



ANNUAL INFORMATION FORM
FISCAL YEAR ENDED DECEMBER 31, 2020

March 24, 2021

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this Annual Information Form (the “AIF”) constitute forward-looking statements and/or forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable securities laws. This document should be read in conjunction with the Company’s other disclosure documents filed with Canadian securities regulatory authorities and commissions.

Forward-looking statements include, but are not limited to, statements made under the headings “*General Business Overview*”, “*Significant Developments – Last Three Fiscal Years*”, “*Risk Factors*” and other statements concerning the Company’s future objectives, strategies to achieve those objectives, as well as statements with respect to management’s expectations regarding beliefs, plans, estimates, goals, strategies, intentions, future growth, results of operations, performance, business prospectus, opportunities and macroeconomic industry trends, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plans”, “expects”, “goal”, “seek”, “growth strategy”, “future”, “continue”, or similar expressions suggesting future outcomes or events. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking statements. Such forward-looking statements are not historical facts but instead reflect management’s current beliefs and are based on information currently available to management. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the Company as of the date of this AIF, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The Company’s estimates, beliefs and assumptions, which may prove to be incorrect, include the various assumptions set forth herein, including, but not limited to, the Company’s future growth potential, results of operations, future prospects and opportunities, industry trends, legislative or regulatory matters, future levels of indebtedness, availability of capital and current economic conditions.

Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include general business and economic uncertainties, adverse market conditions, the Company’s ability to execute its growth strategies, the impact of changing conditions in the regulatory environment and drug development processes, increasing competition in the industries in which the Company operates, the Company’s ability to meet its debt commitments, the impact of unexpected product liability matters, the impact of litigation involving the Company and/or its products, the impact of changes in relationships with customers and suppliers, the degree of intellectual property protection of the Company’s products, the degree of market acceptance of the Company’s products, developments and changes in applicable laws and regulations, the effectiveness of mitigation strategies undertaken with respect to the COVID-19 pandemic and the severity, duration and impacts of COVID-19 on the economy and the Company, which is highly uncertain and cannot be reasonably predicted, as well as other risk factors included in this AIF under the heading “*Risk Factors*” and as described from time to time in the reports and disclosure documents filed by the Company with Canadian securities regulatory authorities and commissions. If any risks or uncertainties with respect to the above materialize, or if the opinions, estimates or assumptions underlying the forward-looking statements prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking statements. This list is not exhaustive of the factors that may impact the Company’s forward-looking statements. Although management has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other risk factors not presently known that management believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking statements.

These and other factors should be considered carefully, and readers should not place undue reliance on the Company’s forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The factors underlying current expectations are dynamic and subject to change. Although the forward-looking

statements contained in this AIF are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. All forward-looking statements in this AIF are qualified by these cautionary statements. The forward-looking statements contained herein are made as of the date of this AIF and except as required by applicable law, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

CERTAIN REFERENCES

This Annual Information Form is dated March 24, 2021 and, unless specifically stated otherwise, all information disclosed in this form is provided as at December 31, 2020, the end of Crescita's most recently completed fiscal year. This AIF has been prepared by and is the responsibility of management. All dollar amounts are expressed in Canadian dollars, unless otherwise stated.

For an explanation of key terms please refer to the "Glossary of Terms" contained in Appendix II to this AIF. Unless otherwise noted, or indicated by context, "Crescita Therapeutics Inc.", "Crescita", the "Company", "our" and "we" refers to Crescita Therapeutics Inc. and its direct and indirect subsidiaries.

CORPORATE STRUCTURE

Reorganization and Registered Office

On December 14, 2015, Nuvo Research Inc. ("**Nuvo Research**"), 2487002 Ontario Limited and 2487001 Ontario Limited, each a predecessor company of Crescita, entered into an arrangement agreement (the "**Arrangement Agreement**") in respect of the reorganization of Nuvo Research into two separate publicly traded companies (the "**Reorganization**"), Nuvo Pharmaceuticals Inc. (now d/b/a Miravo Healthcare™ "**Miravo**") and Crescita, each of which would be owned 100% by Nuvo Research's shareholders. The Reorganization was approved by the shareholders of Nuvo Research at a special shareholders meeting on February 18, 2016 and by the Ontario Superior Court of Justice on February 24, 2016. The Reorganization was completed on March 1, 2016 and Crescita Therapeutics Inc. was formed under the *Ontario Business Corporations Act*.

In general, this AIF does not refer to the Reorganization unless specifically required to provide context. For further information about the Reorganization, please refer to the 2017 Annual Information Form filed on SEDAR at www.sedar.com and available on our website at www.crescitatherapeutics.com.

The Company operates through its corporate head office located at 2805 Place Louis-R Renaud, Laval, Québec, H7V 0A3 and maintains a registered office located at 6733 Mississauga Road, Suite 800, Mississauga, Ontario, L5N 6J5.

Subsidiaries

The activities of the Company are conducted either directly or through its subsidiaries. The table below shows the Company's wholly owned subsidiary as at December 31, 2020. Certain subsidiaries whose total assets did not represent more than 10% of the Company's consolidated assets or whose revenue did not represent more than 10% of the Company's consolidated revenue as at December 31, 2020, have been omitted¹. The subsidiaries that have been omitted represent, as a group, less than 20% of the consolidated assets and revenue of the Company as at December 31, 2020.

<u>Name of Subsidiary</u>	<u>Crescita's Ownership %</u>	<u>Country of Incorporation</u>
INTEGA Skin Sciences Inc. (" INTEGA ")	100%	Canada

¹ Based on the Company's annual consolidated audited financial statements for the fiscal year ended December 31, 2020 filed with Canadian securities regulators and which are available at www.sedar.com and on Crescita's website at www.crescitatherapeutics.com.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of common shares (the "**Common Shares**") and an unlimited number of first and second preferred shares, issuable in series. As of the date of this AIF, 20,617,840 Common Shares were issued and outstanding, and no preferred shares were issued and outstanding.

The following is a description of the material characteristics of the Company's common shares and preferred shares, as well as descriptions of other instruments that are convertible or exercisable into common shares.

Common Shares

The holders of Common Shares are entitled to receive notice of any meeting of the Company's shareholders and to attend and vote thereat, excepting those meetings at which only those holding another class of shares or a particular series are entitled to vote. Each Common Share entitles its holder to one vote. Subject to the rights of those holding preferred shares, the holders of Common Shares are entitled to receive on a pro rata basis such dividends as the Board of Directors of the Company (the "**Board**") may declare out of funds legally available. In the event of the dissolution, liquidation, winding-up or other distribution of the Company's assets, such holders are entitled to receive on a pro rata basis, all the Company's remaining assets after payment of all liabilities, subject to the rights of the holders of the preferred shares. The Common Shares carry no pre-emptive or conversion rights. The full terms of the Common Shares can be found in the articles of arrangement of 2487001 Ontario Limited (a predecessor of Crescita) dated March 1, 2016, a copy of which is available on SEDAR at www.sedar.com.

Preferred Shares

Preferred shares may be issued from time-to-time in one or more series, the number, designation, rights, privileges, restrictions, and conditions of which would be determined by the Board prior to issuance. The preferred shares are entitled to priority over the Common Shares with respect to the payment of dividends and distributions in the event of the dissolution, liquidation or winding-up or other distribution of the Company's assets. Except as required by law, the holders of first preferred shares as a class, and holders of second preferred shares as a class, are not entitled to receive notice of, attend or vote at any meeting of Crescita's shareholders. A full description of the preferred shares can be found in the articles of arrangement of 2487001 Ontario Limited (a predecessor of Crescita) dated March 1, 2016, a copy of which is available on SEDAR at www.sedar.com.

Convertible Debentures

In 2017, the Company completed a \$1.0 million convertible debenture financing with Bloom Burton Healthcare Lending Trust and Bloom Burton Healthcare Lending Trust II (together the "**Bloom Burton Funds**"). The debentures issued to Bloom Burton Funds (the "**Debentures**") bear interest at 9% payable in cash on a quarterly basis and mature on June 30, 2022. The Debentures are convertible into Common Shares at the option of the holder at a conversion price of \$1.00 per share. Commencing on August 28, 2019, the second anniversary of the issue date, the Company has the option to force the conversion of the Debentures if the closing price of its Common Shares exceeds 150% of the conversion price on 20 trading days in any 30-day period. The Debentures are secured by assets of the Company, ranking in priority behind the Royal Bank of Canada ("**RBC**"). Refer to *Significant Developments – Last Three Fiscal Years – Fiscal 2020*.

Warrants

In fiscal 2017, the Company issued 496,000 common share purchase warrants (“**Warrants**”), of which 396,000 were issued to Knight Therapeutics Inc. (“**Knight**”). Of the Warrants issued to Knight, 216,000 are exercisable at a price of \$0.75 per Common Share and the other 180,000 Warrants are exercisable at a price of \$1.00 per Common Share, in each case, for a period of six years from August 14, 2017, the date the Warrants were issued. Concurrent with the issuance of such Warrants, Knight surrendered and cancelled the 293,163 Warrants it previously held in INTEGA. The remaining 100,000 Warrants were issued to Bloom Burton Funds on August 28, 2017 at an exercise price of \$0.75 per Common Share for a period of six years from that date.

Shareholder Rights Plan

Crescita’s Shareholder Rights Plan (the “**Rights Plan**”) initially took effect on March 1, 2016 as part of the Reorganization and was amended, restated and ratified at the Company’s annual general and special meeting of shareholders held on May 14, 2019.

The purpose of the Rights Plan is to provide some protection to Crescita shareholders from the potentially adverse impact of take-over strategies, including the acquisition of control of Crescita by a bidder in a transaction or series of transactions, that do not treat all shareholders equally or fairly or afford all shareholders an equal opportunity to share in any premium paid upon an acquisition of control. The Rights Plan is not intended to prevent all unsolicited take-over bids for Crescita and will not do so, but rather, is designed to encourage potential bidders to make permitted bids or negotiate take-over proposals with the Crescita Board, which the Board considers are in the best interest of Crescita and to protect Crescita Shareholders against being coerced into selling their Common Shares at less than fair value.

Shareholder rights plans continue to be adopted by a large number of publicly held corporations in Canada and the United States. The terms of the Rights Plan are generally similar to those recently adopted by other major Canadian companies. A more detailed summary is included in the Company’s Management Information Circular dated March 18, 2019, available at www.sedar.com. The full text of the Rights Plan was filed on SEDAR at www.sedar.com and may be accessed there.

DIVIDEND POLICY

The declaration of dividends on Crescita Common Shares is at the sole discretion of the Board. The Company has not paid dividends on the Common Shares to date. It is the Board’s current policy not to pay dividends in order to preserve cash and it does not expect to pay dividends in the near future. As a result, the return on an investment in Crescita’s Common Shares will depend upon any future appreciation or depreciation in value. There is no guarantee that the Common Shares will appreciate in value or even maintain the price at which they currently trade. The Board is under no obligation to declare dividends and any determination by the Board to declare a dividend will depend on, among other things, the financial condition of the Company and the need to finance its business activities. Restrictions in credit or financing agreements entered into by Crescita or the provisions of applicable law may preclude the payment of dividends by Crescita in certain circumstances.

MARKET FOR SECURITIES, TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol CTX and commenced trading on March 7, 2016.

The following table provides information on the monthly closing price range and trading volume for the Common Shares on the TSX during the year ended December 31, 2020:

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
	\$	\$	000's
January	0.98	0.90	465
February	0.99	0.86	998
March	0.94	0.52	1,333
April	0.70	0.43	989
May	0.75	0.58	807
June	0.64	0.51	494
July	0.58	0.46	423
August	0.66	0.53	310
September	0.58	0.50	182
October	0.53	0.46	382
November	0.84	0.45	1,349
December	0.82	0.70	418

Normal Course Issuer Bid and Cancellation of Shares

On November 26, 2020, the Company announced that the TSX approved the Company's intention to make a normal course issuer bid (the “**NCIB**”) for a portion of its Common Shares, enabling the Company 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, the Company adopted an automatic securities purchase plan (the “**ASPP**”) that contains strict parameters regarding how its Common Shares may be repurchased during times when it would ordinarily not be permitted to purchase Common Shares due to regulatory restrictions or self-imposed blackout periods. During the year ended December 31, 2020, no Common Shares were repurchased under the NCIB.

Pursuant to the Company's previous normal course issuer bid that commenced on June 28, 2019 and ended on June 27, 2020, and enabled the Company to purchase up to 1,000,000 of its Common Shares for cancellation on the open market through the facilities of the TSX (the “**Previous NCIB**”), a total of 367,611 Common Shares were repurchased at a weighted average price of \$0.88 per share, of which 84,188 were repurchased and cancelled during the 2020 fiscal year, at an average market price of \$0.81, for aggregate consideration including commissions of \$68,192.

In connection with its Previous NCIB, the Company had also adopted an ASPP, which was terminated on March 24, 2020, as part of the measures it took in response to the COVID-19 pandemic. Refer to *Significant Developments – Last Three Fiscal Years – Fiscal 2020*.

DIRECTORS AND OFFICERS

The following table sets forth the name, municipality of residence, principal occupation, position with the Company, committee membership and role therein, as well as the number of securities beneficially owned directly or indirectly by each director and executive officer of the Company, or over which each of them exercises control or direction as of the date of this AIF.

Directors of the Company hold office until the next annual shareholders' meeting or until successors are duly elected or appointed. The Company's next annual general meeting is scheduled to be held on Tuesday, May 11, 2021 at its corporate head office in Laval, Québec.

Name and Residence	Principal Occupation	Director Since	Committee Membership and Role	Number of Common Shares Beneficially Owned
Daniel N. Chicoine Ontario, Canada	Executive Chairman of the Board	March 2016	n/a	1,045,477
David A. Copeland Ontario, Canada	Private Business Investor	March 2016	Chair of Audit ⁽¹⁾	95,427
Anthony E. Dobranowski Ontario, Canada	Private Business Investor	March 2016	Lead Director, Member of Audit ⁽¹⁾ and Chair of CCGNC ⁽²⁾	100,000
John C. London Ontario, Canada	Private Business Investor	March 2016	Member of Audit ⁽¹⁾	193,522
Dr. Jean-François Tremblay Québec, Canada	Dermatologist, Medical Director at MédIME Chief Medical Officer at Functionalab Group	May 2019	Member of CCGNC ⁽²⁾	nil
Thomas Schlader Québec, Canada	Private Business Investor	September 2016	Member of CCGNC ⁽²⁾	36,681
Serge Verreault Québec, Canada	President and Chief Executive Officer	n/a	n/a	649,351
Jose DaRocha Québec, Canada	Chief Financial Officer	n/a	n/a	100,558

(1) Audit refers to the Company's Audit Committee.

(2) CCGNC refers to the Company's Compensation, Corporate Governance, and Nominating Committee.

Each of the directors of the Company has been engaged for more than five years in his present principal occupation or in other capacities with the corporation or organization (or predecessor thereof) in which he currently holds his principal occupation, with the exception of (a) Mr. Daniel Chicoine who from 2009 to 2016 was the Chairman and Co-Chief Executive Officer of Nuvo Research (now Miravo); (b) Mr. John London who from 2009 to 2018 held various senior executive positions at Miravo or its predecessor companies; and c) Dr. Jean-François Tremblay, who since August 12, 2020 has partnered with and is the Chief Medical Officer of the Functionalab Group.

Dr. Tremblay informed the Board that he would not stand for re-election at the Company's upcoming annual general meeting of shareholders. Dr. Tremblay's decision not to stand for re-election is related to new business opportunities he wishes to pursue, making it difficult to reconcile with his responsibilities as a director of the Company.

Ownership of Securities on the Part of Directors and Officers

As at December 31, 2020, the directors and executive officers of Crescita, as a group, beneficially owned, directly or indirectly, or exercised control or direction of 2,221,016 common shares, representing 10.8% of the Company's common shares outstanding.

GENERAL BUSINESS OVERVIEW

Business Overview

Crescita (TSX: CTX and OTC US: CRRTF) is a growth-oriented, innovation-driven Canadian commercial dermatology company with in-house research and development ("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 that 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 sun care, 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 dermocosmetic products address 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® ("LDR"), is sold to professional aestheticians and directly to consumers via our website www.ldrenaud.com. LDR has active ingredient formulations to enhance the results of skincare treatments as well as the overall appearance of the skin.
- (ii) Medical aesthetics includes medical treatments that are focused on improving patients' cosmetic appearance. Medical aesthetics is a niche market between the cosmetic industry and plastic surgery. Qualified doctors and nurses typically perform both non-invasive and minimally invasive procedures or skincare treatments such as chemical peels, advanced retinol facials, microdermabrasion, hyaluronic acid ("HA") and neurotoxin injections, and various laser and device treatments. Our primary medical aesthetic skincare brands are Pro-Derm™ and Alyria®. To expand our offering in the Canadian medical aesthetic market, we signed an exclusive Canadian distribution and promotion agreement for New Cellular Treatment Factor® ("NCTF"), an HA serum, and the ART FILLER® range of injectables from Laboratoires FILLMED ("FILLMED"), which are expected to be launched in the first half of 2021 and in early 2022, respectively.

Our national sales force consisting of eight members calls on aesthetic practitioners and medical aesthetic clinics and medispas across Canada. In addition, our skincare brands are sold in certain Asian markets, such as Malaysia, South Korea and China 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 currently approved in over 25 different countries, is sold by commercial partners in the U.S., Italy, Spain and Brazil, and was most recently licensed to partners in Austria, Mexico and China. In addition, we market Pliaglis in the Canadian physician-dispensed skincare market through our existing 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 contract development and manufacturing organization (“**CDMO**”) infrastructure. We provide our services to several North American clients under full current Good Manufacturing Practice (“**cGMP**”) 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 and commercialization.

We also manufacture the majority of our non-prescription skincare products from our 50,000 square-foot production facility.

Operating Segments

Effective January 1, 2020, the Company now has three operating segments: (i) Commercial Skincare; (ii) Licensing and Royalties; and (iii) Manufacturing and Services. Prior to this, the Company operated its business as one segment.

Commercial Skincare

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

In Canada, the Company's sales force calls on aesthetic spas, medispas and medical aesthetic clinics using a business-to-business-to-consumer business model. International markets include South Korea and Malaysia where LDR is sold by distribution partners, and China where Dermazulene is sold by a large e-commerce distributor.

Licensing and Royalties

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

Manufacturing and Services

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

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

Pillar 1: Organic Growth

The first pillar focuses on generating revenue growth from existing commercial activities within our non-prescription and prescription portfolios mainly through the introduction of product innovations and line extensions, which may leverage our patented transdermal delivery technologies, Multiplexed Molecular Penetration Enhancers™ ("**MMPE**") and DuraPeel™, the expansion of our distribution channels as well as expanding into new geographic markets. Our in-house R&D and innovation function plays an important role in fueling new product development and innovations based on formulation expertise and market intelligence. As such, we may, as appropriate, allocate resources to exploratory product development with various molecules to target new therapeutic areas.

Pillar 2: Strategic Acquisitions and/or In-licensing Agreements

The second pillar focuses on the acquisition of dermatology and/or skincare companies or assets offering product or services portfolios which are complementary to our own. We also remain open to acquiring niche commercial stage prescription dermatology products, however, all the assets or businesses we review must be strategic in the context of our growth plan.

Pillar 3: Strategic Out-licensing of Assets

The third growth pillar focuses on: (i) out-licensing our products in markets where we have no commercial presence, and (ii) out-licensing our patented transdermal delivery technologies, MMPE and DuraPeel to partners looking for a differentiating factor for topical dermatology or dermocosmetic product development. These technologies have been tested with several active ingredients, and in those cases, have demonstrated increased skin permeation of the active ingredient versus the control vehicle. We believe that these technologies could be used with many other molecules and could potentially increase the efficacy of certain topical products currently sold. The Company plans to further leverage its in-house R&D and innovation function to develop products intended for out-licensing which may use MMPE and DuraPeel.

Pillar 4: Contract Development and Manufacturing Services

The fourth growth pillar aims to generate incremental revenue by: (i) leveraging our in-house R&D and formulation expertise and by (ii) increasing the utilization of our manufacturing facility, which has yet to operate at full capacity.

Strategic Focus and Business Outlook

Our Four-Pillar Growth Strategy guides our overall strategic initiatives and resource allocation decisions. The success of the strategy will depend on management's effective execution and implementation of initiatives in each of the pillars.

While we continue to pursue organic growth pathways, the potential of organic growth remains relatively modest given the mature state of the dermocosmetic industry and the intense competitive landscape in which we operate. The discretionary nature of the products and services offered in our industry ties our organic growth opportunities in part to consumer disposable income and consumer confidence. In addition, the COVID-19 pandemic has created losses in many industries including ours, which may continue, as consumers may experience health and safety concerns due to the difficulty to socially distance as a result of the necessary person to person contact of most services offered in spas, medispas and medical clinics. Moreover, some spas, medispas and medical clinics have been and may in the future be forced to close or limit the number of customers due to governmental orders related to the pandemic.

Business development remains the overarching driver through all our pillars and the execution of accretive collaborative arrangements remains a critical component of our business model and growth strategy. To supplement organic growth initiatives, we are actively pursuing acquisition targets in the dermocosmetic industry, which will help us expand our geographic presence and critical mass as well as enable us to better compete in our industry.

