Crescita Therapeutics Inc. Third Quarter Report 2016

Management's Discussion and Analysis (MD&A)

November 14, 2016 / The following information should be read in conjunction with the Crescita Therapeutics™ Inc. (Crescita or the Company) Combined Financial Statements for the year ended December 31, 2015 which were prepared in accordance with International Financial Reporting Standards (IFRS) and filed on SEDAR March 23, 2016. Additional information relating to the Company, including its Annual Information Form (AIF) and the Management Information Circular of Nuvo Research Inc. dated December 31, 2015 (Nuvo Reorganization Circular), can be found on SEDAR at www.sedar.com.

All amounts in the MD&A, Condensed Consolidated Interim Financial Statements and related Notes are expressed in Canadian dollars, unless otherwise noted.

Forward-looking Statements

Certain statements in this MD&A constitute forward-looking information and/or forward-looking statements (collectively, forward-looking statements) within the meaning of applicable securities laws. Forward-looking statements include, but are not limited to Crescita's future governance plans and the expected benefits of the transaction to Crescita's shareholders. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "believe", "should" or "plans", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. 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, but are not limited to, general business and economic uncertainties and adverse market conditions; uncertainties related to Crescita's ability to realize the anticipated benefits of the acquisition; the expected future attributes and success of Crescita and INTEGA; the successful execution of Crescita's and INTEGA's priorities and strategies; the reliability of Nuvo Research's historical financial information as an indicator of Crescita's historical or future results; as well as other risk factors included in Nuvo Research's Management Information Circular dated December 31, 2015 (the Reorganization Circular) and the most recent Crescita Annual Information Form dated March 23, 2016 under the heading "Risks Factors", and as described from time to time in the reports and disclosure documents filed by Crescita with Canadian securities regulatory agencies and commissions. These and other factors should be considered carefully and readers should not place undue reliance on Crescita's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and none of Crescita, INTEGA or any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. Although the forward-looking information contained in this MD&A is 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 MD&A are qualified by these cautionary statements. The forward-looking statements contained herein are made as of the date of this MD&A and, except as required by applicable law, Crescita undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Overview

Background

Crescita is a publicly traded, Canadian commercial dermatology company with a portfolio of over-the-counter (OTC) and prescription products for the treatment and care of skin conditions and diseases and their symptoms. Crescita owns multiple proprietary drug delivery platforms that support the development of patented formulations that can facilitate the delivery of active drugs into or through the skin.

The Company was created on March 1, 2016 by way of a plan of Arrangement whereby Nuvo Research Inc. (Nuvo) completed a transaction (the Reorganization) pursuant to which Nuvo was reorganized into two separate publicly traded companies, Nuvo and Crescita. The Reorganization proceeded by way of arrangement under the Canada Business Corporations Act. As part of the Reorganization, Nuvo Research

Inc. changed its name to "Nuvo Pharmaceuticals Inc.". Detailed information regarding the Reorganization and its effects, including a description of certain risks and uncertainties in respect of the Reorganization and the operation of the Company and Crescita as separate publicly traded companies, are included in the Nuvo Reorganization Circular.

As of September 30, 2016, the Company and its subsidiaries employed a total of 71 full-time employees at its head office in Mississauga, Ontario, a manufacturing facility in Laval, Québec and its research and development (R&D) facility in Varennes, Québec.

Growth Strategy

The Company's management and board of directors made the decision to pursue a strategy to transform Crescita into a dermatological company focused on skin care products in both the prescription and OTC markets. This strategy would allow Crescita to leverage its skin penetration technology, as well as approved topical products and to mitigate risks by pursuing already approved products in the non-prescription market.

As a result of this change in focus, on September 1, 2016, Crescita completed the acquisition of INTEGA Skin Sciences Inc. (INTEGA) (INTEGA Acquisition) which develops, manufactures, sells and markets a variety of non-prescription, science-based, quality skin care products. The INTEGA skin care brands include, Laboratoire Dr Renaud™, Pro-Derm™, Premiology™ and ISDIN® (the trademark is owned by ISDIN S.A. and is being used under license by INTEGA Skin Sciences Inc.). Management believes the INTEGA Acquisition provides the Company with a number of benefits including:

- A revenue-generating, fully integrated commercial skin care business, manufacturing facilities, and the capability to market prescription and OTC skin care products through established distribution channels;
- Distribution rights to well-known and established skin care brands: Laboratoire Dr Renaud, Pro-Derm, Premiology and ISDIN;
- A commercial infrastructure capable of promoting its prescription drug Pliaglis in Canada;
- The ability to leverage its topical delivery technologies and combine its current lab facilities with those of INTEGA, for the development of potential new OTC and/or prescription skin care products; and
- The vehicle to leverage its business development capabilities to out-license INTEGA owned brands outside Canada, including the U.S.

Crescita's growth strategy includes the potential acquisition of skin care companies in order to leverage its current infrastructure and build a large, profitable and successful North American skin care company serving both the OTC and pharmaceutical markets. The Company is also assessing in-licensing related to new product opportunities.

Crescita continues to evaluate strategies to optimize its sales of Pliaglis in Canada, the United States and Mexico. Pliaglis is a commercial stage product that has received approval for marketing by the United States Food and Drug Administration (FDA), by Health Canada and was granted regulatory approval for sale in Mexico in September 2016.

Acquisition of INTEGA

On September 1, 2016, the Company acquired 100% of the equity of INTEGA, a private Montreal-based dermatology company which develops, manufactures, sells and markets science-based quality skin care products.

The Company paid for a portion of the purchase through the issuance of 2,402,314 Crescita common shares at a price of $1.66 per share (representing approximately 17.3% of Crescita's outstanding common shares post-issuance). The balance of the purchase price, other than conditional consideration, will be paid within 30 days following Crescita's next annual shareholders meeting, which is expected to be held in the second quarter of 2017. Conditional consideration up to an additional $2.0 million in milestones is payable if certain financial

targets are achieved by INTEGA in 2016 and 2017. Subject to obtaining the approval of Crescita's shareholders at its next annual meeting, all or a portion of the balance of the purchase price will also be paid through the issuance of Crescita common shares. Crescita also issued 457,986 common share purchase warrants in exchange for INTEGA's outstanding warrants, each of which permits the holder thereof to acquire one Crescita common share at a price of $2.44 per share. Crescita has provided a limited recourse guarantee of INTEGA's original obligations under its term loan from Knight Therapeutics Inc. (Knight) which is secured by cash of $8.6 million. The Company repaid bridge loans at closing of $3.1 million.

Discontinued Operations

In July 2016, the Company sold its German Manufacturing Operation that produces the active ingredient in WF10 and Oxoferin and the intellectual property related to WF10 for nominal proceeds to Dr. Friedrich-Wilhelm Kuehne (the former minority interest partner). In addition, under the terms of the agreement, the balance of Dr. Kuehne's consulting fees were paid in full. The Company ceased to earn product revenue from the Immunology Group subsequent to July 11, 2016. The Company is continuing its wind-down of the Leipzig office and expects this process to be completed by the end of 2016.

The information presented herein reflects the wind-down of the Immunology Group, which is presented as a discontinued operation. Accordingly, the operating results have been restated to reflect the Immunology Group as a discontinued operation.

The Company has historically reported two operating segments: the Topical Products and Technology (TPT) Group and the Immunology Group. As a result of reporting the Immunology Group as a discontinued operation, the Company is reporting the entire business as one segment.

Products

Non-Prescription Products

Laboratoire Dr Renaud
The Laboratoire Dr Renaud skin care line joins science and aesthetics to develop and manufacture personalized solutions to address daily challenges – aging, acne, rosacea, pigmentation, dehydration & sensitivity. The product line was founded in France in 1947 by Dr. Louis Raymond Renaud and became a Canadian company, based in Montreal in 1963. The Laboratoire Dr Renaud skin care products are sold exclusively to certified aestheticians, in spas and aesthetic schools. Crescita owns the trademark rights for the skin care line in North America, South America and the Pacific rim and the worldwide rights for formulation.

Pro-Derm
Pro-Derm is a line of high-quality cosmeceutical products recommended by Physicians. Pro-Derm products are used in conjunction with anti-aging medical procedures both pre and post-treatment, such as injections for lines and wrinkles, fillers, facial peels & laser treatments and also for maintenance and anti-aging. Developed by a Canadian dermatologist, the products are based on the latest clinical and scientific products and combine the benefits of both cosmetic and pharmaceutical technologies. Crescita owns the worldwide sales and marketing rights for Pro-Derm.

Premiology
PREMIOLOGY is a high-end premium anti-aging skin care line targeted to consumers 35 years of age and over. A high performing combination of HA4 Technology (4 types of hyaluronic acids) and unique active ingredients, it delivers targeted action and results. Crescita owns the worldwide sales and marketing rights for Premiology.

ISDIN
ISDIN's focus is to offer extraordinary product textures with the best science for an individual's skin with an optimum balance between scientific precision and cosmetic sensation. The lead products alleviate symptoms of skin pathologies: acne, atopic dermatitis, psoriasis, mycosis, bacterial infections, hygiene, photobiology and

dry skin, and sun damage. ISDIN is the market leader in skin care in Spain and was formed in 1975 through a joint venture between Esteve Pharmaceuticals & Puig Cosmetics. Crescita has the exclusive rights to market and sell ISDIN products in Canada.

Prescription Product

Pliaglis

Pliaglis is a topical local anaesthetic cream that provides safe and effective local dermal analgesia on intact skin prior to superficial dermatological procedures, such as dermal filler injection, pulsed dye laser therapy, facial laser resurfacing and laser-assisted tattoo removal. This product consists of a proprietary formulation of lidocaine and tetracaine that utilizes proprietary phase-changing topical cream Peel technology. The Peel technology consists of a drug-containing cream which, once applied to a patient's skin, dries to form a pliable layer that releases drug into the skin. Pliaglis should be applied to intact skin for 20 to 30 minutes prior to superficial dermatological procedures and for 60 minutes prior to laser-assisted tattoo removal. Following the application period, Pliaglis forms a pliable layer that is easily removed from the skin allowing the dermatological procedure to be performed with minimal to no pain.

Except as described below, Galderma Pharma S.A. (Galderma), a global pharmaceutical company specialized in dermatology, holds the worldwide sales and marketing rights for Pliaglis. In December 2015, the Company reacquired the development and marketing rights for Pliaglis for the U.S., Canada and Mexico. Under the terms of the agreement, Nuvo paid Galderma 125,000 Swiss Francs ($174,000) and Crescita will pay an additional 125,000 Swiss Francs (approximately $169,000) upon transfer of certain rights and documents. Crescita has accrued $169,000, in accordance with the agreement which is included in selling general and administrative (SG&A) expenses for the period ended September 30, 2016. Beginning in 2021, Crescita has the right to reacquire the Rest of World (ROW) rights on a country-by-country basis without additional compensation if Galderma does not achieve minimum sales targets. Galderma will continue to market Pliaglis in the U.S. and Canada and pay a royalty on net sales during a transition period. Crescita will receive a fixed single-digit royalty on net sales in the territories outside of North America where Galderma still owns the development and marketing rights. Galderma is responsible for manufacturing Pliaglis.

Pliaglis was launched in the U.S. market in March 2013 and in the E.U. in April 2013. In the E.U., the regulatory approval required a post-approval commitment trial, the cost of which was shared equally by Galderma and Crescita. In South America, Pliaglis is approved and marketed in Brazil, Argentina and Columbia. Pliaglis was launched in Brazil in March 2014. Pliaglis is also approved in Canada. Crescita understands that Galderma is seeking approvals in additional countries; however, there can be no assurance that any such approvals will be obtained or the timing thereof.

The Company pays royalties to two companies for 1% and 1.5% of net sales of Pliaglis.

Pipeline Products

Crescita has a portfolio of development stage products and proprietary platform technologies, which include multiplexed molecular penetration enhancers (MMPE™), Foam technology and DuraPeel™. Crescita will not only develop products on its own, but will also actively seek co-development partners to help advance its pipeline products and fund some or all of their development.

The following table summarizes the Company's key product candidates:

Product	Therapeutic Area	Stage of Development	Intellectual Property[1]
Mical 1 [1]	Psoriasis	Preclinical	Patent granted in the U.S. expiring in 2027. Patent pending through 2036.
Mical 2 [1]	Dermatological skin treatment	Preclinical	Patent granted in the U.S. expiring in 2027. Patent pending through 2036.

1. Mical is a product being developed under the Ferndale Laboratories, Inc. collaboration.

Technology
Crescita has multiple drug delivery platforms that support the development of patented formulations that can deliver actives into or through the skin. The most significant platforms include:

DuraPeel
The DuraPeel technology is a self-occluding, film-forming cream/gel formulation that provides extended release delivery to the site of application. The cream/gel contains a drug applied to a patient's skin forming a pliable layer that releases drug into the skin for up to 12 hours. The benefits of the DuraPeel technology include proven compatibility with a variety of active pharmaceutical ingredients (APIs), self-occluding film reduces product transference risk, fast drying time and easy application and removal and application to large and irregular skin surfaces. Patents have been issued in Australia, Canada, China, Japan and the U.S. with the latest expiry in 2027. Patent applications are pending in Europe and the U.S.

MMPE
The MMPE technology uses synergistic combinations of pharmaceutical excipients included on the FDA's Inactive Ingredient Guide for improved topical delivery of actives 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.

Foam Technology
The Company owns a U.S. patent and has pending applications in Canada, Europe and the U.S. covering dimethyl sulfoxide (DMSO)-based foamable formulations.

Litigation

From time-to-time, during the ordinary course of business, Crescita may be threatened with or named as, a defendant in various legal proceedings including lawsuits based upon product liability, personal injury, breach of contract and lost profits or other consequential damage claims.

Liquidity

Crescita was economically dependent on, and had historically relied on, Nuvo for funding to support its operations. On March 1, 2016, the Reorganization was completed and Crescita received $35.0 million from Nuvo to fund its operations.

Crescita has incurred significant losses to-date. As at September 30, 2016, Crescita had an accumulated deficit of $27.0 million, including a net loss of $1.7 million and $10.9 million for the three and nine months ended September 30, 2016. At September 30, 2016, Crescita had cash and short-term investments of $23.6 million.

Management believes the Company needs funding to operate through 2017 and beyond. Management is pursuing various financing alternatives to raise additional funds for operations and acquisitions. These financing alternatives include modification to its current debt arrangement, additional borrowings and equity

financings. While the Company is striving to achieve its plans, there is no assurance that future funding is likely to be available or obtained on favourable terms.

