ANNUAL INFORMATION FORM

FISCAL YEAR ENDED DECEMBER 31, 2019

March 24, 2020

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this Annual Information Form ("**AIF**") constitute forward-looking statements and/or forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. This document should be read in conjunction with the Company's other disclosure documents filed with Canadian securities regulatory authorities and commissions. Forward-looking statements include, but are not limited to, statements made under the headings "General Business Overview", "Significant Developments – Last Three Fiscal Years", "Risk Factors" and other statements concerning the Company's future objectives, strategies to achieve those objectives, as well as statements with respect to management's expectations regarding beliefs, plans, estimates, goals, strategies, intentions, future growth, results of operations, performance, business prospectus, opportunities and macroeconomic industry trends, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans", "expects", "goal", "seek", "growth strategy", "future", "continue", or similar expressions suggesting future outcomes or events. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking statements. Such forward-looking statements are not historical facts but instead reflect management's current beliefs and are based on information currently available to management. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the Company as of the date of this AIF, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The Company's estimates, beliefs and assumptions, which may prove to be incorrect, include the various assumptions set forth herein, including, but not limited to, the Company's future growth potential, results of operations, future prospects and opportunities, industry trends, legislative or regulatory matters, future levels of indebtedness, availability of capital and current economic conditions. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include general business and economic uncertainties, adverse market conditions, the Company's ability to execute its growth strategies, the impact of changing conditions in the regulatory environment and drug development processes, increasing competition in the industries in which the Company operates, the Company's ability to meet its debt commitments, the impact of unexpected product liability matters, the impact of litigation involving the Company and/or its products, the impact of changes in relationships with customers and suppliers, the degree of intellectual property protection of the Company's products, the degree of market acceptance of the Company's products, developments and changes in applicable laws and regulations, as well as other risk factors included in this AIF under the heading "Risk Factors" and as described from time to time in the reports and disclosure documents filed by the Company with Canadian securities regulatory authorities and commissions. If any risks or uncertainties with respect to the above materialize, or if the opinions, estimates or assumptions underlying the forward-looking statements prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking statements. This list is not exhaustive of the factors that may impact the Company's forward-looking statements. Although management has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other risk factors not presently known that management believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The factors underlying current expectations are dynamic and subject to change. Although the forward-looking statements contained in this AIF are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. All forward-looking statements in this AIF are qualified by these cautionary statements. The forward-looking statements contained herein are made as of the date of this AIF and except as required by applicable law, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

CERTAIN REFERENCES

This Annual Information Form is dated March 24, 2020 and, unless specifically stated otherwise, all information disclosed in this form is provided as at December 31, 2019, the end of Crescita's most recently completed fiscal year. This AIF has been prepared by and is the responsibility of management. All dollar amounts are expressed in Canadian dollars, unless otherwise stated.

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

CORPORATE STRUCTURE

Reorganization and Registered Office

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

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

The Company operates through its corporate head office located at 2805 Place Louis-R Renaud, Laval, Québec, H7V 0A3 and maintains a registered office located at 6733 Mississauga Road, Suite 610, Mississauga, Ontario, L5N 6J5.

Subsidiaries

The activities of the Company are conducted either directly or through its subsidiaries. The table below lists the subsidiary of the Company as at December 31, 2019, which is wholly owned by the Company. Certain subsidiaries whose total assets did not represent more than 10% of the Company's consolidated assets or whose revenue did not represent more than 10% of the Company's consolidated revenue as at December 31, 2019, have been omitted[1]. The subsidiaries that have been omitted represent, as a group, less than 20% of the consolidated assets and revenue of the Company as at December 31, 2019.

Name of Subsidiary	Crescita's Ownership %	Country of Incorporation
INTEGA Skin Sciences Inc.	100%	Canada

[1] Based on the Company's annual audited consolidated financial statements for the fiscal year ended December 31, 2019 filed with Canadian securities regulators and which are available at www.sedar.com and on Crescita's website at www.crescitatherapeutics.com.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of first and second preferred shares, issuable in series. As of the date of this Annual Information Form, 20,707,589 common shares were issued and outstanding, and no preferred shares were issued and outstanding.

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

Common Shares

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

Preferred Shares

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

Convertible Debentures

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

Warrants

In fiscal 2017, the Company issued 496,000 common share purchase warrants in conjunction with the Mutual Release Agreement, as described under *Significant Developments – Last Three Years - 2017*, of which 396,000 were issued to Knight Therapeutics Inc. ("**Knight**"). Of the Warrants issued to Knight, 216,000 are exercisable at a price of $0.75 per common share and the other 180,000 Warrants issued to Knight are exercisable at a price of $1.00 per share, in each case, for a period of six years from August 14, 2017, the date the Warrants were issued. Concurrent with the issuance of those Warrants, Knight surrendered and cancelled the 293,163 common share purchase warrants it previously held in INTEGA. On August 28, 2017, an additional 100,000 common share warrants were issued to Bloom Burton Funds at an exercise price of $0.75 per share for a period of six years from that date.

Shareholder Rights Plan

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

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

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

DIVIDENDS

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

MARKET FOR SECURITIES, TRADING PRICE AND VOLUME

Crescita's common shares (the "**Common Shares**") are listed and posted for trading on the Toronto Stock Exchange ("**TSX**") under the symbol CTX and commenced trading on March 7, 2016.

The following table provides information on the monthly closing price range and trading volume for the Common Shares on the TSX during the year ended December 31, 2019:

Month	High	Low	Volume
	$	*$*	*000's*
January	0.56	0.46	123
February	0.65	0.52	328
March	0.70	0.51	865
April	0.80	0.66	793
May	0.91	0.68	502
June	0.90	0.68	679
July	1.12	0.78	1,358
August	1.10	0.81	2,167
September	0.95	0.86	485
October	1.02	0.85	1,581
November	0.99	0.90	705
December	0.98	0.89	595

Normal Course Issuer Bid and Cancellation of Shares

On June 26, 2019, the Company announced that the TSX approved the Company's intention to make a normal course issuer bid (the "**NCIB**") for a portion of its Common Shares as appropriate opportunities arise from time to time. The NCIB enables Crescita to purchase on the open market, through the facilities of the TSX, up to 1,000,000 Common Shares for cancellation. The common shares may be purchased under the NCIB commencing June 28, 2019, and ending no later than June 27, 2020, or on such earlier date when the Company completes its purchases or elects to terminate the bid. The Company believes that purchases of common shares at prices below the Company's view of its intrinsic value are in the best interests of the Company and a desirable use of the Company's capital.