In 2021, we intend to grow through the following strategic initiatives: (i) maximizing licensing opportunities of Pliaglis in the rest-of-world ("ROW"), with emphasis on high-potential countries where marketing authorizations have already been granted; (ii) securing licensing partners for our transdermal delivery technologies and pipeline products; (iii) pursuing strategic acquisitions to gain critical mass and to further our access to consumers; (iv) bolstering our medical aesthetic business platform as the exclusive Canadian distributor of FILLMED products, with the successful launch of NCTF; and (v) increasing our CDMO customer base to improve our plant's utilization and generate revenue. With a robust portfolio of assets and a dedicated management team in place, we believe that we are well-positioned to execute our vision and commercial growth strategy in 2021 and beyond.

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 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 synergy of science and aesthetics. Products are designed according to the principles of biomimicry which imitate natural processes, making them 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 the Company's 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 in proven formulations, delivered through 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. We are advancing the transfer of the manufacturing process of the Alyria line to our facility and now anticipate completion of the transfer by the second half of 2021 due to pandemic-related delays.

Dermazulene®

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

New Cellular Treatment Factor®

NCTF 135 HA is a skin revitalization solution primarily used for the improvement of skin quality and fine lines. Since 1978, NCTF has been a leader in skin revitalization with millions of bottles sold around the world. Comprising HA 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. We are expecting to launch NCTF onto the Canadian medical aesthetic market in the first half of 2021. Refer to *Significant Developments – Last Three Fiscal Years – Fiscal 2020*.

ART FILLER®

ART FILLER is an exclusive collection of five HA-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 HA and feature an optimized equilibrium between free HA, long chains and very long chains of HA. 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 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 early 2022, following its approval by Health Canada. Refer to *Significant Developments – Last Three Fiscal Years – Fiscal 2020 and Fiscal 2021 to AIF Filing Date*.

Prescription Product Portfolio

Pliaglis®

Pliaglis is a topical local anesthetic cream that provides safe and effective local dermal analgesia on intact skin prior to superficial dermatological procedures. The formulation contains a eutectic mixture of 7% lidocaine and 7% tetracaine that utilizes 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 for 20 to 30 minutes prior to superficial dermatological procedures such as dermal filler injections, non-ablative laser facial resurfacing, or pulsed-dye laser therapy and 60 minutes prior to procedures such as laser-assisted tattoo removal. Following the application period, the pliable layer is easily removed from the skin allowing the procedure to be performed with minimal to no pain. In clinical studies, the mean duration of anesthesia has been shown to be in the range of 7 to 9 hours after the application of Pliaglis.

The product is currently approved in over 25 countries and sold by commercial partners in the U.S., Italy, Spain, and Brazil (refer to *Significant Partnerships*), and was most recently licensed to partners in Austria, Mexico and China. Crescita continues to focus on expanding its global network for Pliaglis in the ROW and is actively seeking to secure licensing partners in countries that have been identified by management as having the highest strategic priority.

We launched Pliaglis in the Canadian medspa market through our existing sales force in late 2019, however, commercial efforts were affected due to the COVID-19 pandemic. We are planning to relaunch Pliaglis in Canada in the first half of 2021 through various initiatives including the introduction of a patient satisfaction index for common aesthetic procedures ("**PSICAP**"), a tool intended to collect and analyze patient experiences with minor and major aesthetic procedures. We have created an advisory board with Canadian dermatologists to use the product and seek patient feedback. Clinical publications will also be written to reach key opinion leaders ("**KOLs**").

Enhanced Formulation 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 United States Patent and Trademark Office ("**USPTO**") granted U.S. Patent No. 10,603,293 for Solid-Forming Anesthetic Formulations for Pain Control, which covers both Pliaglis and the 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**"), the Company's licensing partner for Pliaglis in the U.S. The Orange Book identifies drug products approved on the basis of safety and effectiveness by the Food and Drug Administration (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 into a joint venture with Ferndale Laboratories Inc. (“**Ferndale**”) 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 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. We are currently working with our Development Partners to complete the full development program and clinical reports for these studies for submission to the FDA and have agreed with our Development Partners that they may initiate 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, patent applications are pending in Australia, Canada, Europe, Mexico, New Zealand and the United States, 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.

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, 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. Additional international and US patent applications are also pending 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 21 countries including the U.S., with the latest expiring in 2031. Patent applications are pending in Brazil and the U.S. DuraPeel patents have been issued in Australia, Canada, Japan and in the U.S. with the latest expiry in 2027. The European patent application is pending.

MMPE™

The MMPE technology uses synergistic combinations of certain specific pharmaceutical excipients included 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. Applications are pending in Australia, Canada, Europe, Mexico, New Zealand, and in the U.S., with the latest expiry date in 2036.

Intellectual Property

The value of the Company's commercial and drug development candidates, and their prospects, depends heavily on establishing and protecting valid intellectual property rights for the prescription drug products and establishing brand identity for the non-prescription products. See *Risk Factors – Patents, Trademarks and Proprietary Technology*.

Patent protection, the confidential nature of the Company's expertise and its trade secrets are intended to provide a period of exclusivity with respect to processes or products developed by, or for, the Company and its exclusive benefit. The Company believes it has taken steps reasonably necessary to protect the confidentiality of its commercially sensitive activities.

The Company owns intellectual property useful for drugs in the dermatology and pain therapeutic areas, including Pliaglis, the enhanced formulations of Pliaglis, MMPE drug formulations and DuraPeel. In addition, the Company holds certain registered trademarks and trademark applications that cover its pipeline and commercial products.

Pliaglis and Enhanced Formulations of Pliaglis

The Company owns patents which cover Pliaglis and enhanced formulations of Pliaglis. For Pliaglis, claims are directed to a formulation for pain control. The Company owns a U.S. Patent granted March 31, 2020 that expires in 2031.

The Company owns two distinct patent families relating to enhanced formulations of Pliaglis. These families include composition of matter claims and method of use claims for treating pain. The first family has patents granted in Australia, Canada, China, Europe, Hong Kong, Japan, Russia and the U.S. The second family has patents granted in Australia, Canada, Mexico and the U.S. Additional applications are pending in two countries including the U.S.

MMPE Technology

Three related U.S. patents claiming certain combinations of particular molecular penetration enhancers together with active drugs in topical formulations were issued: (1) U.S. Patent No. 8,343,962 issued on January 1, 2013; (2) U.S. Patent No. 9,308,181 issued on April 12, 2016; and (3) U.S. Patent No. 9,642,912 issued on May 9, 2017. In addition, applications are pending in Australia, Canada, Europe, Mexico, New Zealand and the U.S., with latest expiry date in 2036.

DuraPeel Technology

The Company holds several patents covering the DuraPeel technology platform. Claims are directed to composition of matter and methods of use in the treatment of pain, dermatitis and other conditions. Worldwide, there are five issued patents with latest expiry date in 2027, and a pending application protecting this technology.

Rinse-Off Technology

The Company holds a patent and patent applications covering the rinse-off technology platform. Claims are directed to composition of matter and methods of use in the treatment of a disease, disorder or condition. Worldwide, there is one issued U.S. patent and pending U.S. and international patent applications protecting this technology through 2040.

Manufacturing and Distribution

The Company has a 50,000 square-foot facility located in Laval, Québec, which produces a significant portion of its non-prescription skincare products, such as Laboratoire Dr Renaud, Pro-Derm, Alyria and Dermazulene. The manufacturing facility complies with the current cGMP regulations administered and enforced by the FDA and is regularly inspected by Health Canada. Crescita specializes in the custom manufacturing of creams, liquids, gels ointments and serums. Formulations manufactured by or for Crescita include cosmetics, natural health products and products with drug identification numbers (“**DIN**”) and are currently sold in the U.S., Canadian and Asian markets. The Company generates revenue, in part, from foreign sales through its international distributors including a large e-commerce distributor.

Crescita uses a third-party to handle the warehousing and distribution of all its finished good products. See *Risk Factors – Reliance on Third Parties for Warehousing, Distribution and Logistics Services*.

Employees

As at December 31, 2020, the Company had 65 full-time employees and contract professionals, including full-time consultants. Crescita employees are not subject to any collective bargaining agreements and are not unionized.

Specialized Skill and Knowledge

The Company’s non-prescription skincare products business specializes in establishing marketing plans and brand identity for its products. The Company also relies on its sales, marketing and regulatory teams in establishing product development targets. The Company will, from time-to-time, enlist outside sales and marketing expertise to help establish sales and marketing plans.

The Company's prescription drug products business specializes in drug development and relies on its ability to design and conduct clinical studies, navigate the regulatory pathway in Canada, the U.S., Europe and the ROW and out-license its products in development. The Company will, from time-to-time, enlist the support of experienced clinical trial, regulatory and legal consultants and will combine those resources with its own expert knowledge to achieve the successful development of its products and the protection of its intellectual property.

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 formulation of Pliaglis (U.S.)	Local anesthesia prior to superficial dermatological procedures	Commercial	U.S. patent for Pliaglis expired on September 28, 2019. Three Orange Book listed U.S. patents for enhanced formulation expiring in 2031. Application pending in the U.S. through 2031.
Pliaglis (ROW)	Local anesthesia prior to superficial dermatological procedures	Commercial	International patents for Pliaglis expired on September 27, 2020.
Enhanced formulations of Pliaglis (ROW)	Local anesthesia prior to superficial dermatological procedures	Phase 3/4	Patents granted in AU, CA, CN, AT, BE, CH, DE, ES, FR, GB, GR, IT, LU, NL, PL, TR, HK, JP, MX, and RU, with latest expiring in 2031. Application pending in BR through 2031.
CTX-101 ¹	Plaque Psoriasis	Phase 3	Patents granted in the U.S. expiring in 2027. Applications pending in AU, CA, EP, MX, NZ, and U.S. through 2036.
CTX-102 ¹	Dermatological skin treatment	Phase 1	Patents granted in the U.S. expiring in 2027. Applications pending in AU, CA, EP, MX, NZ, and U.S. through 2036. U.S. patent for CTX-102 granted through 2040. International and U.S. applications pending through 2040.
Dermatology products utilizing MMPE ³	Prescription treatments of skin diseases	Pre-clinical	Patent granted in the U.S. expiring in 2027.

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

Development and License Agreement with Sundial Growers Inc.

On October 28, 2019, the Company announced that it entered into a development and license agreement with Sundial Growers Inc. (“**Sundial**” and the “**Sundial Agreement**”), a Canadian licensed producer of cannabis, granting Sundial the worldwide rights to Crescita’s proprietary transdermal delivery technologies, MMPE and DuraPeel, for the development of topicals containing cannabis and hemp for the Canadian and international non-prescription markets. Sundial funds the development and formulation costs and obtains the worldwide marketing and distribution rights for the newly developed products. Sundial’s initial topical offerings will include two products that will utilize our MMPE technology. In addition, under the agreement, Sundial would support Crescita in applying for and obtaining the Health Canada Standard Processing License for Cannabis.

While Sundial is still interested in entering the topical cannabis market, we have no certainty as to when and if they will launch the developed products. In the event that Sundial launches the products, Crescita will be eligible to receive tiered royalties on the net worldwide sales for these products and retains the right to leverage its intellectual property for future product development under its own brands.

Licensing Agreement with Cantabria Labs

On April 25, 2019, the Company announced that it 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**”). Effective April 1, 2019, Crescita had reacquired the ROW development and marketing rights for Pliaglis from Galderma S.A. (“**Galderma**”), a global pharmaceutical company specialized in dermatology.

In consideration for the rights granted under the Cantabria Agreement, the Company received up-front payments totaling \$3.7 million (€2.5 million). In addition, the Company is 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. The first commercial sale of Pliaglis by Cantabria in Italy occurred on June 10, 2019 and the minimum guaranteed royalties of \$1.7 million were recognized up-front in the second quarter of 2019 as prescribed by International Financial Reporting Standard (“**IFRS**”) 15 – *Revenue from Contracts with Customers*.

During the fourth quarter of 2020, Cantabria launched Pliaglis in Spain, which entitled Crescita to a milestone payment of \$78,000 (€50,000). 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 planning to launch the product in Portugal and France in 2021.

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.

In the first quarter of 2020, 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 \$0.4 million in the second quarter of 2020.

Licensing Agreement with Taro Pharmaceuticals Inc.

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

On July 28, 2020, the Company announced that it entered into an amendment to the Original Taro Agreement (the “**Taro Amendment**”). The Taro Amendment entitled Crescita to a one-time total cash payment of \$5.2 million (US\$3.9 million), 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 \$0.7 million (US\$0.5 million) during the quarter. Under the Taro Amendment, royalties will now be 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.

As previously announced, the Company was informed by Taro of certain restrictive amendments to U.S. managed care in the fourth quarter of 2019 which may adversely affect Pliaglis sales. In the U.S., Pliaglis and an authorized generic form of the branded “Pliaglis” have been and are still sold by third-party distributors directly to pharmacy chains. While management has not yet been able to 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.

There were no royalties on the U.S. Pliaglis sales of Pliaglis in each of the second and fourth quarters of 2020, with fiscal 2020 royalties reaching \$1.9 million (excluding amounts received in connection with the Taro Amendment), compared to \$2.6 million in fiscal 2019, representing a decrease of \$0.7 million. As a mitigation mechanism, under the terms of the Original Taro Agreement, the Company is entitled to minimum annual royalties in the amount of US\$1.0 million per year. Taro is also entitled to terminate the agreement without penalty, subject to a six-month notice period.

SIGNIFICANT DEVELOPMENTS - LAST THREE FISCAL YEARS

Fiscal 2021 to AIF Filing Date

- On January 21, 2021, the Company announced that FILLMED submitted the application to Health Canada for a new Medical Device License (“**MDL**”) for the ART FILLER range as a Class III medical device. Due to backlogs resulting from the COVID-19 pandemic, it is estimated that the average target review time by Health Canada may range from six to nine months but may be longer. The Company is planning to launch NCTF in the first half of 2021, while it anticipates launching the ART FILLER range in early 2022, following its approval by Health Canada. Both launches represent key opportunities for the Company to take advantage of the increasing popularity of minimally invasive and non-invasive aesthetic procedures and to strengthen its presence in the rapidly growing medical aesthetics market.

Fiscal 2020

Pliaglis ROW Licensing Agreements:

- On November 5, 2020, the Company announced that it entered into an exclusive agreement with Juyou Bio-Technology Co. Ltd (“**Juyou**”), a biotechnology company that develops and sells medical and cosmetic skincare products, for the commercialization and development of Pliaglis and an enhanced formulation of Pliaglis in mainland China. Juyou will be responsible for the overall clinical development and regulatory filings for Pliaglis with the National Medical Products Administration (the “**NMPA**”, formerly the China State Food and Drug Administration). As part of the license agreement, Crescita received an upfront payment of \$0.2 million (US\$0.1 million) and will be eligible for potential regulatory and sales milestones of up to US\$1.0 million and US\$1.8 million, respectively. Crescita will supply Pliaglis at a pre-determined transfer price per unit that includes a profit margin. Following the regulatory approval of Pliaglis in China, Crescita will be eligible for tiered

double-digit royalties should the product's retail price surpass pre-determined amounts. Under the agreement, Juyou has committed to purchase minimum volumes failing which it may lose exclusivity or allow the Company to terminate the license agreement.

- On October 19, 2020, the Company entered into a commercialization license agreement with LIV LABORATÓRIOS (“LIV”), a division of MINOS Labs, a privately held Mexican group of pharmaceutical, consulting, and regulatory companies. LIV specializes in dermatology solutions and sells directly to physicians. The agreement grants LIV the exclusive rights to distribute and sell Pliaglis in Mexico. Crescita will supply the product under its existing agreement with Cantabria at a pre-determined transfer price per unit that includes a profit margin. Under the agreement, LIV has committed to purchase minimum volumes failing which it may lose exclusivity or allow the Company to terminate the license agreement. The Company expects LIV to launch Pliaglis in Mexico in early 2022.
- On August 12, 2020, the Company entered into a commercialization license agreement with Pelpharma, a privately held Austrian pharmaceutical company specializing in the treatment of various skin and nail diseases, granting Pelpharma the exclusive rights to sell and distribute Pliaglis in Austria. Pelpharma expects to launch Pliaglis in Austria in September 2021. Crescita will supply Pliaglis through its existing partnership with Cantabria at a pre-determined transfer price per unit that includes a profit margin. Under the agreement, Pelpharma has committed to purchase minimum volumes failing which it may lose exclusivity, or the Company has the right to terminate the license agreement. Pelpharma expects to launch Pliaglis in Austria in September 2021.

Other Significant Developments:

- On July 28, 2020, the Company announced that it entered into the Taro Amendment with regard to Pliaglis in the U.S., which entitled the Company to a total one-time cash payment of \$5.2 million (US\$3.9 million). Refer to *Significant Partnerships*.
- On March 24, 2020, the Company announced the following measures taken in response to the COVID-19 pandemic. See *Risk Factors – Disease Outbreaks*.
 - **Temporary Facility Closure**

On or around March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. In accordance with the Québec government-mandated shut-down of all non-essential businesses announced shortly after on March 23, 2020, the Company temporarily closed its office and manufacturing facility, which resulted in temporary layoffs affecting plant, sales, and most office personnel, while other employees deemed critical to maintaining basic services during the shutdown worked remotely and with reduced hours. Product distribution through the Company's third-party logistics provider remained operational with reduced capacity.
 - **Cash Conservation Initiatives**

The Company implemented other cash conservation initiatives to navigate the uncertainties and economic pressures imposed by the COVID-19 pandemic including: (i) the termination of its ASPP in connection its Previous NCIB (see *Normal Course Issuer Bid and Cancellation of Shares*) effective March 24, 2020; as well as (ii) temporary base salary reductions for the executive team including the Chief Executive Officer (the “CEO”) and Chief Financial Officer (the “CFO”), and fee reductions for all members of the Company's Board ranging between 25% and 40%, in effect from April 1 2020 to June 30, 2020.
 - **Evolution and Current Status of Operations**

On May 11, 2020 consistent with the recommendations from the Québec provincial government, the Company progressively re-opened its office and manufacturing facility and started rehiring employees that had been temporarily laid off. Full base salaries and fees were also restored for the executive team and for the Board effective July 1, 2020 and rehires were completed along with a return to a five-day workweek. However, as at the date

of this AIF, the emergence of a second wave and third wave of the pandemic has led several provincial governments to reinstitute restrictive public health measures to slow the spread of the virus. As a result, since December 24, 2020, all office employees whose presence on-site is not essential to the pursuit of the Company's activities have therefore been asked to work from home, while the Company's manufacturing facility and customer service department remain open to complete commitments and fulfill client orders.

○ **Business Impact and Outlook**

The pandemic has caused high levels of unemployment in Canada and has resulted in lower consumer spending in many sectors. With most services offered in aesthetic spas and medispas being discretionary, the performance of the Company's business is closely tied to fluctuations in consumer disposable income and changing consumer behaviors and has been impacted by the pandemic. Both government-mandated closures have led most of the Company's clients in the aesthetics and medical aesthetics markets to shut down temporarily resulting in lower revenue. Royalties from international sales of the Company's products and revenue from the Company's CDMO and export businesses decreased due to the restrictions and stressful economic conditions created by the pandemic. The Company also recorded an impairment charge of \$1.9M as a result of the recoverability test performed on its intangible assets. Although the Company's financial performance may continue to be adversely affected in 2021, the Company continues to adapt its commercial activities to the changing business landscape by, for example, building on its new digital commerce activities, and focusing on the execution of its commercial plan including preparing for the upcoming launches of NCTF and ART FILLER. Refer to *Non-Prescription Skincare Product Portfolio*.

○ **Health and Safety Measures**

In support of a safe environment, the Company put in place several health and safety measures for its employees and visitors according to the recommendations of public health officials and the CNESST - *Commission des normes, de l'équité, de la santé et de la sécurité du travail*. These measures include but are not limited to: the requirement to always wear masks and social distance, the widespread availability of hand sanitizing stations throughout the Company's building, frequent and thorough disinfection of high-touch surfaces, and the mandatory completion of daily health and safety measures checklists for quality assurance and production personnel.

- On January 22, 2020, the Company announced that it had secured a \$3.5 million revolving credit facility (the "**Facility**") with RBC. The Facility can be drawn for working capital requirements and general corporate purposes and bears interest at RBC's prime rate (2.45% as at December 31, 2020) plus 0.25%. The Facility is secured by a first ranking charge in favour of RBC over the Company's accounts receivable and inventories. Drawings after the first \$1.0 million on the Facility will be limited to a percentage of the Company's then outstanding accounts receivable and inventory. At December 31, 2020, a total of \$2.1 million was available under the Facility, which bears no financial covenants, with no amounts yet drawn.
- On January 20, 2020, the Company announced that it entered into an exclusive distribution and promotion agreement with FILLMED for the distribution of the ART FILLER® injectables range and the NCTF® in Canada, allowing Crescita to expand its product offering and benefit from the growth in the field of medical aesthetics. ART FILLER is an exclusive collection of five HA-based fillers, while NCTF135 HA is a skin revitalization solution primarily used for the improvement of skin quality and fine lines. FILLMED is a French aesthetic medicine company with expertise in developing aesthetic anti-ageing treatment solutions using HA.