As there can be no certainty as to the outcome of the above matters, there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Condensed Consolidated Interim Financial Statements do not include adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Selected Financial Information

in thousands (except per share)

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	**2016**	2015
Operations	**$**	$	$	$
Product sales	**924**	-	**924**	-
Royalties	**21**	29	**72**	168
Services revenue	**118**	-	**260**	-
Total Revenue	**1,063**	29	**1,256**	168
Total operating expenses	**3,948**	2,266	**11,016**	5,146
Loss from operations	**(2,885)**	(2,237)	**(9,760)**	(4,978)
Income tax recovery	**1,400**	-	**1,400**	-
Other expenses	**(115)**	18	**303**	26
Net loss from continuing operations	**(1,370)**	(2,255)	**(8,663)**	(5,004)
Net loss from discontinued operations	**(343)**	(1,048)	**(2,187)**	(6,039)
Net loss	**(1,713)**	(3,303)	**(10,850)**	(11,043)
Unrealized gains (losses) on translation of foreign operations	**(22)**	10	**110**	(47)
Total comprehensive loss	**(1,735)**	(3,293)	**(10,740)**	(11,090)
Share Information[(1)]				
Net loss per common share for continuing operations				
- basic and diluted	**$(0.10)**	$(0.21)	**$(0.71)**	$(0.46)
Weighted average number of common shares outstanding for the period				
- basic and diluted	**13,903**	10,971	**12,234**	10,897

(1) Under the terms of the Arrangement (see Note 1, *Corporate Information* in the Condensed Consolidated Interim Financial Statements), Crescita issued 11.5 million common shares on March 1, 2016. Prior to the Arrangement, the Company used Nuvo's weighted average number of common shares outstanding to compute net loss per common share.

Financial Position	**As at September 30, 2016**	As at December 31, 2015
	$	$
Cash	**15,031**	478
Short-term investments	**8,551**	-
Total assets	**50,199**	1,188
Other obligations, including current portion	**2,370**	225
Long-term debt, including current portion	**8,268**	-
Total liabilities	**19,350**	4,554
Total equity	**30,849**	(3,366)

Non-IFRS Financial Measure

Crescita discloses non-IFRS measures that do not have standardized meanings prescribed by IFRS, but are considered useful by management, investors and other financial stakeholders to assess Crescita's performance and management from a financial and operational standpoint. "Total operating expenses" is

defined as the sum of: cost of goods sold (COGS), R&D expenses, SG&A expenses, interest expense and interest income. "Loss from operations" is defined as total revenue, less total operating expenses. Crescita considers these to be useful measures, as they provide investors with an indication of the operating performance of Crescita before considering gains or losses from foreign exchange or items that are non-recurring transactions.

Fluctuations in Operating Results
Crescita's results of operations have fluctuated significantly from period-to-period in the past and are likely to do so in the future. Crescita anticipates that its quarterly and annual results of operations will be impacted for the foreseeable future by several factors including the timing and amount of product sales, royalties and other payments received pursuant to current and future operations and collaborations and licensing arrangements and the progress and timing of expenditures related to integration and R&D efforts. Due to these fluctuations, Crescita believes that the period-to-period comparisons of its operating results are not necessarily a good indicator of future performance.

Results of Operations

Revenue
in thousands

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	**2016**	2015
	$	$	**$**	$
Product sales	**924**	-	**924**	-
Royalties	**21**	29	**72**	168
Services revenue	**118**	-	**260**	-
Total Revenue	**1,063**	29	**1,256**	168

Product Sales
Product sales were $0.9 million for the three and nine months ended September 30, 2016 compared to $nil for the three and nine months ended September 30, 2015.

Product sales consist of the sale of non-prescription products from the INTEGA Acquisition. Product sales also include custom products manufactured for certain customers. Crescita recognizes revenue from the sale of products when the goods are shipped or received by the customers depending on the specific arrangement.

For the three and nine months ended September 30, 2016, product sales, derived from the Company's current four largest customers represented 37% of product sales.

Royalties
Royalties, which Crescita receives from Galderma, its global licensee for Pliaglis, were $21,000 and $72,000 for the three and nine months ended September 30, 2016 compared to $29,000 and $0.2 million for the three and nine months ended September 30, 2015. All royalty revenue relates to the global net sales of Pliaglis. Royalties are determined using agreed upon formulas based on the definition of the licensee's net sales as defined in the licensing agreement. Crescita recognizes royalty revenue based on the net sales of the licensee. In December 2015, the Company reacquired the development and marketing rights for Pliaglis for the U.S., Canada and Mexico. Since the reacquisition of the North American Rights, the company now earns a single-digit royalty on Galderma's net sales.

Services Revenue
Effective March 1, 2016, Nuvo and Crescita entered into a reciprocal transitional services agreement with a term of 18 months. Under the transitional services agreement, Crescita provides Nuvo corporate-level employee services, R&D and legal support, and facility and equipment rental. Crescita earned $0.1 million and $0.3 million during the three and nine months ended September 30, 2016 for services provided to Nuvo.

Operating Expenses

in thousands

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	**2016**	2015
	$	$	**$**	$
Cost of goods sold	**567**	-	**567**	-
Research and development	**247**	487	**1,505**	1,310
Selling, general and administrative	**3,106**	1,770	**8,969**	3,805
Interest expense	**58**	9	**70**	31
Interest income	**(30)**	-	**(95)**	-
Total operating expenses	**3,948**	2,266	**11,016**	5,146

Total operating expenses for the three and nine months ended September 30, 2016 were $3.9 million and $11.0 million, compared to $2.3 million and $5.1 million for the three and nine months ended September 30, 2015.

Prior to March 1, 2016, operating expenses, including R&D and SG&A, included certain costs paid for Crescita by Nuvo. These cost allocations have been determined on a basis considered by Crescita and Nuvo to be a reasonable reflection of the services provided by Nuvo to Crescita (see Note 1 – *Corporate Information* in the Condensed Consolidated Interim Financial Statements).

Cost of Goods Sold

COGS for the three and nine months ended September 30, 2016 was $0.6 million compared to $nil for the three and nine months ended September 30, 2015.

The COGS for the current three and nine-month periods relate to product sales during the month of September resulting from the INTEGA Acquisition. Crescita reported a gross margin on product sales of $0.3 million or 39% for the three and nine months ended September 30, 2016.

Research and Development

R&D expenses were $0.2 million and $1.5 million for the three and nine months ended September 30, 2016 compared to $0.5 million and $1.3 million for the three and nine months ended September 30, 2015. R&D expenses include allocated costs that were incurred prior to March 1, 2016.

In the current and comparative quarters, the Company incurred costs related to the advancement of formulations for the collaboration agreement with Ferndale Laboratories, Inc. (Ferndale Collaboration). In the current quarter, the decrease in R&D expenses was related to the cancellation of the Immunology Group's R&D programs. The increase in R&D expenses for the current nine-month period compared to the comparative nine-month period related to costs incurred for the development of Flexicaine. In March 2016, the Company received a written response to the questions it had proposed to the FDA for its neuropathic pain development program for Flexicaine. The FDA is requesting extensive clinical and non-clinical programs for the development of Flexicaine. Based on the feedback from the FDA, the Company is no longer pursuing the development of Flexicaine for the neuropathic pain indication. The Company is evaluating new indications for this product. In the comparative period, the Company incurred costs related to the advancement of the formulations for the Ferndale Collaboration.

R&D expenditures vary depending on the stage of development of drug products and candidates in Crescita's pipeline and management's allocation of Crescita's resources to these activities in general and to each drug specifically.

Sales, General and Administrative
SG&A expenses included allocated costs that were incurred prior to March 1, 2016. SG&A expenses were $3.1 million for the three months ended September 30, 2016 compared to $1.8 million for the three months ended September 30, 2015. The increase in SG&A costs in the current quarter are attributable to higher professional and consulting fees associated with the INTEGA Acquisition, severance costs and transaction fees related to the sale of the Immunology Group's German Manufacturing Operation, partially offset by a decrease in stock based compensation (SBC).

SG&A expenses were $9.0 million for the nine months ended September 30, 2016 compared to $3.8 million for the nine months ended September 30, 2015. The increase in the current nine-month period, primarily related to an increase in professional and consulting fees of $3.4 million related to the Reorganization (see Overview – Background), $0.9 million related to the INTEGA Acquisition, costs relating to the sale of the Immunology Group's German Manufacturing Operation, severance and a transaction the Company is no longer pursuing. Also contributing to the increase during the period is $0.2 million for the final milestone owed to Galderma for the Pliaglis North American rights reacquisition and an increase in SBC of $0.1 million.

Interest
The interest in the current quarter primarily relates to the Knight loan. In both the current and comparative periods, interest expense includes non-cash accretion charges on the five-year consulting agreement as part of the consideration paid for the 2011 acquisition of the non-controlling interest in Nuvo Research AG (see Note 12 – *Other Obligations* in the Condensed Consolidated Interim Financial Statements).

Interest income was $30,000 and $95,000 for the three and nine months ended September 30, 2016 compared to $nil for the three and nine months ended September 30, 2016. In the current three and nine-month period, the Company earned interest on its cash balances which include the $35.0 million transferred from Nuvo on March 1, 2016 as part of the Reorganization.

Loss from Operations
Loss from operations was $2.9 million and $9.8 million for the three and nine months ended September 30, 2016 compared to $2.2 million and $5.0 million for the three and nine months ended September 30, 2015. The increase in loss from operations for the current three and nine month periods was attributable to increased SG&A costs. In the current quarter, increased SG&A costs were partially offset by a reduction in R&D costs.

Other Expenses
in thousands

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	**2016**	2015
	$	$	**$**	$
Foreign currency loss (gain)	**(115)**	18	**303**	26
Total other expenses	**(115)**	18	**303**	26

Foreign Currency Loss (Gain)
Crescita experienced a net foreign gain of $0.1 million for the three months ended September 30, 2016 compared to net foreign currency loss of $18,000 for the three months ended September 30, 2015. In the current quarter, the impact of a stronger Canadian dollar versus the U.S. dollar and euro increased the value of U.S. dollar and euro denominated cash, receivables, payables and other obligations.

For the nine months ended September 30, 2016, the Company experienced a net foreign currency loss of $0.3 million compared to a net foreign currency loss of $26,000 for the nine months ended September 30, 2015. In the current and comparative nine-month periods, the impact of a stronger Canadian dollar versus the U.S. dollar and euro decreased the value of U.S. dollar and euro denominated cash, receivables, payables and other obligations.

Net Loss and Total Comprehensive Loss
in thousands

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	**2016**	2015
	$	$	$	$
Net loss before income taxes from continuing operations	**(2,770)**	(2,255)	**(10,063)**	(5,004)
Income tax recovery	**1,400**	-	**1,400**	-
Net loss from continuing operations	**(1,370)**	(2,255)	**(8,663)**	(5,004)
Net loss from discontinued operations	**(343)**	(1,048)	**(2,187)**	(6,039)
Net loss	**(1,713)**	(3,303)	**(10,850)**	(11,043)
Unrealized gains (losses) on translation of foreign operations	**(22)**	10	**110**	(47)
Total comprehensive loss	**(1,735)**	(3,293)	**(10,740)**	(11,090)

Net Loss from Continuing Operations
Net loss from continuing operations was $1.4 million and $8.7 million for the three and nine months ended September 30, 2016 compared to $2.3 million and $5.0 million for the three and nine months ended September 30, 2015. The improvement in net loss in the current quarter is attributable to income tax recovery of $1.4 million recognized as part of the acquisition method of accounting for the business combination. For the current nine-month period, the increase in net loss was related to an increase in loss from operations partially offset by $1.4 million of income tax recovery recognized as part of the acquisition method of accounting for the business combination.

Net Loss from Discontinued Operations
Net loss from discontinued operations was $0.3 million and $2.2 million for the three and nine months ended September 30, 2016 compared to $1.0 million and $6.0 million for the three and nine months ended September 30, 2015. The improvement in net loss from discontinued operations for the three and nine months ended September 30, 2016 related to a decrease in spending resulting from the sale of the German Manufacturing Operation on July 11, 2016 (see Note 6 – *Discontinued Operations* in the Condensed Consolidated Interim Financial Statements) and the cancellation of the Immunology Group's R&D programs as part of the orderly wind-down of the remaining operations of the Immunology Group, partially offset by severance costs of Dr. Guntermann. In the comparative period the increased loss from discontinued operations was attributable to the development of WF10 for the treatment of allergic rhinitis and the 2015 WF10 Trial.

	Three Months ended September 30		Nine Months ended September 30	
	2016	2015	**2016**	2015
in thousands	**$**	$	**$**	$
Discontinued Operations				
Product sales	**-**	178	**189**	540
Services revenue	**1**	-	**4**	-
Total Revenue	**1**	178	**193**	540
Total operating expenses	**213**	1,228	**2,235**	6,569
Foreign currency loss (gain)	**(1)**	(2)	**(14)**	10
Impairment of fixed assets	**-**	-	**27**	-
Loss on disposal	**132**	-	**132**	-
Net loss from discontinued operations	**(343)**	(1,048)	**(2,187)**	(6,039)

Net Loss
Net loss was $1.7 million and $10.9 million for the three and nine months ended September 30, 2016 compared to $3.3 million and $11.0 million for the three and nine months ended September 30, 2015. The improvement in net loss in the current year is attributable to income tax recovery of $1.4 million recognized as part of the acquisition method of accounting for the business combination.

Total Comprehensive Loss
Total comprehensive loss was $1.7 million for the three months ended September 30, 2016 compared to $3.3 million for the three months ended September 30, 2015. The current quarter included an unrealized loss of $22,000 on the translation of foreign operations compared to an unrealized gain of $10,000 for the comparative quarter.

Total comprehensive loss for the nine months ended September 30, 2016 was $10.7 million compared to $11.1 million for the nine months ended September 30, 2015. The current nine-month period included an unrealized gain of $0.1 million on the translation of foreign operations compared to an unrealized loss of $47,000 for the comparative nine-month period.

Net Loss Per Common Share

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	**2016**	2015
Share figures in thousands	**$**	$	$	$
Net loss per common share for continuing operations				
- basic and diluted	**$(0.10)**	$(0.21)	**$(0.71)**	$(0.46)
Weighted average number of common shares outstanding for the period				
- basic and diluted	**13,903**	10,971	**12,234**	10,897

Net loss per share was $0.10 and $0.71 for the three and nine months ended September 30, 2016 compared to $0.21 and $0.46 for the three and nine months ended September 30, 2015.