The Company adopted an automatic securities purchase plan (the "**ASPP**") in connection with its NCIB that contains strict parameters regarding how its common shares may be repurchased by its broker, Haywood Securities Inc., during times when it would ordinarily not be permitted to purchase common shares due to regulatory restrictions or self-imposed blackout periods. The automatic securities purchase plan took effect at the commencement of the NCIB.

During the year ended December 31, 2019, 283,423 Common Shares were repurchased for cancellation, at an average market price of $0.91 per Common Share for an aggregate consideration of $0.3 million plus commission, of which 273,876 Common Shares were cancelled as at December 31, 2019, and 9,547 were cancelled subsequently.

On March 24, 2020, the Company terminated its ASPP as part of the measures announced in order to conserve cash and help maintain its financial flexibility through the uncertainties and economic pressures posed by the coronavirus pandemic. See *Significant Developments – Last Three Fiscal Years*.

DIRECTORS AND OFFICERS

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

Directors of the Company hold office until the next annual shareholders' meeting or until successors are duly elected or appointed. The Company's next annual general meeting is scheduled to be held on May 13, 2020 at its corporate head office in Laval, Québec.

Name and Residence	Principal Occupation	Director Since	Committee Membership and Role	Number of Common Shares Beneficially Owned
Daniel N. Chicoine Ontario, Canada	Executive Chairman of the Board	March 2016	n/a	1,045,477
David A. Copeland Ontario, Canada	Private Business Investor	March 2016	Chair of Audit(1)	95,427
Anthony E. Dobranowski Ontario, Canada	Private Business Investor	March 2016	Lead Director, member of Audit(1) and Chair of CCGNC(2)	89,904
John C. London Ontario, Canada	Private Business Investor	March 2016	Member of Audit (1)	193,522
Dr. Jean-François Tremblay Québec, Canada	Dermatologist, Medical Director at MédIME	May 2019	Member of CCGNC (2)	nil
Thomas Schlader Québec, Canada	Private Business Investor	September 2016	Member of CCGNC (2)	36,681
Serge Verreault Québec, Canada	President and Chief Executive Officer	n/a	n/a	649,351
Jose DaRocha Québec, Canada	Chief Financial Officer	n/a	n/a	100,558

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

Each of the directors of the Company has been engaged for more than five years in his or her present principal occupation or in other capacities with the corporation or organization in which he currently holds his or principal occupation, with the exception of a) Mr. Daniel Chicoine who from 2009 to 2016 was the Chairman and Co-Chief Executive Officer of Nuvo Research (now Nuvo Pharma); and b) Mr. John London who from 2009 to 2019 held various senior executive positions at Nuvo Pharma or its predecessor companies.

Ownership of Securities on the Part of Directors and Officers

As at December 31, 2019, the directors and executive officers of Crescita, as a group, beneficially owned, directly or indirectly, or exercised control or direction of 2,210,920 common shares, representing 10.7% of the Company's common shares outstanding.

GENERAL BUSINESS OVERVIEW

Business Overview

Crescita is a growth-oriented, innovation-driven Canadian commercial dermatology company with in-house research and development ("**R&D**") and manufacturing capabilities. The Company offers a portfolio of non-prescription skincare products and early to commercial stage prescription drug products and owns multiple proprietary drug delivery platforms that support the development of patented formulations that can facilitate the delivery of active ingredients into or through the skin.

Supported by a sales force covering Canada and executing its business-to-business-to-consumer marketing approach, Crescita sells its non-prescription skincare products domestically through spas, medispas and medical clinics, as well as internationally, through distributors and an e-commerce platform.

1) **Spas:** our lead aesthetic product line, Laboratoire Dr Renaud® ("**LDR**"), is sold to professional aestheticians in spas, providing high performance active ingredient product formulations to enhance skincare treatments. Specializing in anti-aging, hydration, acne and rosacea, the spa environment provides non-invasive skincare solutions to clients. LDR is also sold to and used for training in aesthetic schools across Canada.

2) **Medispas and Medical Clinics:** our medical aesthetic brands, Pro-Derm™ and Alyria® are sold in medispas and medical clinics, which require at least one medical doctor to be on staff or to be affiliated to the establishment. Such establishments offer both non-invasive and invasive procedures for anti-aging, acne and other skin ailments. Medical aestheticians and the affiliated doctors perform advanced skincare treatments such as chemical peels, advanced retinol facials, microdermabrasion, neurotoxin injections and various laser and device treatments.

3) **International Distributors:** Some of our brands and formulations are currently sold in certain Asian markets, such as Malaysia and South Korea, through international distributors. In addition, some of the Company's products are also sold in the United States ("**U.S**.").

4) **E-Commerce:** Dermazulene®, a product specifically designed and created for the Chinese market, is sold through a leading cross-border e-commerce platform in China.

Crescita's predecessor, Nuvo Research, developed a prescription product called Pliaglis® that utilizes a proprietary phase-changing topical cream *Peel* technology - see *Peel* and *DuraPeel*™. Pliaglis is a topical local anaesthetic cream that provides safe and effective local dermal analgesia on intact skin prior to superficial dermatological procedures. The product is currently approved in 25 different countries and sold by commercial partners in the U.S., Italy and Brazil, and in Canada by the Company.

Crescita's expertise in topical product formulation and development can be leveraged in combination with its patented transdermal delivery technologies to develop and manufacture creams, liquids, gels, ointments and serums under its contract development and manufacturing organization ("**CDMO**") infrastructure. Crescita provides its CDMO services to several North American clients under full cGMP (current Canadian Good Manufacturing Practices) conditions and delivers innovative turnkey solutions that integrate production with in-house R&D, supply chain, quality assurance and quality control functions. The Company's integrated approach aims to simplify its clients' supply chain to ensure timely and cost-effective commercial product launches for its clients.

The Company operates out of a 50,000 square-foot facility located in Laval, Québec, Canada, which produces a significant part of its non-prescription skincare products, such as LDR, Pro-Derm and Alyria. Formulations manufactured by or for Crescita include cosmetics, natural health products ("**NHP**") and products with Drug Identification Numbers ("**DIN**").

Business Strategy

Crescita's vision is to become a leader in innovative, science-based skincare solutions, providing improved outcomes for all our clients' skincare concerns.

Crescita's growth strategy is comprised of four distinct pillars, each of which is based on the fundamentals of its business model. Together, these pillars represent the Company's "**Four-Pillar Growth Strategy**."

- Pillar 1: Organic Growth
- Pillar 2: Strategic Acquisitions and/or In-licensing Agreements
- Pillar 3: Strategic Out-licensing of Assets
- Pillar 4: Contract Development and Manufacturing Services

Pillar 1: Organic Growth

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

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

The second pillar focuses on the acquisition of dermatology and/or skincare companies or assets, offering product portfolios which are complementary to our own within the non-prescription and/or prescription markets. Potential acquisition targets pursued by the Company include assets in the medical aesthetic space such as: injectable neurotoxins, fillers, chemical skin peels, microneedling devices and mesotherapy. Management remains open to acquiring niche commercial stage prescription dermatology products. Assets or businesses reviewed by the Company must be strategic to the Company's growth plan.