Fiscal 2019

- On December 20, 2019, the Company repaid its outstanding loan with Knight Therapeutics Inc. (the “**Knight Loan**”) in full and without penalty in the amount of \$3.6 million. The Knight Loan bore interest at a rate of 9.0% and had a maturity date of June 30, 2022.
- On November 5, 2019, the Company announced that the FDA approved the enhanced formulation of Pliaglis following its statutory six-month review process and in line with the target action date under the U.S. Prescription Drug User Fee Act. The approval triggered a \$1.0 million (US\$0.75 million) milestone under the Original Taro Agreement, which was recognized in the fourth quarter of 2019. While the U.S. patent covering the original formulation of Pliaglis expired on September 28, 2019, the U.S. patents covering the enhanced formulation extend until 2031 and have been added to the Orange Book. Refer to *Pipeline Products – Prescription Drug Products*.
- On October 28, 2019, the Company announced that it entered into the Sundial Agreement, granting Sundial the worldwide rights to Crescita’s proprietary transdermal delivery technologies MMPE™ and DuraPeel™, for the development of topicals containing cannabis and hemp. See *Significant Partnerships*.
- On April 25, 2019, the Company announced that it entered into 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. See *Significant Partnerships*.

Fiscal 2018

- On December 17, 2018, the Company announced that the FDA approved the removal of the “Not for Home Use” label restriction, triggering a milestone of \$0.7 million (US\$0.5 million) for Crescita, which was recognized in the fourth quarter of 2018. The removal of the label restriction was accompanied by the addition of a new user instruction sheet and product applicator.
- On October 15, 2018, the Company announced that its patented transdermal delivery technologies: MMPE™ and DuraPeel™ had demonstrated enhanced permeation of cannabidiol (“**CBD**”) in a recent in-vitro skin permeation study performed in Franz Diffusion Cells. The study showed that both MMPE and DuraPeel significantly increased the transdermal permeation of CBD over the control formulation by up to 14-fold and 6-fold, respectively. CBD has been associated with antiseizure, antioxidant, neuroprotective, anxiolytic, anti-inflammatory, antidepressant, and antipsychotic effects. These proprietary technologies have been used in a number of topical products to enhance the delivery of different active ingredients.
- On March 29, 2018 the Company announced the U.S. commercial launch of its lead prescription product, Pliaglis, by its licensing partner, Taro. See *Significant Partnerships*.
- On March 9, 2018 the Company completed its Rights Offering (the “**Offering**”), pursuant to which 7,001,603 common shares were issued for net proceeds of \$3.5 million. Total subscriptions, including those exercised pursuant to the additional subscription privilege, represented 139% of the common shares available under the Offering.

COMPETITIVE CONDITIONS

Non-prescription Skincare Products

The dermocosmetic industry is mature and is subject to intense competition. Our direct competition consists of both Canadian and international premium skincare brands which are mostly independently founded and owned, and that market and sell their products directly to spas, medical aesthetic spas and medical clinics. Some of these competitors are longstanding and have established brands and command a significant share of the market.

The global skincare industry is subject to shifts in consumer trends, preferences, and consumer spending. Our revenue and operating results depend, in part, on our ability to respond to such changes in a timely manner. Our ability to excel in this highly competitive landscape relies on the timely introduction of an innovative and on-trend product portfolio, as well as our capacity to build and foster strong relationships with the professional aestheticians and healthcare professionals who use and sell our products, as they will ultimately be the ambassadors of our brands. We believe that our brands offer a unique, product portfolio that has an ability to stay on-trend through our ongoing product innovation cycle. Our in-house product development team, including dermocosmetic formulation experts, works closely with our brand managers, sales, regulatory and manufacturing teams to allow for a process to bring a product from idea to shelves.

Consumer awareness of our brands, their perception of our value proposition, the effectiveness and reach of our marketing and promotional activities, amongst other factors, all have a direct impact on our ability to be successful. Some of the major competitors in the skincare industry invest substantially in the promotion of their brands, which, combined with their extensive marketing experience and know-how, allows them to achieve and maintain stronger brand awareness among target consumers. Furthermore, due to their critical mass, such competitors typically have access to favourable terms with regard to marketing, manufacturing, distributing and selling their products, which provides a notable competitive advantage.

We differentiate ourselves from other dermocosmetic companies through what we believe to be our unique competitive strengths:

- Expertise in skin-sciences, with the ability to combine our in-house transdermal delivery technologies with new and existing formulations to introduce innovation into the market;
- Over 250 science-based product formulations, providing the agility to adapt to changing customer preferences;
- In-house R&D and manufacturing facilities for rapid formulation development;
- A fully integrated sales and marketing infrastructure focused on rapid commercialization.

Prescription Drug Products

The pharmaceutical industry is characterized by evolving technology and intense competition. Many companies, including major pharmaceutical and specialized biotechnology companies, are engaged in activities focused on medical conditions that are the same as or similar to those targeted by Crescita. Competition from pharmaceutical, chemical and biotechnology companies, as well as universities and research institutes, is intense and is expected to increase. Many of these organizations engage in substantially more R&D, have greater experience in manufacturing, marketing, and possess greater financial and managerial resources, and therefore represent significant competition. The Company's branded products may also face competition from generic versions and our success depends upon maintaining our competitive position in the R&D and commercialization of our products.

Pliglis faces competition from other topically applied local anesthetic drug products such as compounded anesthetic creams that are available from certain compounding pharmacies and EMLA cream. The American Society of Plastic Surgeons reports that of the over 15 million cosmetic procedures performed in the U.S.

each year, 13.4 million (89%) were nonsurgical.¹ While there are many types of anesthesia used to decrease the pain associated with superficial dermatologic, aesthetic, and laser procedures, the most used are EMLA (lidocaine 2.5% and prilocaine 2.5%), and BLT cream (Benzocaine 20%, Lidocaine 8% and Tetracaine 4%), a compounded topical anesthetic cream.² Compounding is the process by which the pharmacist or doctor combines, mixes or alters pharmaceuticals or other active ingredients to create a custom-made medication in accordance with a prescription. Pliaglis also faces competition from L.M.X 4 and L.M.X 5 sold under the brand names Maxilene 4 and Maxilene 5 in Canada that contain lidocaine in concentrations of either 4% or 5%, non-prescription strengths, and that are available over the counter.

None of the competitors mentioned above offer the unique benefits provided by Pliaglis, including its self-occluding properties due to the utilization the Company's proprietary *Peel* technology, as well as the highest concentrations of lidocaine and tetracaine ever approved by the FDA and Health Canada. Refer to *Prescription Product Portfolio*. Management believes that the global market for skin anesthesia is not adequately fulfilled and that Pliaglis addresses an unmet need in this market.

PRODUCT DEVELOPMENT AND REGULATORY ENVIRONMENT

Non-Prescription Skincare Products

In Canada, topical skincare products can fall into several different categories including cosmetics, natural health products, and drugs. A "cosmetic" (most non-prescription skincare products) is any substance used to clean, improve, or change the appearance of the skin, hair, nails or teeth. Most non-prescription skincare products include beauty preparations (make-up, perfume, skin cream, nail polish) and grooming aids (soap, shampoo, shaving cream, deodorant).

Products containing natural active ingredients that claim to have a therapeutic effect (for example, a topical herbal remedy to speed scar healing) are considered natural health products ("**NHP**").

Products that claim to have a therapeutic effect (i.e., to prevent or treat disease), or that contain certain active ingredients not allowed in most non-prescription skincare products, are considered to be drugs, for example, topical antibiotic creams. A product that is authorized as a drug has a Drug Identification Number ("**DIN**") or a Natural Product Number ("**NPN**") on its label.

Sunscreens may be classified either as natural health products or as drugs, depending on the specific medicinal ingredients they contain. Non-medicinal ingredients must be chosen from the current Natural Health Products Ingredients Database and must meet the limitations outlined in that database, the Food and Drug Regulations ("**FDR**"), the herbs used as non-medicinal ingredients in non-prescription drugs for human use, and/or the current Cosmetic Ingredient Hotlist, when relevant.

Most non-prescription skincare products do not require a product license or regulatory approval prior to being marketed in Canada, but manufacturers must notify Health Canada within 10 days after they first sell a cosmetic in Canada. Cosmetic manufacturers must also review the Cosmetic Ingredient Hotlist to ensure they do not include any substances that are restricted or prohibited in most non-prescription skincare products. All NHPs sold in Canada require a product license before being marketed and must first undergo a pre-market review where they will be assessed for safety, efficacy, and quality. Any product defined as a drug under the Canadian Food and Drugs Act must undergo a review and approval process similar to that utilized by the FDA in the U.S. upon the submission of a New Drug Submission ("**NDS**") that contains information about the drug's safety, effectiveness and quality. Once a drug is approved, the Therapeutic Products Directorate ("**TPD**") of Health Canada issues a DIN which permits the manufacturer to commercialize the drug in Canada.

¹ Jack, M. MD, Pozner, J. MD, Plastic and Reconstructive Surgery Journal, Putting it All Together: Recommendations for Pain Management in Nonsurgical Facial Rejuvenation, <https://pubmed.ncbi.nlm.nih.gov/>

² Zdybski, J. MD, Dermatology Online, Topical Anesthesia in Cosmetic Dermatological Procedures, <http://www.odermatol.com/>

Prescription Drug Products

The research, development, manufacturing and marketing of prescription drug products are subject to regulation by the FDA in the U.S., the TPD in Canada, the European Medicines Agency (“**EMA**”) in Europe and comparable regulatory authorities in other foreign countries. The activities which must typically be completed prior to obtaining approval for marketing a new drug product in Canada, the U.S. and E.U. include preclinical studies, filing of an IND or Clinical Trial Application (“**CTA**”), clinical studies in human subjects, and submission of an NDS or equivalent. A potential new drug must first be tested in the laboratory and in several animal species (preclinical or non-clinical studies) before being evaluated in humans (clinical studies). Preclinical studies primarily involve in vitro evaluations of the therapeutic activity of the drug and in vivo evaluations of the pharmacokinetic (“**PK**”), metabolic and toxic effects of the drug in selected animal species. Upon successful completion of the preclinical studies, the drug typically undergoes a series of evaluations in humans, including healthy volunteers and patients with the targeted indication. Phase 1 trials are designed to determine the metabolic and pharmacologic actions of the drug in humans, the side effects associated with increasing doses with a primary focus on drug safety. Phase 2 trials are controlled clinical studies conducted to obtain some preliminary data on the effectiveness and safety of the drug for a particular indication or indications in patients with the disease or condition and helps determine dosage levels, common short-term side effects and risks associated with the drug. Phase 3 trials are typically larger-scale, registration studies conducted to gather additional information about effectiveness and safety that is needed to evaluate the overall risk-benefit relationship of the drug. The objective of these clinical studies is to demonstrate to the national regulatory authorities in the countries in which it intends to market the new drug that the drug is both effective and safe for its intended use and population. This information is compiled in a New Drug Application (“**NDA**”), a NDS filing, or equivalent which summarizes the safety and efficacy results obtained via preclinical and clinical studies along with relevant chemistry, manufacturing and controls (“**CMC**”) information that is reviewed prior to approval. Once the data is reviewed and approved by the appropriate regulatory authorities, such as the TPD, FDA or EMA, the drug is deemed ready for sale.

RISK FACTORS

The following specific risk factors could materially affect our business. An investor should carefully consider these risks when deciding whether to make an investment in the securities of Crescita, together with other information contained in this AIF 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 following risks, the Company’s business, financial condition, results of operations and consequently, the price of our common shares, could be seriously affected.

Risks Related to the Company’s Business

Ability to Implement the Company’s Growth Strategy

The Company’s strategy is to increase revenue through its Four-Pillar Growth Strategy (as described in *Vision and Growth Strategy*). To successfully execute this strategy, the Company must develop and implement effective marketing campaigns for its commercial products and aggressively pursue and successfully close business development opportunities to secure strategic acquisitions and/or licensing agreements. The Company must also expand its product offering either by introducing innovative products or by in-licensing complementary products or assets. More specifically, the Company will have to dedicate significant time and effort to identifying suitable licensees for its lead prescription product, Pliaglis, in the approximately 20 ROW countries which remain available for licensing. Many of the Company’s competitors have substantially greater financial, marketing, sales, and other resources, therefore the Company may not be able to license Pliaglis or acquire rights to additional products on acceptable terms. The inability to do so may limit the overall growth of the Company’s business and hinder its cash flow. Furthermore, even if the Company finds suitable commercial partners or it acquires rights to additional products, the Company or its partners may not generate sales sufficient to achieve profitability or avoid loss.

Acquisition and Integration of Complementary Assets or Businesses

The Company plans to continue to pursue and evaluate product or business acquisitions that could complement or expand its existing business under its Four-Pillar Growth Strategy. However, it may not be able to identify appropriate acquisition candidates. If an acquisition candidate is identified, the Company will conduct business, legal and financial due diligence with the objective of identifying and evaluating material risks involved in any acquisition. Despite its best efforts, the Company may not detect and or evaluate all such risks.

Crescita may enter into negotiations for an acquisition but determine not to, or be unable to, complete any particular acquisition or other arrangement, which could divert management's attention from the ongoing development of the Company's business, and result in substantial out-of-pocket costs, and other adverse consequences. For example, the market price of the Company's common shares may reflect a market assumption that such transactions will occur, and a failure to complete such transactions could result in a general negative perception by the market leading to a decline in the price of its common shares. In addition, significant transaction costs may be payable by the Company whether or not such transactions are completed.

Should an acquisition occur, the Company may not be able to successfully integrate the businesses, products, technologies, or personnel that are acquired, or may potentially lose key employees, particularly those of the acquired organizations, all of which may harm its business. Moreover, the Company may never realize the anticipated benefits of an acquisition or forecasted sales.

These acquisitions and other arrangements, even if successfully integrated, may fail to further the Company's business strategy as anticipated or to achieve anticipated benefits and success, expose it to increased competition or challenges with respect to its products or geographic markets, and expose it to additional or unexpected liabilities associated with an acquired business, product, technology or other asset or arrangement.

In connection with an acquisition, the Company may acquire goodwill and other long-lived assets that are subject to value impairment tests, which could result in future value impairment charges. Finally, to the extent the Company issues common shares or other rights to finance any acquisition, existing Company shareholders may be diluted.

Reliance on Third Parties for the Marketing and Commercialization of our Prescription Products

The Company relies on marketing arrangements, including joint ventures, licensing or other third-party arrangements to distribute its products in jurisdictions where it lacks geographic presence, resources or expertise. Even if acceptable and timely marketing arrangements are available, the products may not be accepted, or sales may not grow even if initially accepted.

The Company has minimal or no influence on the sales and marketing activities for Pliaglis in certain jurisdictions including the U.S., Brazil, Italy, France, Spain, Portugal, Mexico, Austria and China, as these decisions are or will be made independently by its partners in each of the territories, when the product gains regulatory approval or is launched. There can be no assurance that the Company's partners will dedicate the necessary resources to successfully market and distribute the Company's products and maximize sales. Our licensing partners may make marketing and other commercialization decisions without our input and may not perform in the anticipated manner. As a result, many of the variables that may affect the Company's results of operations, financial condition and cash flows may not be exclusively within its control. In addition, under these arrangements, disputes could arise with respect to payments that the Company or its partners believe are due under distribution or marketing agreements, or a partner or distributor may develop or distribute products that compete with the Company's products or terminate the relationship.

Moreover, the Company depends on its partners and licensees to comply with all legislation and regulation relating to selling the Company's products in their respective jurisdictions. If any of the Company's partners fails to comply, this could have a material impact on the cash flows of the Company.

Inability to Secure Suitable Partners for Pliaglis in the ROW

The ability to secure licensing partners for Pliaglis on favourable terms is an integral part of the Company's growth strategy. The Company faces significant competition in seeking appropriate partners for Pliaglis in international jurisdictions. In some international jurisdictions Crescita may require marketing and distribution partners to file for and gain regulatory approval for Pliaglis on its behalf. In the absence of suitable partners, Crescita may undertake these activities itself, which may require additional time, effort and out-of-pocket costs. Moreover, collaboration and distribution arrangements are complex, and time consuming to negotiate, document and implement. There can be no assurance that the Company will be able to find additional marketing and distribution partners in any jurisdiction or be able to enter into any marketing and distribution arrangements on acceptable terms, if at all for Pliaglis.

License Revenue from a Limited Number of Distribution Agreements

The Company currently generates licensing revenue from a limited number of distribution agreements, which is entirely derived from royalties earned on the global sales of Pliaglis, as well as from sales and development milestones under the various arrangements. The Company earned \$7.2 million in licensing revenue during fiscal 2020, representing 46% of the Company's consolidated revenues. There can be no assurance that the Company's partners' sales and marketing efforts will be successful, or that they will continue to allocate the same level of resources to promote the product and that pharmacies and medical clinics will continue to purchase the product for resale to their own customers. A decrease in our partners' sales, marketing efforts or the loss of a significant partner in a territory could have a materially negative impact on the Company's business conditions and results of operations.

Sales, Marketing and Distribution of Skincare Products

To successfully commercialize its skincare products, the Company must devote sufficient resources to develop and maintain an effective sales, marketing and distribution infrastructure or enter collaborations to perform some or all these activities on behalf of the Company. The Company may be unable to devote the resources necessary to develop and maintain suitable sales, marketing, and distribution infrastructure. The Company distributes its skincare products primarily through a network of professional aestheticians, spas, medispas, medical clinics, international distributors, and e-commerce platforms. The Company's business would be harmed if any of its customers or distributors became unable or unwilling to distribute the Company's skincare products on terms commercially favourable to the Company. Distribution partners could decide to change their policies or fees, or both, in the future. This could result in their refusal to distribute certain products, or cause higher product distribution costs, lower margins, or the need to find alternative methods of distributing products. Such alternative methods may not exist or may not be economically viable.

Factors that may inhibit the Company's efforts to grow or maintain an internal sales, marketing and distribution infrastructure or its ability to successfully commercialize its skincare products include:

- lack of sufficient financial resources;
- inability to recruit or retain effective sales and marketing personnel;
- inability of marketing and sales personnel to generate and secure demand for its skincare products;
- lack of complementary products, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with maintaining and expanding a sales and marketing team.

Non-prescription Skincare Products Adversely Affected by Factors Impacting our Customers' Businesses

The Company primarily operates using a business-to-business-to-consumer business model. Factors that adversely impact our customers' businesses may have an adverse effect on our business, prospects, results of operations, financial condition, and cash flows. These factors may include, but are not limited to:

- A reduction in consumer traffic and demand for our products at spas or medispas due to economic downturns or changes in consumer preferences;
- Credit risks associated with the financial condition of our customers;
- The effect of consolidation or weakness in the wellness and spa industry, including the closure of customer doors and the resulting uncertainty;
- The changing purchasing habits from spas and retail outlets to online and social media platforms; and
- Inventory reduction initiatives and other factors affecting customer buying patterns, including any reduction in retail space committed to skincare products and retailer practices used to control inventory shrinkage.

E-Commerce and the Use of Social Media

In 2020, the Company launched its first e-commerce platform selling its lead aesthetic brand, Laboratoire Dr Renaud directly to consumers. Growing this platform will be part of our corporate initiatives in the future.

The usability of, confidentiality of, and customer experience provided by our online shopping platform is critical to the success and growth of our e-commerce business. Some of our competitors already have e-commerce businesses that are substantially larger and more developed than ours. Moreover, e-commerce is a rapidly changing channel and many of our competitors update their e-commerce business on an ongoing basis to match consumer preferences. Any extended software disruption of our e-commerce business or a failure on our part to maintain the privacy of customer data and provide an attractive, effective, reliable, user-friendly e-commerce business could expose us to fraudulent transactions, place us at a competitive disadvantage, result in the loss of sales or harm our reputation with customers and could have a material adverse effect on our growth, our business and our results of operations.

In addition, we use the Internet and social media networks including Facebook and Instagram to reach consumers and provide education about our products and on important topics related to skincare. Negative commentary regarding us or our products may be posted on our social media platforms and may be adverse to our reputation or business. Our target consumers often value readily available information and often act on such information without further investigation and without regard to its accuracy. The harm may be immediate without affording us an opportunity for redress or correction.

Lastly, an increase in the use of social media for product promotion and marketing may cause an increase in the burden on us to monitor compliance of such materials and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations. The inability of or failure by us to timely or properly monitor all product promotion conducted online or through social media or elsewhere may also subject us to regulatory action, lawsuits, liability, fines, or other penalties and have a material adverse effect on our business, financial condition or results of operations.

Potential Product Safety, Efficacy and Liability Concerns

The Company's success depends, in part, on the quality, efficacy and safety of its marketed and commercialized products. If products are found or alleged to be defective or unsafe, whether or not scientifically justified, or if they fail to meet consumer or regulatory standards, the Company could lose sales, be forced to recall or withdraw its products, or become subject to labeling revisions, any of which could have a material adverse effect on the business, prospects, results of operations, financial condition or cash flows. The Company may also be subject to product liability claims associated with the use of its products and there can be no assurance that liability insurance will continue to be available on commercially reasonable terms

or at all. Product liability claims might also exceed the amounts or fall outside of such coverage. Product liability claims against the Company, regardless of their merit or potential outcome, could be costly and divert management's attention from other business matters or adversely affect its reputation and the demand for its products.

In addition, certain drug and skincare retailers and distributors require minimum liability insurance as a condition of purchasing or accepting products for retail or wholesale distribution. Failure to satisfy such insurance requirements could impede the ability of the Company or its potential partners in achieving broad retail distribution of its products, resulting in a material adverse effect on the Company.