The weighted average number of shares outstanding on a basic and diluted basis was 13.9 million and 12.2 million for the three and nine months ended September 30, 2016 compared to 11.0 million and $10.9 million for the three and nine months ended September 30, 2015. Under the terms of the Arrangement (in Note 1 – *Corporate Information* of the Condensed Consolidated Interim Financial Statements), Crescita issued 11.5 million common shares on March 1, 2016. Prior to the Arrangement, the Company used Nuvo's weighted average number of common shares outstanding to compute net loss per common share.

Liquidity and Capital Resources
in thousands

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	**2016**	2015
	$	$	**$**	$
Net loss	**(1,713)**	(3,303)	**(10,850)**	(11,043)
Items not involving current cash flows	**(1,328)**	79	**(293)**	219
Cash used in operations	**(3,041)**	(3,224)	**(11,143)**	(10,824)
Net change in non-cash working capital	**(576)**	815	**(2,195)**	(148)
Cash used in operating activities	**(3,617)**	(2,409)	**(13,338)**	(10,972)
Cash used in investing activities	**(11,301)**	-	**(11,340)**	(13)
Cash provided by (used in) financing activities	**(134)**	2,692	**39,582**	11,283
Effect of exchange rates on cash	**113**	42	**(351)**	55
Net change in cash during the period	**(14,939)**	325	**14,553**	353
Cash, beginning of period	**29,970**	471	**478**	443
Cash, end of period	**15,031**	796	**15,031**	796

Cash
Cash was $15.0 million as at September 30, 2016 compared to $0.5 million at December 31, 2015. Prior to March 1, 2016, Crescita was economically dependent on and relied on Nuvo for funding to support its operations. Under the terms of the Arrangement, on March 1, 2016, Crescita received $35.0 million from Nuvo to fund its operations.

Operating Activities
Overall cash used in operating activities was $3.6 million for the three months ended September 30, 2016 compared to $2.4 million for the three months ended September 30, 2015. The increase in cash used in operating activities related to a decrease in net loss and a working capital investment of $0.6 million compared to a $0.8 million recovery in the comparative quarter. In the current quarter, the investment of working capital relates primarily to the INTEGA Acquisition.

Overall cash used in operating activities was $13.3 million for the nine months ended September 30, 2016 compared to $11.0 million for the nine months ended September 30, 2015. The increase in cash used in operating activities related to an increase in net loss and a $2.2 million investment of working capital compared to a $0.1 million investment of working capital in the comparative six-month period. For the current nine-month period, the investment in working capital of $2.2 million related primarily to a decrease in accounts payable and accruals for payments associated with the 2015 WF10 Trial and a decrease in the Company's share appreciation rights (SARs) liability.

Investing Activities
Net cash used in investing activities was $11.3 million for both the three and nine months ended September 30, 2016 compared to $nil and $13,000 for the three and nine months ended September 30, 2015. In the current year, cash used in investing activities was primarily attributable to the repayment of bridge loans of $3.1 million, less cash acquired with the INTEGA Acquisition of $0.3 million. In addition, the Company invested $8.6 million to secure a letter of credit as collateral for its long-term debt (see Note 11, *Long-term Debt*). These restricted funds are held as short-term investments and redeemable within one year.

Financing Activities
Net cash used in financing activities totaled $0.1 million for the three months ended September 30, 2016 compared to net cash provided by financing activities of $3.0 million for the three months ended September 30, 2015. In the current quarter, cash used by financing activities related to payments made towards the five-year consulting agreement recognized as part of the purchase of the non-controlling interest in 2011. In the

comparative quarter, funding received by Nuvo was partially offset by payments made towards the five-year consulting agreement recognized as part of the purchase of the non-controlling interest in 2011.

Net cash provided by financing activities totaled $39.6 million for the nine months ended September 30, 2016 compared to $11.3 million for the nine months ended September 30, 2015. In the current nine-month period, Crescita received $35.0 million from Nuvo to fund its operations in accordance with the terms of the Arrangement. For both nine-month periods, funding provided by Nuvo (prior to the Reorganization) was partially offset by payments made towards the five-year consulting agreement recognized as part of the purchase of the non-controlling interest in 2011.

Financial Instruments and Risk Management

Risk Factors
The following is a discussion of liquidity, credit and market risks and related mitigation strategies that have been identified. This is not an exhaustive list of all risks nor will the mitigation strategies eliminate all risks listed.

Liquidity Risk
Prior to the Reorganization, the Company was economically dependent on, and has historically relied on, Nuvo for funding to support its operations. Under the terms of the Arrangement, Nuvo transferred $35.0 million of cash to the Company to provide working capital. Subsequent to the INTEGA acquisition, the Company anticipates that its current cash and the revenue it expects to generate from product sales and royalty payments will not be sufficient to fund its ongoing operations and growth plans for 2017 and beyond. The Company expects to require additional funding to support operations, expand into new markets and fund acquisitions as well as funding required to continue to research, develop, commercialize and manufacture new products and technologies as part of its organic growth strategy.

The Company has purchase commitments and minimum future rental payments under operating leases of $2.3 million that are due in less than one year, and $10.3 million that are payable from 2018 to 2023.

The Company's exposure to liquidity risk is dependent on the sales growth and profitability of INTEGA which will be impacted by the status of competitive products and the success of the Company in developing and maintaining markets for its products. In addition, a number of other factors will have an impact to liquidity risk including the level of R&D expenditures for product candidates, costs associated with maintaining regulatory approvals, the timing of payments received or made under licensing arrangements and the acquisition costs of licenses for new products or technologies.

Credit Risk
Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that may subject the Company to credit risk consist of cash and amounts receivable from global customers. The Company manages its exposure to credit risk by holding cash on deposit in major financial institutions. The Company, in the normal course of business, is exposed to credit risk from its global customers. The accounts receivable are subject to normal industry risks in each geographic region in which the Company operates. In addition, the Company is exposed to credit-related losses on sales to its customers outside North America. due to potentially higher risks of enforceability and collectability.

As at September 30, 2016, 4% of accounts receivable related to customers outside North America and the E.U. [December 31, 2015 - 68%].

Pursuant to their collective terms, accounts receivable were aged as follows:

in thousands	**September 30, 2016** **$**	December 31, 2015 $
Current	**953**	188
0-30 days past due	**318**	7
31-60 days past due	**128**	-
61-90 days past due	**8**	-
	1,407	195

Interest Rate Risk

The Company's long-term debt bears interest at a rate of 9% per year, compounded on a monthly basis. However, if the 1-year LIBOR rate plus 6% exceeds 9% at any interest payment date, interest for that month will be calculated using the 1-year LIBOR rate plus 6% instead of 9%.

Currency Risk

The Company operates globally, which gives rise to a risk that earnings and cash flows may be adversely affected by fluctuations in foreign currency exchange rates. The Company is primarily exposed to the U.S. dollar and euro, but also transacts in other foreign currencies. The Company currently does not use financial instruments to hedge these risks. The significant balances in foreign currencies were as follows:

	Euros		U.S. Dollars	
jn thousands	**September 30, 2016** **€**	December 31, 2015 €	**September 30, 2016** **$**	December 31, 2015 $
Cash	**36**	153	**3,724**	156
Accounts receivable	**87**	85	**241**	49
Other current assets	**11**	2	**-**	-
Accounts payable and accrued liabilities	**(160)**	(864)	**(765)**	(274)
Other short-term obligations	**(18)**	-	**(48)**	(162)
	(44)	(624)	**3,152**	(231)

Based on the aforementioned net exposure as at September 30, 2016, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the U.S. dollar would have an effect of $0.4 million on total comprehensive loss and a 10% appreciation or depreciation of the Canadian dollar against the euro would have an effect of $6 on total comprehensive loss.

In terms of the euro, the Company had one significant exposure: its net investment and net cash flows in its European operations, which have now been discontinued (see Note 6*, Discontinued Operations*). In terms of the U.S. dollar, the Company has four significant exposures: its net investment and net cash flows in its U.S. operations, its product sales to U.S customers, royalties from licensing agreement with Galderma regarding Pliaglis and the cost of running trials and other studies at U.S. sites.

The Company does not actively hedge any of its foreign currency exposures given the relative risk of currency versus other risks the Company faces and the cost of establishing the necessary credit facilities and purchasing financial instruments to mitigate or hedge these exposures. As a result, the Company does not attempt to hedge its net investments in foreign subsidiaries.

Commitments

The following table lists Crescita's commitments for the twelve-month periods ending September 30 as follows:

in thousands	**Total**	2017	2018 and thereafter
	$	$	$
Operating leases	**3,064**	612	2,452
Purchase obligations	**9,456**	1,651	7,805
	12,520	2,263	10,257

Off-Balance Sheet Arrangements

Crescita does not have any off-balance sheet arrangements.

Related Party Transactions

Transition Services
Effective March 1, 2016, Nuvo and Crescita entered into a reciprocal transitional services agreement with a term of 18 months. Under the transitional services agreement, (a) Nuvo provides Crescita with Chief Financial Officer services and other corporate-level employee services, quality assurance support and facility rental, and (b) Crescita provides Nuvo with corporate-level employee services, R&D and legal support, and facility and equipment rental. Effective September 12, 2016, the CFO transition services agreement between Nuvo and Crescita was terminated.

During the three and nine months ended September 30, 2016, Crescita charged Nuvo $0.1 million and $0.3 million for transition services and incurred $0.1 million and $0.3 million of fees for transition services performed by Nuvo.

Both Nuvo and Crescita paid for certain costs on behalf of the other company after March 1, 2016 as necessitated by the logistics of the transition. At September 30, 2016, Crescita recognized a net payable of $21,000 due to Nuvo as a result of certain costs paid on the other company's behalf during the transition.

Expense Allocations
For the periods prior to March 1, 2016, the Company's accounts reflect Nuvo's drug development operations as if it had always operated as a stand-alone entity. The financial results for the periods prior to March 1, 2016 represent the financial position, results of operations and cash flows of Nuvo's drug development operations on a combined carve-out basis.

Allocations reflected in SG&A expenses totaled $2.2 million for the three and nine months ended September 30, 2016 compared to $1.7 million and $3.6 million for the three and nine months ended September 30, 2015. Allocations reflected in R&D expenses totaled $0.2 million for the three and nine months ended September 30, 2016 compared to $0.1 million and $0.4 million for the three and nine months ended September 30, 2015.

Crescita and Nuvo considered these general corporate expense allocations to be a reasonable reflection of the underlying nature of the operations of these entities and of the utilization of services provided. The allocations may not, however, reflect the expense Crescita would have incurred as a stand-alone company. Actual costs which may have been incurred if Crescita had been a stand-alone public company in 2016 and 2015 would depend on a number of factors, including how Crescita chose to organize itself, what if any functions were outsourced or performed by Crescita employees and strategic decisions in areas such as infrastructure.

Outstanding Share Data

In connection with the Reorganization and under the terms of the Arrangement, discussed in Note 1 – *Corporate Information* of the Condensed Consolidated Interim Financial Statements, each Nuvo Research Inc. share certificate existing on March 1, 2016 became a common share of Nuvo and the right to receive a share certificate of a Crescita common share. The number of common shares outstanding as at September 30, 2016 was 13.9 million.

Pursuant to the Arrangement, each Nuvo Research Inc. stock option issued and outstanding at the effective date of the Arrangement was exchanged for one Post-Arrangement stock option issued by Nuvo and one Post-Arrangement stock option issued by Crescita. As at September 30, 2016, there were 1,420,414 options outstanding of which 590,384 have vested.

Pursuant to the Arrangement, each Nuvo Research Inc. SAR issued and outstanding at the effective date of the Arrangement was exchanged for one Post-Arrangement SAR issued by Nuvo and one Post-Arrangement SAR issued by Crescita. As at September 30, 2016, there were 495,093 SARs outstanding of which none have vested. The shareholders of Nuvo Research Inc. approved a resolution on February 18, 2016 to allow SARs to be equity settled.

Critical Accounting Policies and Estimates

The preparation of Condensed Consolidated Interim Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Interim Financial Statements and the reported amounts of revenue and expenses during the reporting periods. Crescita's actual results could differ from these estimates and such differences could be material. All significant accounting policies are disclosed in Note 4 - *Summary of Significant Accounting Policies* of the Condensed Consolidated Interim Financial Statements.

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee (IFRIC) that are not yet effective and have not yet been early adopted by the Company. The standards impacted that may be applicable to the Company are as follows:

IFRS 9 – Financial Instruments

In July 2014, the IASB issued IFRS 9 - *Financial Instruments* (IFRS 9) which will replace IAS 39 - *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for the Company's Interim and Annual Consolidated Financial Statements commencing January 1, 2018. The Company is in the process of reviewing the standard to determine the impact on the Consolidated Financial Statements.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 - *Revenue from Contracts with Customers* (IFRS 15), which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. Entities will transition following either a full or modified retrospective approach. The Company is in the process of reviewing the standard to determine the impact on the Consolidated Financial Statements.

IFRS 16 – Leases

In January 2016, the IASB has issued IFRS 16 – *Leases* (IFRS 16), its new leases standard that requires lessees to recognize assets and liabilities for most leases on their balance sheets. Lessees applying IFRS 16 will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The new standard will be effective from January 1, 2019 with limited early application permitted. The Company is in the process of reviewing the standard to determine the impact on the Consolidated Financial Statements.

Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's Consolidated Financial Statements.

Management's Responsibility for Financial Reporting

Disclosure controls and procedures (DCP) are designed to provide reasonable assurance that information required to be disclosed by the Company in its filings under Canadian securities legislation is recorded, processed, summarized and reported in a timely manner. The system of DCP includes, among other things, the Company's Corporate Disclosure and Code of Conduct and Business Ethics policies, the review and approval procedures of the Corporate Disclosure Committee and continuous review and monitoring procedures by senior management.

Management is also responsible for the design of internal controls over financial reporting (ICFR) within the Company, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Due to its inherent limitations, DCP and ICFR may not prevent or detect all misstatements, errors and fraud. In addition, the design of any system of control is based upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all future events, no matter how remote or that the degree of compliance with the policies or procedures may not deteriorate. Accordingly, even effective DCP and ICFR can only provide reasonable, not absolute, assurance of achieving the control objectives for financial and other reporting.

There were no changes to ICFR that occurred during the quarter ended September 30, 2016 that has materially affected the Company's ICFR.

