

Crescita Reports Third Quarter 2024 Results

Laval, QC, November 6, 2024 – Crescita Therapeutics Inc. (TSX: CTX and OTC US: CRRTF) (“Crescita” or the “Company”), a growth-oriented, innovation-driven Canadian commercial dermatology company, today reported its financial results for the third quarter ended September 30, 2024 (“Q3-2024”). All amounts presented in this press release are in thousands of Canadian dollars (“CAD”) unless otherwise noted and are in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

Financial Highlights

Q3-2024 vs. Q3-2023

- Revenue was \$3,594 compared to \$3,033, up \$561;
- Gross profit was \$1,967 compared to \$1,499, up \$468;
- Operating expenses were \$3,139 compared to \$2,880, up \$259;
- Net loss was \$(1,036) compared to \$(1,282), an improvement of \$246;
- Adjusted EBITDA¹ was \$(681) compared to \$(988), an improvement of \$307;
- Ending cash was \$8,438, down \$574 for the quarter.

“Our year-over-year revenue growth of 18.5% in the third quarter reflects organic and inorganic growth in our Skincare segment, and higher Licensing revenue from supplying Pliaglis® in support of international launches,” commented Serge Verreault, President and Chief Executive Officer of Crescita. “We expect to see continued improvement in our Manufacturing segment as we integrate new manufacturing equipment into our plant and begin to fulfill the recently announced new long-term manufacturing and supply agreements.

“In addition to increasing sales and margins from our existing business segments, we continue to prioritize securing a new partner for Pliaglis in the U.S.,” concluded Mr. Verreault.

Operational and Corporate Developments

For the three and nine months ended September 30, 2024 and up to the date of this press release:

Normal Course Issuer Bid (“NCIB”)

- On September 24, we announced that the Toronto Stock Exchange (the “TSX”) approved the Company’s proposed normal course issuer bid (the “NCIB”) to purchase up to a maximum of 1,478,854 common shares (“Common Shares”) for cancellation. The NCIB commenced on September 27, 2024 and will end on September 26, 2025, or such earlier date as the Company completes its purchases pursuant to the NCIB or provides notice of termination. Furthermore, Crescita entered into an automatic securities purchase plan with a broker to facilitate purchases of Common Shares under the NCIB.

Amendment to Contract Manufacturer Supply Agreement, Securing US\$10M over Four Years

- In July, we signed an amendment to our contract manufacturer supply agreement (the “Amended Agreement”) with our largest manufacturing segment client (the “Manufacturing Client”), a global skincare company. The Amended Agreement expands our existing partnership with the Manufacturing Client and is the result of ongoing discussions since we announced the cancellation of certain purchase orders by the Manufacturing Client. Under the terms of the Amended Agreement, Crescita will manufacture selected products from the Manufacturing Client’s largest product franchises (the “New Products”), representing a minimum commitment of US\$2.5 million per year during a four-year term, starting in 2025. Manufacturing volumes of the New Products will, in part, make up for previously cancelled purchase orders. In connection with the cancelled purchase orders, the Manufacturing Client reimbursed Crescita US\$1.2 million subsequent to September 30, 2024, mainly

¹Please refer to the *Non-IFRS Financial Measures* section of this press release.

for the cost of unused inventory. To meet the New Products' specifications and scale up our operations, we are investing in specialized equipment, now expected to total approximately \$1.0 million, revised from the \$0.8 million previously disclosed.

Exclusive Manufacturing and Supply Agreement with Leading Canadian Healthcare Services Provider

- In July, we signed an exclusive Manufacturing and Supply Agreement (the "Agreement") with a leading Canadian diversified healthcare services provider (the "Client") to supply sanitary products, including hand sanitizer, hand soap, and hand lotion (together the "Products"), for onward distribution to a network of publicly funded healthcare organizations, represented by a buying group (the "Buying Group" and the "Buying Group Members"). The Agreement is for an initial term of five years with a three-year renewal option exercisable by the Buying Group. Based on the volumes forecasted by the Buying Group, annual revenue under the Agreement may reach up to \$6.0 million by the end of the initial term. Crescita's manufacturing revenue will be contingent on the Client's ability to convert Buying Group Members from their existing solutions to its new sanitizer dispensing solution. As its exclusive manufacturing partner, Crescita will support the Client in developing the public sector healthcare market for the Products through competitive bidding processes with other buying groups in Canada.

Exclusive Distribution Agreement with NanoPass Technologies Ltd.