Personnel

The Company is highly dependent upon a relatively small group of key personnel for its sales, marketing, manufacturing, scientific research and development and executive management teams. The loss of the services of one of more of the Company's senior officers could have a material adverse effect on the Company, its operations and its ability to execute its strategy successfully. The Company does not maintain key-man insurance on any employee.

In addition, the Company's anticipated growth may require additional expertise and the addition of new qualified personnel. The Company faces intense competition for such personnel. It may not be able to retain and attract the qualified personnel necessary for the development and growth of its business. Also, it must provide training for its employee base due to the highly specialized nature of its products.

Reimbursement, U.S. Formulary Listing and Product Pricing for Prescription Drug Products

There can be no assurance that Pliaglis will receive reimbursement coverage in any jurisdiction. In the U.S., Canada and other countries, sales of Pliaglis will depend in part upon the availability of reimbursement from third-party payers, which include government health authorities, managed care organizations and other private health insurers. Increasingly, government and other third-party payers are attempting to contain expenditures for new therapeutic products by limiting or refusing coverage, limiting reimbursement levels, imposing high co-pays, requiring prior authorizations, and implementing other measures. Inadequate coverage or reimbursement could adversely affect market acceptance of the Company's products.

Moreover, the trend toward managed healthcare in the U.S., the growth of organizations such as health maintenance organizations and reforms to healthcare and government insurance programs, could significantly influence the purchase of healthcare services and products, resulting in lower prices and reduced demand for the Company's products. Furthermore, even after approval for reimbursement for the Company's products is obtained from private health coverage insurers or government health authorities, it may be removed at any time. In addition, managed care organizations and pharmacy benefit managers in the U.S. typically develop formularies to reduce their cost for medications. Due to their lower costs, generic products are often favored. The breadth of the products covered by formularies varies considerably from one managed care organization to another, and many formularies include alternative and competitive products for treatment of particular medical conditions.

In some countries, particularly the countries of the E.U., the pricing of prescription pharmaceuticals is subject to government control. In these countries, pricing negotiations with governmental authorities can take considerable time and potentially delay the introduction of a product to the market. To obtain reimbursement or pricing approval in some countries, the Company may be required to conduct a clinical trial that compares the cost effectiveness of its product candidate to other available therapies. If reimbursement of the Company's product is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, its business could be adversely affected. In addition, any country could pass legislation or change regulations affecting the pricing of pharmaceuticals before or after a regulatory agency approves any of its product candidates for marketing in ways that could adversely affect the Company.

Manufacturing and Supply Risks

The Company purchases key raw materials necessary for the manufacture of its products from a limited number of suppliers around the world and, in the case of Pliaglis, relies on licensing partners to manufacture the product. There are a limited number of manufacturing facilities qualified and approved to manufacture Pliaglis for the various territories where it is commercialized. A disruption in supply or inability to manufacture and supply the product at one of the qualified facilities could adversely impact the ability of Crescita and our licensing partners to commercialize the product.

Increases in the costs of goods, interruptions in supply of product or lapses in quality could adversely impact the Company's margins, profitability, and cash flows. The Company is reliant on its third-party contract manufacturing organizations ("**CMOs**") and suppliers of raw materials and manufacturing components to maintain their facilities in compliance with various countries' regulatory authorities. If the CMO or suppliers fails to maintain compliance with regulatory authorities, they could be ordered to cease manufacturing, which would have a material adverse impact on the Company's business, results of operations, financial condition, and cash flows.

If the relationships with the CMOs or any of the single-sourced suppliers is discontinued or, if any manufacturer is unable to supply or produce required quantities of product on a timely basis or at all, or if a supplier ceases production of an ingredient or component, the operations would be negatively impacted, and the business would be harmed.

The Company will be reliant on Galderma, Taro and Cantabria to maintain the facilities at which they manufacture Pliaglis in compliance with TPD, FDA, EMA, state and local regulations and other regulatory agencies. If they fail to maintain compliance with FDA, EMA or other critical regulations, they could be ordered to cease manufacturing, which would have a material adverse impact on the Company's business, results of operations, financial condition and cash flows. In addition to FDA regulations, violation of standards enforced by the EPA, the OSHA and their counterpart agencies at the state level, could slow down or curtail operations of Galderma, Taro and Cantabria

In addition, the FDA and other regulatory agencies require that raw material manufacturers comply with all applicable regulations and standards pertaining to the manufacture, control, testing and use of the raw materials as appropriate. For the APIs or critical raw materials depending on the drug product, this means compliance to cGMPs for APIs and submission of all data related to the manufacture, control and testing of the API for quality, purity, identity and stability, as well as a complete description of the process, equipment, controls and standards used to produce the API. This is usually submitted to the FDA in the form of a drug master file ("**DMF**") by the manufacturer and referenced by the sponsor of the NDA. The DMF information and data is reviewed by the FDA as a critical component of the approval of the NDA.

As a result, in the case where only one supplier of a particular API or critical raw material meets all the FDA's (or other regulatory agencies') requirements and has a DMF (or similar filing) on file with the FDA, the Company will be at risk should a supplier violate cGMPs, fail an FDA inspection, terminate access to its DMF, be unable to manufacture product, choose not to supply the Company or decide to increase prices. Pliaglis contains the APIs lidocaine and tetracaine and in the past the form of tetracaine used in the product has, at times, been difficult to procure.

In addition, the Company could be subject to various import duties applicable to both finished products and raw materials and it may be affected by other import and export restrictions, as well as developments with an impact on international trade. Under certain circumstances, these international trade factors could affect manufacturing costs, which will in turn affect the Company's margins, as well as the wholesale and retail prices of manufactured products.

Concentration of Manufacturing Capacity

The Company manufactures most of its products, including both cosmetic (NHP) and DIN products, as well as all the products for its CDMO business at its facility in Laval, Québec. This exposes the Company to the following risks, any of which could delay or prevent the commercialization of its products or cause the failure of delivery of products to clients under any of its third-party manufacturing contracts, resulting in higher costs or depriving the Company of potential revenues:

- the Company may encounter difficulties in achieving volume production, quality control and quality assurance, as well as relating to shortages of qualified personnel. Accordingly, the Company might not be able to manufacture enough quantities to meet commercial demand for its products and demands under new and existing CDMO agreements;
- the Company's manufacturing facilities are required to undergo satisfactory cGMPs inspections prior to regulatory approval and are obliged to operate in accordance with Health Canada and other nationally mandated cGMPs, which govern manufacturing processes, stability testing, record keeping and quality standards. Failure to establish and follow cGMPs and to document adherence to such practices, may lead to significant delays in the availability of products manufactured by the Company; and
- changing manufacturing locations would be difficult and the number of potential manufacturers is limited. For some products, changing manufacturers generally requires re-validation of the manufacturing processes and procedures in accordance with E.U. and other nationally mandated cGMPs. Such re-validation would be costly and time consuming. It would be difficult or impossible to quickly find replacement manufacturers on acceptable terms, if at all.

The Company's manufacturing facilities are subject to periodic unannounced inspection by Health Canada and other government agencies, and may be subject to inspection by local, provincial and federal authorities from various jurisdictions to ensure strict compliance with cGMPs and other government regulations. If the Company or a regulatory agency discovers issues with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions relative to that product or the manufacturing facility, including requiring recall or withdrawal of the product from the market or suspension of its manufacturing license. Failure by the Company to comply with applicable regulations could also result in sanctions being imposed on it, including fines, injunctions, civil penalties, failure of the government to grant review of submissions or market approval of products, delays, suspension or withdrawal of approvals and criminal prosecutions, any of which could materially adversely affect the Company's business.

Reliance on Third Parties for Warehousing, Distribution and Logistics Services

The Company relies on third parties to provide distribution and logistics services, including the warehousing of finished goods. If the third parties cease to be able to provide the Company with these services or do not provide these services in a timely or professional manner, or in accordance with the applicable regulatory requirements, or if contracts with such third parties are terminated for any reason, the Company may not be able to successfully manage the logistics associated with distributing and selling its products which could result in a delay or interruption in delivering products to its customers and could impact product sales and revenues or the Company's ability to integrate new products into its business, any of which could have a material adverse effect on the Company's business, financial condition and results of operations. Such third parties' failure to comply with the applicable regulatory requirements could also subject the Company to regulatory action.

In addition, the supply of the Company's products to its customers (or, in some cases, supply from the Company's contract manufacturers to the Company) is subject to and dependent upon the use of transportation services and third-party distribution facilities. Such supply chain logistics result in the Company not being in control of its products at all times, while maintaining liability for such products. Moreover, transportation services or third-party distribution facilities may be disrupted (as a result of weather conditions or due to technical, labour or other difficulties or conditions), any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Shortening Life Cycles and our Ability to Manage Inventory

The competitive nature of the skincare industry and rapidly changing consumer preferences require constant product innovation and have led to the shortening of product life cycles. As a result, the Company monitors inventories based on forecasted demand, the estimated market value and shelf life of inventory and historic experience. If the Company misjudges consumer preferences or demands or future sales do not reach forecasted levels, the Company could have excess inventory that may not be needed, may need to be held for a long period-of-time, written down, sold at prices lower than expected or discarded. If the Company is not successful in managing inventory, the business, results of operations, financial condition or cash flows could be adversely affected.

Need for Additional Financing

At December 31, 2020, the Company had cash and cash equivalents of \$14.3 million, as well as up to an additional \$2.1 million available under its revolving credit facility, of which no amounts were drawn at year-end. During fiscal 2021, the Company expects to continue incurring expenses and making certain strategic investments as it executes its Four-Pillar Growth Strategy and pursues potential development programs to advance its product pipeline. Additional funding may be required for the development of new products or for future potential acquisitions. Unexpected increases in the Company's costs and expenses due to operational decisions taken by management or factors beyond the Company's control could cause its cash resources to be depleted and profitability may not be achieved.

There can be no assurance that the Company will have enough capital to fund its ongoing operations or develop or commercialize any further products or make product acquisitions without future financings. In addition, the credit ratings that the Company might obtain in connection with any debt financing may make securing debt financing prohibitive. There can be no assurance that additional debt or equity financing will be available on acceptable terms or at all.

If adequate funds are not available, the Company may have to substantially reduce or eliminate planned expenditures, terminate, or delay clinical trials for its product candidates, curtail product development programs designed to expand the product pipeline or discontinue certain operations, all of which would have a materially adverse effect on the Company's financial position, results of operations and cash flows.

Inability to Achieve Recurring Profitability

The Company had an accumulated deficit of \$40.4 million as at December 31, 2020. The Company has incurred losses in the past and may continue to incur losses in the future as a result of its inability to identify and secure recurring revenue streams from its licensing arrangements or from organic growth of its core businesses, or due to increased operating costs including the costs of operating as a public company. There is no guarantee that Crescita will be able to achieve recurring profitability in the future. Crescita has never paid a dividend on its common shares and does not expect to do so in the foreseeable future. The Company's inability to achieve and maintain profitability could depress the market price of its shares and could impair its ability to raise capital, expand its business and product pipeline and continue its business operations.

Inability to Meet Debt Commitments

As at the date of this AIF, the Company had no long-term debt obligations, but had \$0.9 million in convertible debentures outstanding on its balance sheet. The Company may incur future debt obligations that might subject it to restrictive covenants that could affect its financial and operational flexibility. Further, any restrictions governing the Company's indebtedness may prevent it from taking actions in the best interest of its business and may make it difficult for Crescita to execute its business strategy successfully or effectively compete with companies that are not similarly restricted.

Security and Cyber Security Breaches

The Company has implemented security protocols and systems with the intent of maintaining the physical and electronic security of its operations and protecting its confidential information and information related to identifiable individuals against unauthorized access. Despite the implementation of security measures, the Company's information systems and those of its contractors and consultants are vulnerable to damage from

computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Unauthorized physical access to one of the Company's facilities or electronic access to its information systems could result in, among other things, unfavourable publicity, litigation by affected parties, damage to sources of competitive advantage, disruptions to its operations, loss of proprietary information, customer information and customers, financial obligations for damages related to the theft or misuse of such information and costs to remediate such security vulnerabilities, any of which could have a substantial impact on the Company's results of operations, financial condition or cash flows.

Hazardous Materials and Environmental Laws

The Company's products involve the use of potentially hazardous materials, and as a result, it is exposed to potential liability claims and costs associated with complying with laws regulating hazardous waste. Product development and manufacturing activities involve the use of hazardous materials, including chemicals, and are subject to federal, provincial, and local laws and regulations governing the use, manufacture, storage, handling and disposal of hazardous materials and waste products. Accidental injury or contamination from these materials may occur. In the event of an accident, the Company could be held liable for any damages, which could exceed its available financial resources. In addition, the Company may be required to incur significant costs to comply with environmental laws and regulations in the future.

Impact of Natural Disasters or Other Events that Disrupt our Business Operations

Natural disasters, pandemics, or similar events, such as influenza or other pandemic illnesses, blizzards, fires or explosions or large-scale accidents or power outages, could disrupt the Company's supply chains, markets for its products and its operations or otherwise have a material adverse effect on the Company's business, results of operations, financial condition and prospects. If a disaster, power outage or similar event occurred that prevented us from using all or a significant portion of the Company's facilities or those of its business partners, or that damaged the Company's infrastructure or that otherwise disrupted operations, it may impede our business or operations for a substantial period-of-time.

Disease Outbreaks

The occurrence of an illness that leads to or is anticipated to lead to a local, regional, or national outbreak or epidemic, or to an international outbreak or pandemic, such as Middle East Respiratory Syndrome ("**MERS-CoV**"), Severe Acute Respiratory Syndrome ("**SARS**"), Ebola ("**EVD**"), H1N1 influenza virus, avian flu, or most notably, the recent novel coronavirus ("**COVID-19**"), or any similar illness, could affect our business.

On or around March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including the Canadian Federal and Provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel restrictions, self-imposed quarantine periods, temporary closures or restrictions of non-essential businesses, limitations on public gatherings, and social distancing guidelines, have caused material disruption to businesses globally and in Canada resulting in an economic slowdown.

Companies are taking precautions, such as requiring employees to work remotely, imposing travel restrictions and temporarily closing businesses. As a result of increased remote working arrangements due to a pandemic, the exposure to, and reliance on, networked systems and the internet has increased. This can lead to increased risk and frequency of cybersecurity incidents. Cybersecurity incidents can result from unintentional events or deliberate attacks by insiders or third parties, including cybercriminals, competitors, nation-states, and hacktivists. Any of these events could cause or contribute to risk and uncertainty and could adversely affect our business, results of operations and financial condition.

Further, depending on the duration of the pandemic, or if the pandemic were to worsen, existing emergency measures may be extended, or additional restrictive measures may be implemented, causing further economic impact and uncertainty.

Any additional border closures and economic and supply chain disruptions could materially affect the Company's financial results and operations. The COVID-19 pandemic could also cause significant further impacts to product demand in connection with an ensuing economic downturn and contribute to supply shortages, trade disruption, temporary staff shortages and temporary closures of facilities. The extent to which COVID-19 and its effect on the economy will impact the Company's financial results and operations

may lead to adverse changes in the Company's cash flows, working capital levels, debt balances, operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Company's business is not known at this time.

Scope of International Operations

The Company conducts business internationally, including in the U.S., Europe and Asia, to research, develop, market, distribute or manufacture certain of its products and potential products. The Company may expand such operations in the future. Participation in international markets requires resources and management's attention and subjects the Company to business risks, including the following:

- unique regulatory requirements for approval of its product candidates;
- dependence on local distributors;
- cultural and language differences;
- longer payment cycles and problems in collecting accounts receivable;
- adverse changes in trade and tax regulations;
- absence or substantial lack of legal protection for intellectual property rights;
- difficulty in managing widespread operations including limited access to qualified personnel;
- political and economic instability;
- increased costs and complexities associated with financial reporting; and
- currency risks.

Similarly, adverse economic conditions impacting the Company's customers or uncertainty about global economic conditions could cause purchases of its products to decline, which could adversely affect the Company's revenues and operating results. The occurrence of any of these or other international factors may cause the Company's international operations to be unsuccessful, could lower the prices at which it can sell its products or otherwise have an adverse effect on its operating results.

Taxation

The Company operates both locally and outside of Canada. As such, it is subject to the tax laws and regulations of Canadian federal, provincial and local governments, the U.S. and certain other jurisdictions.

Significant judgment will be required in determining the Company's provision for income taxes and claims for investment tax credits ("ITCs") related to qualifying SR&ED expenditures in Canada. Various internal and external factors may have favourable or unfavourable effects on future provisions for income taxes and the Company's effective income tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, results of audits by tax authorities, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, future levels of R&D spending and changes in overall levels of income before taxes. Furthermore, new accounting pronouncements or new interpretation of existing accounting pronouncements can have a material impact on the Company's effective income tax rate.

The Company could be impacted by certain tax treatments for various revenue streams in different tax jurisdictions. The Company may be subject to withholding taxes on certain of its revenue streams. The withholding tax rates that were used were based on the interpretation of specific tax acts and related treaties. If a tax authority has a different interpretation from the Company's, it could potentially impose additional taxes, penalties, or fines. This would potentially reduce the amounts of revenue ultimately received by the Company.

Losses Caused by Fluctuations in Foreign Currency Exchange Rates

Foreign exchange risk exists when the Company receives or makes payments in foreign currencies, such as in U.S. dollars and in Euros. To that extent, fluctuations in the exchange rate of the Canadian dollar relative to other currencies could result in the Company realizing a lower than anticipated profit margin on sales of its products and product candidates than at the time of entering into such commercial agreements. Fluctuations in the value of the Canadian dollar against these foreign currencies can lead to adverse material effects on the Company's financial condition and results of operations and cash flows.

Litigation and Regulation

The Company may in the future become party to litigation, regulatory proceedings, or other disputes. These potential claims include but are not limited to product liability, class action lawsuits, patent infringement, personal injury, breach of contract and lost profits or other consequential damage claims.

A significant judgment against the Company or the imposition of a significant fine or penalty or a finding that the Company has failed to comply with laws or regulations or a failure to settle any dispute on satisfactory terms, could have a significant adverse impact on the Company's ability to continue operations. Additionally, lawsuits and investigations can be expensive to defend, whether or not the lawsuit or investigation has merit, and the defense of these actions may divert the attention of the Company's management and other resources that would otherwise be engaged in running the Company's business.

Risks Related to our Industry

Competition

Non-Prescription Skincare Products

The skincare industry is highly competitive and can change rapidly due to consumer preferences and industry trends. Competition in the skincare industry is based on brand strength, pricing and assortment of products, point of sale presence and visibility, innovation, perceived value, product availability and order fulfillment, service to the consumer, promotional activities, advertising, special events, new product introductions, e-commerce and mobile commerce initiatives and other activities. It is difficult to predict the timing and scale of the Company's competitors' actions in these areas. The Company's success depends on its products' appeal to a broad range of consumers whose preferences cannot be predicted with certainty and are subject to change, and on its ability to anticipate and respond in a timely and cost-effective manner to market trends through product innovations, product line extensions and marketing and promotional activities. As product life cycles shorten, the Company must continually work to develop, produce, and market product innovations and maintain and enhance the recognition of our brands. Net revenues and margins on cosmetic products tend to decline as they advance in their life cycles, so net revenues and margins could suffer if the Company does not successfully and continuously develop new products. This risk is further compounded by the rapidly increasing use and proliferation of social and digital media by consumers, and the speed with which information and opinions are shared. Constant product innovation also can place a strain on our financial and personnel resources. The Company may incur expenses in connection with product innovation and development, marketing and advertising that are not subsequently supported by a sufficient level of sales. These factors, as well as new product risks, could have an adverse effect on our business, prospects, results of operations, financial condition, or cash flows.

Prescription Drug Products

The pharmaceutical industry is characterized by evolving technology and intense competition. The Company is engaged in areas of research where developments are expected to continue at a rapid pace. Many companies, including major pharmaceutical and specialized biotechnology companies, are engaged in activities focused on medical conditions that are the same as or similar to those targeted by the Company. The Company's success depends upon maintaining its competitive position in product development and formulation as well as its speed in commercializing its products. Competition from pharmaceutical, chemical and biotechnology companies, as well as universities and research institutes, is intense and is expected to increase.

Many of these organizations have substantially greater product development, experience in manufacturing, marketing, financial and managerial resources and they represent significant competition. If the Company fails to compete successfully in any of these areas, its business, results of operations, financial condition and cash flows could be adversely affected.

The intensely competitive environment of the branded products business requires an ongoing, extensive search for medical and technological innovations and the ability to market products effectively, including the ability to communicate the effectiveness, safety and value of branded products for their intended uses to healthcare professionals in private practice, group practices and managed care organizations. There can be no assurance that the Company and its drug development partners will be able to successfully develop medical or technological innovations or that the Company and its licensing partners will be able to effectively market the Company's existing products or any future products.

Additionally, the Company competes to acquire the intellectual property assets that are required to continue to develop and broaden its product portfolio. In addition to in-house product development efforts, the Company seeks to acquire rights to new intellectual property through corporate acquisitions, asset acquisitions, licensing and joint venture arrangements. Competitors with greater resources may acquire assets that the Company seeks, and even if the Company is successful, competition may increase the acquisition price of such assets. The Company's growth may be limited if it fails to compete successfully.