Pillar 3: Strategic Out-licensing of Assets

The third growth pillar focuses on (i) out-licensing its products in markets where Crescita has no commercial presence; and (ii) out-licensing its patented transdermal technologies, MMPE™ and DuraPeel™ to partners looking for differentiating factor for topical dermatology or dermo-cosmetic product development. These technologies have already been tested with several active ingredients, including cannabidiol ("**CBD**"), the non psychoactive component of cannabis, and have demonstrated increased skin permeation of the active ingredient versus the control vehicle. Management believes that these technologies could be exploited with certain other molecules and could be used to increase the efficacy of many topical products currently sold. The Company will further leverage its in-house R&D and innovation function to develop products intended for out-licensing which may use MMPE™ and DuraPeel™.

Pillar 4: Contract Development and Manufacturing Services

The fourth growth pillar aims to generate incremental revenue by leveraging the Company's in-house R&D and formulation expertise and by maximizing the utilization of its manufacturing facility, which has yet to operate at full capacity. In January 2020, the Company announced that its wholly-owned subsidiary, INTEGA, was awarded a cannabis research license (the "**Research License**") by Health Canada allowing it to possess cannabis for R&D purposes. See *Significant Developments – Last Three Fiscal Years*. By obtaining its Research License, Crescita is better positioned to support the needs of its existing partnerships in the cannabis industry through innovation-driven product development, and expects that the Research License may accelerate R&D programs and reduce the time to market for clients of its CDMO services.

Crescita's management is actively seeking customers with which to forge lasting partnerships and to become a third-party CDMO of choice by offering its customers high quality, cost-effective product development and manufacturing services.

Strategic Focus and Execution

The Company's Four-Pillar Growth Strategy guides the Company's overall strategic initiatives and resource allocation decisions. The success of the strategy will hinge upon management's effective execution and implementation of initiatives in each of the pillars of growth.

While the Company continues to pursue organic growth pathways, the potential of organic growth remains modest given the mature state of the dermo-cosmetic industry and the intense competitive landscape in which the Company operate. Business development continues to be the overarching driver through all our pillars and executing accretive collaborative arrangements remains a critical component of our business model and growth strategy.

The Company's strategic focus in 2020 will be to: (i) maximize the out-licensing of Pliaglis in the rest-of-world countries with emphasis on high-potential markets where marketing authorizations have already been granted; (ii) further leverage our patented transdermal technologies as part of new out-licensing collaborations and by growing existing partnerships; (iii) expand our medical aesthetic portfolio with new products offerings through innovation and in-licensing; and (iv) optimize our commercial and operational capabilities. With a robust portfolio of assets and a dedicated team in place, management believes it is well-positioned to execute its vision and commercial growth strategy in 2020 and beyond.

Non-Prescription Skincare Product Portfolio

Laboratoire Dr Renaud®

The Laboratoire Dr Renaud skincare line is inspired by nature and joins science and aesthetics to develop personalized solutions to address daily skin challenges such as aging, acne, rosacea, pigmentation, dehydration, and sensitivity. The product line was founded in France in 1947 by Dr. Louis Raymond Renaud, a renowned French dermatologist, and was launched as a Canadian brand in Montreal in 1963. With science and innovation at the heart of the brand since its inception, products are designed according to the principles of biomimicry which imitate natural processes, making them extremely compatible with the skin. Crescita owns the trademark rights for the skincare line in North America, certain South American countries and the Pacific Rim, as well as the worldwide rights for the formulations. Most of the LDR products are manufactured at the Company's Laval manufacturing facility.

Pro-Derm™

Pro-Derm is a line of high-quality cosmeceutical products sold to physicians operating medispas and medical clinics. Pro-Derm products are used in conjunction with anti-aging medical procedures both pre-and post-treatment, such as dermal filler injections for lines and wrinkles, facial peels, laser treatments, aesthetic surgery as well as to prevent the undesired effects of aging. Developed by a Canadian team of chemists and

a dermatologist, the products are designed to achieve and maintain healthy-looking skin and to optimize cosmetic procedures offered by physicians. By offering a range of clinically proven effective ingredients, Pro-Derm combines the benefits of both cosmetic and pharmaceutical products. Its formulas are free from parabens, dyes, perfumes, alcohol, mineral oils and other harsh chemicals, as well as from ingredients of animal origin. Crescita owns the Pro-Derm trademark rights for Canada and the worldwide formulations and marketing rights. Most of the Pro-Derm products are manufactured at the Company's Laval manufacturing facility.

Alyria®

Alyria is a comprehensive skincare line developed using scientific research to target major skincare concerns. Alyria offers a complete skincare regimen to help patients achieve healthier-looking skin. Alyria products are sold to physicians and use therapeutic concentrations of some of the world's most advanced ingredients in proven formulations, delivered through advanced skin optimizing systems. Alyria's portfolio is complementary to the Company's existing Pro-Derm line and can be purchased throughout Canada in various medispas. Crescita owns the trademark rights for Canada, Europe, certain South American countries and the United States. In addition, Crescita owns the worldwide marketing rights for Alyria, as well as the rights to the product formulations, which are, in some cases, on a non-exclusive basis. The Company has commenced the technology transfer of the manufacturing of the Alyria line of products to its facility and anticipates completion of the transfer by the end of fiscal 2020.

Dermazulene®

Dermazulene is a skincare brand developed specifically to address the skincare needs of Asian consumers. The brand differentiates itself through effective anti-aging, whitening and anti-pollution formulas, while offering novel packaging such as encapsulated products. The brand was launched in China in the first quarter of 2019 through cross-border import e-commerce platform NetEase Kaola (now owned by Alibaba Holding Group Limited). Dermazulene allows Crescita to create an e-commerce presence and to tap into the buying power of the Chinese market, while leveraging the positive perception of Canadian products there. Crescita owns the trademark rights to Dermazulene in Canada, China and the United States.

Prescription Product Portfolio

Pliaglis®

Pliaglis is a topical local anaesthetic cream that provides safe and effective local dermal analgesia on intact skin prior to superficial dermatological procedures. The formulation contains a eutectic mixture of 7% lidocaine and 7% tetracaine that utilizes the Company's proprietary phase-changing topical cream *Peel technology*. The *Peel technology* consists of a drug-containing cream which, once applied to a patient's skin, dries to form a pliable layer that releases drug into the skin. Pliaglis is applied to intact skin 20 to 30 minutes prior to superficial dermatological procedures such as dermal filler injections, non-ablative laser facial resurfacing, or pulsed-dye laser therapy and 60 minutes prior to procedures such as laser-assisted tattoo removal. Following the application period, the pliable layer is easily removed from the skin allowing the procedure to be performed with minimal to no pain. In clinical studies, the mean duration of anesthesia has been shown to be in the range of 7 to 9 hours after the application of Pliaglis.