- In July, we signed an exclusive distribution agreement with NanoPass Technologies Ltd., a pioneer in the development and commercialization of an advanced intradermal delivery device, to launch and distribute MicronJet™600 ("MicronJet") in the Canadian medical aesthetics market. MicronJet is an innovative intradermal injection device, leveraging the proven Micro Electro Mechanical Systems ("MEMS") technology, that offers a highly effective, consistent and virtually pain-free delivery of aesthetic products and therapeutic substances. With three 0.6mm, silicon crystal-made delivery pyramids, MicronJet can be attached to standard syringes and will provide aesthetic clinicians with the least invasive and most precise intradermal delivery on the market today, allowing administration to delicate and sensitive areas such as around the eyes, neck and décolleté area, as well as to the full face, for optimal patient outcomes. Crescita has recently obtained regulatory approval for MicronJet from Health Canada and expects to launch the product early in 2025.

Acquisition of Strategic Assets of Occy Laboratoire Inc.

- On June 26, we completed the acquisition of all of the non-real estate business assets of Occy Laboratoire Inc. ("Occy"), a Laval-based manufacturer and distributor of high-quality dermocosmetic products (the "Transaction"). The Transaction, conducted pursuant to the voluntary proceedings initiated by Occy under the *Bankruptcy and Insolvency Act*, received an *Approval and Vesting Order* rendered by the Québec Superior Court on June 19, 2024, and is expected to enhance our position in the skincare market. As a precursor step leading to the Transaction, Crescita entered into a subrogation agreement with Occy's former banker to purchase its outstanding loan to Occy at a price significantly less than the principal amount of the then outstanding debt and assumed the first-ranking secured creditor rights. The assets, acquired for total cash consideration of \$0.9 million, include manufacturing equipment, inventory, customer network and intellectual property and have an estimated fair value of \$1.7 million. Occy's revenue for fiscal 2023, its most recently completed year-end, was approximately \$1.5 million.

Update on Licensing Agreement for Pliaglis® in China

- In April, the National Medical Products Administration (the "NMPA", formerly the China Food and Drug Administration or "CFDA") confirmed the need for a local clinical trial to support the registration of Pliaglis in China. Our licensing partner, Juyou Bio-Technology Co. Ltd. ("Juyou") is finalizing the protocol for the clinical trial and the manufacture of required clinical study test articles. Juyou is assessing the timeline for the clinical trial, subsequent registration stages, and the projected launch date. Under the commercialization and development license agreement, Juyou is contractually responsible for all expenses related to obtaining regulatory approval in China and conducting the required clinical trials. Crescita will supply Pliaglis at a pre-determined transfer price and is eligible for potential regulatory and sales milestones that could exceed US\$2.2 million, as well as for tiered double-digit royalties should the product's retail price surpass specified thresholds.

Q3-2024 Summary Financial Results

Note: Select financial information is outlined below and should be read in conjunction with Crescita's Condensed Consolidated Interim Financial Statements and Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2024, which are available on Crescita's profile on SEDAR+ at www.sedarplus.ca and on Crescita's website at www.crescitatherapeutics.com.

<i>In thousands of CAD, except per share data and number of shares</i>	Three months ended		Nine months ended		
	September 30,		September 30,		
	2024	2023	2024	2023	
	\$	\$	\$	\$	
Commercial Skincare	2,703	2,412	8,210	7,589	
Licensing and Royalties	457	163	948	483	
Manufacturing and Services	434	458	3,520	4,725	
Revenues	3,594	3,033	12,678	12,797	
Cost of goods sold	1,627	1,534	6,065	5,493	
Gross profit	1,967	1,499	6,613	7,304	
<i>Gross margin (%)</i>	54.7%	49.4%	52.2%	57.1%	
Research and development ("R&D")	157	143	490	481	
Selling, general and administrative ("SG&A")	2,670	2,360	8,069	7,539	
Depreciation and amortization	312	377	1,001	1,127	
Total operating expenses	3,139	2,880	9,560	9,147	
Operating loss	(1,172)	(1,381)	(2,947)	(1,843)	
Interest income, net	(96)	(92)	(312)	(285)	
Foreign exchange (gain) loss	(36)	2	(50)	23	
Share of (profit) loss of an associate	(4)	(9)	3	(26)	
Net loss on convertible note measured at fair value through profit or loss	-	-	-	22	
Loss before income taxes	(1,036)	(1,282)	(2,588)	(1,577)	
Deferred income tax expense	-	-	-	259	
Net loss	(1,036)	(1,282)	(2,588)	(1,836)	
Adjusted EBITDA¹	(681)	(988)	(1,692)	(613)	
Loss per share					
	Basic and diluted	\$ (0.05)	\$ (0.06)	\$ (0.13)	\$ (0.09)
Weighted average number of common shares outstanding					
	Basic and diluted	19,272,495	20,367,631	19,435,144	20,345,435
Selected Balance Sheet Information					
Cash and cash equivalents, end of period			8,438	10,021	
Selected Cash Flow Information					
Cash provided by operating activities	424	125	1,349	2,337	
Cash used in investing activities	(754)	(28)	(1,666)	(28)	
Cash used in financing activities	(227)	(324)	(621)	(524)	

¹Please refer to the *Non-IFRS Financial Measures* section of this press release.