Competition from Generic Products

The Company's branded prescription products may face competition from generic versions, which are generally significantly cheaper than the branded version. In the U.S. and Canada, even if customers have a prescription for our product, a generic version where available, may be required or encouraged in preference to the branded version under third-party reimbursement programs. In addition, a pharmacist may recommend a less expensive product even if that product is less effective or designed for conditions different from what the customer is seeking to treat.

If sales of any of the Company's products that no longer enjoy market exclusivity or are not sufficiently protected by associated intellectual property were to increase substantially, competitors may be more likely to develop generic formulations that compete directly with such products. Generic competition with the Company's branded products would be expected to have a material adverse effect on net sales and profitability of the branded product and of the Company.

Additionally, generic competitors may attempt to market, sell or use generic versions of the Company's products for which the Company has an exclusive license. Where such generic competition emerges, the Company will take all appropriate legal steps to enforce its rights and/or commercial steps to protect its market share, but there can be no guarantee that the Company's market share for such products will not be negatively impacted.

New Product Launches May Fail to Achieve Market Acceptance

Our industry requires that our product lines be rejuvenated from time-to-time with new product offerings and product innovations. Crescita has established a multi-disciplinary product development committee that screens and validates new products to be developed or existing products to be upgraded.

Nonetheless, each new product launch involves risks. For example, the acceptance of new product launches and sales to our network of professional aesthetic and medical aesthetic practitioners, consumers and / or physicians may not be as high as we anticipate, due to lack of acceptance of the products themselves or their price, or limited effectiveness of our marketing strategies. If any product commercialized by the Company does not provide a treatment regimen that is as beneficial as the current standard of care or otherwise does not provide consumer or patient benefits, there is the potential that it will not achieve market acceptance. In addition, our ability to launch new products may be limited by delays or difficulties affecting the ability of our suppliers or manufacturers to timely manufacture, distribute and ship new products or displays for new products or changes in regulatory requirements.

Sales of new products may be affected by inventory management and we may experience product shortages. We may also experience a decrease in sales of certain existing products as a result of newly-launched products. Any of these occurrences could delay or impede our ability to achieve our sales objectives, which could have a material adverse effect on our business, financial condition and results of operations.

As part of our ongoing growth strategy, we expect to continue to introduce new products and innovations in our traditional product categories, while also expanding our product launches into adjacent categories in which we may have little to no operating experience, such as injectable neurotoxins, fillers, microneedling devices and mesotherapy. The success of product launches in adjacent product categories could be hampered by our relative inexperience operating in such categories, failure to establish new buyer relationships, the strength of our competitors or any of the other risks referred to above. Furthermore, any introduction of new products or expansion into new product categories may prove to be an operational and financial constraint which inhibits our ability to successfully accomplish such introduction or expansion. New product launches may also encounter difficulties in manufacturing or packaging leading to lower-than-expected margins. Our inability to introduce successful products in our traditional categories or in adjacent categories could limit our future growth and have a material adverse effect on our business, financial condition and results of operations.

Obtaining Government and Regulatory Approval

Non-Prescription Skincare Products

There are numerous categories of non-prescription skincare products in the U.S., Canada and in other regions around the world and the classification and regulatory requirements vary by jurisdiction. Some categories of products require a license and others can be sold without prior authorization. There is a risk that the regulatory authorities may not agree with the Company's classification of a given product nor allow it to be marketed based on the regulatory status, product labeling or marketing claims. Regulatory authorities also have the ability to inspect the related manufacturing facilities and can restrict product supply if the facility is deemed to not comply with relevant regulations. Any delay or failure to obtain regulatory approvals or to ensure compliance with relevant regulations for marketed products could adversely affect the Company's business, financial condition and operational results. Non-prescription skincare companies may also be subject to additional regulations covering occupational safety, manufacturing and laboratory practices, environmental protection and hazardous substance control. They may also be subject to existing and future local, provincial, state, federal and foreign regulation.

Canada

All cosmetics sold in Canada must contain appropriate ingredients, be safe to use, and must not pose health risks. They must also meet the requirements of the *Food and Drugs Act* and the *Cosmetic Regulations* which require that cosmetics sold in Canada be manufactured, prepared, preserved, packed, and stored under sanitary conditions. It is the manufacturer's responsibility to ensure that the products meet the requirements for cosmetics under the *Food and Drugs Act* and the *Cosmetic Regulations*. The manufacturer and importer must notify Health Canada that it is selling the product and provide a list of the product's ingredients.

Health Canada assesses all NHPs before allowing them to be sold in Canada. They also check that NHPs are properly manufactured (without contamination or incorrect ingredients) and perform post-market monitoring to make sure that NHP Regulations are being followed. If the product is found to be unacceptable for sale in Canada, Health Canada will take appropriate compliance and enforcement actions as deemed appropriate and the product may be referred to the Health Products and Food Branch ("HPFB") Inspectorate. Non-compliance with applicable requirements can result in fines and other judicially imposed sanctions including product seizures, injunction actions and criminal prosecutions.

United States

Cosmetic products (most non-prescription skincare products) and ingredients typically do not require FDA approval before they are marketed, but the FDA monitors the safety and marketing claims of marketed cosmetic products. The FDA can inspect manufacturing facilities to determine if proper controls and practices are being followed and they also work with U.S. Customs and Border Protection to examine imported cosmetics. If the FDA believes that a cosmetic product may not comply with the regulations, they can ask a federal court to issue an injunction, request that U.S. marshals seize the products, initiate criminal action,

refuse entry of an imported cosmetic, or request that a company recall a product. Failure to comply with regulatory requirements could have a material adverse effect on the Company's business, financial condition and operational results.

Additional Regulatory Considerations

Additional local, provincial, state, federal and foreign regulations may apply in various territories around the world. Any delays in obtaining, or failure to obtain regulatory approvals or to maintain proper compliance with relevant regulations in Canada, the U.S., the E.U. or other foreign countries, may significantly delay the development and commercialization of the Company's products and the receipt of revenues from the sale of its products.

Prescription Drug Products

The research, testing, manufacturing, packaging, labeling, approval, storage, selling, marketing, and distribution of prescription drug products are subject to extensive regulation in the U.S. by the FDA, in Canada by the TPD and by similar regulatory authorities in the E.U. and elsewhere. Despite the time and expense exerted by the Company, failure can occur at any stage. The drug development process is time-consuming, may involve significant delays despite the Company's best efforts and can require substantial cash resources. Even after initial approval has been obtained, further research, including post-marketing studies and surveillance programs may be required. Moreover, regulations are subject to change and the Company cannot predict its ability to meet new or changing regulations. There is also a risk that the Company's products may be subject to recalls if there are product manufacturing or quality issues or be withdrawn from the market due to non-compliance with regulatory requirements.

There can be no assurance that the Company's products will prove to be safe and effective in clinical trials or receive the requisite regulatory approval in any market. Any delay or failure to obtain regulatory approvals could adversely affect the Company's business, financial condition and operational results. Pharmaceutical companies are also subject to additional regulations covering occupational safety, manufacturing and laboratory practices, environmental protection and hazardous substance control. They may also be subject to existing and future local, provincial, state, federal and foreign regulation. Failure to obtain necessary regulatory approvals, the restriction, suspension or revocation of existing approvals or any other failure to comply with regulatory requirements, could have a material adverse effect on the Company's business, financial condition and operational results.

United States

The FDA has substantial discretion in the drug approval process. The FDA may delay, limit or deny approval of a drug candidate for many reasons. The process of receiving FDA approval has become more difficult with the requirement to submit a Risk Evaluation and Mitigation Strategy ("**REMS**") for certain drug products. Even once drug candidates are approved, these approvals may be withdrawn if compliance with regulatory standards is not maintained. In addition, the FDA has the authority to regulate the claims the Company's partners make in marketing its prescription drug products to ensure that such claims are true, not misleading, supported by scientific evidence and consistent with the product's approved labelling. Failure to comply with applicable requirements can result in fines, suspensions or withdrawal of approvals, product seizures and injunctions against the manufacture, holding, distribution, marketing and sale of a product, and both civil and criminal sanctions.

Canada

The TPD may deny issuance of a Notice of Compliance ("**NOC**") for a NDS if applicable regulatory criteria are not satisfied, or they may require additional testing. Product approvals may be withdrawn if compliance with regulatory standards is not maintained. The TPD may require further testing and surveillance programs to monitor a pharmaceutical product which has been commercialized. Non-compliance with applicable requirements can result in fines and other judicially imposed sanctions including product seizures, injunction actions and criminal prosecutions.

Risks Related to Research & Development Activities

Risk Related to Clinical Trials

The Company and its drug development partners must demonstrate, through preclinical studies and clinical trials, that the product being developed is safe and efficacious before obtaining regulatory approval for the commercial sale of the product. The results of preclinical studies and previous clinical trials are not necessarily predictive of future results and the Company's current product candidates may not have favourable results in later testing or trials. Preclinical tests and Phase 1 and Phase 2 clinical trials are primarily designed to test safety, to study pharmacokinetics and pharmacodynamics and to understand the side effects of products at various doses and schedules. Success in preclinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful and such success is not necessarily predictive of final results. Favourable results in early trials may not be repeated in later trials and positive interim results do not ensure success in final results. Even after the completion of Phase 3 clinical trials, the FDA, TPD, EMA or other regulatory authorities may disagree with the clinical trial design and interpretation of data and may require additional clinical trials to demonstrate the efficacy of product candidates.

Several companies in the biotechnology and pharmaceutical industries have suffered significant setbacks in advanced clinical trials, even after achieving promising results in earlier trials and preclinical studies. In many cases where clinical results were not favourable, were perceived negatively or otherwise did not meet expectations, the share prices of these companies declined significantly. Failure to complete clinical trials successfully and to obtain successful results on a timely basis could have an adverse effect on the Company's future business and the price of its common shares.

The Company's prospects could also suffer if it, or any of its drug development partners, fails to develop and maintain sufficient levels of patient enrolment in its current or future clinical trials. Delays in planned patient enrolment may result in increased costs, and/or delays or termination of clinical trials, which could materially harm the Company's prospects.

Reliance on Third Parties to Conduct Clinical and Preclinical Studies

The Company and its drug development partners rely on third parties such as CROs, medical institutions and clinical investigators to enroll qualified patients, conduct, supervise and monitor its clinical trials, conduct preclinical studies and complete CMC work. The reliance on these third parties for clinical development activities reduces its control over these activities. The reliance on these third parties, however, does not relieve the Company or its drug development partners of their regulatory responsibilities, including ensuring that its clinical trials are conducted in accordance with Good Clinical Practices ("GCPs") and that its preclinical studies are conducted in accordance with Good Laboratory Practices ("GLPs"). Furthermore, these third parties may have relationships with other entities, some of which may be competitors. In addition, they may not complete activities on schedule or may not conduct preclinical studies or clinical trials in accordance with regulatory requirements or the Company's trial design. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, the Company's ability to obtain regulatory approvals for product candidates may be delayed or prevented.

Inability to Achieve Drug Development Goals

From time-to-time, the Company sets targets and makes public statements regarding its expected timing for achieving drug development goals. These include targets for the commencement and completion of preclinical and clinical trials, studies and tests and anticipated regulatory filing and approval dates. These targets are set based on a number of assumptions that may not prove to be accurate. The actual timing of these forward-looking events can vary dramatically from the Company's estimates or they might not be achieved at all, due to factors such as delays or failures in clinical trials or preclinical work, scheduling changes at CROs, the need to develop additional data required by regulators as a condition of approval, the uncertainties inherent in the regulatory approval process and delays in achieving manufacturing or marketing arrangements necessary to commercialize product candidates, including out-licensing of product candidates if the Company deems this necessary and limitations are placed on the funds available to the Company. If

the Company does not meet these targets, including those which are publicly announced, the ultimate commercialization of its products may be delayed and, as a result, its business could be harmed.

The Company has several product candidates that are at different stages of development and for which additional preclinical and clinical testing are underway or anticipated in the near future. There can be no assurance that preclinical or clinical testing of the Company's product candidates will yield sufficiently positive results to enable progress toward commercialization and any such trials will take significant time to complete. Unsatisfactory results may prompt the Company to reduce or abandon future testing or commercialization of particular product candidates and this may have a material adverse effect on the Company.

Due to the inherent risk associated with product development efforts in the pharmaceutical industry, particularly with respect to new drugs, the Company's product development expenditures may not result in the successful introduction of government approved new pharmaceutical products. Also, after submitting a drug candidate for regulatory approval, the regulatory authority may require additional studies, and as a result, the Company may be unable to reasonably predict the total R&D costs to develop a particular product.

Risks Related to our Intellectual Property

Patents, Trademarks and Proprietary Technology

There can be no assurance as to the breadth or degree of protection that existing or future patents or patent applications may afford the Company or that any patent applications will result in issued patents or that the Company's patents or trademarks will be upheld if challenged. It is possible that the Company's existing patent or trademark rights may be deemed invalid. Although the Company believes that its products do not, and will not, infringe valid patents or trademarks or violate the proprietary rights of others, it is possible that use, sale or manufacture of its products may infringe on existing or future patents, trademarks or proprietary rights of others. If the Company's products infringe the patents or proprietary rights of others, the Company may be required to stop selling or making its products, may be required to modify or rename its products or may have to obtain licenses to continue using, making or selling them. There can be no assurance that the Company will be able to do so in a timely manner, upon acceptable terms and conditions, or at all. The failure to do any of the foregoing could have a material adverse effect upon the Company. In addition, there can be no assurance that the Company will have sufficient financial or other resources to enforce or defend a patent infringement or proprietary rights violation action. Moreover, if the Company's products infringe patents, trademarks or proprietary rights of others, the Company could, under certain circumstances, become liable for substantial damages which could also have a material adverse effect.

Regardless of the validity of the Company's patents, there can be no assurance that others will be unable to obtain patents or develop competitive non-infringing products or processes that permit such parties to compete with the Company. The Company may not be able to protect its intellectual property rights throughout the world as filing, prosecuting and defending patents and trademarks on all of the Company's product candidates, products and product names, when and if they exist, in every jurisdiction would be prohibitively expensive and can take several years. Competitors may manufacture, sell or use the Company's technologies and use its trademarks in jurisdictions where the Company or its partners have not obtained patent and trademark protection. These products may compete with the Company's products, when and if it has any, and may not be covered by any of its or its partners' patent claims or other intellectual property rights.

The laws of some countries do not protect intellectual property rights to the same extent as the laws of Canada and the U.S. and many companies have encountered significant problems in protecting and defending such rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favour the enforcement of patents, trademarks and other intellectual property protection, particularly those protections relating to biotechnology and pharmaceuticals, which could make it difficult for the Company to stop the infringement of its patents. Proceedings to enforce patent rights in foreign jurisdictions could result in substantial cost and could divert efforts and attention from other aspects of the business.

The pre-trial discovery process, the trial and the appeals process in patent litigation can take several years. The Company could commence a lawsuit against a third party for patent infringement or a lawsuit could commence against the Company with respect to the validity of its patents or any alleged patent infringement by the Company. The cost of such litigation, as well as the ultimate outcome of such litigation, whether or not the Company is successful, could have a material adverse effect on its business, results of operations, financial condition and cash flows.

Ability to Protect Know-How and Trade Secrets

The ability of the Company to maintain the confidentiality of its expertise and trade secrets is essential to its success. Disclosure and use of the Company's expertise and trade secrets, not otherwise protected by patents, are generally controlled under agreements with the parties involved. There can be no assurance however, that all confidentiality agreements are legally enforceable or will be honoured, that others will not independently develop equivalent or competing technology, that disputes will not arise over the ownership of intellectual property or that disclosure of the Company's trade secrets will not occur. To the extent that consultants or other research collaborators use intellectual property owned by others while working with the Company, disputes may also arise over the rights to related or resulting expertise or inventions.

Risks Related to Operating as a Public Company

Compliance with Laws and Regulations Affecting Public Companies

Any future changes to the laws and regulations affecting public companies, may cause the Company to incur increased costs as it evaluates the implications of new rules and implements any new requirements. Delays or a failure to comply with the new laws, rules and regulations could result in enforcement actions, the assessment of other penalties and civil suits.

Any new laws and regulations may make it more expensive for the Company to provide indemnities to the Company's officers and directors and may make it more difficult to obtain certain types of insurance, including liability insurance for directors and officers. Accordingly, the Company may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for the Company to attract and retain qualified persons to serve on its Board of Directors or as executive officers. The Company may be required to hire additional personnel and utilize additional outside legal, accounting and advisory services, all of which could cause general and administrative costs to increase beyond what the Company currently has planned. The Company is continuously evaluating and monitoring developments with respect to these laws, rules and regulations and it cannot predict or estimate the amount of the additional costs it may incur or the timing of such costs.

The Company is required annually to review and report on the effectiveness of its internal control over financial reporting and DCP in accordance with National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings of the CSA. The results of this review are reported in the Company's Management's Discussion and Analysis of Results of Operations and Financial Condition for fiscal 2020. The Company's CEO and CFO are required to report on and certify the effectiveness of the Company's internal control over financial reporting.

Management's review is designed to provide reasonable assurance, not absolute assurance, that all material weaknesses existing within the Company's internal controls are identified. Material weaknesses represent deficiencies existing in the Company's internal controls that may not prevent or detect a misstatement occurring which could have a material adverse effect on the quarterly or annual financial statements of the Company. In addition, management cannot provide assurance that the remedial actions being taken by the Company to address any material weaknesses identified will be successful, nor can management provide assurance that no further material weaknesses will be identified within its internal controls over financial reporting in future years.

If the Company fails to maintain effective internal controls over its financial reporting, there is the possibility of errors or omissions occurring or misrepresentations in the Company's disclosures which could have a material adverse effect on the Company's business, its financial statements and the value of the Company's common shares.

Public Company Requirements May Strain Resources

As a public company, the Company is subject to the securities laws of the jurisdictions in which it is a reporting issuer and the listing requirements of the TSX. The ever-increasing obligations of operating as a public company will require significant expenditures and will place additional demands on management as the Company complies with the reporting requirements of a public company. The Company may need to hire additional accounting, financial and legal staff with appropriate public company experience and technical accounting and regulatory knowledge.

In addition, actions that may be taken by significant stockholders may divert the time and attention of the Company's Board of Directors and management from its business operations. Campaigns by significant investors to effect changes at publicly traded companies have increased in recent years. If a proxy contest were to be pursued by any of the Company's stockholders, it could result in substantial expense to the Company and consume significant attention of management and the Board of Directors. In addition, there can be no assurance that any stockholder will not pursue actions to effect changes in the management and strategic direction of the Company, including through the solicitation of proxies from the Company's stockholders.

Risks Related to our Common Shares

Quarterly Fluctuations

The Company's quarterly and annual operating results are likely to fluctuate in the future. These fluctuations could cause the price of the Company's common shares to decline. The nature of the Company's business involves variable factors, such as the timing of launch and market acceptance of the Company's products, the timing and costs associated with product development and regulatory submissions of our products, the costs of maintaining manufacturing facilities operating below capacity and the costs associated with public company and other regulatory compliance. As a result, in some future quarters or years, the Company's clinical, financial or operating results may not meet the expectations of securities analysts and investors which could result in a decline in the price of the Company's common shares.

Volatility of Share Price

Market prices for securities, including those of the Company, have been historically volatile and subject to substantial fluctuations. The stock market, experiences significant price and volume fluctuations unrelated to the operating performance of particular companies. Future announcements concerning the Company or its competitors, including the results of testing, technological innovations, new commercial products, marketing arrangements, government regulations, developments concerning regulatory actions affecting the Company's products and its competitors' products in any jurisdiction, developments concerning proprietary rights, litigation, additions or departures of key personnel, cash flow, public concerns about the safety of the Company's products and economic conditions and political factors in the U.S., the E.U., Canada or other regions may have a significant impact on the market price of the common shares. In addition, there can be no assurance that the common shares will continue to be listed on the TSX.

The market price of the Company's common shares could fluctuate significantly for many other reasons, including for reasons unrelated to the Company's specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by our customers, competitors or suppliers regarding their own performance, as well as general economic and industry conditions. In addition, when the market price of a company's shares drops significantly, shareholders may pursue securities class action lawsuits against the company. A lawsuit against the Company could result in substantial costs and could divert the time and attention of the Company's management and other resources.

Dilution from further Equity Financing and Declining Share Price

If the Company raises additional funding or completes an acquisition or merger by issuing additional equity securities, such issuance may substantially dilute the interests of shareholders of the Company and reduce the value of their investment. The market price of the Company's common shares could decline as a result of issuances of new shares or sales by existing shareholders of common shares in the market or the perception that such sales could occur. Sales by shareholders might also make it more difficult for the Company itself to sell equity securities at a time and price that it deems appropriate.

Absence of Dividends

The Company has not paid dividends on its common shares and does not anticipate declaring any dividends in the near future. As a result, the return on an investment in the Company's common shares will depend upon any future appreciation in value. There is no guarantee that the common shares will appreciate in value or even maintain the price at which they were purchased.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

From time-to-time, during the ordinary course of business, the Company is threatened with litigation, or is named as a defendant in various legal proceedings, including lawsuits based upon product liability, patent infringement, personal injury, breach of contract and lost profits or other consequential damage claims. See *Risk Factors – Litigation and Regulation*. At this time, there are no known material litigation claims facing the Corporation.

TRANSFER AGENT

The transfer agent and registrar for the common shares is AST Trust Company at its office in Toronto, Ontario.