Limitation on Scope of Design

The CEO and CFO have limited the scope of design of disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of INTEGA, which was acquired on September 1, 2016. This scope limitation is in accordance with section 3.3(1)(b) of NI 52-109, which allows for an issuer to limit the design of disclosure controls and procedures and internal control over financial reporting for a business that the issuer acquired not more than 365 days before the last day of the period covered by this MD&A. The following is a summary of certain financial information related to INTEGA as at September 30, 2016:

in thousands	**$**
Product sales	924
Net loss	231
Current assets	5,021
Non-current assets	19,622
Current liabilities	4,457
Non-current liabilities	11,966

These results are prepared under IFRS and may not be comparable to INTEGA's historical reporting prior to its acquisition by the Company.

Risk Factors

Prospects for companies in the biotechnology and pharmaceutical industry generally may be regarded as uncertain given the nature of the industry and, accordingly, investments in biotechnology and pharmaceutical companies should be regarded as speculative. R&D involves a high and significant degree of risk. An investor should carefully consider the risks and uncertainties discussed in detail in the MD&A filed on SEDAR on March 23, 2016 for the year ended December 31, 2015 and the "Risk Factors" section of the Company's AIF filed March 23, 2016 before making an investment decision. The additional risks that are discussed below reflect the additional material risks and uncertainties from the INTEGA Acquisition.

Business Integration
There are several factors that may impact the Crescita's ability to achieve all of the estimated synergies from the INTEGA acquisition as a result of cost rationalization and integration initiatives. These factors may include greater than expected operating costs, longer than anticipated integration timelines, the difficulty in eliminating certain duplicative costs, facilities and functions, and the outcome of many operational and strategic decisions, which are under evaluation.

Regulatory Filing
Under National Instrument 51-102 – Continuous Disclosure Obligations, Crescita was required to file, on or prior to November 15, 2016, a business acquisition report in connection with the INTEGA acquisition that is required to include, among other things, certain financial statements regarding INTEGA and its business. Given that INTEGA was a private company, the required financial statements did not exist prior to its acquisition by Crescita. As of the date hereof, Crescita is in the process of preparing the appropriate financial statements and intends to file its business acquisition report (BAR) as soon the required financial statements have been prepared and audited. The completion of the BAR requirements will permit the Company access to the capital markets.

Competition for the INTEGA Group of Products
The skin care industry is highly competitive and can change rapidly due to consumer preferences and industry trends. Competition in the skin care 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 our 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 new products and maintain and enhance the recognition of our brands. Net revenues and margins on beauty 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 issue 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, which could negatively affect our results of operations. These competitive factors, as well as new product risks, could have an adverse effect on our business, prospects, results of operations, financial condition or cash flows.

Sales, Marketing and Distribution of the INTEGA Group of Products
In order to successfully commercialize INTEGA group of products., the Company must devote sufficient resources to develop and maintain a capable sales, marketing and distribution infrastructure or enter into collaborations with partners to perform some or all of these services for the Company. The Company may be

unable to devote the resources necessary to develop and maintain a suitable sales, marketing and distribution infrastructure. The Company distributes the INTEGA group of products primarily through a large network of aestheticians, spas, medical clinics and retailers that generally sell, distribute or provide the INTEGA group of products. The business would be harmed if any of customers were unable or unwilling to distribute INTEGA products on commercially favourable terms to the Company. It is possible that distribution partners could decide to change their policies or fees, or both, in the future. This could result in their refusal to distribute 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 and its ability to successfully commercialize the INTEGA group of products include:

- a lack of sufficient financial resources;
- an inability to recruit and retain adequate number of effective sales and marketing personnel;
- an inability of sales personnel to obtain demand;
- a lack of complementary products to be offered by sales personnel, 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 organization.

The Company may not be able to enter into collaborations on acceptable terms, if at all, and the Company may face competition in the search for partners with whom the Company may collaborate. If the Company is not able to maintain and expand an effective sales, marketing and distribution infrastructure, or collaborate with a partner to perform these functions, the Company may be unable to sell the INTEGA group of products, which would adversely affect the Company's financial condition.

Dependence on Sales and Marketing Partnerships

Crescita will rely on marketing arrangements, including joint ventures, licensing or other third-party arrangements, to distribute its products in jurisdictions where it lacks the resources or expertise. Crescita will face significant competition in seeking appropriate partners and distributors. Moreover, collaboration and distribution arrangements are complex and time consuming to negotiate, document and implement. Therefore, there can be no assurance that Crescita 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, or at all. Moreover, there can be no assurance that Crescita's partners will dedicate the resources needed to successfully market and distribute Crescita's products and maximize sales. In addition, under these arrangements, disputes may arise with respect to payments that Crescita or its partners believe are due under such distribution or marketing arrangements, a partner or distributor may develop or distribute products that compete with Crescita's products or they may terminate the relationship.

The Company has minimal influence in the worldwide sales and marketing activities for Pliaglis, as these decisions are made by Galderma, except for North America. In December 2015, the Company reacquired the North American rights to Pliaglis. Although the Company has three seats on the Joint Steering Committee that was established to monitor the development and commercial activities related to Pliaglis in the Galderma territory, the Company has no direct control over the technical, regulatory and commercial activities for the product. In addition, Galderma is responsible for the commercialization of Pliaglis outside of North America and, as such, the Company will rely on Galderma to successfully execute a worldwide commercialization program. Delays in obtaining the appropriate regulatory approvals for Pliaglis in territories or an unsuccessful launch in any major territory may have an adverse effect on the Company's royalty income and cash flows.

The Company will depend on all of its partners and licensees to comply with all government legislation and regulations relating to selling Crescita's products in their respective territories. If any of the Company's partners do not comply, this could have a material impact on the cash flows of the Company.

Manufacturing and Supply

The Company will purchase key raw materials necessary for the manufacture of its products and finished products from a limited number of suppliers around the world and in some cases will rely on its licensing partners to manufacture its products.

Increases in the prices from suppliers of any component of the product, interruptions in supply of product or lapses in quality could adversely impact Crescita's margins, profitability and cash flows. Crescita will be reliant on its third-party contract manufacturing organizations (CMOs) and suppliers of raw materials and manufacturing components to maintain the facilities in compliance with various countries' regulatory authorities. If the CMO or suppliers fail to maintain compliance with regulatory authorities, they could be ordered to cease manufacturing, which would have a material adverse impact on Crescita's business, results of operations, financial condition and cash flows. In addition to FDA regulations, violation of standards enforced by the Environmental Protection Agency (EPA) and the Occupational Safety and Health Administration (OSHA), and their counterpart agencies, could slow down or curtail operations of the CMO or any of its suppliers.

If the relationships with the CMO 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.

Under the terms of the Pliaglis license agreements, Galderma has the sole right to manufacture Pliaglis and; therefore, Crescita will depend on Galderma as the only qualified supplier of the product for all global markets. Pliaglis also contains the active drugs lidocaine and tetracaine and in the past the form of tetracaine used in the product has, at times, been difficult to procure. Crescita will be reliant on Galderma to maintain the facilities at which it manufactures Pliaglis in compliance with FDA, European Medicines Agency (EMA), state and local regulations and other regulatory agencies. If Galderma fails 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 Crescita'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. In December 2015, the Company reacquired Pliaglis development and marketing rights for the U.S., Canada and Mexico and will rely on Galderma to manufacture Pliaglis for these markets.

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 current GMPs 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 for the production of 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 new drug application (NDA). The DMF information and data is reviewed by the FDA as a critical component of the approvability of the NDA.

As a result, in the case where only one supplier of a particular API or critical raw material meets all of the FDA's (or other regulatory agencies) requirements and has a DMF (or similar filing) on file with the FDA, Crescita will be at risk should a supplier violate GMPs, fail an FDA inspection, terminate access to its DMF, be unable to manufacture product, choose not to supply Crescita or decide to increase prices.

In addition, Crescita 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 Crescita's margins, as well as the wholesale and retail prices of manufactured products.

The Company has not yet achieved capacity at its facility in Laval, Québec, Canada. This exposes Crescita to the following risks, any of which could delay or prevent the commercialization of its products, result in higher costs or deprive it of potential product revenues:

- Crescita may encounter difficulties in achieving volume production, quality control and quality assurance, as well as relating to shortages of qualified personnel. Accordingly, Crescita might not be able to manufacture sufficient quantities to commercialize its products;

- Crescita's manufacturing facilities will be required to undergo satisfactory current GMPs inspections prior to regulatory approval and are obliged to operate in accordance with Health Canada and other nationally mandated GMPs, which govern manufacturing processes, stability testing, record keeping and quality standards. Failure to establish and follow GMPs and to document adherence to such practices, may lead to significant delays in the availability of Crescita's products; and

- Changing manufacturing locations would be difficult and the number of potential manufacturers is limited. Changing manufacturers generally requires re-validation of the manufacturing processes and procedures in accordance with E.U. and other nationally mandated GMPs. Such re-validation may be costly and would be time consuming. It would be difficult or impossible to quickly find replacement manufacturers on acceptable terms, if at all.

Crescita's manufacturing facilities will be subject to ongoing periodic unannounced inspection by Health Canada and other country agencies, and may be subject to inspection by local, state, provincial and federal authorities from various jurisdictions to ensure strict compliance with GMPs and other government regulations. A recent audit from Health Canada, recommended an upgrade to the INTEGA manufacturing facility that management estimates could cost approximately $0.5 million over the next eighteen months. Failure by Crescita to comply with applicable regulations could 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, seizures or recalls of product, operating restrictions, facility closures and criminal prosecutions, any of which could materially adversely affect Crescita's business.

Quality, efficacy and safety of the Company's products.
The Company's success depends, in part, on the quality, efficacy and safety of products. If products are found or alleged to be defective or unsafe, or if they fail to meet customer or consumer standards, the relationships with customers or consumers could suffer, the appeal of one or more of the Company's brands could be diminished, and the Company could lose sales and/or become subject to liability claims, any of which could have a material adverse effect on the business, prospects, results of operations, financial condition or cash flows.

Additional Information

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

CRESCITA THERAPEUTICS INC.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

Unaudited		**As at September 30, 2016**	As at December 31, 2015
(Canadian dollars in thousands)	***Notes***	**$**	$
ASSETS			
CURRENT			
Cash	*3, 19*	**15,031**	478
Short-term investments	*11*	**8,551**	-
Accounts receivable	*19*	**1,407**	195
Inventories	*7*	**3,298**	374
Other current assets	*8, 19*	**819**	61
TOTAL CURRENT ASSETS		**29,106**	1,108
NON-CURRENT			
Property, plant and equipment	*9*	**788**	80
Intangible assets	*5, 10*	**10,541**	-
Goodwill	*5*	**8,364**	-
Deferred tax assets	*5, 22*	**1,400**	-
TOTAL ASSETS		**50,199**	1,188
LIABILITIES AND EQUITY			
CURRENT			
Accounts payable and accrued liabilities	*14, 19, 21*	**5,592**	4,329
Current portion of long-term debt	*5, 11, 19*	**386**	-
Current portion of other obligations	*12, 19*	**993**	190
TOTAL CURRENT LIABILITIES		**6,971**	4,519
Long-term debt	*5, 11, 19*	**7,882**	-
Other obligations	*5, 12, 19*	**1,377**	35
Deferred tax liabilities	*5, 22*	**3,120**	-
TOTAL LIABILITIES		**19,350**	4,554
EQUITY			
Common shares	*5, 13*	**56,425**	-
Contributed surplus	*13 ,14*	**297**	-
Deficit	*13*	**(27,042)**	-
Owner's net investment	*1*	**-**	(4,425)
Accumulated other comprehensive income (AOCI)		**1,169**	1,059
TOTAL EQUITY		**30,849**	(3,366)
TOTAL LIABILITIES AND EQUITY		**50,199**	1,188

Commitments (Note 18)
See accompanying Notes.

CRESCITA THERAPEUTICS INC.
CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Unaudited		Three Months Ended September 30		Nine Months Ended September 30	
		2016	2015	**2016**	2015
(Canadian dollars in thousands, except per share and share figures)	***Notes***	**$**	$	**$**	$
REVENUE					
Product sales	*20*	**924**	-	**924**	-
Royalties	*20*	**21**	29	**72**	168
Services revenue	*20, 21*	**118**	-	**260**	-
Total revenue		**1,063**	29	**1,256**	168
OPERATING EXPENSES					
Cost of goods sold	*7, 16*	**567**	-	**567**	-
Research and development	*14, 16, 21*	**247**	487	**1,505**	1,310
Selling, general and administrative	*14, 16, 21*	**3,106**	1,770	**8,969**	3,805
Interest expense	*11, 12*	**58**	9	**70**	31
Interest income		**(30)**	-	**(95)**	-
Total operating expenses		**3,948**	2,266	**11,016**	5,146
OTHER EXPENSES					
Foreign currency loss (gain)		**(115)**	18	**303**	26
Net loss before income taxes from continuing operations		**(2,770)**	(2,255)	**(10,063)**	(5,004)
Income tax recovery	*22*	**1,400**	-	**1,400**	-
NET LOSS FROM CONTINUING OPERATIONS		**(1,370)**	(2,255)	**(8,663)**	(5,004)
NET LOSS FROM DISCONTINUED OPERATIONS	*6*	**(343)**	(1,048)	**(2,187)**	(6,039)
NET LOSS		**(1,713)**	(3,303)	**(10,850)**	(11,043)
Other comprehensive income (loss) to be reclassified to net loss in subsequent periods					
Unrealized gains (losses) on translation of foreign operations		**(22)**	10	**110**	(47)
TOTAL COMPREHENSIVE LOSS		**(1,735)**	(3,293)	**(10,740)**	(11,090)
Net loss per common share from continuing operations					
- basic and diluted	*15*	**$(0.10)**	$(0.21)	**$(0.71)**	$(0.46)
Net loss per common share from discontinued operations					
- basic and diluted	*6, 15*	**$(0.02)**	$(0.10)	**$(0.18)**	$(0.55)
Weighted average number of common shares outstanding (in thousands)					
- basic and diluted	*15*	**13,903**	10,971	**12,234**	10,897

See accompanying Notes.