The product is currently approved in over 25 different countries and sold by commercial partners in the U.S., Italy and Brazil. See *Significant Transactions and Partnerships – Pliaglis Out-licensing Agreements*. In addition, the Company launched Pliaglis in the Canadian medispa market through its existing sales force in the fourth quarter of 2019. Commercial activities are in place to create awareness regarding the product's availability in Canada. However, it is too early to determine what the market acceptance of this product will be or what its commercial viability will be in Canada.

Crescita continues to explore alternatives for the preferred commercial distribution pathway for Pliaglis in the rest-of-world ("**ROW**") and is actively seeking to secure partners in geographies that have been identified as having the highest strategic priority.

Enhanced Formulation of Pliaglis®

The Company developed alternate enhanced formulations of Pliaglis that also contain 7% lidocaine and 7% tetracaine but possess improved application and removal properties compared to Pliaglis, with extended patent protection to 2031 in multiple jurisdictions. On July 16, 2019, the United States Patent and Trademark Office granted U.S. Patent No. 10,350,180 for an enhanced formulation of Pliaglis which was subsequently approved by the U.S. Food and Drug Administration ("**FDA**").

Product Candidates in Co-Development

In April 2014, Nuvo Research, the Company's predecessor, entered into a joint venture with Ferndale Laboratories Inc. ("**Ferndale**") and a leading U.S. contract research company (a "**CRO**" and together the "**Development Partners**") - to formulate and develop two topical dermatology product candidates (the "**Product Candidates**") utilizing the Company's patented MMPE™ technology. Under the terms of this agreement (the "**Original Joint Venture Agreement**"), upon completion of the formulations, the Development Partners, would oversee and fund the formulations' advancement through Phase 2 clinical studies, after which it was anticipated that the Product Candidates would be made available for out-licensing. However, in the second quarter of 2019, the Company finalized an amendment to the Original Joint Venture Agreement that included a commitment from the Company to participate in the funding of the Phase 3 clinical development in order to maintain Crescita's anticipated share of future licensing proceeds.

CTX-101

CTX-101 (formerly referred to as MiCal 1), is a topical formulation utilizing a corticosteroid in combination with the Company's patented MMPE technology to treat plaque psoriasis. On February 11, 2020, the Company announced positive topline results from two pivotal Phase 3 clinical trials for CTX-101. The two Phase 3 multi-centre, randomized, vehicle-controlled, double-blind, parallel group trials were conducted in the United States using the same study design. Both studies met the primary endpoint demonstrating that a statistically significant greater number of patients achieved the Investigator's Global Assessment ("**IGA's**") treatment success ($p< 0.001$) at the end of study. The IGA score is a static evaluation by the investigator of the overall assessment of the patient's disease status within the designated treatment area. These results are based on the Intent to Treat population ("**ITT**") and study results in the Per Protocol ("**PP**") population were also highly significant as were key secondary endpoints for both studies. The Company is now working with its Partners to complete the full clinical reports for these studies and to evaluate the next steps in the development program.

CTX-102

CTX-102 (formerly referred to as MiCal 2), is a topical formulation also utilizing the Company's patented MMPE technology to treat an undisclosed dermatological skin condition. Initial formulation development efforts for CTX-102 were completed in the second quarter of 2018, while an Investigational New Drug ("**IND**") application update was filed on June 25, 2018 including details on the formulations to be evaluated in the first planned Phase 1 Vasoconstrictor Assay ("**VCA**") study. The IND update was accepted by the FDA and the initial Phase 1 VCA study designed to evaluate the relative potency of several formulations which was initiated early in the fourth quarter of 2018, was completed in the first quarter of 2019. The results of the Phase 1 VCA study were encouraging and the Company is now advancing the development program, through a pilot Phase 2 study that will provide additional feedback on the safety, user response and clinical efficacy of the lead formulation.

Transdermal Delivery Technologies

Crescita has multiple proprietary drug delivery platforms that support the development of patented formulations that can deliver active ingredients into or through the skin.

Peel and DuraPeel™

The Peel and DuraPeel technologies are self-occluding, film-forming cream/gel formulations that provide extended release delivery of the active ingredients to the site of application. The cream/gel contains a drug, that when applied to a patient's skin, forms a pliable layer that releases the active ingredient into the skin for up to 12 hours. The benefits of the Peel and DuraPeel technologies include proven compatibility with a variety of active pharmaceutical ingredients ("**APIs**"). A self-occluding film reduces product transference risk, provides fast drying time, facilitates easy application and removal and enables application to large and irregular skin surfaces.

While the Peel technology typically involves a single solvent that dries to form a pliable film, the DuraPeel technology involves a two-solvent system which includes: 1) a volatile solvent component that dries to form a self-occluding film and 2) a non-volatile solvent component that remains in the formulation to facilitate prolonged release of the active from the formulation into the skin.

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

MMPE™

The MMPE technology uses synergistic combinations of certain specific pharmaceutical excipients included on the FDA's Inactive Ingredient Guide for improved topical delivery of active ingredients into or through the skin. The benefits of this technology include the potential for increased penetration of APIs with the possibility of improved efficacy, lower API concentration and/or reduced dosing. Issued U.S. patents provide intellectual property protection through March 6, 2027. Applications are pending in Australia, Canada, Europe, Mexico, New Zealand and the United States, with the latest expiry date in 2036.

Intellectual Property

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

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

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

Pliaglis and Enhanced Formulations of Pliaglis®

The Company owns patents which cover Pliaglis and enhanced formulations of Pliaglis. For Pliaglis, claims are directed to compositions of matter and methods of use. A number of patents have been issued in Canada, China, France, Germany, Great Britain, Italy, and Spain, expiring in September 2020. The U.S. patent for

Pliaglis expired on September 28, 2019. A Patent for an enhanced formulation of Pliaglis was granted in the U.S. and expires in 2031.

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

MMPE Technology

Four related U.S. patents claiming certain combinations of particular molecular penetration enhancers together with active drugs in topical formulations were issued on January 1, 2013 as U.S. Patent No. 8,343,962, August 20, 2013 as U.S. Patent No. 8,513,304, April 12, 2016 as U.S. Patent No. 9,308,181 and May 9, 2017 as U.S. Patent No. 9,642,912. In addition, applications are pending in Australia, Canada, Europe, Mexico, New Zealand and the United States, with latest expiry date in 2036.