CORPORATE GOVERNANCE

Charter of the Audit Committee

The Audit Committee of the Company's Board of Directors has developed its Charter, the text of which is set out in Schedule 6 to this AIF.

The remaining disclosure related to the Audit Committee is contained on pages 38 and 39 of Crescita's *Management Information Circular* for the 2020 fiscal year, which is hereby incorporated by reference. Crescita's *Management Information Circular* for the 2020 fiscal year was filed with the Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com and on Crescita's website at www.crescitatherapeutics.com. A copy of the *Management Information Circular* will be provided promptly to shareholders upon request.

MATERIAL CONTRACTS

The Company has not entered into any contracts other than in the ordinary course of business in the last fiscal year and up until the date of this AIF. Please refer to Appendix II of this AIF for a full list of material contracts.

AUDITORS

The Company's auditor is Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, located at 900 boulevard De Maisonneuve Ouest, Suite 2300, Montréal, Québec, H3A 0A8. Ernst & Young LLP has confirmed that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountant of Ontario). Ernst & Young LLP provides tax, financial advisory and other non-audit services to the Company and its subsidiaries. The Company's Audit Committee has concluded that the provision of these non-audit services by Ernst & Young LLP is compatible with Ernst & Young LLP maintaining its independence.

ADDITIONAL INFORMATION

The Company will provide to any person, upon request to the Company, (i) a copy of its Annual Information Form, together with a copy of any document incorporated by reference therein, (ii) a copy of the annual audited consolidated financial statements of the Company for the fiscal year ended December 31, 2020 together with the accompanying report of the auditor and a copy of any subsequent interim financial statements, (iii) a copy of the Management Information Circular dated March 26, 2021 relating to the annual meeting of shareholders of the Company to be held on May 11, 2021 and (iv) a copy of the Management's Discussion and Analysis for the fiscal year ended December 31, 2020. Additional financial information is provided in the Company's audited consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2020.

Additional information regarding, among others, directors' and named executive officers' compensation and indebtedness, securities authorized for issuance under equity compensation plans and principal holders of the Company's shares, is included in the Management Information Circular dated March 26, 2021.

The documents mentioned above, as well as other additional information, are available on the Canadian Securities Administrators' website at www.sedar.com and on the Company's website at www.crescitatherapeutics.com. You can also obtain a copy of such documents by contacting Crescita's Investor Relations by sending an e-mail to ir@crescitatx.com.

APPENDIX I - Corporate Governance Documents

The following documents form part of Crescita's corporate governance texts and may be found below, on the page numbers indicated in the Table of Contents above, as well as in the Investors' section of the Corporation's website:

Schedule A - Corporate Governance Guidelines

Schedule 1 - Board of Directors Charter

Schedule 2 - Position Description for Chair of the Board

Schedule 3 - Position Description for Lead Director of the Board

Schedule 4 - CCGNC Charter

Schedule 5 - Position Description for CCGNC Chair

Schedule 6 - Audit Committee Charter

Schedule 7 - Position Description for Audit Committee Chair

Schedule 8 – Position Description for the Chief Executive Officer

Schedule B - Code of Conduct and Business Ethics

Schedule A - Corporate Governance Guidelines

CORPORATE GOVERNANCE GUIDELINES

INTRODUCTION

The Board of Directors is committed to fulfilling its statutory mandate to supervise the management of the business and affairs of the Corporation with the highest standards of ethical conduct and in the best interests of the Corporation and its shareholders. The Board of Directors, acting on the recommendation of its Compensation, Corporate Governance and Nominating Committee (the “**CCGNC**”), has adopted these corporate governance guidelines to promote the effective functioning of the Board of Directors and its committees, to promote the interests of shareholders, and to establish a common set of expectations as to how the Board of Directors, its committees, individual directors and senior management should perform their functions.

The following schedules are attached to these guidelines and form a part hereof:

Schedule 1	-	Board of Directors Charter
Schedule 2	-	Position Description for Chair of the Board
Schedule 3	-	Position Description for Lead Director of the Board
Schedule 4	-	CCGNC Charter
Schedule 5	-	Position Description for CCGNC Chair
Schedule 6	-	Audit Committee Charter
Schedule 7	-	Position Description of Audit Committee Chair
Schedule 8	-	Position Description for Chief Executive Officer

GUIDELINES

Board of Directors' Responsibilities

The business and affairs of the Corporation are managed by or under the supervision of the Board of Directors in accordance with applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators. The responsibility of the Board of Directors is to provide direction and oversight and overall stewardship of the Corporation. The Board of Directors approves the strategic direction of the Corporation and oversees the performance of the Corporation's business and senior management. The senior management of the Corporation is responsible for presenting long-term strategic plans to the Board of Directors for review and approval and for implementing the Corporation's strategic direction.

The Board of Directors also expects management to report short-term results and long-term goals, on a frequent and timely basis. The Board of Director receives regular input and reports from management through the President and Chief Executive Officer, as well as from the Vice President Finance and Chief Financial Officer and other senior management.

In performing their duties, the primary responsibility of the directors is to exercise their business judgment in what they reasonably believe to be the best interests of the Corporation. In discharging that obligation, directors should be entitled to rely on the honesty and the integrity of the Corporation's senior management and outside advisors and auditors. The directors also should be entitled to have the Corporation purchase reasonable directors' and officers' liability insurance on their behalf, and to the benefits of indemnification to the fullest extent permitted by applicable law and to exculpation as provided by applicable law.

In fulfilling its statutory mandate and discharging its duty of stewardship of the Corporation, the Board of Directors assumes responsibility for those matters set forth in its Charter (which also is its mandate).

Board of Directors' Size

It is the current view of the Board of Directors that the Board of Directors should consist of no more than six members to facilitate its effective functioning.

Chair of the Board of Directors

The Board of Directors believes that, at this time, it is appropriate for the Corporation to have a Chair who is not independent. The Chair should carry out his or her responsibilities in accordance with the position description for the Chair.

Because the Chair is not independent, a Lead Director has been appointed by the Board of Directors. The Lead Director should carry out his or her responsibilities in accordance with the written position description for the Lead Director.

Selection of Directors

As provided in the CCGNC's Charter, the CCGNC will be responsible for identifying and recommending to the Board of Directors individuals qualified to become members of the Board of Directors, based primarily on the following criteria:

- judgment, character, expertise, skills and knowledge useful to the oversight of the Corporation's business,
- diversity of viewpoints, backgrounds, experiences and other demographics,
- business or other relevant experience, and
- the extent to which the interplay of the individual's expertise, skills, knowledge and experience with that of other members of the Board of Directors will build a board that is effective, collegial and responsive to the needs of the Corporation.

The CCGNC also will be responsible for initially assessing whether a candidate would be independent (and in that process applying the "Categorical Standards for Determining Independence of Directors" (that are appended to the Board of Directors Charter) and advising the Board of Directors of that assessment.

The Board of Directors, taking into consideration the recommendations of the CCGNC, will be responsible for selecting the nominees for election to the Board of Directors, for appointing directors to fill vacancies, and determining whether a nominee or appointee is independent.

Committee Membership

Each of the Audit Committee and the CCGNC will be composed of no fewer than three members, each of whom will satisfy the membership criteria set out in the relevant committee charter. Members of committees will be appointed by the Board of Directors upon the recommendation of the CCGNC. A director may serve on more than one committee and committee membership may be rotated periodically as necessary or advisable. The Board of Directors, taking into account the recommendation of the CCGNC, generally will designate one member of each committee as chair of that committee. Committee chairs shall carry out their responsibilities in accordance with their respective position descriptions. Committee chairs may be rotated periodically as well.

Evaluating Board of Directors and Committee Performance

The CCGNC will conduct an annual assessment of the effectiveness of the Board of Directors and each of the committees.

Board of Directors and Committee Meetings

The Board of Directors and each committee should meet as provided in its respective charter.

An agenda for each meeting of the Board of Directors and each committee meeting will be provided to each director and each member of the relevant committee. Any director or member of a committee may suggest the inclusion of subjects on the agenda of meetings of the Board of Directors or a committee. Each director and each member of a committee is free to raise at a meeting of the Board of Directors or a committee meeting, respectively, subjects that are not on the agenda for that meeting.

Materials provided to the directors for meetings of the Board of Directors and committee meetings should provide the information needed for the directors and members of the committee, respectively, to make informed judgments or engage in informed discussions.

To ensure free and open discussion and communication among directors, the independent directors will meet in executive session (with no members of senior management or non-independent directors present) after every regularly scheduled meeting of the Board of Directors and otherwise as those directors determine. The Lead Director will preside at these executive sessions, unless the directors present at such meetings determine otherwise. Any interested party may communicate directly with the Lead Director, who may invite such person to address an executive session.

Unless the chair of a committee otherwise determines, the agenda, materials and minutes for each committee meeting will be available on request to all directors, and all directors will be free to attend any committee meeting. All meetings of a committee will have a session in which the members of the committee will meet with no non-committee members present and at any time in a meeting of a committee, directors who are not members may be asked to leave the meeting to ensure free and open discussion and communication among members of the committee. It is at the Board of Directors' discretion as to whether directors who are not members of a committee will be compensated for attending meetings of that committee.

Director Compensation

As provided for in the CCGNC Charter, the form and amount of director compensation will be determined by the Board of Directors from time to time upon the recommendation of the CCGNC.

Expectations of Directors

The Board of Directors has developed a number of specific expectations of directors to promote the discharge by the directors of their responsibilities and to promote the efficient conduct of the Board of Directors.

Commitment and Attendance. All directors should strive to attend all meetings of the Board of Directors and the committees of which they are members. Attendance by telephone or video conference may be used when necessary to facilitate a director's attendance.

Participation in Meetings. Each director should be sufficiently familiar with the business of the Corporation, including its financial statements and capital structure, and the risks it faces, to ensure active and effective participation in the deliberations of the Board of Directors and of each committee on which he or she serves.

Loyalty and Ethics. In their roles as directors, all directors owe a duty of loyalty to the Corporation. This duty of loyalty mandates that the best interests of the Corporation take precedence over any other interest possessed by a director. Directors should conduct themselves in accordance with the Corporation's Code of Business Conduct and Ethics the full text of which may be found in Schedule B to this AIF below.

Contact with Senior Management and Employees. All directors should be free to contact any of the members of the Corporation's senior management at any time to discuss any aspect of the Corporation's business. The Board of Directors expects that there will be frequent opportunities for directors to meet with members of senior management in meetings of the Board of Directors and committees, or in other formal or informal settings.

Confidentiality. The proceedings and deliberations of the Board of Directors and its committees are confidential. Each director will maintain the confidentiality of information received in connection with his or her service as a director.

Orientation and Continuing Education

Senior management, working with the Board of Directors, will provide appropriate orientation and education for new directors to familiarize them with the Corporation and its business, as well as the expected contribution of individual directors. All new directors will participate in this program orientation and education, which should be completed within four months of a director first joining the Board of Directors. In addition, senior management will schedule periodic presentations for the Board of Directors to ensure they are aware of major business trends and industry practices as and when required.

Schedule 1 - Board of Directors Charter

CRESCITA THERAPEUTICS INC. (the “Corporation”)

BOARD OF DIRECTORS CHARTER

PURPOSE

The Board of Directors is elected by the Corporation’s shareholders to supervise the management of the business and affairs of the Corporation, in the best interests of the Corporation. The Board of Directors shall:

- Review and approve the strategic plan and business objectives of the Corporation that are submitted by senior management and monitor the implementation by senior management of the strategic plan. During at least one meeting each year, the Board of Directors will review the Corporation’s long-term strategic plans and the principal issues that the Corporation expects to face in the future.
- Review the principal strategic, operational, reporting and compliance risks for the Corporation and oversee, with the assistance of the Audit Committee, the implementation and monitoring of appropriate risk management systems and the monitoring of risks.
- Ensure, with the assistance of the Compensation, Corporate Governance and Nominating Committee (the “**CCGNC**”), the effective functioning of the Board of Directors and its committees in compliance with applicable corporate governance requirements, and that such compliance is reviewed periodically by the CCGNC.
- Ensure internal controls and management information systems for the Corporation are in place and are evaluated and reviewed periodically on the initiative of the Audit Committee.
- Assess the performance of the Corporation’s senior management and periodically monitor the compensation levels of such senior management based on determinations and recommendations made by the CCGNC.
- Ensure that the Corporation has in place a policy for effective communication with shareholders, other stakeholders and the public generally.
- Review and, where appropriate, approve the recommendations made by the various committees of the Board of Directors.

COMPOSITION

The Board of Directors collectively should possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight of the Corporation’s business. The Board of Directors should be comprised of that number of individuals which will permit the Board of Directors’ effective functioning. The appointment and removal of directors shall occur in accordance with the *Business Corporations Act* (Ontario) and the Corporation’s by-laws. A majority of the Board of Directors should meet the independence requirements of applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators. The Board of Directors has adopted a set of categorical standards for determining whether directors satisfy those requirements for independence. A copy of those standards is attached as Appendix A. The Board of Directors, upon the recommendation of the CCGNC, shall designate the Chair and Lead Director by majority vote of the Board of Directors.

MEETINGS

The Board of Directors shall meet at least four times each year and more frequently as circumstances require. All members of the Board of Directors should strive to be at all meetings. The Board of Directors may meet separately, periodically, without senior management, and may request any member of the Corporation's senior management or the Corporation's outside advisors or auditor to attend meetings of the Board of Directors.

COMMITTEES

The Board of Directors may delegate authority to individual directors and committees where the Board of Directors determines it is appropriate to do so. The Board of Directors expects to accomplish a substantial amount of its work through committees and shall form at least the following two committees: the Audit Committee and the CCGNC. The Board of Directors may, from time to time, establish or maintain additional standing or special committees as it determines to be necessary or appropriate. Each committee should have a written charter and should report regularly to the Board of Directors, summarizing the committee's actions and any significant issues considered by the committee.

INDEPENDENT ADVICE

In discharging its mandate, the Board of Directors shall have the authority to retain (and authorize the payment by the Corporation of) and receive advice from special legal, accounting or other advisors as the Board of Directors determines to be necessary to permit it to carry out its duties.

ANNUAL EVALUATION

Annually, the Board of Directors through the CCGNC shall, in a manner it determines to be appropriate:

- Conduct a review and evaluation of the performance of the Board of Directors and its members and committees, including the compliance of the Board of Directors with this Charter. This evaluation will focus on the contribution of the Board of Directors to the Corporation and specifically focus on areas in which the directors and senior management believe that the contribution of the Board of Directors could be improved.
- Review and assess the adequacy of this Charter and the position description for the Chair and Lead Director and make any improvements the Board of Directors determines to be appropriate.

APPENDIX A

CATEGORICAL STANDARDS FOR DETERMINING INDEPENDENCE OF DIRECTORS

For a director to be considered independent under the rules of the Canadian Securities Administrators, he or she must have *no direct or indirect material relationship with the Corporation*, being a relationship that could, in the view of the Board of Directors, reasonably interfere with the exercise of a director's independent judgement.

The Board of Directors, upon the recommendation of the CCGNC, has considered the types of relationships that could reasonably be expected to be relevant to the independence of a director of the Corporation. The Board of Directors has determined that:

1. A director's interests and relationships arising solely from his or her (or any immediate family members³) shareholdings in the Corporation are not, in and of themselves, a bar to independence.
2. Unless a specific determination to the contrary is made by the CCGNC as a result of there being another direct or indirect material relationship with the Corporation, a director will be independent unless currently, or at any time within the past three years, he or she or any immediate family member:
 - **Employment:** Is (or has been) an officer or employee (or, in the case of an immediate family member, an executive officer) or (in the case of the director only) of the Corporation or any of its subsidiaries (collectively, the "**Corporation Group**") or is actively involved in the day-to-day management of the Corporation;
 - **Direct Compensation:** Receives (or has received) direct compensation during any twelve-month period from the Corporation Group (other than director fees and committee fees and pension or other forms of deferred compensation for prior service, provided it is not contingent on continued service);⁴
 - **Auditor Relationship.** Is (or has been) a partner or employee of a firm that is the Corporation's auditor (provided that in the case of an immediate family member, he or she participates in its audit, assurance or tax compliance (but not tax planning practice)) and if during that time, he or she or an immediate family member was a partner or employee of that firm but no longer is such, he or she or the immediate family member personally worked on the Corporation's audit;
 - **Material Commercial Relationship.** Has (or has had), or is an executive officer, employee or significant shareholder of a person that has (or has had), a significant commercial relationship with the Corporation Group;
 - **Cross-Compensation Committee Link.** Is employed as an executive officer of another entity whose compensation committee (or similar body) during that period of employment included a current executive officer of the Corporation; or
 - **Material Association.** Has (or has had) a close association with an executive officer of the Corporation.

³ A (i) spouse, parent, child, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, or (ii) any person (other than domestic employees) who shares that director's home.

⁴ Employment as an interim chair or an interim Chief Executive Officer need not preclude a director from being considered independent following the end of that employment. Receipt of compensation by an immediate family member need not preclude a director from being independent if that family member is a non-executive employee.

Notwithstanding the foregoing, no director will be considered independent if applicable securities legislation, rules or regulations expressly prohibit such person from being considered independent.

Schedule 2 - Position Description for Chair of the Board

CRESCITA THERAPEUTICS INC.
(the “Corporation”)

CHAIR OF THE BOARD OF DIRECTORS

POSITION DESCRIPTION

The Chair is a director who is designated by the Board of Directors to assist the Board of Directors in fulfilling its duties effectively and efficiently.

The designation of the Chair shall take place annually at the first meeting of the Board of Directors after a meeting of the shareholders at which directors are elected, provided that if the designation is not so made, the director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

Chair

The responsibilities of the Chair include:

- acting as a liaison between the Board of Directors and management,
- promoting a thorough understanding by members of the Board of Directors and senior management of the duties and responsibilities of the Board of Directors,
- recommending procedures to enhance the work of the Board of Directors and cohesiveness among directors,
- ensuring that the Board of Directors is appropriately involved in approving strategy and supervising senior management’s progress against achieving that strategy,
- in connection with meetings of the Board of Directors:
 - taking the principal initiative in scheduling meetings of the Board of Directors,
 - organizing and presenting the agenda for Board of Directors meetings such that,
 - all of the responsibilities assigned to the Board of Directors under the terms of its Charter are discharged on a timely and diligent basis, and
 - members of the Board of Directors have input into the agendas,
 - monitoring the adequacy of materials provided to the Board of Directors by senior management in connection with the Board of Directors deliberations,
 - ensuring that members of the Board of Directors have sufficient time to review the materials provided to them and to fully discuss the business that comes before the Board of Directors, and
 - presiding over meetings of the Board of Directors,
- on an annual basis, facilitating the annual performance review and evaluation of the Board of Directors and its members in accordance with the Charter and facilitating the assessment of the adequacy of the

Charter, and performing such other functions as may be ancillary to the duties and responsibilities described above and as may be delegated to the Chair by the Board of Directors from time to time.

Schedule 3 - Position Description for Lead Director of the Board

CRESCITA THERAPEUTICS INC.
(the “Corporation”)

LEAD DIRECTOR OF THE BOARD

POSITION DESCRIPTION

The Lead Director is an “independent” director who is designated by the Board of Directors to assist the Board of Directors in fulfilling its duties independent of management. The Lead Director role also exists to ensure that directors have an independent leadership contact.

The designation of the Lead Director shall take place annually at the first meeting of the Board of Directors after a meeting of the shareholders at which directors are elected, provided that if the designation is not so made, the director who is then serving as Lead Director shall continue as Lead Director until his or her successor is appointed.

Lead Director

The responsibilities of the Lead Director include:

- acting as an independent liaison between the Board of Directors and senior management,
- together with the Chair, promoting a thorough understanding by members of the Board of Directors and management of the duties and responsibilities of the Board of Directors,
- together with the Chair, recommending procedures to enhance the work of the Board of Directors,
- working with the Chair to ensure that the Board of Directors is appropriately involved in approving strategy and supervising management’s progress against achieving that strategy,
- ensuring that independent directors have had adequate opportunities to discuss issues without management present,
- communicating to senior management, as appropriate, the results of private discussions among independent directors,
- together with the Chair, in connection with meetings of the Board of Directors:
 - scheduling meetings of the Board of Directors,
 - organizing and presenting the agenda for Board of Directors meetings such that,
 - all of the responsibilities assigned to the Board of Directors under the terms of its Charter are discharged on a timely and diligent basis, and
 - members of the Board of Directors have input into the agendas,
 - monitoring the adequacy of materials provided to the Board of Directors by management in connection with the Board of Directors deliberations,

- ensuring that members of the Board of Directors have sufficient time to review the materials provided to them and to fully discuss the business that comes before the Board of Directors,
- presiding over meetings of the Board of Directors where the Chair is not in attendance, and
- presiding over executive meetings of the Board of Directors, its non-management directors and its independent directors,
- on an annual basis, facilitating the annual performance review and evaluation of the Board of Directors and its members in accordance with the Charter and facilitating the assessment of the adequacy of the Charter,
- presiding over meetings of the Corporation's shareholders when the Chair is absent or when the Board of Directors determines the Lead Director should do so, and
- performing such other functions as may be ancillary to the duties and responsibilities described above and as may be delegated to the Lead Director by the Board of Directors from time to time.