CRESCITA THERAPEUTICS INC.
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

Unaudited	Common Shares		Contributed Surplus	Deficit	Owner's Net Investment	AOCI	Total
(Canadian dollars in thousands)	000s	$	$	$	$	$	$
Notes	*1, 5, 13, 14*	*1, 5, 13, 14*			*1, 12*		
Balance, December 31, 2014	-	-	-	-	(3,225)	1,124	(2,101)
Net loss	-	-	-	-	(7,740)	-	(7,740)
Net adjustments to owner's net investment	-	-	-	-	8,747	-	8,747
Unrealized losses on translation of foreign operations	-	-	-	-	-	(57)	(57)
Balance, June 30, 2015	-	-	-	-	(2,218)	1,067	(1,151)
Net loss	-	-	-	-	(3,303)	-	(3,303)
Net adjustments to owner's net investment	-	-	-	-	2,764	-	2,764
Unrealized gains on translation of foreign operations	-	-	-	-	-	10	10
Balance, September 30, 2015					(2,757)	1,077	(1,680)
Net loss	-	-	-	-	(4,405)	-	(4,405)
Net adjustments to owner's net investment	-	-	-	-	2,737	-	2,737
Unrealized losses on translation of foreign operations	-	-	-	-	-	(18)	(18)
Balance, December 31, 2015	-	-	-	-	(4,425)	1,059	(3,366)
Net loss	-	-	-	-	(3,180)	-	(3,180)
Net adjustments to owner's net investment	-	-	-	-	4,830	-	4,830
Cash transferred from Nuvo Research Inc. (Nuvo) in connection with the Arrangement	-	-	-	-	35,016	-	35,016
Issuance of common stock and reclassification of owner's net investment to deficit in connection with the Arrangement	11,487	51,613	-	(19,372)	(32,241)	-	-
Unrealized gains on translation of foreign operations	-	-	-	-	-	48	48
Balance, March 1, 2016	11,487	51,613	-	(19,372)	-	1,107	33,348
Net loss	-	-	-	(2,878)	-	-	(2,878)
Unrealized gains on translation of foreign operations	-	-	-	-	-	64	64
Balance, March 31, 2016	11,487	51,613	-	(22,250)	-	1,171	30,534
Net loss	-	-	-	(3,079)	-	-	(3,079)
Stock option compensation expense	-	-	37	-	-	-	37
Unrealized gains on translation of foreign operations	-	-	-	-	-	20	20
Balance, June 30, 2016	11,487	51,613	37	(25,329)	-	1,191	27,512
Net loss	-	-	-	(1,713)	-	-	(1,713)
Issuance of shares on acquisition	2,402	3,988	-	-	-	-	3,988
Future issuance of shares on acquisition	470	779					779
Stock option exercise	46	45	-	-	-	-	45
Issuance of warrants	-	-	211	-	-	-	211
Stock option compensation expense	-	-	49	-	-	-	49
Unrealized losses on translation of foreign operations	-	-	-	-	-	(22)	(22)
Balance, September 30, 2016	**14,405**	**56,425**	**297**	**(27,042)**	**-**	**1,169**	**30,849**

See accompanying Notes.

CRESCITA THERAPEUTICS INC.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Unaudited		Three Months Ended September 30		Nine Months Ended September 30	
		2016	2015	**2016**	2015
(Canadian dollars in thousands)	***Notes***	**$**	$	**$**	$
OPERATING ACTIVITIES					
Net loss from continuing operations		**(1,370)**	(2,255)	**(8,663)**	(5,004)
Net loss from discontinued operations		**(343)**	(1,048)	**(2,187)**	(6,039)
Items not involving current cash flows:					
Depreciation and amortization	*9, 10, 16*	**129**	11	**150**	29
Equity-settled stock-based compensation	*14, 16*	**49**	22	**115**	86
Unrealized foreign exchange losses (gains)		**(155)**	37	**412**	10
Deferred taxes	*22*	**(1,400)**	-	**(1,400)**	-
Loss on disposal, net of cash transferred	*6*	**37**	-	**37**	-
Inventory write-down	*7*	-	-	**342**	63
Fixed asset impairment	*6, 9*	-	-	**27**	-
Accretion	*11, 12*	**12**	9	**24**	31
		(3,041)	(3,224)	**(11,143)**	(10,824)
Net change in non-cash working capital	*17*	**(576)**	815	**(2,195)**	(148)
CASH USED IN OPERATING ACTIVITIES		**(3,617)**	(2,409)	**(13,338)**	(10,972)
INVESTING ACTIVITIES					
Acquisition of INTEGA, net of cash acquired	*5*	**(2,744)**	-	**(2,744)**	-
Acquisition of property, plant and equipment	*9*	**(6)**	-	**(45)**	(13)
Purchases of short-term investments	*11*	**(8,551)**	-	**(8,551)**	-
CASH USED IN INVESTING ACTIVITIES		**(11,301)**	-	**(11,340)**	(13)
FINANCING ACTIVITIES					
Additional net investment from Nuvo prior to the Arrangement		-	2,742	**4,801**	11,425
Cash transferred from Nuvo per the Arrangement	*1*	-	-	**35,016**	-
Cash received on exercise of options	*14*	**45**	-	**45**	-
Payments under long-term consulting agreement	*12*	**(179)**	(50)	**(280)**	(142)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		**(134)**	2,692	**39,582**	11,283
Effect of exchange rate changes on cash		**113**	42	**(351)**	55
Net change in cash during the period		**(14,939)**	325	**14,553**	353
Cash, beginning of period		**29,970**	471	**478**	443
CASH, END OF PERIOD		**15,031**	796	**15,031**	796

See accompanying Notes.

1. CORPORATE INFORMATION

Crescita Therapeutics Inc. (Crescita or the Company) is a Canadian commercial dermatology company with a portfolio of over-the-counter (OTC) and prescription products for the treatment and care of skin conditions and diseases and their symptoms. Crescita owns multiple proprietary drug delivery platforms that support the development of patented formulations that can facilitate the delivery of active drugs into or through the skin. During the three months ended September 30, 2016, the Company acquired INTEGA Skin Sciences Inc. (INTEGA) (see Note 5, *Acquisition of INTEGA*) and discontinued the operations of the Immunology Group (see Note 6, *Discontinued Operations*). The Company's registered office is located at 7560 Airport Road, Unit 10, Mississauga, Ontario, L4T 4H4.

Reorganization

On March 1, 2016, Nuvo Research Inc. (Nuvo) completed a transaction (the Reorganization) pursuant to which Nuvo was reorganized into two separate publicly traded companies, Nuvo and Crescita. The Reorganization proceeded by way of arrangement under the *Canada Business Corporations Act* (the Arrangement). As part of the Reorganization, Nuvo Research Inc. changed its name to "Nuvo Pharmaceuticals Inc.". Detailed information regarding the Reorganization and its effects, including a description of certain risks and uncertainties in respect of the Reorganization and the operations of Nuvo and Crescita as separate publicly traded companies, are included in the Management Information Circular of Nuvo dated December 31, 2015 (Nuvo Reorganization Circular) available under Nuvo's profile at www.sedar.com.

Prior to the Reorganization, Nuvo operated two distinct business units: Nuvo Pharmaceuticals and Crescita. Nuvo is a commercial healthcare company with a portfolio of commercial products and pharmaceutical manufacturing capabilities. Crescita is a commercial dermatology business that operated two sub-groups: the Topical Products and Technology (TPT) Group and the Immunology Group. The TPT Group has one commercial product, a pipeline of topical and transdermal products focusing on pain and dermatology and multiple drug delivery platforms that support the development of patented formulations that can deliver actives into or through the skin. The Company's acquisition of INTEGA on September 1, 2016 provides the TPT Group worldwide distribution rights to INTEGA's well-known and established skin care brands: Laboratoire Dr Renaud™, Pro-Derm™, Premiology™ and ISDIN® (the trademark is owned by ISDIN S.A. and is being used under license by INTEGA Skin Sciences Inc.). The Immunology Group had two commercial products and is presented as discontinued operations in these Condensed Consolidated Interim Financial Statements; therefore, the Company is reporting the entire business as one segment.

These Condensed Consolidated Interim Financial Statements present the financial position, results of operations, changes in equity and cash flows of Nuvo's drug development operations as if it had always operated as a stand-alone entity prior to March 1, 2016. The financial results for the periods prior to March 1, 2016 represent the financial position, results of operations and cash flows of Nuvo's drug development operations on a combined carve-out basis.

The financial information prior to March 1, 2016 has been primarily derived from the accounts of Nuvo's wholly owned United States and European subsidiaries, adjusted to remove balances and transactions related to a commercialized product that did not form part of Crescita - the heated lidocaine/tetracaine patch (HLT Patch).

The financial information prior to March 1, 2016 also includes an allocation of balances and transactions relating to both corporate office activities performed on behalf of the Company by Nuvo and certain drug development activities performed on behalf of the Company by Nuvo's Canadian subsidiary.

As the financial information prior to March 1, 2016 represents a portion of the business of Nuvo which was not organized as a stand-alone entity, the net assets of Crescita prior to March 1, 2016 have been reflected as owner's net investment.

Management believes both the assumptions and the allocations underlying the financial information prior to March 1, 2016 are reasonable. However, as a result of the basis of presentation described above, the financial information

prior to March 1, 2016 may not necessarily be indicative of the operating results and financial position that would have resulted had Crescita historically operated as a stand-alone entity.

2. BASIS OF PREPARATION

The Company prepares its Condensed Consolidated Interim Financial Statements in accordance with IAS 34 - *Interim Financial Reporting* (IAS 34). Accordingly, these Condensed Consolidated Interim Financial Statements do not include all disclosures required for annual financial statements and should be read in conjunction with the annual Combined Financial Statements of the Company as at and for the year ended December 31, 2015.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the Condensed Consolidated Interim Financial Statements were the same as those that applied to the Company's annual Combined Financial Statements as at and for the year ended December 31, 2015.

Accounting Standards Issued But Not Yet Applied

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (IFRIC) that are not yet effective and have not yet been early adopted by the Company. The standards impacted that may be applicable to the Company are as follows:

IFRS 9 - *Financial Instruments*

In July 2014, the IASB issued IFRS 9 - *Financial Instruments* (IFRS 9), which will replace IAS 39 - *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for the Company's interim and annual Consolidated Financial Statements commencing January 1, 2018. The Company is in the process of reviewing the standard to determine the impact on the Consolidated Financial Statements.

IFRS 15 - *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 - *Revenue from Contracts with Customers* (IFRS 15), which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. Entities will transition following either a full or modified retrospective approach. The Company is in the process of reviewing the standard to determine the impact on the Consolidated Financial Statements.

IFRS 16 - *Leases*

In January 2016, the IASB issued IFRS 16 - *Leases* (IFRS 16), its new leases standard that requires lessees to recognize assets and liabilities for most leases on their balance sheets. Lessees applying IFRS 16 will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The new standard will be effective from January 1, 2019 with limited early application permitted. The Company is in the process of reviewing the standard to determine the impact on the Consolidated Financial Statements.

Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's Consolidated Financial Statements

3. GOING CONCERN ASSUMPTION

These Condensed Consolidated Interim Financial Statements have been prepared on a going-concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

As at September 30, 2016, the Company had an accumulated deficit of $27.0 million including a net loss of $10.9 million for the nine months ended September 30, 2016.

Management believes the Company needs funding to operate through 2017 and beyond. Management is pursuing various financing alternatives to raise additional funds for operations and acquisitions. These financing alternatives includes modification to its current debt arrangement, additional borrowings and equity financings. While the Company is striving to achieve its plans, there is no assurance that future funding is likely to be available or obtained on favourable terms.

As there can be no certainty as to the outcome of the above matters, there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These Condensed Consolidated Interim Financial Statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies have been applied on a basis consistent with those followed in the most recent annual Combined Financial Statements. The policies applied in these Condensed Consolidated Interim Financial Statements are based on International Financial Reporting Standards (IFRS) issued and outstanding as at November 14, 2016, the date the Board of Directors approved these Condensed Consolidated Interim Financial Statements.

Basis of Measurement
These Condensed Consolidated Interim Financial Statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the functional currency of the Company's corporate operations.

Use of Estimates and Judgments
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of these Condensed Consolidated Interim Financial Statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates and such differences could be material.

Key areas of estimation or use of managerial assumptions have been applied on a basis consistent with those described in the most recent annual Combined Financial Statements and include corporate allocation resulting from the Reorganization (see Note 21, *Related Party Transactions)* and acquisition accounting (see Note 5, *Acquisition of INTEGA).*

Basis of Consolidation
These Condensed Consolidated Interim Financial Statements include the accounts of the Company's wholly owned Canadian, U.S. and European subsidiaries, as listed below. The financial information prior to March 1, 2016 has been adjusted to remove balances and transactions related to the HLT Patch.

	September 30, 2016	December 31, 2015
INTEGA Skin Sciences Inc.	**100%**	-
Nuvo Research America, Inc. and its subsidiaries: Nuvo Research US, Inc., ZARS Pharma, Inc., and ZARS (UK) Limited	**100%**	100%
Dimethaid Immunology Inc.	**100%**	100%
Nuvo Research AG and its subsidiaries: Nuvo Manufacturing GmbH[(i)] and Nuvo Research GmbH	**100%**	100%

[(i)] On July 11, 2016, the Company sold its German Manufacturing Operation (see Note 6, *Discontinued Operations*).

The Company controls the subsidiaries above with the power to govern their financial and operating policies. All significant intercompany balances and transactions have been eliminated upon consolidation.

5. ACQUISITION OF INTEGA

On September 1, 2016, the Company acquired 100% of the equity of INTEGA, a private Montreal-based dermatology company which develops, manufactures, sells and markets science-based quality skin care products. The Company's management and Board of Directors made the decision to pursue a strategy to transform Crescita into a dermatological company focused on skin care products in both the prescription and OTC markets. This strategy would allow Crescita to leverage its skin penetration technology, as well as approved topical products and to mitigate risks by pursuing already approved products in the non-prescription market.

The purchase price of $8.5 million is subject to certain adjustments to the fair values assigned to the assets acquired and liabilities assumed (the purchase price adjustment period), as agreed upon between the Company and INTEGA, which could result in a final amount paid that is higher or lower than the purchase price disclosed above. The purchase price adjustment period is 90 business days from September 1, 2016.

Assets Acquired and Liabilities Assumed
The estimated fair values of the identifiable assets and liabilities of INTEGA as at the date of acquisition were:

	Fair value recognized on acquisition
	$
ASSETS	
Cash and cash equivalents	316
Accounts receivable	976
Inventory	3,490
Prepaid expenses	103
Property, plant and equipment	733
Intangible assets	10,630
Total assets	16,248
LIABILITIES	
Accounts payable and accrued liabilities	2,785
Long-term debt	8,303
Future income tax liabilities	3,120
Other liabilities	1,953
Total liabilities	16,161
Total identifiable net assets at fair value	87
Goodwill arising on acquisition	8,364
PURCHASE CONSIDERATION TRANSFERRED	8,451

The fair value of the accounts receivables of $1.0 million is net of provision.

