30, 2021. The CEO and the CFO concluded that, based on this evaluation, the Company's disclosure controls and procedures and internal controls over financial reporting were adequate and effective, at a reasonable level of assurance.

Risk Factors

An investor should carefully consider the risks discussed in detail in the Company's most recent annual MD&A dated March 23, 2021 and AIF dated March 24, 2021 when deciding whether to make an investment in the securities of Crescita, together with all other information contained in this MD&A and the Company's other continuous disclosure documents. 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. Upon the occurrence of any one or more of the disclosed risks, the Company's business, financial condition, results of operations and consequently, the price of its Common Shares, could be seriously affected.

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 its 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 our most recently filed AIF, can be found on SEDAR at www.sedar.com.