Schedule 4 - CCGNC Charter

CRESCITA THERAPEUTICS INC. (the "Corporation")

COMPENSATION, CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER

PURPOSE

The Compensation, Corporate Governance and Nominating Committee (the "CCGNC") is appointed by the Board of Directors to, when necessary or appropriate, and to the extent not otherwise being considered and addressed by the Board of Directors:

- Recruit, develop and retain senior management,
- conduct performance evaluations and determine compensation of senior management,
- develop succession planning systems and processes relating to senior management,
- develop a compensation structure for the Board of Directors and senior management, including salaries, annual and long-term incentive plans and plans involving share options, share issuances and share unit awards,
- deal with all material benefit plan matters,
- develop to the Board of Directors appropriate corporate governance principles for the Corporation,
- develop procedures for the conduct of Board meetings, and the proper discharge of the Board of Directors' mandate,
- oversee periodic reviews of the Board of Directors', its committees' and individual directors' performance and the assessment of the Board of Directors' and committees' charters,
- undertake such other initiatives to enable the Board of Directors to provide effective corporate governance,
- develop criteria for selecting new directors,
- assist the Board of Directors by identifying individuals qualified to become members of the Board of Directors (consistent with criteria approved by the Board of Directors),
- develop a list of director nominees for the annual meeting of shareholders and for each committee of the Board of Directors and the chair of each committee, and
- make recommendations, if required, to the Board of Directors with respect to the matters listed above.

REPORTS

The CCGNC shall report to the Board of Directors on a regular basis, and in any event at least annually. The CCGNC shall prepare a report on the Corporation's system of corporate governance practices for inclusion in the management information circular or other public disclosure documents of the Corporation. The CCGNC also shall prepare a report disclosing the extent (if any) to which the Corporation does not comply with the corporate governance guidelines of applicable legislation, regulatory requirements and policies of the Canadian securities administrators.

COMPOSITION

The members of the CCGNC shall be three directors who are appointed (and may be replaced) by the Board of Directors. The appointment of members of the CCGNC shall take place annually at the first meeting of the Board of Directors after a meeting of shareholders at which directors are elected, provided that if the appointment of members of the CCGNC is not so made, the directors who are then serving as members of the CCGNC shall continue as members of the CCGNC until their successors are appointed. The Board of Directors may appoint a member to fill a vacancy that occurs in the CCGNC between annual elections of directors. Any member of the CCGNC may be removed from the CCGNC by a resolution of the Board of Directors. Unless the Chair is appointed by the Board of Directors, the members of the CCGNC may designate a Chair by majority vote of the members of the CCGNC.

Each of the members of the CCGNC shall meet the Corporation's "Categorical Standards for Determining Independence of Directors". Each member of the CCGNC shall have or develop an understanding of corporate governance principles and practices.

RESPONSIBILITIES

Corporate Governance and Compliance

The CCGNC shall, when necessary or appropriate, and to the extent not otherwise being considered and addressed by the Board of Directors:

- Review from time to time the size of the Board of Directors and number of directors who are independent for the purpose of applicable requirements,
- periodically review the adequacy of the Corporate Governance Guidelines and Code of Business Conduct and Ethics of the Corporation and determine any proposed changes to those Guidelines or that Code to the Board of Directors for approval,
- be responsible for granting any waivers from the application of the Corporation's Code of Business Conduct and Ethics and review senior management's monitoring of compliance with that Code,
- periodically review the practices of the Board of Directors (including separate meetings of non-management directors and of independent directors) to ensure compliance with the Corporate Governance Guidelines of the Corporation, periodically review the powers, mandates and performance, and the membership of the various committees of the Board of Directors,
- periodically review the relationship between senior management and the Board of Directors with a view to ensuring that the Board of Directors is able to function independently of senior management, and
- make recommendations, if required, to the Board of Directors with respect to the matters listed above.

Compensation

The CCGNC shall, when necessary or appropriate, and to the extent not otherwise being considered and addressed by the Board of Directors:

- At least annually, review with the Chief Executive Officers the long-term goals and objectives of the Corporation which are relevant to the Chief Executive Officers' compensation, evaluate the Chief Executive Officers' performance in light of those goals and objectives, determine and recommend to the independent directors for approval, the Chief Executive Officers' compensation based on that evaluation, and report to the Board of Directors thereon. In determining the Chief Executive Officers' compensation, the CCGNC shall consider the Corporation's performance, the value of similar incentive awards to Chief Executive Officers at comparable companies, and the awards given to the Chief Executive Officers in past years, with a view to maintaining a compensation program for the Chief Executive Officers at a fair and competitive level, consistent with the best interests of the Corporation,
- at least annually, in consultation with the Chief Executive Officers, review the compensation of all members of senior management other than the Chief Executive Officer, with a view to maintaining a compensation program for the senior management at a fair and competitive level, consistent with the best interests of the Corporation,
- periodically review compensation of directors, the Chair, the Lead Director and those acting as committee chairs to, among other things, ensure their compensation appropriately reflects the responsibilities they are assuming,
- fix and determine (and, as it determines to be appropriate, delegate the authority to fix and determine) awards (and the vesting criteria thereof) to employees of stock or stock options pursuant to any of the Corporation's equity-based plans now or from time to time in effect or otherwise as permitted by applicable legislation, regulatory requirements and policies of the Canadian securities administrators and applicable stock exchanges and exercise such other power and authority as may be permitted or required under those plans,
- in co-operation with the Corporation's senior management, oversee the human resources policies and programs which are of strategic significance to the Corporation,
- review all executive compensation disclosure prior to public disclosure by the Corporation,
- periodically review with the Board of Directors the succession plans relating to the senior positions and make selections of individuals to occupy these positions, and
- make recommendations, if required, to the Board of Directors with respect to the matters listed above.

Director Candidates

The CCGNC shall, when necessary or appropriate, and to the extent not otherwise being considered and addressed by the Board of Directors:

- Review periodically the competencies, skills and personal qualities required of directors to add value to the Corporation in light of the opportunities and risks facing the Corporation and the Corporation's proposed strategies, the need to ensure that a majority of the Board of Directors is comprised of individuals who meet the independence requirements of applicable legislation and stock exchange requirements, and the policies of the Board of Directors with respect to director tenure, retirement and succession and director commitments,
- In co-operation with the Corporation's senior management, oversee an appropriate orientation and education for any new directors in order to familiarize them with the Corporation and its business,

- Actively seek individuals qualified (in context of the Corporation's needs and any formal criteria established by the Board of Directors) to become members of the Board of Directors for recommendation to the Board of Directors,
- Review the membership and allocation of directors to the various committees of the Board of Directors, and the chairs thereof,
- Establish procedures for the receipt of comments from all directors to be included in an periodic assessment of the Board of Director's performance,
- If the need should arise, approve the engagement of independent advisors for individual directors at the expense of the Corporation, and
- make recommendations, if required, to the Board of Directors with respect to the matters listed above.

MEETINGS

The CCGNC shall meet at least twice per year and more frequently as circumstances require. All members of the CCGNC should strive to be at all meetings. The CCGNC shall meet separately, periodically, with senior management and may request any member of the Corporation's senior management or the Corporation's outside counsel to attend meetings of the CCGNC or with any members of, or advisors to, the CCGNC. The CCGNC will also meet in camera at each of its regularly scheduled meetings.

Quorum for the transaction of business at any meeting of the CCGNC shall be a majority of the number of members of the CCGNC or such greater number as the CCGNC shall by resolution determine. The powers of the CCGNC may be exercised at a meeting at which a quorum of the CCGNC is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the CCGNC. Each member (including the Chair) is entitled to one (but only one) vote in CCGNC proceedings.

Meetings of the CCGNC shall be held from time to time and at such place as a member of the CCGNC may request upon 48 hours prior notice. The notice period may be waived by a quorum of the CCGNC.

The CCGNC may delegate authority to individual members and subcommittees of its members where the CCGNC determines it is appropriate to do so.

INDEPENDENT ADVICE

In discharging its mandate, the CCGNC shall have the authority to retain (and authorize the payment by the Corporation of) and receive advice from special legal or other advisors as the CCGNC determines to be necessary to permit it to carry out its duties. The CCGNC shall have the sole authority to appoint and, if appropriate, terminate any consultant used to identify director candidates and to approve the consultant's fees and other retention terms.

ANNUAL EVALUATION

Annually, the CCGNC shall, in a manner it determines to be appropriate:

- Conduct a review and evaluation of the performance of the CCGNC and its members, including the compliance of the CCGNC with this Charter.
- Review and assess the adequacy of its Charter and the position description for its Chair and recommend to the Board of Directors any improvements to this Charter or the position description that the CCGNC determines to be appropriate.

Schedule 5 - Position Description for CCGNC Chair

CRESCITA THERAPEUTICS INC.
(the “Corporation”)

**CHAIR OF THE COMPENSATION, CORPORATE
GOVERNANCE AND NOMINATING COMMITTEE**

POSITION DESCRIPTION

The Chair is a member of the Compensation, Corporate Governance and Nominating Committee (the “**CCGNC**”), designated by the Board of Directors to assist the CCGNC in fulfilling its duties effectively and efficiently in accordance with the written charter of the CCGNC.

The Chair will provide leadership to the CCGNC in discharging its mandate as set out in the Charter, including by promoting:

- a thorough understanding by members of the CCGNC and senior management of the duties and responsibilities of the CCGNC, and
- cohesiveness among members of the CCGNC.

The Chair shall be the liaison between the CCGNC, the Board of Directors and the Corporation’s senior management, promoting open and constructive discussions between members of the CCGNC and each of these parties.

In connection with meetings of the CCGNC, the Chair shall be responsible for:

- recommending procedures to enhance the work of the CCGNC,
- taking the principal initiative in scheduling meetings of the CCGNC,
- organizing and presenting the agenda for CCGNC meetings such that:
 - all of the responsibilities assigned to the CCGNC under the terms of its Charter are discharged on a timely and diligent basis, and
 - members of the CCGNC have input into the agendas,
- monitoring the adequacy of materials provided to the CCGNC by senior management in connection with the CCGNC’s deliberations,
- ensuring that members of the CCGNC have sufficient time to review the materials provided to them and to fully discuss the business that comes before the CCGNC, and
- presiding over meetings of the CCGNC.

On an annual basis, the Chair will facilitate:

- the performance review and evaluation of the CCGNC and its members in accordance with the Charter, and
- a review and assessment of the adequacy of the Charter and this position description, and following such review and assessment, make a recommendation to the Board of Directors with respect to any changes the CCGNC deems appropriate.

The Chair shall perform such other functions as may be ancillary to the duties and responsibilities described above and as may be delegated to the Chair by the CCGNC or the Board of Directors from time to time.

Schedule 6 - Audit Committee Charter

CRESCITA THERAPEUTICS INC. (the "Corporation")

AUDIT COMMITTEE CHARTER

PURPOSE

The purpose of the Audit Committee (the "Committee") is to assist the Board of Directors of Crescita Therapeutics Inc. (the "Board") in fulfilling its responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures and the quality and integrity of the consolidated financial statements of Crescita Therapeutics Inc. (the "Company") and its affiliates. The Committee is also responsible for the audit process.

More specifically the purpose of the Committee is to satisfy itself that:

- The Company's annual financial statements are fairly presented in accordance with International Financial Reporting Standards ("IFRS") and to recommend to the Board whether the annual financial statements should be approved.
- The information contained in the Company's quarterly financial statements, annual report and other financial publications, such as management's discussion and analysis, is complete and accurate in all material respects and to recommend to the Board whether these materials should be approved.
- The Company has appropriate systems of internal control over the safeguarding of assets and financial reporting to ensure compliance with legal and regulatory requirements.
- The external audit functions have been effectively carried out and that any matter which the independent auditors wish to bring to the attention of the Board has been addressed. The Committee will also recommend to the Board the re-appointment or appointment of auditors and their remuneration.

COMPOSITION AND TERMS OF OFFICE

- Following each annual meeting of the Company, the Board shall appoint three or more directors to serve on the Committee. Such appointees shall not be officers or employees of either the Company or its affiliates. Each member of the Committee must be "Independent" as defined by Multilateral Instrument 52-110 and "Unrelated" according to the rules of the Toronto Stock Exchange (the "TSX") from time to time, and free of any relationship that could, or could reasonably be perceived to, in the opinion of the Board, interfere with the exercise of independent judgment as a member of the Committee. All members of the Committee must be financially literate and be able to read and understand fundamental financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements including the Company's balance sheet, income statement and cash flow statement, or develop that capability within a reasonable time after appointment.
- The chair of the Committee shall be appointed by the Board and shall not be an officer or employee of the Company or its affiliates. The chair of the Committee shall be a "financial expert" having an understanding of IFRS and financial statements, internal controls and procedures for financial reporting and, if possible, shall have served as the principal financial officer for another business entity.

- Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member upon ceasing to be a director of the Company. Each member of the Committee shall hold office until the close of the next annual meeting of the Company or until the member resigns or is replaced, whichever first occurs.
- The Committee will meet at least four times per year. The meetings will be scheduled to permit timely review of the interim and annual financial statements of the Company and its affiliates. Additional meetings may be held as deemed necessary by the chair of the Committee or as requested by any member of the Committee or by the external auditors.
- If all members consent, and proper notice has been given or waived, a member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.
- A quorum for the transaction of business at all meetings of the Committee shall be a majority of the members of the Committee. Questions arising at any meeting shall be determined by a majority of votes of the members of the Committee present, and in case of an equality of votes the Chair of Committee shall have a second casting vote.
- The Committee may invite such directors, officers and employees of as it may see fit from time to time to attend meetings of the Committee and assist in the discussion and consideration of the business of the Committee, but without voting rights.
- The Committee shall keep regular minutes of proceedings and shall cause them to be recorded in books kept for that purpose and shall report the same to the Board at such times as the Board may, from time to time, require.
- Supporting schedules and information reviewed by the Committee will be available for examination by any director upon request to the Secretary of the Committee.
- The Committee shall choose as its secretary such person as it deems appropriate.
- The external auditors shall be given notice of and have the right to appear before and to be heard at, every meeting of the Committee, and shall appear before the Committee when requested to do so by the Committee.

DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

Financial Reporting Control

The Committee shall:

- Review reports from senior officers of the Company, outlining any significant changes in financial risks facing the Company;
- Review the management letter of the external auditors and responses to suggestions made;
- Annually review the Audit Committee Charter and the performance of the Committee itself;
- Review any new appointments to senior positions of the Company or its affiliates, with financial reporting responsibilities; and,
- Obtain assurance the external auditors regarding the overall control environment and the adequacy of accounting system controls.

Interim Financial Statements

The Committee shall:

- Review interim financial statements with officers of the Company prior to their release and recommend their approval to the Board. This will include a detailed review of quarterly and year-to-date results; and
- Review the Company's Management's Discussion & Analysis ("MD&A"), press release, investor presentation, and accompanying interim financial statements.

Annual Financial Statements and Other Financial Information

The Committee shall:

- Review any changes in accounting policies or financial reporting requirements that may affect the current year's financial statements;
- Obtain summaries of significant transactions and other potentially difficult matters whose treatment in the annual financial statements merits advance consideration;
- Obtain draft annual financial statements in advance of the Committee meeting and assess, on a preliminary basis, the reasonableness of the financial statements in light of the analyses provided by officers of the Company;
- Review a summary provided by the Company's general counsel of the status of any material pending or threatened litigation, claims and assessments;
- Discuss the annual financial statements and the auditors' report thereon in detail with officers of the Company and its auditors;
- Review the annual report and other annual financial reporting documents including the Company's MD&A, press release and investor presentation;
- Provide to the Board a recommendation as to whether the annual financial statements should be approved;
- Review insurance coverage including directors' and officers' liability coverage; and
- Review the Company's Annual Information Form ("AIF") and ensure compliance with FORM 52-110F1, audit committee information required in an AIF.

External Audit Terms of Reference, Reports, Planning and Appointment

The Committee shall:

- Ensure that the external auditor explicitly acknowledges that they are ultimately and directly accountable to the Board and the Committee as representatives of the shareholders;
- Review the audit plan with the external auditors;
- Specify its expectations of the external auditors, including the expected relationship between the external auditors and the Committee;
- Discuss in private with the external auditors matters affecting the conduct of their audit and other corporate matters, including:

- a) the quality (not only acceptability) of financial statements and their conformity with IFRS accounting principles;
 - b) the quality of internal controls;
 - c) the appropriateness of financial statement disclosures; and
 - d) any other matters the external auditors may wish to bring to the attention of the Committee.
- Recommend to the Board each year the retention or replacement of the external auditors. This process shall include establishment of criteria for and an ongoing assessment of the continued independence of the external auditor. If there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition; and
 - Annually review and recommend for approval to the Board the terms of engagement and the remuneration of the external auditors.

Other Matters

The Committee shall:

- Pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the issuer's external auditor.
- Establish procedures for the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
- Establish procedures for the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

ACCOUNTABILITY

- The Committee shall report to the Board at its next regular meeting all such action it has taken since the previous report.
- The Committee is empowered to investigate any activity of the Company and all employees are to co-operate as requested by the Committee. The Committee may retain persons having special expertise to assist it in fulfilling its responsibilities.
- The Committee is authorized to request the presence at any meeting, but without voting rights, of a representative from the external auditors, senior management, legal counsel or anyone else who could contribute substantively to the subject of the meeting and assist in the discussion and consideration of the business of the Committee, including directors, officers and employees of the Company.

Schedule 7 - Position Description for Audit Committee Chair

CRESCITA THERAPEUTICS INC.
(the "Corporation")

CHAIR OF THE AUDIT COMMITTEE

POSITION DESCRIPTION

The Chair is a member of the Audit Committee, designated by the Board of Directors to assist the Audit Committee in fulfilling its duties effectively and efficiently in accordance with the written charter of the Audit Committee.

The Chair will provide leadership to the Audit Committee in discharging its mandate as set out in its Charter, including by promoting:

- a thorough understanding by members of the Audit Committee and senior management of the duties and responsibilities of the Audit Committee, and
- cohesiveness among members of the Audit Committee.

The Chair shall be the liaison between the Audit Committee, the Board of Directors and the Corporation's senior management, promoting open and constructive discussions between members of the Committee and each of these parties.

In connection with meetings of the Audit Committee, the Chair shall be responsible for:

- recommending procedures to enhance the work of the Committee,
- taking the principal initiative in scheduling meetings of the Audit Committee,
- organizing and presenting the agenda for Audit Committee meetings such that:
 - all of the responsibilities assigned to the Audit Committee under the terms of its Charter are discharged on a timely and diligent basis, and
 - members of the Audit Committee have appropriate input into the agendas,
- monitoring the adequacy of materials provided to the Audit Committee by senior management and the independent auditors in connection with the Audit Committee's deliberations,
- ensuring that members of the Audit Committee have sufficient time to review the materials provided to them and to fully discuss the business that comes before the Audit Committee, and
- presiding over meetings of the Audit Committee.

On an annual basis, the Chair will facilitate:

- the performance review and evaluation of the Audit Committee and its members in accordance with the Charter, and
- a review and assessment of the adequacy of the Charter and this position description, and following such review and assessment, make a recommendation to the Board of Directors with respect to any improvements the Audit Committee deems appropriate.

The Chair shall perform such other functions as may be ancillary to the duties and responsibilities described above and as may be delegated to the Chair by the Audit Committee or the Board of Directors from time to time.

Schedule 8 - Position Description for the Chief Executive Officer

CRESCITA THERAPEUTICS INC. (the "Corporation")

CHIEF EXECUTIVE OFFICER

APPOINTMENT AND TERM

- The Board of Directors shall appoint the chief executive officer (the "CEO") of the Corporation for such term or terms as the Board deems advisable.
- The performance of the CEO shall be evaluated at least annually by the Board. The CEO may be removed or replaced at any time by the Board.

GENERAL STATEMENT OF RESPONSIBILITIES

1. The CEO shall be directly accountable to the Board for all activities of the Corporation and shall report to the Board and to the respective committees of the Board (the "Board Committees") as requested from time to time by the Chair of the Board and the Chairs of the Board Committees.
2. The CEO shall have the primary responsibility and decision-making authority for the day-to-day management of the business and affairs of the Corporation. The CEO shall provide leadership and vision for the effective management and profitability of the Corporation, including the development of short-term and long-term strategies with the goal of increasing shareholder value and the growth of the Corporation and for conformity with corporate policies adopted by the Board.
3. In discharging his/her responsibilities, the CEO will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly, ethically, in good faith and in compliance with applicable laws with a view to the best interests of the Corporation. In general terms, the CEO will:
 - a. in consultation with the Board of the Corporation, define the strategic plan(s) and principal objective(s) of the Corporation;
 - b. carry out the management of the business and affairs of the Corporation with the goal of achieving the Corporation's principal objective(s) as defined in consultation with and approved by the Board; and
 - c. discharge the duties imposed by the Board and applicable laws.

SPECIFIC RESPONSIBILITIES

Without limiting the generality of the responsibilities of the CEO as described in Part B above, the CEO shall have the following specific responsibilities. The CEO shall:

1. **Leadership and Vision**
 - a. Establish with the Board the vision and values of the Corporation with a focus on creating value for the shareholders;
 - b. Communicating on behalf of the Corporation with shareholders, other stakeholders, government entities and the public:

- c. Develop in consultation with the Board, and recommend to the Board for adoption, a short-term and long-term strategic plan consistent with the vision and values of the Corporation;
- d. Identify business opportunities which are consistent with the vision, values and strategic plan of the Corporation;
- e. Set the tone for the Corporation so as to promote and foster an ethical and responsible culture that supports the attainment of the Corporation's strategic and operational objectives; and
- f. Provide the executive leadership necessary to guide and inspire the employees of the Corporation to ensure the long-term success of the Corporation and to promote the Corporation's goal of profitability and growth in an ethical and responsible manner.