The acquisition is accounted for in accordance with the acquisition method of accounting. The excess of purchase price over estimated fair values of assets acquired and liabilities assumed has been recognized as goodwill at the acquisition date of September 1, 2016. The goodwill of $8.4 million comprises the value of expected synergies arising from the acquisition and the assembled workforce, which is not separately recognized. None of the goodwill recognized is expected to be deductible for income tax purposes.

The Company has not yet finalized the purchase price allocation, including goodwill, and therefore, the information disclosed above for identifiable net assets acquired is subject to fair valuation changes.

From the date of acquisition, INTEGA contributed $0.9 million of revenue and $0.2 million to loss before income taxes from continuing operations of the Company.

	$
PURCHASE CONSIDERATION	
Base Consideration – Initial Payment (Note 13)	3,988
Base Consideration – Future Payment (Note 13)	779
Warrants (Note 14)	211
Bridge loan repayments	3,060
Milestone Payments (Note 12)	413
PURCHASE CONSIDERATION TRANSFERRED	8,451

The aggregate purchase price paid by the Company for 100% of INTEGA's equity consists of the following:

- The issuance of 2,402,314 Crescita common shares on closing (Base Consideration – Initial Payment).
- Management estimates that 469,473 Crescita common shares could be issued within 30 days following Crescita's next annual shareholders meeting (AGM), which is expected to be held in the second quarter of 2017 (Base Consideration – Future Payment). In lieu of issuing these shares, Crescita shareholders can elect to make a cash payment equal to 469,473 Crescita common shares multiplied by the greater of (i) $2.4375, and (ii) the five trading-day volume-weighted average closing price of Crescita's common shares on the Toronto Stock Exchange (TSX) ending on the last trading day prior to the date of Crescita's AGM will be made.
- On closing, the issuance of 457,986 common share purchase warrants in exchange for INTEGA's outstanding warrants, each of which permits the holder thereof to acquire one Crescita common share at a price of $2.44 per share.
- On closing, the repayment by the Company of $3.1 million in bridge loans held by INTEGA.
- Up to an additional $2.0 million in milestones if certain financial targets (Milestones) are achieved by INTEGA in 2016 and 2017. Each of the two $1.0 million milestone payments is payable in cash or Crescita common shares at the option of the Company (Milestone Payments).

The fair value of Crescita common shares related to the Base Consideration is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which is $1.66 per share.

The value of the warrants included in purchase consideration represents the fair value of the Crescita warrants, calculated at the acquisition date using the Black-Scholes model (see Note 14, *Stock-based Compensation and Other Stock-based Payments*).

Analysis of cash flows on acquisition:

	$
Repayment of bridge loans (included in cash flows from investing activities)	(3,060)
Transaction costs of the acquisition (included in cash flows from operating activities)	(875)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	316
NET CASH FLOW ON ACQUISITION	(3,619)

Transaction costs of $0.9 million were expensed and are included in selling, general and administrative (SG&A) expenses.

Contingent Consideration

The Milestone Payments under the purchase agreement represent contingent consideration. Additional payments of $2 million to the previous owners of INTEGA may be made if the Company meets certain Milestones from the date of acquisition through to December 31, 2017. As at the acquisition date, the fair value of the contingent consideration was estimated to be $413 based on management's best estimate of the probability of achieving the Milestones, using a discount rate of 18%.

Significant increase (decrease) in the probability of achieving a milestone would result in higher (lower) fair value of the contingent consideration liability, while significant increase (decrease) in the discount rate would result in lower (higher) fair value of the liability. There has been no change in the fair value of the Milestone Payments between September 1, 2016 and September 30, 2016, and as such there was no impact to the results of operations for the period.

6. DISCONTINUED OPERATIONS

The Company has historically reported two operating segments: TPT and Immunology. During the three months ended September 30, 2016, the Company discontinued the operations of the Immunology Group.

On July 11, 2016, the Company sold its German Manufacturing Operation that produces the active ingredient in WF10 and Oxoferin and the intellectual property related to WF10 to Dr. Kuehne, the inventor of WF10, for nominal proceeds. The net assets for the manufacturing plant as at the date of the sale were $0.1 million. In addition, under the terms of the agreement, the balance of Dr. Kuehne's consulting fees (see Note 12, *Other Obligations*) was paid in full. During the third quarter of 2016, the remaining operations of the Immunology Group were wound up.

Operating results have been restated to reflect the Immunology Group as a discontinued operation. Accordingly, the Immunology Group is no longer presented in the segment note.

The following table presents the effect of the discontinued operations in the Consolidated Interim Statements of Loss and Comprehensive Loss:

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	**2016**	2015
	$	$	**$**	$
REVENUE				
Product sales	**-**	178	**189**	540
Services revenue	**1**	-	**4**	-
Total revenue	**1**	178	**193**	540
OPERATING EXPENSES				
Cost of goods sold	**17**	75	**658**	315
Research and development expenses	**175**	954	**1,406**	5,797
Selling, general and administrative expenses	**21**	199	**171**	457
Total operating expenses	**213**	1,228	**2,235**	6,569
OTHER INCOME				
Foreign currency loss (gain)	**(1)**	(2)	**(14)**	10
Impairment of fixed assets	**-**	-	**27**	-
Loss on disposal	**132**	-	**132**	-
NET LOSS FROM DISCONTINUED OPERATIONS	**(343)**	(1,048)	**(2,187)**	(6,039)
Net loss from discontinued operations per common share –				
- basic and diluted	**$(0.02)**	$(0.10)	**$(0.18)**	$(0.55)
Average number of common shares outstanding (in thousands)				
- basic and diluted	**13,903**	10,971	**12,234**	10,897

The following table presents the effect of the discontinued operations in the Consolidated Interim Statements of Cash Flows:

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
	$	$
Cash used in operating activities	**(2,702)**	(5,916)
Cash used in investing activities	**-**	-
Cash used in financing activities	**-**	-
Net cash outflow	**(2,702)**	(5,916)

7. INVENTORIES

Inventories consist of the following as at:

	September 30, 2016	December 31, 2015
	$	$
Raw materials	**787**	30
Work-in-process	**227**	209
Finished goods	**2,284**	135
	3,298	374

During the three and nine months ended September 30, 2016, inventories in the amount of $0.3 million [$nil for the three and nine months ended September 30, 2015] were recognized in cost of goods sold.

During the three and nine months ended September 30, 2016, $0.1 million of finished goods relating to continuing operations [$nil for the three and nine months ended September 30, 2015] were written down. There were no reversals of prior write-downs during the three and nine months ended September 30, 2016 and 2015.

8. OTHER CURRENT ASSETS

Other current assets consist of the following as at:

	September 30, 2016	December 31, 2015
	$	$
Deposits[(i)]	**298**	2
Other receivables	**339**	59
Research and development supplies	**82**	-
Prepaid expenses	**100**	-
	819	61

(i) At September 30, 2016, deposits include $0.2 million pledged as security for the corporate office lease and $0.1 million pledged as security for corporate credit cards.

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PP&E) consist of the following as at:

	Buildings	Leasehold Improvements	Furniture and Fixtures	Computer Equipment	Computer Software	Production Laboratory and Other Equipment	Total
Cost	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Balance, December 31, 2015	919	113	216	906	-	307	2,461
Foreign exchange movements	(18)	-	(1)	(1)	-	(4)	(24)
Net transfers from Nuvo[(i)]	-	-	-	(3)	-	692	689
Acquired in INTEGA acquisition (Note 5)	-	333	28	20	256	96	733
Additions	-	-	-	44	-	1	45
Disposals[(iii)]	(901)	-	(59)	(62)	-	(337)	(1,359)
Balance, September 30, 2016	**-**	**446**	**184**	**904**	**256**	**755**	**2,545**
Accumulated depreciation							
Balance, December 31, 2015	919	113	216	858	-	275	2,381
Foreign exchange movements	(18)	-	(1)	(1)	-	(4)	(24)
Net transfers from Nuvo[(i)]	-	-	-	-	-	671	671
Depreciation expense	-	6	-	19	7	29	61
Impairment charge[(ii)]	-	-	-	18	-	9	27
Disposals[(iii)]	(901)	-	(59)	(62)	-	(337)	(1,359)
Balance, September 30, 2016	**-**	**119**	**156**	**832**	**7**	**643**	**1,757**
Net book value as at December 31, 2015	-	-	-	48	-	32	80
Net book value as at September 30, 2016	**-**	**327**	**28**	**72**	**249**	**112**	**788**

(i) Net transfers from Nuvo include assets attributable to Nuvo's drug development business transferred to Crescita as per the Arrangement.

(ii) In the first quarter of 2016, following the decision to initiate a divestiture or orderly wind-down of the Immunology Group, the Company recognized an impairment charge of fixed assets of the Immunology Group in the amount of $27 (€18).

(iii) Disposals include fixed assets transferred as part of the sale of the German Manufacturing Operation that occurred on July 11, 2016, as well as assets disposed by way of orderly wind-down of the Immunology Group.

10. INTANGIBLE ASSETS

Intangible assets consist of the following as at:

	Product Brands and Formulations	Customer Relationships	License Agreement	Total
Cost		**$**	**$**	**$**
Balance, December 31, 2015	-	-	-	-
Acquired in INTEGA acquisition	6,830	3,150	650	10,630
Balance, September 30, 2016	**6,830**	**3,150**	**650**	**10,630**
Accumulated amortization				
Balance, December 31, 2015	-	-	-	-
Amortization expense	57	26	6	89
Balance, September 30, 2016	**57**	**26**	**6**	**89**
NBV as at December 31, 2015	-	-	-	-
NBV as at September 30, 2016	**6,773**	**3,124**	**644**	**10,541**

11. LONG-TERM DEBT

Long-term debt consists of the following as at:

	September 30, 2016	December 31, 2015
	$	$
Knight loan – principal	**6,841**	-
Knight loan – unamortized premium	**1,427**	-
	8,268	-
Less current portion	**386**	-
Long-term balance	**7,882**	-

On September 1, 2016, concurrent with the Company's acquisition of INTEGA, INTEGA entered into an amended and restated loan agreement (Knight Loan) with Knight Therapeutics Inc. (Knight) in which Crescita acts as the guarantor, supported by a letter of credit with Royal Bank of Canada (RBC) in the amount of $8.6 million, providing an irrevocable right of payment to Knight in the event of default. In addition to the letter of credit, Crescita also entered into a cash collateral agreement with RBC for the amount of the letter of credit. These restricted funds are held as short-term investments and redeemable within one year. The loan was recorded at fair value upon initial measurement and subsequently accounted for at amortized cost using the effective interest method.

Principal payments commence January 1, 2017 and the loan matures on December 31, 2021. However, in the event certain financial covenants are not met, Knight has the option to advance the maturity date by one year to December 31, 2020. This option, if available, must be exercised by March 1, 2019.

The loan bears interest at a rate of 9% per year, compounded on a monthly basis. However, if the 1-year LIBOR rate plus 6% exceeds 9% at any interest payment date, interest for that month will be calculated using the 1-year LIBOR rate plus 6% instead of 9%.

At the date of the acquisition, the fair value of the loan was $8.3 million, which represented a premium of $1.5 million. Amortization for the current three and nine-month periods represented $0.1 million.

12. OTHER OBLIGATIONS

Other obligations consist of the following as at:

	September 30, 2016	December 31, 2015
	$	$
Payable relating to a previous acquisition [(i)]	**1,957**	**-**
Contingent Milestone Payments relating to the acquisition of INTEGA (Note 5)	**413**	**-**
Long-term consulting agreement from acquisition of non-controlling interest [(ii)]	**-**	225
	2,370	225
Less current portion	**993**	190
Long-term balance	**1,377**	35

(i) The amounts owing include the payments of $1.0 million on each of January 22, 2017 and 2018. On the date of the acquisition of INTEGA, the fair value of these payments was determined to be $2.0 million.

(ii) In December 2011, the Company increased its ownership in Nuvo Research AG to 100% by acquiring the 40% interest held by the minority owner. The consideration transferred to the non-controlling interest included a five-year, US$150 per annum consulting agreement with the former minority shareholder, discounted at 15.5% and fair valued at US$519 ($528). The Company paid this obligation in full as part of the terms of the sale of its German Manufacturing Operation (see Note 6, *Discontinued Operations*) in July 2016.

13. SHARE CAPITAL

Authorized

- Unlimited common shares, voting, without par value
- Unlimited first and second preferred shares, non-voting, non-participating, issuable in series, number, designation, rights, privileges, restrictions and conditions are determinable by the Company's Board of Directors

Issued and Outstanding

In connection with the Reorganization of Nuvo into two separate publicly traded companies and under the terms of the Arrangement (see Note 1, *Corporate Information*), each Nuvo share certificate existing on March 1, 2016 became a common share of Nuvo and the right to receive a Crescita common share.

The following table summarizes Crescita's outstanding common shares as at:

	Number 000s	Amount $
Balance, December 31, 2015	-	-
Issued pursuant to the Arrangement	11,487	51,613
Balance, June 30, 2016	11,487	51,613
Issued on acquisition – initial payment (Note 5)	2,402	3,988
Issued upon option exercise	46	45
Balance, September 30, 2016	**13,935**	**55,646**
Future shares to be issued as consideration (Note 5)	470	779
Balance, September 30, 2016	**14,405**	**56,425**

An additional 469,473 common shares, valued at $0.8 million, are to be issued in 2017 as consideration for the acquisition of INTEGA (see Note 5, *Acquisition of INTEGA*).

The amount of Nuvo's net investment in Crescita at the effective date of the Arrangement was reclassified to share capital and deficit. To determine Crescita's share capital amount, Nuvo's stated capital immediately prior to the Arrangement was split based on the Butterfly Proportion of the Nuvo and Crescita common shares at the effective date of the Arrangement. Crescita's share capital amount was deducted from Nuvo's net investment and the remaining $19.4 million was recognized as deficit.

The Butterfly Proportion was determined to be 78.18% for Nuvo and 21.82% for Crescita. The Butterfly Proportion is based on the volume weighted average prices (VWAP) of the Crescita common shares and the Post-Arrangement Nuvo common shares during the five-trading days during the period from March 7 to March 11.

14. STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

Prior to the effective date of the Arrangement, certain employees of Crescita participated in Nuvo's stock-based compensation plans. During that period, stock-based compensation expense had been allocated to Crescita primarily based on proportionate time spent on the Crescita's and Nuvo's respective activities.

Nuvo's stock-based compensation plans included the Nuvo Share Incentive Plan, the Nuvo Deferred Share Unit (DSU) Plan and the Nuvo Share Appreciation Rights (SARs) Plan. Under Nuvo's Share Incentive Plan, there are three sub-plans: the Nuvo Share Purchase Plan, the Nuvo Share Option Plan and the Nuvo Share Bonus Plan.