DuraPeel Technology

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

Manufacturing and Distribution

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

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

Employees

As at December 31, 2019, the Company had 68 full-time employees and contract professionals, including full-time consultants. Crescita employees are not subject to any collective bargaining agreements and are not unionized.

Specialized Skill and Knowledge

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

The Company's prescription drug products business specializes in drug development and relies on its ability to design and conduct clinical studies, navigate the regulatory pathway in Canada, the U.S. and Europe and out-license its products in development. The Company from time-to-time will enlist the support of

experienced clinical trial, regulatory and legal consultants and will combine those resources with its own expert knowledge to achieve the successful development of its products and the protection of its intellectual property.

Pipeline Expansion and Early Stage Drug Development

Non-Prescription Skincare Products

The non-prescription skincare business requires that the product lines be rejuvenated from time-to-time with new product offerings and product innovations, which in some cases utilize our patented transdermal delivery technologies. Crescita has established a multi-disciplinary product development committee that screens and identifies new products to be developed or existing products to be upgraded. These new products are selected based on sales and marketing trends, but also include regulatory, manufacturing and cost considerations. The products under development are usually kept confidential for competitive reasons.

Prescription Drug Products

Crescita has a portfolio of development stage products and proprietary platform technologies, which include MMPE™ and DuraPeel™. See "Technology" below. The following table summarizes the Company's key prescription drug product candidates and associated intellectual property.

Product	Therapeutic Area	Stage of Development	Intellectual Property [2]
Pliaglis and enhanced formulation of Pliaglis (U.S.)	Local anesthesia prior to cosmetic dermatology procedures	Commercial	Patent for Pliaglis expired on September 28, 2019. Patent for enhanced formulation granted in the U.S. and expiring in 2031. Applications pending in the U.S. through 2031.
Pliaglis (ROW)	Local anesthesia prior to cosmetic dermatology procedures	Commercial	Patents granted until September 27, 2020 in EP.
Enhanced formulations of Pliaglis (ROW)	Local anesthesia prior to cosmetic dermatology procedures	Phase 3 / 4	Patents granted in AU, CA, CN, AT, BE, CH, DE, ES, FR, GB, GR, IT, LU, NL, PL, TR, HK, JP, MX, and RU, with latest expiring in 2031. Application pending in BR through expiry date is 2031.
CTX-101 [1]	Plaque Psoriasis	Phase 3	Patents granted in the U.S. expiring in 2027. Applications pending in AU, CA, EP, MX, NZ and the U.S. through 2036.
CTX-102 [1]	Dermatological skin treatment	Phase 2	Patents granted in the U.S. expiring in 2027. Applications pending in in AU, CA, EP, MX, NZ and the U.S. through 2036.
Dermatology products utilizing MMPE [3]	Prescription treatments of skin diseases	Pre-clinical	Patent granted in the U.S. expiring in 2027. Patent pending through 2027.

1. CTX-101 and CTX-102, formerly MiCal 1 and 2, respectively, are topical products which utilize the Company's MMPE technology, in co-development with the Company's Development Partners.
2. Country abbreviations defined as follows: Australia (AU), Brazil (BR), Canada (CA), China (CN), Austria (AT), Belgium (BE), Switzerland (CH), Germany (DE), Spain (ES), France (FR), Great Britain (GB), Greece (GR), Italy (IT), Luxembourg (LU), Netherlands (NL), Poland (PL) Turkey (TR), Hong Kong (HK), Japan (JP), Mexico (MX), Russian Federation (RU), United States (U.S.), Patent Cooperation Treaty (PCT), Rest of World (ROW), Europe (EP).
3. Crescita licensed the MMPE technology to a U.S.-based, major dermatological CRO. The Licensee, in this case, will oversee and fund the total cost of the development program.

Significant Transactions and Partnerships

Long-Term Debt with Knight Therapeutics Inc.

On December 20, 2019, Company repaid in full and without penalty its outstanding long-term debt of $3.6 million with Knight (the "**Knight Loan**"). The Knight Loan bore interest at a rate of 9.0% and had a maturity date of June 30, 2022.

Credit Facility with the Royal Bank of Canada

On January 22, 2020, the Company announced that it had secured a $3.5 million revolving demand operating credit facility (the "**Facility**") with RBC.

The Facility can be drawn by Crescita for working capital requirements and general corporate purposes, and bears interest at RBC's prime rate plus 0.25%. The Facility is secured by a first ranking charge in favour of RBC over the Company's accounts receivable and inventories. Drawings after the first $1.0 million on the Facility will be limited to a percentage of the Company's then outstanding accounts receivable and inventory. The funds under the Facility became available to the Company on February 26, 2020.

Development and License Agreement with Sundial Growers Inc.

On October 28, 2019, the Company announced that it entered into a development and license agreement with Sundial Growers Inc. ("**Sundial**" and "the "**Sundial Agreement**"), a Canadian licensed producer of cannabis, granting Sundial the worldwide rights to Crescita's proprietary transdermal delivery technologies, MMPE™ and DuraPeel™, for the development of topicals containing cannabis and hemp.

The partnership combines Crescita's expertise in dermal sciences and in the development of patented topical formulations with Sundial's cannabis production and extraction expertise. The agreement will enable the development of unique, high-quality cannabis and hemp topicals for the Canadian and international non-prescription markets.

Sundial will fund the development and formulation costs and will have the worldwide marketing and distribution rights for the newly developed products. Sundial's initial topical offerings will include two products that will utilize the MMPE technology to deliver faster skin penetration without irritation. Both products are expected to be available for purchase in 2020.

In addition, Sundial will support Crescita in applying for and obtaining the Health Canada Standard Processing License for Cannabis. Crescita will receive tiered royalties on the net worldwide sales for these products and retains the right to leverage its intellectual property for future product development under its own brands.

Pliaglis Out-licensing Agreements

Out-licensing Agreement with Cantabria Labs and Reacquisition of ROW Pliaglis Rights

On April 25, 2019, the Company announced that it had entered into a commercialization license agreement with Cantabria Labs ("**Cantabria**" and the "**Cantabria Agreement**") for an initial term of 15 years, granting Cantabria the exclusive rights to sell and distribute Pliaglis in Italy, Portugal, France and Spain (the "**Territories**").

In consideration for the rights granted under the Cantabria Agreement, the Company received up-front payments totaling $3.7 million (€2.5 million). In addition, the Company is eligible to receive double-digit royalties on the net sales of Pliaglis in the Territories, with guaranteed minimum royalties per year, and milestones related to the launch and sales performance of Pliaglis in each of the remaining Territories. The first commercial sale of Pliaglis by Cantabria in Italy occurred on June 10, 2019. The minimum guaranteed royalties of $1.7 million were recognized up-front in the second quarter of 2019 as prescribed by International Financial Reporting Standard ("**IFRS**") 15 – *Revenue from Contracts with Customers*.