2. Business Management

- a. Manage the Corporation in accordance with the strategic plan adopted by the Board and within the limits of authority delegated to the CEO by the Board from time to time;
- b. Develop annual objectives and periodic business, capital and operating plans and budgets for the Corporation that are consistent with the strategic plan of the Corporation, recommend such objectives, plans and budgets to the Board for adoption, monitor corporate performance relative to the foregoing and provide periodic reports to the Board on such performance;
- c. Ensure the efficient acquisition and allocation of the financial, human and other resources required by the Corporation to achieve its strategic plan and objectives;
- d. Recommend to the audit committee and the board the adoption of, and oversee the implementation of, effective internal controls, monitoring and performance standards and systems relative to the utilization of all corporate resources;
- e. Ensure appropriate and timely disclosure of material information with respect to the Corporation's business and affairs; and
- f. Participate in the marketing of the Corporation to equity and debt holders and oversee the capital-raising activities of the Corporation as approved by the Board.

3. Human Resources Management

- a. Develop and maintain an effective organizational structure that reflects operational needs and defines the authority and responsibility of management; and
- b. Manage the human resources of the Corporation, including:
 - i. succession planning and development processes for the CEO, senior and other management;
 - ii. put in place an executive team and other senior management as required for corporate success, including making recommendations to the Board for the appointment of the executive officers;
 - iii. counsel and monitor the performance of the executive officers;
 - iv. make recommendations to the Board on salary levels and bonuses for the executive officers and equity-based compensation for employees of the Corporation; and
 - v. ensure the Corporation implements the necessary human resources policies to attract, retain and motivate employees as required for corporate success.

4. Governance and Risk Management

- a. Ensure the development of management documents necessary for the Corporation to achieve its strategic plan and objectives, and recommend policies and other management documents to the Board as appropriate for approval;
- b. Oversee the development of, the implementation of, and compliance with, appropriate systems, including those to:
 - i. ensure socially responsible and ethical behaviour of the Corporation and its employees;
 - ii. identify and manage the principal business risks of the Corporation and implement appropriate systems and procedures to monitor and mitigate such risks;
 - iii. ensure the integrity of the Corporation's internal control, management information systems and financial reporting;
 - iv. ensure high standards of safety, health, environmental protection and quality that are compliant with all relevant laws and regulations and maintain the Corporation's high standards of social responsibility;
 - v. ensure disclosure controls and procedures that are compliant with all relevant laws and regulations;
 - vi. ensure compliance with all applicable laws and regulatory requirements; and
 - vii. ensure the principal business risks of the Corporation are identified and managed.

5. Board Relations

- a. Work in close collaboration with the Chair of the Board, the Chair of each Board Committee and the Lead Director to:
 - i. bring decisions to be made by the Board and Board Committees and other matters of importance to the Board's and Board Committees' attention in a timely manner; and
 - ii. set Board and Board Committee agendas and provide timely and relevant information to the Board and Board Committees so as to enable the Board and Board Committees to effectively discharge their obligations in accordance with their respective charters; and
- b. Ensure, in collaboration with the Board Chair, there is an effective relationship between management and the members of the Board.

6. External Relationship Management

- a. Serve as the Corporation's chief spokesperson, and communicate and promote positive relationships with the shareholders of the Corporation, customers and external stakeholders including financial institutions, local communities where we operate, government agencies, regulators, legislators, non-governmental organizations and the public at large;
- b. Identify and, in an ethical and responsible manner, develop and leverage business relationships supporting the attainment of the strategic plan and objectives of the Corporation; and
- c. Represent the Corporation in industry associations, where appropriate, to advance the interests of the Corporation.

7. Other

- a. Carry out any other appropriate duties and responsibilities assigned by the Board from time to time.
- b. The CEO may delegate certain operational duties to and receive reports and recommendations from any member of the executive team of the Corporation. Such delegation shall not relieve the CEO from his/her responsibilities.

Schedule B - Code of Conduct and Business Ethics

CRESCITA THERAPEUTICS INC. (the “Corporation”)

CODE OF CONDUCT AND BUSINESS ETHICS

PURPOSE OF THIS CODE

The Code of Conduct and Business Ethics is intended to document the principles of conduct and ethics to be followed by all directors, officers and employees of Crescita and its Subsidiaries (collectively and individually referred to as “Crescita Personnel”). Its purpose is to:

- Promote honest and ethical conduct;
- Promote avoidance of conflicts of interest;
- Promote full, fair, accurate, timely and understandable disclosure;
- Promote compliance with applicable governmental laws, rules and regulations;
- Promote the prompt internal reporting to an appropriate person of violation of the Code.

This code and its provisions will be reviewed annually by Crescita Personnel who will confirm they have read the code and will follow the guidelines set out.

WORKPLACE

Non-Discriminatory Environment

Crescita Therapeutics Inc. (“Crescita” or “the Company”) provides equal employment opportunities to all persons. The Company does not discriminate against Crescita Personnel or potential employees or directors on the basis of race, color, religion, sex, national origin, age, disability, political affiliation or any other grounds prohibited by law.

Crescita is committed to ensuring fair employment, including equal treatment in hiring, promotion, training, compensation, termination and corrective action and will not tolerate discrimination by its employees.

A Work Environment Free of Harassment

Crescita is committed to a policy of preventing demeaning offensive or harassing behaviour against any fellow employee or any other persons with whom they come in contact in the course of their employment.

DRESS CODE

Crescita employees are expected to dress in a professional, neat, and appropriate manner for their work environment and to perform their work within the policies in place at their Crescita location. Each Crescita location will establish a suitable dress code and standard working hours policy.

HEALTH AND SAFETY, ENVIRONMENTAL

Environmental

Crescita is committed to sound environmental management. The Company meets or exceeds all environmental legislation, regulations, permits and licenses. Crescita is committed to conducting business in a manner that minimizes any adverse effects of its operations on the environment.

Health and Safety

Crescita makes every effort to provide a safe and healthy working environment. The Company has adopted a Health and Safety Policy, which states that Company's programs meet or exceed industry standards and applicable government codes, standards and regulations. Inspections are conducted by the local Health and Safety Committee to ensure compliance with the standards and regulations.

Information and Communication Systems

All electronic and telephonic communications systems and all communication and information transmitted by, received from, or stored in these systems are the property of Crescita and, as such, are to be used primarily, if not exclusively, for job-related purposes. Any personal use or use for non-Company business is subject to this policy, and must be incidental, occasional and kept to a minimum. Management has the right and the duty to control the company's electronic communications systems and their use.

All original messages and information generated on or handled by Crescita's electronic communications systems, including back-up copies, are considered the property of Crescita.

Crescita reserves the right to monitor the contents of electronic communications to support operational, maintenance, auditing, security and investigative activities. Management reserves the rights to access, monitor, and disclose all messages for all purposes, including those subpoenaed for court cases.

Use of the internet should be primarily, if not exclusively, for job related purposes. Crescita employees are prohibited from using internet access to stream audio and video and video due to the significant use of bandwidth these activities require and the associated cost for this bandwidth. Crescita reserves the right to monitor the internet usage by Crescita personnel.

Crescita employees are prohibited from participation in internet news groups, chat rooms and bulletin/message boards with respect to any business operations or activities of Crescita.

Guidelines:

To ensure that the use of electronic and telephonic communications systems and business equipment is consistent with Crescita's legitimate business interests, the following guidelines will be followed:

- Any use of Crescita's name or service marks outside the course of the user's employment without the express written authorization of Crescita Management is prohibited.
- No media advertisement, internet page, electronic bulletin board posting, electronic mail message, voice mail message, or any other public representation about Crescita or on behalf of Crescita may be issued unless it has been approved in writing by an Authorized Spokesperson.
- Under no circumstances will information of a confidential, sensitive, or otherwise proprietary nature be placed or posted on the Internet or otherwise be disclosed to anyone outside the company.
- The electronic mail system is not to be used in ways that are disruptive or offensive to others, or in ways that are inconsistent with the professional image of the company.
- Display or transmission of sexually explicit images, messages, cartoons or any communication that can be construed as harassment or disparagement of others based on their race, national origin, sex, age, disability, or other inappropriate purpose is prohibited.
- Any use of the electronic mail system to solicit outside business ventures, to disclose confidential, sensitive or proprietary information, or for any other inappropriate purpose is also prohibited.

- The information systems will be used exclusively for the transmittal of business-related information. The systems will not be used to solicit or address others regarding commercial, religious, or political causes, or for any other solicitations that are not work related, except as approved by Management.
- Installing or running any program which is not approved or provided by Crescita or downloading non-job-related material is prohibited. Specifically, screen savers, games, jokes, etc. are common vectors for viruses and other malware. This unauthorized software can compromise system security and stability.
- For security purposes, users may not share account or password information with another person. System accounts are to be used only by the assigned user of the account for authorized purposes. Users must take all necessary precautions to prevent unauthorized access to Internet services.

All users are personally accountable for messages that they originate or forward using Crescita's electronic or telephonic communications systems. Misrepresenting, obscuring, suppressing, or replacing a user's identity on an electronic communications system is prohibited. The practice of "Spoofing", which is the construction of electronic communications, so they appear to be from someone else, is prohibited. The user name, electronic mail address, organizational affiliation, time and date of transmission, and related information included with electronic messages or postings must always reflect the true originator, time, date, and place of origin of the messages or postings, as well as the true content of the original message.

Users with questions about how Crescita's systems and information can be handled securely and appropriately should contact the IT Department.

Any violation of this policy will result in appropriate disciplinary action, up to and including termination of employment and the exercise of other legal remedies that may be available to the Company.

Personal Blogs

Personal blogs or e-diaries are potentially disruptive to Crescita's operations and they must adhere to the following policies:

- Blogging must not be done on company time or using company computers.
- Blogs are not corporate communications and employees must not represent or imply that they are expressing the opinion of the company.
- Bloggers must never disclose any confidential or proprietary information concerning the company.
- Bloggers need to be mindful of their responsibilities to the company and their co-workers. Any content of a blog, which is contrary to any aspect of company policy, is strictly forbidden.

THIRD PARTY RELATIONSHIPS

Conflicts of Interest and Fair Dealings

Crescita Personnel will ensure that no conflict of interest exists between their personal interests and those of Crescita. Crescita's Personnel are committed to conducting their business affairs with honesty and integrity. In dealing with customers, suppliers, contractors, competitors, existing and potential business partners and other Crescita employees, Crescita Personnel are required to avoid any relationship or activity that might create, or appear to create, a conflict between their personal interests and the interests of Crescita.

Competition

Crescita competes in an ethical manner in compliance with laws that prohibit restraints of trade, unfair practices or abuse of economic power. The Company's policy prohibits Crescita Personnel from entering into or discussing any unlawful arrangement or understanding that may result in illegal business practices or illegal anticompetitive behaviour. Crescita Personnel do not slander competitors or their products, improperly seek competitor information or attempt to influence suppliers illegally.

Ethical Business Conduct

Crescita Personnel practice appropriate business judgment in extending business courtesies and do not accept or offer bribes, favours or kickbacks for the purpose of securing business transactions. In addition, Crescita Personnel will not solicit any cash, gifts or free services from any Crescita customer, supplier or contractor for their or their immediate family's or friends' personal benefit.

Crescita employees, other than "Authorized Spokesperson(s)", are not authorized to respond to any inquiries from the public, e.g. the investment community or the media, unless specifically asked to do so by an authorized spokesperson.

Directorships

Officers or directors of Crescita shall not act as a director or officer of any other corporation without prior disclosure to the Crescita Board of Directors. Employees who are not officers or directors shall not act as a director or officer of any other Corporation without prior disclosure to and approval of the Chairman or Vice Chairman and Corporate Secretary. However, prior approval is not required to serve on boards of charities or non-profit organizations or in private family businesses that have no relation to the Company and its businesses.

LEGAL COMPLIANCE

Compliance with Laws

The Company expects Crescita Personnel to make every effort to become familiar with and comply with laws, rules and regulations affecting their activities and to ensure that those individuals reporting to them are aware of these laws, rules and regulations.

The Company's policy is to meet or exceed all applicable governmental requirements regarding its activities.

If employees are unsure as to the applicability of any law, they should refer the matter to their supervisor who may obtain advice from the Company's Chairman or Vice Chairman and Corporate Secretary. Directors should seek advice from legal counsel.

Insider Trading

It is illegal for Crescita Personnel to purchase or sell Crescita shares based on inside information or to improperly disclose inside information to any third party. Crescita Personnel are required to comply with the Crescita Insider Trading Policy.

Public Disclosure of Material Information

Crescita complies with all applicable securities laws and regulations to ensure material, non-public information (inside information) is disclosed using proper authority and in accordance with the law. Crescita Personnel must comply with Crescita's Corporate Disclosure Policy and provide full, fair, accurate, understandable, and timely disclosure of material information in reports and documents filed with securities regulatory authorities and in other materials made available to the investing public.

INFORMATION, RECORDS AND PROPERTY

Financial Reporting

Crescita complies with all financial reporting and accounting rules and regulations applicable to the Company, including regulatory, tax, financial reporting, and other legal requirements. The Company's financial records serve as a basis for managing the business and are crucial for meeting obligations to employees, customers, investors, and others. Crescita Personnel who make entries into financial records or who issue regulatory or financial reports, have a responsibility to fairly present all information in a truthful, accurate and timely manner.

Record Retention

Crescita maintains all records in accordance with laws and regulations regarding retention of business records. The term "business records" covers a broad range of files, reports, business plans, receipts, policies and communications, including hard copy, electronic, audio recording, microfiche and microfilm files whether maintained at work or at home.

Protection of Company Assets

The use of Crescita property for individual profit or any unlawful unauthorized personal or unethical purpose is prohibited. Crescita information, technology, intellectual property, buildings, land, equipment, machines, software and cash must be used for business purposes only, except as provided by Crescita policy or approved by your respective manager.

Crescita Personnel shall not intentionally damage or destroy the property of Crescita nor commit theft.

Crescita Personnel are required to authorize a Confidentiality Agreement when they are hired. Crescita Personnel must comply with all provisions of this agreement.

Crescita Personnel must follow all policies and procedures outlined in Crescita's Purchasing Guidelines and Expense Report Guidelines when ordering any goods or services for Crescita.

COMPLIANCE WITH THE CODE OF CONDUCT AND ETHICS

Employees are required to comply with the Code of Conduct and Business Ethics and the underlying policies and procedures. Anyone who has a concern about what constitutes ethical conduct or whether a certain course of action violates the Code of Conduct and Business Ethics is expected to raise the concern immediately with their supervisor or the Manager, Human Resources. Any actual, possible or suspected violation must be reported immediately. Employees are strictly prohibited from taking retribution against another employee for reporting a violation.

Alternatively, if a Crescita Personnel is uncomfortable raising the concern with their supervisor or the Manager, Human Resources, they may report their concerns on a confidential basis via mail, e-mail or telephone to an outside reporting agency designated by Crescita. The outside agency will communicate the concern or alleged breach of this Code of Conduct and Business Ethics to appropriate management without revealing the identity or information that might allow management to identify the reporting person. If the concern is not resolved to the satisfaction of the Crescita Personnel after the completion of all steps typically used by the reporting agency, the concern will be brought to the attention of the Lead Director of the Crescita Board of Directors.

There will be no reprisals against Crescita Personnel for good faith reporting of compliance concerns or violations.

NON-COMPLIANCE WITH THE CODE OF CONDUCT AND BUSINESS ETHICS

Non-compliance with the Code may be subject to disciplinary action up to and including termination for cause.

APPENDIX II

Material Contracts and Glossary of Terms

The following is a listing of Crescita's Material Contracts and a Glossary of Terms used throughout this AIF.

Material Contracts

- The First Amendment dated July 27, 2020 to the Original Taro Agreement, between INTEGA Skin Sciences Inc., Crescita Therapeutics Inc. and Taro Pharmaceuticals Inc. See *Significant Partnerships – Licensing Agreement with Taro Pharmaceuticals Inc.*
- The Development and Commercialization License Agreement dated April 21, 2017, between Crescita Therapeutics Inc. and Taro Pharmaceuticals Inc. See *Significant Partnerships – Licensing Agreement with Taro Pharmaceuticals Inc.*
- The Convertible Secured Debenture dated August 28, 2017 in the amount of \$325,000 with Bloom Burton Healthcare Lending Trust. See *Description of Capital Structure – Convertible Debentures.*
- The Convertible Secured Debenture dated August 28, 2017 in the amount of \$675,000 with Bloom Burton Healthcare Lending Trust II. See *Description of Capital Structure – Convertible Debentures.*
- The Amended and Restated Rights Agreement dated March 20, 2019 between the Company and AST Trust Company, described under “*Description of Capital Structure – Shareholder Rights Plan*”.

Glossary of Terms

Active Pharmaceutical Ingredient	An Active Pharmaceutical Ingredient (API) is any substance or mixture of substances intended to be used in the manufacture of a drug product. Such substances are intended to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment or prevention of disease or to affect the structure and function of the body.
Chemistry, Manufacturing and Controls (CMC)	Chemistry, Manufacturing and Controls (CMC) constitutes that part of pharmaceutical development that deals with the nature of the drug substance (API) and drug product, the manner in which both are made, and the manner by which the manufacturing process is shown to be in control. CMC considerations include formulation development, manufacturing process and equipment, container-closure system (packaging), stability evaluation and shelf life (storage condition) and specifications for raw materials/components and the finished drug product.
Clinical Trials	The regulated process by which new drugs proceed after discovery through to acceptance for marketing to patients. The term most correctly refers to the period during which new compounds are tested in human subjects and encompasses the several phases as outlined under " <i>Product Development and Regulatory Environment</i> ".
Contract Manufacturing Organization	A Contract Manufacturing Organization (CMO) manufactures products under contract for other companies.
Contract Research Organization	A Contract Research Organization (CRO) is a company that conducts research on behalf of a pharmaceutical or biotechnology company.
Drug Master File	A Drug Master File (DMF) is a submission to the FDA that may be used to provide confidential, detailed information about facilities, processes or articles employed in the manufacturing, processing, packaging, and storing of one or more human drugs. Neither law nor FDA regulations require the submission of a DMF. A DMF is submitted solely at the discretion of the holder.
Efficacy	Capacity for producing a desired result or effect.
European Medicines Agency	The European Medicines Agency (EMA) regulates the research, development, manufacture and marketing of pharmaceutical products
Good Clinical Practices and Good Laboratory Practices	Good Clinical Practices (GCP) and Good Laboratory Practices (GLP) are standards for the conduct of clinical trials (including laboratory studies) the data from which are expected to be submitted to a regulatory agency such as the FDA. In the case of GLP these practices are defined by regulation. GCP have arisen from general accepted clinical practices within the industry.
Good Manufacturing Practices	Good Manufacturing Practices (GMP), i.e. guidelines established by the governments of various countries, including Canada and the U.S., to be used as a standard in accordance with the World Health Organization's Certification Scheme on the quality of pharmaceutical products.
Investigational New Drug Application	An investigational New Drug application (IND) which must be filed and accepted by the FDA before human clinical trials may begin.
In vitro	A test that is performed in vitro is one that is done in glass or plastic vessels in the laboratory.
In vivo	In the living body or organism. A test performed on a living organism.
Lidocaine	A common local anesthetic drug, when used topically, relieves pain by blocking signals at the nerve endings in skin and underlying tissues.
Medical Device License	A Medical Device License (MDL) is a license issued by Health Canada to manufacturers authorizing them to import or sell their Class II, III or IV medical devices in Canada.
Multiplexed molecular penetration enhancers	Multiplexed molecular penetration enhancers (MMPEs) are cocktails or combinations of MPEs that modify the permeability of the stratum corneum.
Molecular penetration enhancers	Molecular penetration enhancers (MPEs) are molecules that interact with the molecules comprising the stratum corneum so as to modify its permeability.

New Drug Application	New Drug Application (NDA), a document containing preclinical, clinical and chemistry, manufacturing and control data collected on a drug. An NDA is submitted to the FDA in order to obtain approval to market a prescription drug in the U.S.
Preclinical studies	Those studies generally completed prior to human clinical trials.
Risk Evaluation and Mitigation Strategy	A Risk Evaluation and Mitigation Strategy (REMS) is a strategy to manage a known or potential serious risk associated with a drug. A REMS may be required by the FDA and can include a Medication Guide, Patient Package Insert, a communication plan, an education plan, and even restricted marketing, to assure safe use of the drug.
Tetracaine	A local anesthetic drug that can be administered by local injection or by topical application to conjunctiva, mucosae and skin. When used topically, relieves pain by blocking signals at the nerve endings in skin and underlying tissues.
Therapeutic Products Directorate	The Therapeutic Products Directorate (TPD) is the division within Health Canada that reviews New Drug Submissions.
United States Food and Drug Administration	The U.S. Food and Drug Administration (FDA), an agency within the Department of Health and Human Services, the U.S. government's principal agency for protecting the health of all Americans, which is among other responsibilities charged with regulating pharmaceutical products in the U.S.