Revenue

We have three reportable segments: 1) Commercial Skincare (“Skincare”), which generates revenue from the commercialization of our branded non-prescription skincare products, manufactured in-house, in Canada and in certain international markets, as well as other brands under exclusive distribution agreements; 2) Licensing and Royalties (“Licensing”), which currently derives revenue from licensing our intellectual property related to Pliaglis®; and 3) Manufacturing and Services (“Manufacturing”), which generates revenue from contract manufacturing and, to a lesser extent, product development services.

For the three months ended September 30, 2024, total revenue was \$3,594 compared to \$3,033 for the three months ended September 30, 2023. The net increase of \$561 was mainly driven by higher Skincare segment revenue, primarily from incremental sales of Aquafolia, acquired in June 2024, and growth in domestic sales from our core brands across all channels, as well as the increase in Licensing revenue from supplying Pliaglis under licensing agreements in connection with international launches by our partners.

For the nine months ended September 30, 2024, total revenue was \$12,678 compared to \$12,797 for the nine months ended September 30, 2023. The net decrease of \$119 was mainly driven by lower Manufacturing revenue from the cancellation of certain purchase orders by our largest Manufacturing client, partly offset by the growth in our Skincare and Licensing segments, mainly due to the same factors as for the quarter.

Gross Profit and Gross Margin

For the three months ended September 30, 2024, gross profit was \$1,967, representing a gross margin of 54.7%, compared to \$1,499 and 49.4%, respectively, for the three months ended September 30, 2023. The net increases in gross profit of \$468 and in gross margin of 5.3% were mainly due to higher overall revenue, as explained above, favorable product and channel mix, as well as lower obsolescence charges in our Skincare segment year-over-year, partly offset by the impact of lower margin Pliaglis product sales in our Licensing segment.

For the nine months ended September 30, 2024, gross profit was \$6,613, representing a gross margin of 52.2%, compared to \$7,304 and 57.1%, respectively, for the nine months ended September 30, 2023. The net decreases in gross profit of \$691 and in gross margin of 4.9% were mainly due to overall lower Manufacturing segment volumes year-over-year, driven in part, by the fulfilment in the prior year of higher-margin purchase orders which did not repeat, and the impact of pricing concessions relating to a purchase order from our largest Manufacturing client that was deferred from 2023 into Q1-2024.

Operating Expenses

For the three and nine months ended September 30, 2024, total operating expenses were \$3,139 and \$9,560, respectively, compared to \$2,880 and \$9,147 for the comparable periods of 2023. The increases of \$259 and \$413 for the quarter and year-to-date periods were mainly due to higher consulting fees and commercial partnership fees to support our digital strategy, as well as acquisition-related and integration costs incurred in connection with the acquisition of Occy’s assets.

Cash and Cash Equivalents

Cash and cash equivalents were \$8,438 at September 30, 2024, reflecting a net decrease of \$574 in the quarter, mainly as a result of investments in specialized equipment, totaling \$0.8 million during the quarter.

Non-IFRS Financial Measures

We report our financial results in accordance with IFRS. However, we use certain non-IFRS financial measures to assess our Company’s performance. We believe these to be useful to management, investors, and other financial stakeholders in assessing Crescita’s performance. The non-IFRS measures used in this press release do not have any standardized meaning prescribed by IFRS and are therefore not comparable to similar measures presented by other issuers. These measures should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS. The following are the Company’s non-IFRS measures along with their respective definitions:

1. EBITDA is defined as earnings before interest, income taxes, depreciation of property, plant and equipment and amortization of right-of-use asset and intangible assets.
2. Adjusted EBITDA is defined as earnings before interest, income taxes, depreciation of property, plant and equipment and amortization of right-of-use asset and intangible assets, foreign exchange (gains) losses,

share of (profit) loss of associates, fair value (gains) losses, share-based compensation, restructuring, acquisition-related and integration costs, and goodwill and intangible asset impairment, as applicable.

Management believes that Adjusted EBITDA is an important measure of operating performance and cash flow and provides useful information to investors as it highlights trends in the underlying business that may not otherwise be apparent when relying solely on IFRS measures. Below is a reconciliation of EBITDA and Adjusted EBITDA to their closest IFRS measures.