Effective April 1, 2019, Crescita reacquired the ROW development and marketing rights for Pliaglis from Galderma S.A. ("**Galderma**"), a global pharmaceutical company specialized in dermatology. Pliaglis is approved for sale in over 25 ROW countries but is currently only commercialized in Italy and Brazil. Product sales in those countries in 2018 were approximately $3.2 million (US$2.5 million).

Out-licensing Agreement with Taro Pharmaceuticals Inc.

On April 25, 2017, the Company announced that it had entered into a development and commercialization license agreement with Taro Pharmaceuticals Inc., a subsidiary of Taro Pharmaceutical Industries Ltd ("**Taro**" and the "**Taro Agreement**"). Under the terms of the agreement, Crescita granted Taro an exclusive license to sell and distribute Pliaglis and the enhanced formulation in the U.S. market. Taro launched Pliaglis in the U.S in the first quarter of 2018. The Company earns double-digit tiered royalties on Taro's net sales.

As consideration for the rights granted under the Taro Agreement, Taro made an upfront payment of $2.7 million (US$2.0 million) to Crescita in April 2017. In addition, under the fee-for-service development agreement signed with Taro, Crescita was successful in completing further development activities related to Pliaglis and the enhanced formulation, which resulted in additional milestone payments from Taro. Below is a summary of these development activities and associated milestones.

FDA approval of the Enhanced Formulation

On November 5, 2019, the Company announced that the approval of the enhanced formulation by the FDA, triggering a $1.0 million (US$0.75 million) milestone under the Taro Agreement, which was recognized in the fourth quarter of 2019. On May 2, 2019, Taro, filed a CBE-30 supplement seeking approval for an enhanced formulation of Pliaglis which has improved application and removal properties as well as extended patent protection until 2031 in multiple jurisdictions.

Removal of "Not for Home Use" Label Restriction

In 2017, Taro completed the study to support the removal of the Pliaglis "Not for Home Use" label restriction and filed the FDA submission with the proposed label change on June 8, 2018. On December 17, 2018, Crescita announced that the FDA had approved the Prior Approval Supplement ("**PAS**") for Pliaglis, allowing the restriction to be removed following its mandated six-month review process. The approval of this submission triggered a milestone of $0.7 million (US$0.5 million) which was recognized in the fourth quarter of 2018.

Enhanced Formulation Composition Patent

In July 2017, the United States Patent and Trademark Office granted U.S. Patent No. 9,693,976, entitled "Solid-Forming Local Anesthetic Formulations for Pain Control" relating to the composition on an enhanced formulation. Under the terms of the Taro Agreement, the grant of this U.S. patent entitled Crescita to a $0.6 million (US$0.5 million) milestone payment which was recognized in the third quarter of 2017.

In addition to these development milestones totaling $2.3 million (US$1.75 million), the Company recognized four sales milestones of US$1.0 million each, totaling $5.3 million (US$4.0 million) since Pliaglis was launched in the first quarter of 2018. At the inception of the Taro Agreement, Crescita was eligible for US$5.75 million in combined sales and development milestones, all of which had been recognized as of December 31, 2019.

Manufacturing & Supply of Pliaglis in the U.S.

In 2018, Taro successfully completed the transfer of the manufacturing process and analytical test methods for Pliaglis to its manufacturing facility in Brampton, Ontario. A Manufacturing Site Change Supplement seeking approval for Taro's facility to manufacture Pliaglis was submitted to the FDA on July 6, 2018. The FDA approved the site addition on September 4, 2018. Taro successfully completed their process validation batches and began to supply commercial batches of Pliaglis for the U.S. market in the fourth quarter of 2018.

SIGNIFICANT DEVELOPMENTS - LAST THREE FISCAL YEARS

Fiscal 2020 to AIF filing date

- On March 24, 2020, the Company announced measures it is taking in response to the novel coronavirus ("**COVID-19**") pandemic. See *Risk Factors – Disease Outbreaks*.

  Temporary Facility Closure
  In accordance with the Québec government-mandated shut-down of all non-essential businesses announced on March 23, the Company will be temporarily closing its office and production facility in Laval, Québec, effective at midnight on March 24 until at least April 13, 2020. The facility closure regretfully resulted in temporary layoffs affecting most production and office personnel. Certain employees deemed critical to maintaining basic services during the shut-down, including customer service, will be working remotely with reduced hours. Product distribution through the Company's third-party logistics provider will remain operational with reduced capacity.

  Business Impact to Date
  Most of the Company's Canadian clients in the aesthetic and medical aesthetic markets have temporarily closed resulting in substantially decreased Canadian product sales. The Company's international business with various affected countries such as Malaysia, South Korea and China has also decreased. The Company anticipates that royalties from international sales of its products will be adversely affected by lower demand and may also be affected by border restrictions.

  Cash Conservation Measures
  The Company also announced the implementation of the following initiatives to conserve cash through the uncertainties and economic pressures posed by the pandemic. The members of the executive team, including the CEO and CFO, as well as members of the Company's Board of Directors have agreed to temporary base salary or fee reductions ranging between 25% and 40%. In addition, effective March 24, 2020, the Company terminated its Automatic Share Purchase Plan. See *Normal Course Issuer Bid and Cancellation of Shares*.

- On February 11, 2020, the Company announced positive topline results from two pivotal Phase 3 clinical trials for CTX-101 (formerly MiCal 1), an ultra-potent topical corticosteroid product being developed for the treatment of plaque psoriasis using the Company's patented MMPE™ technology. The studies were conducted by the Company's Development Partners. Refer to *Product Candidates in Co-Development*.

- On January 24, 2020, the Company announced that its wholly owned subsidiary, INTEGA was awarded a cannabis research license by Health Canada under the Cannabis Act and Cannabis Regulations, allowing the Company to possess cannabis for the purpose of R&D. The Research License was effective immediately and enables the Company to better support the needs of its existing partnerships in the cannabis industry through innovation-driven product development. The Research License is also expected to accelerate R&D programs and reduce the time to market. The Company also intends to develop cannabinoid-infused topical product formulations under its own skincare brands and may do so using its proprietary transdermal delivery technologies at its Laval facility.

- On January 22, 2020, the Company announced that it had secured a $3.5 million revolving demand operating credit facility with RBC. See *Significant Transactions and Partnerships*.