As part of the Arrangement, Crescita established its own stock-based compensation plans: the Share Incentive Plan and the SARs Plan. Under the Share Incentive Plan, there are three sub-plans: the Share Purchase Plan, the Share Option Plan and the Share Bonus Plan.

On February 18, 2016, shareholders of Nuvo approved a resolution affirming, ratifying and approving the Share Incentive Plan and approving all of the unallocated common shares issuable pursuant to the Share Incentive Plan. The Company's Share Incentive Plan came into effect on March 1, 2016.

The maximum number of common shares that will be reserved for issuance under the Crescita Share Incentive Plan shall be 15% of the total number of common shares outstanding from time-to-time, and the allocation of such maximum percentage among the three sub-plans comprising the Share Incentive Plan shall be determined by the Board of Directors (or a committee thereof) from time-to-time (provided that the maximum number of common shares that may be issued under the Share Bonus Plan shall not exceed a fixed number of common shares equal to 3% of the number of common shares outstanding immediately following the Arrangement, which is 344,615).

As at September 30, 2016, the number of common shares available for issuance under the Share Incentive Plan was 127,728.

The following is a summary of stock-based compensation activity for the three and nine months ended September 30, 2016 and 2015, which should be read in conjunction with the Company's Combined Financial Statements for the year ended December 31, 2015:

Share Option Plan

Under the Nuvo Share Option Plan, Nuvo granted options to purchase common shares to officers, directors, employees or consultants of Nuvo or its affiliates. Options issued under the Share Option Plan were granted for a term not exceeding ten years from the date of grant. All options issued to-date have a life of ten years. In general, options have vested either immediately upon grant or over a period of one to four years or upon the achievement of certain performance-related measures or milestones. Under the provisions of the Share Option Plan, the exercise price of all stock options shall not be less than the closing price of the common shares on the last trading date immediately preceding the grant date of the option.

The following is a schedule of Nuvo's options outstanding immediately prior to the effective date of the Arrangement:

	Number of Options 000s	Range of Exercise Price $	Weighted Average Exercise Price $
Balance, December 31, 2015	751	1.96 – 24.05	6.18
Balance, February 29, 2016	751	1.96 – 24.05	6.18

Pursuant to the Arrangement, each Nuvo stock option issued and outstanding at the effective date of the Arrangement was exchanged for one Post-Arrangement stock option issued by Nuvo and one Post-Arrangement stock option issued by Crescita. There was no incremental fair value associated with the replacement stock options.

The exercise price of each Post-Arrangement stock option issued by Crescita was determined by allocating the exercise price of the original Nuvo stock option between the Post-Arrangement stock option issued by Nuvo and the Post-Arrangement stock option issued by Crescita based on the relative fair market values of the Nuvo and Crescita common shares at the effective date of the Arrangement. The relative fair market value was determined using the Butterfly Proportion (see Note 13, *Share Capital*). The vesting schedule and the term that each Post-Arrangement stock option issued by Crescita may be exercised remains the same as the original Nuvo stock option it was exchanged for.

The following is a schedule of Crescita's options outstanding as at:

	Number of Options 000s	Range of Exercise Price $	Weighted Average Exercise Price $
Balance, February 29, 2016	-	-	-
Issued on Reorganization	751	0.43 – 5.25	1.35
Granted	850	1.63	1.63
Expired	(2)	5.25	5.25
Balance, June 30, 2016	1,599	0.43 – 5.53	1.49
Granted	146	1.65 – 1.83	1.81
Forfeited	(262)	0.74 – 1.63	1.57
Expired	(16)	0.43 – 1.77	0.68
Exercised	(46)	0.43 – 1.42	0.97
Balance, September 30, 2016	**1,421**	0.43 – 5.53	**1.54**

The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Options are valued with a calculated forfeiture rate of 7.0% [December 31, 2015 - 7.0%], and the remaining model inputs for warrants granted during the period ended September 30, 2016 were:

Options 000s	Grant Date	Share Price $	Exercise Price $	Risk-free Interest Rate %	Expected Life years	Volatility Factor %	Fair Values $
850	May 16, 2016	1.63	1.63	0.67 - 0.80	2 - 5	102 - 131	1.04 - 1.20
128	September 6, 2016	1.83	1.83	0.57 - 0.60	2 - 5	101 - 147	1.04 - 1.31
18	September 29, 2016	1.68	1.65	0.57 - 0.60	1 - 3	106 - 129	1.08 - 1.20

The following table summarizes the outstanding and exercisable Crescita options held by directors, officers, employees and consultants as at September 30, 2016:

	Outstanding			Exercisable	
Exercise Price Range $	Number of Options 000s	Remaining Contractual Life years	Weighted Average Exercise Price $	Vested Options 000s	Weighted Average Exercise Price $
0.43 – 0.74	245	7.5	0.66	159	0.60
1.21 – 1.42	186	5.1	1.36	186	1.36
1.63 – 1.91	935	8.2	1.68	190	1.89
3.12 – 5.25	55	3.4	3.15	55	3.15
	1,421	**7.6**	**1.54**	**590**	**1.49**

Deferred Share Unit Plan

Effective March 1, 2016, Crescita does not have a DSU Plan for directors or employees.

Directors

Under Nuvo's DSU Plan, non-employee directors could be allotted and elect to receive a portion of their annual retainers and other Board-related compensation in the form of DSUs. One DSU had a cash value equal to the market price of one of Nuvo's common shares and the number of DSUs issued to a director's DSU account for any payment was determined using the five-day VWAP of Nuvo's common shares immediately preceding the payment date.

Employees

Under Nuvo's employee DSU Plan, employees could elect to have a portion of their quarterly earnings issued in units of the DSU Plan. Consistent with non-employee directors, one DSU had a cash value equal to the market price of one of Nuvo's common shares. The number of units to be credited to an employee was calculated by dividing the elected portion of the compensation payable to the employee by the five-day VWAP of Nuvo's common shares immediately preceding the close of each quarter.

Upon issuance, the fair value of the DSUs was recorded as compensation expense and the DSU accrual was established. At all subsequent reporting dates, the DSU accrual was adjusted to the market value of the underlying shares and the adjustment was recorded as compensation cost. Within a specified time after retirement or termination, employees would receive a cash payment equal to the market value of their DSUs.

Each DSU issued and outstanding at the effective date of the Arrangement was exchanged for a Nuvo common share. This exchange occurred immediately prior to the indirect exchange of each Nuvo common share for one Post-Arrangement Nuvo common share and one Crescita common share. All DSUs were fully vested at the effective date of the Arrangement.

Prior to the Arrangement, all costs related to the DSU Plans were allocations from Nuvo and the portion of Nuvo's liability related to Crescita was recorded in accounts payable and accrued liabilities [December 31, 2015 - $526].

Share Appreciation Rights Plan

On October 30, 2013, Nuvo established the Nuvo SARs Plan for officers, employees or designated affiliates to provide incentive compensation based on the appreciation in value of Nuvo's common shares. Under the Nuvo SARs Plan, participants received, upon vesting, a cash amount equal to the difference between the SARs' fair market value and the grant price value, also known as the intrinsic value. Fair market value is determined by the closing price of Nuvo's common shares on the TSX on the day preceding the exercise date. SARs vested in tranches prescribed at the grant date and each tranche was considered a separate award with its own vesting period and grant date fair value. Until SARs vested, compensation expense was measured based on the fair value of the SARs at the end of each reporting period, using the Black-Scholes option pricing model. The fair value of the liability was revalued at the end of each reporting date and adjusted at the settlement date, when the intrinsic value was realized.

The following is a schedule of Nuvo's SARs immediately prior to the effective date of the Arrangement:

	Number of SARs 000s	Fair Values $	Accrual $
Balance, December 31, 2015	788	0.00 – 3.45	1,328
Vested	(293)	0.00 – 3.36	(654)
Adjustment to market value	-	-	255
Balance, February 29, 2016	**495**	**0.72 – 4.47**	**929**

Pursuant to the Arrangement, each Nuvo SAR issued and outstanding at the effective date of the Arrangement was exchanged for one Post-Arrangement SAR issued by Nuvo and one Post-Arrangement SAR issued by Crescita. The exchange of these SARs have been accounted for as a modification. There is no incremental fair value associated with the replacement SARs. The liability existing at the effective date of the Arrangement was allocated between Nuvo and Crescita based on the Butterfly Proportion (see Note 13, *Share Capital*). In addition, to the extent the holder of a replacement Crescita SAR did not have a Post-Arrangement service requirement to Crescita, the portion of the compensation relating to the award that was unamortized at the effective date of the Arrangement was immediately recognized as a charge to income.

The exercise price of each Post-Arrangement SAR issued by Crescita was determined by allocating the exercise price of the original Nuvo SAR between the Post-Arrangement SAR issued by Nuvo and the Post-Arrangement SAR issued by Crescita based on the relative fair market values of the Nuvo and Crescita common shares at the effective date of the Arrangement, using the Butterfly Proportion (see Note 13, *Share Capital*). The vesting schedule and the term of each Post-Arrangement SAR issued by Crescita may be exercised remain the same as the original Nuvo SAR it was exchanged for. The shareholders of Nuvo approved a resolution on February 18, 2016 to allow SARs to be equity settled.

The following is a schedule of Crescita's SARs as at September 30, 2016:

	Number of SARs 000s	Fair Values $	Accrual $
Balance, February 29, 2016	-	-	-
Issued on Reorganization	495	0.16 - 0.98	203
Adjustment to market value	-	-	238
Balance, June 30, 2016	495	0.73 - 1.25	441
Cancelled [(i)]	(20)	0.77 - 1.46	(20)
Settled [(i)]	(58)	0.77 - 1.46	(58)
Adjustment to market value	-	-	82
Balance, September 30, 2016[(i)]	**417**	**0.67 - 1.40**	**445**

[(i)] During the three and nine months ended September 30, 2016, a SARs plan participant resigned from the Company. As a result, 58,480 SARs were settled and 19,566 SARs were cancelled.

As at September 30, 2016, a SARs accrual of $0.4 million was included in Crescita's accounts payable and accrued liabilities [December 31, 2015 - $0.6 million].

Fair values of each tranche issued and outstanding as at September 30, 2016 were measured using the Black-Scholes option pricing model with the following inputs:

SARs Outstanding 000s	Grant Date	Exercise Price $	Risk-free Interest Rate %	Expected Life years	Volatility Factor %	Fair Values $
128	October 30, 2013	0.41	0.57	1	169	1.40
134	April 4, 2014	0.74	0.57	1 – 2	151 – 169	1.13 – 1.37
155	January 7, 2015	1.58	0.57	1 – 3	125 – 169	0.67 – 1.21

Warrants

On September 1, 2016, as partial consideration for the acquisition of INTEGA, the Company issued 457,986 common share purchase warrants in exchange for INTEGA's outstanding warrants. Each warrant permits the holder thereof to acquire one Crescita common share at a price of $2.44 per share at any time prior to its expiration date.

The following is a schedule of Crescita's warrants outstanding:

	Number of Warrants 000s	Range of Exercise Price $	Weighted Average Exercise Price $
Balance, February 29, 2016 and June 30, 2016	-	-	-
Granted	458	2.44	2.44
Balance, September 30, 2016	**458**	2.44	**2.44**

The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. The model inputs for warrants granted during the period ended September 30, 2016 were as follows:

Options 000s	Grant Date	Share Price $	Exercise Price $	Risk-free Interest Rate %	Expected Life years	Volatility Factor %	Fair Values $
293	September 1, 2016	1.66	2.44	0.97	7	42.5	0.56
165	September 1, 2016	1.66	2.44	0.76	3	42.5	0.28

Summary of Stock-based Compensation

Prior to March 1, 2016, Nuvo's corporate costs allocated to the Company included an amount representing stock-based compensation expense. These allocated amounts are included in the following summary of Crescita's stock-based compensation expense:

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	**2016**	2015
	$	$	**$**	$
Stock option compensation expense	**49**	22	**115**	86
DSUs – adjustment to market value	**-**	84	**111**	(17)
SARs compensation expense	**62**	304	**448**	478
Stock-based compensation expense	**111**	410	**674**	547
Recorded in the Consolidated Interim Statements of Loss and Comprehensive Loss as follows:				
Research and development expenses	**7**	82	**102**	144
Selling, general and administrative expenses	**104**	328	**572**	403
	111	410	**674**	547

Stock-based compensation expense allocated from Nuvo totalled $0.3 million for the period from January 1, 2016 to February 29, 2016.

15. NET LOSS PER COMMON SHARE

The following table presents the maximum number of shares that would be outstanding if all dilutive and potentially dilutive instruments were exercised or converted as at:

	September 30, 2016	September 30, 2015
	000s	000s
Common shares issued and outstanding (Note 13)	**13,935**	10,985
Stock options outstanding (Note 14)	**1,421**	766
SARs outstanding[(i)] (Note 14)	**417**	-
Warrants[(ii)] (Note 14)	**458**	200
	16,231	11,951

(i) The shareholders of Nuvo approved a resolution on February 18, 2016 to allow SARs to be equity settled.
(ii) Includes Private Placement Warrants that will be issued on the exercise of Broker Warrants.

Under the terms of the Arrangement (see Note 1, *Basis of Presentation*), Crescita issued 11.5 million common shares on March 1, 2016. Prior to the Arrangement, the Company used Nuvo's weighted average number of common shares outstanding to compute net loss per common share.