<i>In thousands of CAD dollars</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net loss	(1,036)	(1,282)	(2,588)	(1,836)
Adjust for:				
Depreciation and amortization	312	377	1,001	1,127
Interest income, net	(96)	(92)	(312)	(285)
Deferred income tax expense	-	-	-	259
EBITDA	(820)	(997)	(1,899)	(735)
Adjust for:				
Acquisition-related and integration costs	90	-	90	-
Share-based compensation	89	16	164	103
Foreign exchange (gain) loss	(36)	2	(50)	23
Share of (profit) loss of an associate	(4)	(9)	3	(26)
Net loss on convertible note measured at fair value through profit or loss	-	-	-	22
Adjusted EBITDA	(681)	(988)	(1,692)	(613)

Caution Concerning Limitations of Summary Financial Results Press Release

This summary earnings press release contains limited information meant to assist the reader in assessing Crescita's performance, but it is not a suitable source of information for readers who are unfamiliar with Crescita and is not in any way a substitute for the Company's Consolidated Audited Financial Statements and notes thereto, MD&A and latest Annual Information Form ("AIF"), all of which can be found on the Company's profile on SEDAR+ at www.sedarplus.ca.

About Crescita Therapeutics Inc.

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

Forward-looking Information

Certain statements in this press release constitute forward-looking statements and/or forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws. All information in this press release, other than statements of current and historical fact, represents forward-looking information and is qualified by this cautionary note.

Forward-looking information may relate to the Company's future financial outlook and anticipated events or results and may include information regarding the Company's financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans, objectives, and expectations. Such information is provided for the purpose of presenting information about management's current expectations and plans relating to the future and allowing investors and others to get a better understanding of the Company's anticipated financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as: “outlook”, “objective”, “anticipate”, “intend”, “plan”, “goal”, “seek”, “believe”, “aim”, “project”, “estimate”, “expect”, “strategy”, “future”, “likely”, “may”, “should”, “will”, “growth strategy”, “future”, “prospects”, “continue”, and similar references to future periods or 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 information.

Examples of forward-looking information include, but are not limited to, statements made in this press release under the heading “Financial Highlights”, including statements regarding the Company’s objectives, plans, goals, strategies, growth, performance, operating results, financial condition, business prospects, opportunities and industry trends, and similar statements concerning anticipated future events, results, circumstances, performance or expectations.

Forward-looking information is neither historical fact nor assurance of future performance. Instead, it reflects management’s current beliefs, expectations and assumptions and is based only on information currently available to us. Forward-looking information is necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the Company as of the date of this press release, are inherently subject to significant business, economic, and competitive uncertainties and contingencies that are difficult to predict and many of which are outside of our control.

The Company’s estimates, beliefs and assumptions, which may prove to be incorrect, include various assumptions regarding, among other things: the Company’s future growth potential, results of operations, future prospects and opportunities; the Company’s ability to retain and recruit, as applicable, customers, members of management and key personnel; industry trends; legislative or regulatory matters, including expected changes to laws and regulations and the effects of such changes; future levels of indebtedness; availability of capital; the Company’s ability to secure additional capital and source and complete acquisitions; the Company’s ability to maintain and expand its market presence and geographic scope; current economic conditions; the impact of currency exchange and interest rates; the Company’s ability to maintain existing financing and insurance on acceptable terms; the Company’s ability to execute on, and the impact of, its environmental, social and governance initiatives; the impact of competition; and the Company’s ability to respond to changes to its industry and the global economy.

Forward-looking information involves risks and uncertainties that could cause Crescita’s actual results and financial condition to differ materially from those contemplated by such forward-looking information. Important factors that could cause such differences include, among others:

- economic and market conditions, including factors impacting global supply chains such as pandemics and geopolitical conflicts and tensions;
- the impact of inflation and fluctuating interest rates;
- the Company’s ability to execute its growth strategies;
- the degree or lack of market acceptance of the Company’s products;
- reliance on third parties for marketing, distribution and commercialization, and clinical trials;
- the impact of variations in the values of the Canadian dollar in relation to the U.S. dollar and Euro;
- the impact of the volatility in financial markets;
- the Company’s ability to retain members of its management team and key personnel;
- the impact of changing conditions in the regulatory environment and product development processes;
- manufacturing and supply risks;
- increasing competition in the industries in which the Company operates;
- the Company’s ability to meet its contractual obligations;
- the impact of 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;
- developments and changes in applicable laws and regulations, and;

- other risk factors described from time to time in the reports and disclosure documents filed by Crescita with Canadian securities regulatory agencies and commissions, including the sections entitled “Risk Factors” in the Company’s most recent annual MD&A and AIF.

If any risks or uncertainties with respect to the above materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. This list is not exhaustive of the factors that may impact the Company’s forward-looking information. Although management has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known or 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 information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, investors should not place undue reliance on forward-looking information, which speaks only as of the date provided, and is subject to change after such date. Except as required by applicable securities laws, the Company undertakes no obligation to publicly update any forward-looking information, whether written or oral, that may be provided from time to time, whether as a result of new information, future developments or otherwise.

FOR MORE INFORMATION, PLEASE CONTACT:

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