- On January 20, 2020, the Company announced that it entered into a distribution agreement with Laboratoires FILLMED ("**FILLMED**" and the "**FILLMED Agreement**")) for the exclusive distribution of the ART-FILLER® injectables range and New Cellular Treatment Factor® ("**NCTF®**") in Canada. FILLMED is a French aesthetic medicine company with expertise in developing aesthetic and cosmetic anti-ageing treatment solutions using hyaluronic acid. The partnership with FILLMED will allow Crescita to expand its product offering in the medical aesthetic field with the addition of the

hyaluronic acid ("**HA**") ART-Filler® injectables range and NCTF® 135 HA, a skin rejuvenation solution indicated primarily for the improvement of skin quality and fine lines and a global leader in its category.

Fiscal 2019

- On December 20, 2019, the Company repaid the Knight Loan in full and without penalty in the amount of $3.6 million.

- On November 5, 2019, the Company announced that the FDA approved the enhanced formulation of Pliaglis following its statutory six-month review process and in line with the target action date under the U.S. Prescription Drug User Fee Act. While the U.S. patent covering the original formulation of Pliaglis® expired on September 28, 2019, the U.S. patent covering the enhanced formulation extends until 2031 and has been added to the Orange Book. Refer to *Significant Transactions and Partnerships*.

- On October 28, 2019, the Company announced that it entered into the Sundial Agreement, granting Sundial the worldwide rights to Crescita's proprietary transdermal delivery technologies MMPE™ and DuraPeel™, for the development of topicals containing cannabis and hemp. See *Significant Transactions and Partnerships*.

- On June 26, 2019, the Company announced that the TSX approved the Company's intention to make an NCIB for a portion of its common shares as appropriate opportunities arise from time to time. The NCIB enables Crescita to purchase on the open market, through the facilities of the TSX, up to 1,000,000 common shares for cancellation. During the year ended December 31, 2019, 283,423 common shares were repurchased for cancellation, at an average market price of $0.91 per common share for an aggregate consideration of $0.3 million plus commission, of which 273,876 common shares were cancelled as at December 31, 2019, and 9,547 were cancelled subsequently. On March 24, 2020, the Company terminated its ASPP which was launched in connection with the Company's current normal course issuer bid. The current NCIB remains in effect on the same terms and conditions as previously disclosed. See *Significant Developments – Last Three Fiscal Years*.

- On April 25, 2019, the Company announced that it entered into the Cantabria Agreement for an initial term of 15 years, granting Cantabria the exclusive rights to sell and distribute Pliaglis in Italy, Portugal, France and Spain. See *Significant Transactions and Partnerships*.

- On February 4, 2019, the Company entered into an agreement with Tetra Natural Health ("**Tetra**"), a subsidiary of Tetra Bio-Pharma Inc., a leader in cannabinoid-derived drug discovery and development, to develop an enhanced version of Tetra's dermatology portfolio using Crescita's patented transdermal delivery technologies: MMPE and DuraPeel™.

Fiscal 2018

- On December 17, 2018, the Company announced that the FDA approved the removal of the "Not for Home Use" label restriction, triggering a milestone of $0.6 million (US$0.5 million) for Crescita, which was recognized in the fourth quarter of 2018. The removal of the label restriction was accompanied by the addition of a new user instruction sheet and product applicator. *See Significant Transaction and Partnerships*.

- Under the Second Amended Loan Agreement with Knight, Crescita agreed to make additional repayments such that the principal amount of the loan under the Second Amended and Restated Loan Agreement would be reduced to $2.5 million by December 31, 2018. The Knight loan was repaid in full on December 20, 2019.

- On November 8, 2018, the Company announced that it had launched five product innovations within its lead aesthetic skincare brand, LDR. Included in the innovation portfolio was the *Triple Lipid Regenerating Youth Care* cream, a hydrating formulation including Ecobiotys®, an award-winning prebiotic of natural origin that specifically rebalances the microbiota of mature skin. Crescita was one of the first companies worldwide to launch a product containing Ecobiotys.

- On October 15, 2018, the Company announced that its patented transdermal delivery technologies: MMPE™ and DuraPeel™ had demonstrated enhanced permeation of CBD in a recent in-vitro skin permeation study performed in Franz Diffusion Cells. The study showed that both MMPE and DuraPeel significantly increased the transdermal permeation of CBD over the control formulation by up to 14-fold and 6-fold, respectively. CBD has been associated with antiseizure, antioxidant, neuroprotective, anxiolytic, anti-inflammatory, antidepressant, and antipsychotic effects. These proprietary technologies have been used in a number of topical products to enhance the delivery of different active ingredients.

- On March 29, 2018 the Company announced the U.S. commercial launch of its lead prescription product, Pliaglis, by its licensing partner, Taro. See *Significant Transactions and Partnerships*.

- On March 9, 2018 the Company completed its Rights Offering (the "**Offering**"), pursuant to which 7,001,603 common shares were issued for net proceeds of $3.5 million. Total subscriptions, including those exercised pursuant to the additional subscription privilege, represented 139% of the common shares available under the Offering. In connection with the Offering, Crescita obtained an irrevocable waiver from Knight of certain provisions of the Second Amended and Restated Loan Agreement, allowing Crescita to retain 100% of the net proceeds of The Offering.

Fiscal 2017

- In December 2017, the Company discontinued its investments in the ISDIN® and Premiology brands due to commercial viability issues.

- On September 18, 2017, the Company announced that it had received positive topline results from a Phase 2 clinical trial (the "**Trial**") studying the efficacy of the CTX-1 (formerly MiCal 1) formulation in patients with plaque psoriasis. The Trial was conducted by the Company's Development Partners. See *Product Candidates in Co-Development*.

- On August 29, 2017, the Company announced the completion of a $1.0 million convertible debenture financing with Bloom Burton Funds. The Company also issued to the Bloom Burton Funds an aggregate of 100,000 common share purchase warrants. See *Description of Capital Structure – Convertible Debentures and Warrants*.

- On August 14, 2017, the Company renegotiated the terms of its loan with Knight and entered into the Second Amended Loan Agreement as further amended on September 20, 2017, December 7, 2018 and January 31, 2019. The Knight loan was repaid in full on December 20, 2019.

- On August 8, 2017, the Company announced that its wholly owned subsidiary, INTEGA acquired the Alyria skincare line of products from Sanofi Consumer Health Inc. ("**Sanofi**"). The Company purchased the Alyria line for cash consideration of $1.7 million, consisting of a combination of fixed cash installments, of which $0.7 million was paid in 2017, with the remainder to be paid over time ending in 2027. In addition, the Company undertook to make royalty payments based on a threshold of annual net sales of Alyria products over a nine-year period starting in 2020.