16. EXPENSES BY NATURE

The Consolidated Interim Statements of Loss and Comprehensive Loss include the following expenses by nature:

(a) Employee costs from continuing operations:

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	**2016**	2015
	$	$	**$**	$
Short-term employee wages, bonuses and benefits	**983**	709	**2,898**	2,254
Share-based payments (Note 14)	**49**	408	**612**	546
Post-employment benefits	**4**	7	**17**	18
Termination benefits	**-**	-	**-**	107
Total employee costs	**1,036**	1,124	**3,527**	2,925
Included in:				
Cost of goods sold	**70**	-	**70**	-
Research and development expenses	**111**	349	**815**	941
Selling, general and administrative expenses	**855**	775	**2,642**	1,984
Total employee costs	**1,036**	1,124	**3,527**	2,925

(b) Depreciation and amortization from continuing operations:

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	**2016**	2015
	$	$	**$**	$
Selling, general and administrative expenses	**116**	3	**127**	11
Total depreciation and amortization	**116**	3	**127**	11

17. NET CHANGE IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital consists of the following:

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	**2016**	2015
	$	$	**$**	$
Accounts receivable	**(242)**	154	**(236)**	102
Inventories	**127**	(11)	**135**	(18)
Other current assets	**(159)**	193	**(692)**	351
Accounts payable and accrued liabilities	**(302)**	479	**(1,402)**	(583)
Net change in non-cash working capital	**(576)**	815	**(2,195)**	(148)

18. COMMITMENTS

The Company has purchase commitments and minimum future rental payments under operating leases for the twelve months ending September 30, 2016 as follows:

	Purchase Obligations	**Operating Leases**	**Total**
	$	**$**	**$**
2017	1,651	612	2,263
2018	2,059	450	2,509
2019	2,499	396	2,895
2020 and thereafter	3,247	1,606	4,853
	9,456	**3,064**	**12,520**

For the three and nine months ended September 30, 2016, payments under operating leases totalled $0.1 million and $0.2 million [$0.1 million and $0.2 million for the three and nine months ended September 30, 2015]. These payments include a portion of Nuvo's corporate office lease during the carve-out period which had been allocated to the Company prior to March 1, 2016.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair values of the Company's current financial assets and liabilities approximate their carrying amounts due to the short period to maturity of these instruments.

The fair values of the Company's non-current obligations have been estimated using rates currently available to the Company for obligations with similar terms and remaining maturities. The fair values of these instruments approximate their carrying values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - determined by reference to quoted prices in active markets for identical assets and liabilities.
Level 2 - include those where valuations are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly.
Level 3 - valuations are those based on inputs that are unobservable and significant to the overall fair value measurement.

The following table provides the fair value measurement hierarchy of the financial instruments measured at fair value subsequent to initial recognition in the Company's Consolidated Interim Statements of Financial Position as at September 30, 2016 and December 31, 2015:

	September 30, 2016			December 31, 2015		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Recurring fair value measurements						
Contingent Milestone Payments relating to the acquisition of INTEGA	**-**	**-**	**413**	-	-	-
SARs	**-**	**445**	**-**	-	565	-
DSUs	**-**	**-**	**-**	526	-	-

Valuation methods and assumptions

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. The Company reviews the fair value hierarchy classification on a quarterly basis. Changes to the ability to observe valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. The Company did not have any transfer of assets and liabilities between Level 1, Level 2 and Level 3 of the fair value hierarchy during the three and nine months ended September 30, 2016 or 2015.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. However, considerable judgment is required to develop these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies.

Prior to their settlement as part of the Arrangement, Level 1 liabilities included obligations of the Company for the DSUs described in Note 14, *Stock-based Compensation and Other Stock-based Payments*. One DSU had a cash value equal to the market price of one of Nuvo's common shares. The Company revalued the DSU liability each reporting period using the market value of the underlying shares.

Level 2 liabilities include obligations of the Company for the SARs Plan described in Note 14, *Stock-based Compensation and Other Stock-based Payments*. The fair values of each tranche of SARs issued and outstanding are revalued at each reporting period using the Black-Scholes option pricing model.

Level 3 liabilities include obligations of the Company for the Milestone Payments relating to the acquisition of INTEGA described in Note 5, *Acquisition of INTEGA.* The fair value of the contingent consideration is revalued at each reporting period based on management's best estimate of the probability of achieving the Milestones, using an appropriate discount rate. Significant increase (decrease) in the probability of achieving a Milestone would result in higher (lower) fair value of the contingent consideration liability, while significant increase (decrease) in the discount rate would result in lower (higher) fair value of the liability. There has been no change in the fair value of the Milestone Payments between September 1, 2016 and September 30, 2016, and as such there was no impact to the results of operations for the period.

Risk Factors

The following is a discussion of liquidity, credit and market risks and related mitigation strategies that have been identified. This is not an exhaustive list of all risks nor will the mitigation strategies eliminate all risks listed.

Liquidity Risk

Prior to the Reorganization, the Company was economically dependent on, and has historically relied on, Nuvo for funding to support its operations. Under the terms of the Arrangement, Nuvo transferred $35.0 million of cash to the Company to provide working capital. Subsequent to the INTEGA acquisition, the Company anticipates that its current cash and the revenue it expects to generate from product sales and royalty payments will not be sufficient to fund its ongoing operations and growth plans for 2017 and beyond. The Company expects to require additional funding to support operations, expand into new markets and fund acquisitions as well as funding required to continue to research, develop, commercialize and manufacture new products and technologies as part of its organic growth strategy.

The Company has purchase commitments and minimum future rental payments under operating leases of $2.3 million that are due in less than one year, and $10.3 million that are payable from 2018 to 2023.

The Company's exposure to liquidity risk is dependent on the sales growth and profitability of INTEGA which will be impacted by the status of competitive products and the success of the Company in developing and maintaining markets for its products. In addition, a number of other factors will have an impact to liquidity risk including the level of R&D expenditures for product candidates, costs associated with maintaining regulatory approvals, the timing of

payments received or made under licensing arrangements and the acquisition costs of licenses for new products or technologies.

Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that may subject the Company to credit risk consist of cash and amounts receivable from global customers. The Company manages its exposure to credit risk by holding cash on deposit in major financial institutions. The Company, in the normal course of business, is exposed to credit risk from its global customers. The accounts receivable are subject to normal industry risks in each geographic region in which the Company operates. In addition, the Company is exposed to credit-related losses on sales to its customers outside North America. due to potentially higher risks of enforceability and collectability.

As at September 30, 2016, 4% of accounts receivable related to customers outside North America and the E.U. [December 31, 2015 - 68%].

Pursuant to their collective terms, accounts receivable were aged as follows:

	September 30, 2016	December 31, 2015
	$	$
Current	**953**	188
0-30 days past due	**318**	7
31-60 days past due	**128**	-
61-90 days past due	**8**	-
	1,407	195

Interest Rate Risk

The Company's long-term debt bears interest at a rate of 9% per year, compounded on a monthly basis. However, if the 1-year LIBOR rate plus 6% exceeds 9% at any interest payment date, interest for that month will be calculated using the 1-year LIBOR rate plus 6% instead of 9%.

Currency Risk

The Company operates globally, which gives rise to a risk that earnings and cash flows may be adversely affected by fluctuations in foreign currency exchange rates. The Company is primarily exposed to the U.S. dollar and euro, but also transacts in other foreign currencies. The Company currently does not use financial instruments to hedge these risks. The significant balances in foreign currencies were as follows:

	Euros		U.S. Dollars	
	September 30, 2016	December 31, 2015	**September 30, 2016**	December 31, 2015
	€	€	**$**	$
Cash	**36**	153	**3,724**	156
Accounts receivable	**87**	85	**241**	49
Other current assets	**11**	2	**-**	-
Accounts payable and accrued liabilities	**(160)**	(864)	**(765)**	(274)
Other short-term obligations	**(18)**	-	**(48)**	(162)
	(44)	(624)	**3,152**	(231)

Based on the aforementioned net exposure as at September 30, 2016, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the U.S. dollar would have an effect of $0.4 million on total comprehensive loss and a 10% appreciation or depreciation of the Canadian dollar against the euro would have an effect of $6 on total comprehensive loss.

In terms of the euro, the Company had one significant exposure: its net investment and net cash flows in its European operations, which have now been discontinued (see Note 6*, Discontinued Operations*). In terms of the U.S. dollar, the Company has four significant exposures: its net investment and net cash flows in its U.S. operations, its product sales to U.S customers, royalties from licensing agreement with Galderma regarding Pliaglis and the cost of running trials and other studies at U.S. sites.

The Company does not actively hedge any of its foreign currency exposures given the relative risk of currency versus other risks the Company faces and the cost of establishing the necessary credit facilities and purchasing financial instruments to mitigate or hedge these exposures. As a result, the Company does not attempt to hedge its net investments in foreign subsidiaries.

20. SEGMENTED INFORMATION

Topical Products and Technology Group
Prior to the acquisition of INTEGA, the TPT Group had one commercial product: Pliaglis, a topical local anaesthetic cream that provides safe and effective local dermal anaesthesia on intact skin prior to superficial dermatological procedures, such as dermal filler injections, pulsed-dye laser therapy, facial laser resurfacing and laser-assisted tattoo removal. The Company owns the commercial rights in the U.S., Canada and Mexico and has licensed worldwide marketing rights to Galderma S.A. (Galderma). Pliaglis is approved for sale and marketing in the U.S., several Western European countries, Argentina, Brazil and Canada. Galderma launched the commercial sale and marketing of Pliaglis in the U.S. and multiple countries in the E.U. in 2013, South America in 2014 and Canada in 2015. In December 2015, the Company reacquired the Pliaglis development and marketing rights from Galderma for the U.S., Canada and Mexico. The TPT Group has a pipeline of products to treat a variety of therapeutic areas with a focus on dermatology and pain.

The acquisition of INTEGA provides the TPT Group a revenue-generating, fully integrated commercial skin care business and manufacturing facility. The Company owns the worldwide distribution rights to INTEGA's well-known and established skin care brands: Laboratoire Dr Renaud, Pro-Derm, Premiology and ISDIN.

With the discontinuation of the operations of the Immunology Group, the TPT Group is the Company's only operating segment.

Immunology Group
Prior to its discontinuation, the Immunology Group was based in Leipzig, Germany and had two commercial products: WF10™ and Oxoferin™. The Immunology Group included the Company's wholly owned subsidiary Nuvo Research AG and its subsidiaries Nuvo Manufacturing GmbH and Nuvo Research GmbH. WF10 is approved in Thailand under the brand name Immunokine as an adjunct in the treatment of cancer to relieve post-radiation therapy syndromes and as an adjunct therapy for diabetic foot ulcers, but is not otherwise approved for sale and marketing in any other jurisdictions. Oxoferin, a topical wound healing agent, contains the active ingredient in WF10, but at a lower concentration. Oxoferin was marketed by the Company and its partners in parts of the E.U. and Asia as a topical wound healing agent under the trade names Oxoferin and Oxovasin™. The active ingredient in WF10 and Oxoferin was manufactured at the Company's facility in Wanzleben, Germany.

The Immunology Group was focused on developing drug products that modulate chronic inflammation processes resulting in a therapeutic benefit including the development of WF10 for the treatment of allergic rhinitis. In December 2015, the Company announced topline results of a Phase 2 clinical trial to assess WF10 for the treatment of allergic rhinitis. The topline results showed that patients dosed with WF10 did not report a reduction in symptoms that was significantly better than patients dosed with a saline placebo at any of the endpoints being measured in the trial. There was no significant difference in the performance of WF10 relative to placebo when patients were exposed to grass and ragweed pollen in the environmental exposure chamber or when they were exposed to naturally occurring allergens during the field portion of the trial. As a result, on July 11, 2016, the Company sold Nuvo Manufacturing GmbH, its German manufacturing operation that produced the active ingredient in WF10 and Oxoferin, and the intellectual property related to WF10. The remaining operations relating to the Immunology Group were wound up in the third quarter of 2016.

As a result of the discontinuation of the operations of the Immunology Group (see Note 6, *Discontinued Operations*), the Company comprises a single operating segment.

Geographic Information
The Company's revenue is derived from sales to and licensing revenue derived from external customers located in the following geographic areas:

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	**2016**	2015
	$	$	**$**	$
Other foreign countries	**26**	(4)	**33**	38
Canada	**749**	-	**891**	-
Europe	**11**	15	**55**	95
U.S.	**277**	18	**277**	35
	1,063	29	**1,256**	168

At September 30, 2016, all the Company's PP&E was located in Canada.

21. RELATED PARTY TRANSACTIONS

Prior to the completion of the Arrangement on March 1, 2016, Nuvo was considered a related party due to its parent-subsidiary relationship with the Crescita entities.

Corporate Cost Allocation
Prior to March 1, 2016, these financial statements include corporate expenses allocated from Nuvo's corporate office. General corporate expense allocations represent costs related to corporate functions such as executive oversight, risk management, accounting, legal, investor relations, human resources, tax and other services. Expense allocations also include costs for certain compensation-related items such as stock-based compensation that Nuvo provides to certain employees of the Company.

Corporate cost allocations that are reflected in SG&A expenses and R&D expenses totalled $2.2 million and $0.2 million for the period from January 1, 2016 to February 29, 2016 [SG&A - $1.7 million and $3.6 million and R&D - $0.1 million and $0.4 million for the three and nine months ended September 30, 2015].

The Company and Nuvo considered these general corporate expense allocations to be a reasonable reflection of the underlying nature of the operations of these entities and of the utilization of services provided. The allocations may not, however, reflect the expense the Company would have incurred as a stand-alone company. Actual costs which may have been incurred if the Company had been a stand-alone public company prior to March 1, 2016 would depend on a number of factors, including how the Company chose to organize itself, what if any, functions were outsourced or performed by the Company's employees and strategic decisions in areas such as infrastructure.

Transitional Services Agreement
Effective March 1, 2016, Nuvo and Crescita entered into a reciprocal transitional services agreement with a term of 18 months. Under the transitional services agreement, (a) Nuvo provides corporate-level employee services, quality assurance support and facility rental, and (b) Crescita provides Nuvo corporate-level employee services, R&D and legal support, and facility and equipment rental.

Effective September 12, 2016, the CFO transition services agreement between Nuvo and Crescita was terminated.

The following is a summary of the transactions between Nuvo and Crescita:

	Three Months Ended September 30, 2016,	**Nine Months Ended September 30, 2016**
	$	**$**
Transactions under the transitional services agreement:		
Services provided to Nuvo	**118**	**260**
Services received from Nuvo	**112**	**285**

After March 1, 2016, both Nuvo and Crescita paid for certain costs on behalf of the other company, as necessary, to facilitate the separation of the Nuvo and Crescita accounting functions. As at September 30, 2016, Crescita

recognized a net payable of $21 due to Nuvo resulting from services provided and costs to be reimbursed between the companies during the transition.

22. INCOME TAXES

The preliminary purchase price allocation on the INTEGA purchase resulted in intangible assets of $10.6 million which are not deductible for income tax purposes. Intangible assets consists of customer relationships, product brands, in-license agreement with ISDIN and formulations. A deferred tax liability has been set up in the amount of $3.1 million due to these intangible assets and fair value adjustments to inventory which, collectively, have resulted in the recognition of a deferred tax asset, in the amount of $1.4 million, with a corresponding amount to income tax recovery. If the Company identifies changes to the acquired tax assets or liabilities related to new information obtained about facts and circumstances that existed as of the acquisition date, those changes are considered a measurement period adjustment, and these respective amounts are recorded against goodwill.