- On August 14, 2017, the Company announced that it entered into a mutual release agreement (the "**Mutual Release Agreement**") with all but one (holding 0.3% of the shares of INTEGA) of the former shareholders of INTEGA pursuant to which former INTEGA shareholders forfeited their rights to any further payments from Crescita under the INTEGA purchase agreement and Crescita waived any claims it may have had against the former INTEGA shareholders under the INTEGA

Agreement. As a result, the consideration payable in the form of future issuances of shares and milestone payments was settled based on clauses within the original purchase and sale agreement. The Company adjusted the purchase price allocation, including goodwill for the settlement reached and adjusted goodwill for the forfeiture of future share consideration and milestone payments previously recognized. The Company also renegotiated the debt assumed on acquisition and secured additional financing through the issuance of convertible debentures in tandem with the Mutual Release Agreement.

- On July 4, 2017, the United States Patent and Trademark Office granted U.S. Patent No. 9,693,976, entitled "Solid-Forming Local Anesthetic Formulations for Pain Control" relating to the composition of an enhanced formulation. This grant entitled Crescita to a $0.6 million (US$0.5 million) development milestone under the Taro Agreement. See *Significant Transactions and Partnerships*.

- On April 25, 2017, the Company announced that it had entered into the Taro Agreement. Under the terms of the agreement, Crescita granted Taro an exclusive license to the rights to sell and distribute Pliaglis® and an enhanced formulation in the U.S. market. In consideration of the rights granted under the Taro Agreement, Taro made an upfront payment of $2.7 million (US$2.0 million) to Crescita in the second quarter of 2017. Refer to *Significant Transactions and Partnerships*.

- On March 21, 2017, the Company announced that it had signed an exclusive license agreement with its Development Partners to develop prescription treatments of skin diseases utilizing Crescita's patented MMPE™ technology. The Development Partners undertook to oversee and fund the cost of all development activities until commercialization partners for the products had been secured. Crescita is entitled to a share of royalties and other consideration received by the Development Partners from such partners based on a formula that includes compensation to Crescita for granting the license to the MMPE technology. Please refer *to Product Candidates in Co-Development – CTX-101* and *CTX-102*.

COMPETITIVE CONDITIONS

Non-prescription Skincare Products

The skincare industry is mature. Longstanding and established companies command a significant share of the market, rendering competition intense. The highly competitive nature of the industry is driven by the ability to meet or surpass evolving consumer preferences and industry trends. Our ability to excel in this highly competitive landscape depends on the timely introduction of an innovative and on-trend product portfolio as well as our capacity to build and foster strong relationships with the professional aestheticians and healthcare professional who use and sell our products, as they will ultimately be the ambassadors of our brands.

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

For that reason, the Company avoids competing with major players purely on the marketing and promotional front, which requires major investments, and prefers to focus its efforts on leveraging what it believes to be its unique strengths:

- In-house expertise in skin sciences, with the ability to combine our in-house topical delivery technologies with new and existing formulations to introduce innovation into the market;

- Over 250 science-based product formulations, providing the agility to adapt to changing customer preferences;
- In-house R&D and manufacturing capabilities for formulation development;
- A fully integrated sales and marketing infrastructure focused on rapid product go-to-market capacity.

See “Risk Factors – Competition – Non-Prescription Skincare Products”.

Prescription Drug Products

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

Pliaglis faces competition in all markets from other topically applied local anesthetic drug products such as compounded anesthetic creams that are available from certain compounding pharmacies, EMLA Cream (lidocaine 2.5% and prilocaine 2.5%) and L.M.X 4 and L.M.X.5 Anorectal Creams that are available over the counter.

PRODUCT DEVELOPMENT AND REGULATORY ENVIRONMENT

Non-Prescription Skincare Products

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

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

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

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

Most non-prescription skincare products do not require a product license or regulatory approval prior to being marketed in Canada, but manufacturers must notify Health Canada within 10 days after they first sell a cosmetic in Canada. Cosmetic manufacturers must also review the Cosmetic Ingredient Hotlist to ensure they do not include any substances that are restricted or prohibited in most non-prescription skincare products. All NHPs sold in Canada require a product license before being marketed and must first undergo a pre-market review where they will be assessed for safety, efficacy, and quality. Any product defined as a drug under the Canadian Food and Drugs Act must undergo a review and approval process similar to that

utilized by the FDA in the U.S. upon the submission of a New Drug Submission ("**NDS**") that contains information about the drug's safety, effectiveness and quality. Once a drug is approved, the Therapeutic Products Directorate ("**TPD**") of Health Canada issues a DIN which permits the manufacturer to commercialize the drug in Canada.

Prescription Drug Products

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

RISK FACTORS

An investment in the securities of the Company is speculative and involves a high degree of risk including, but not limited to, the risk factors discussed in this Annual Information Form. Before making an investment decision, investors should carefully consider these risk factors. Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company's business. If any of the factors identified as risks occur, the Company's business, results of operations and financial condition, and the market price of its shares, could be materially adversely affected.

Risks Related to the Company's Business

Ability to Implement the Company's Growth Strategy

The Company's strategy is to increase sales through its Four-Pillar Growth Strategy. In order to successfully execute this strategy, the Company must develop effective marketing campaigns for its commercial products and aggressively pursue business development leads to secure strategic acquisition and/or out-licensing agreements, and expand its product offering through in-licensing products or assets. More specifically, the Company will have to dedicate significant time and effort to identify suitable licensees for Pliaglis and/or the enhanced formulation in the 20+ ROW countries which remain available for out-licensing. The Company's competitors with substantially greater financial, marketing, sales and other resources compete for market share, therefore the Company may not be able to out-license Pliaglis or the enhanced formulation or acquire rights to additional products or do so on acceptable terms. The inability to do so may limit the overall growth of the Company's business and hinder its cash flows. Furthermore, even if the Company finds suitable

commercial partners or it acquires rights to additional products, the Company or its partners may not generate sales sufficient to generate profit or avoid losses.

Acquisition and Integration of Complementary Assets or Businesses

The Company plans to continue to pursue and evaluate product or business acquisitions that could complement or expand its existing business. It may not be able to identify appropriate acquisition candidates in the future. If an acquisition candidate is identified, the Company conducts business, legal and financial due diligence with the objective of identifying and evaluating material risks involved in any acquisition. Despite its efforts, the Company may not detect and or evaluate all such risks. Further, the Company may not be able to successfully negotiate the terms of any such acquisition or finance such acquisition. Any such acquisition could result in unanticipated costs or liabilities, diversion of management's attention from the core business, the expenditure of resources and the potential loss of key employees, particularly those of the acquired organizations. In addition, the Company may not be able to successfully integrate any businesses, products, technologies or personnel that it might acquire in the future, which may harm its business. To the extent the Company issues common shares or other rights to finance any acquisition, existing shareholders may be diluted. In connection with an acquisition, the Company may acquire goodwill and other long-lived assets that are subject to value impairment tests, which could result in future value impairment charges.

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

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

The Company has minimal influence on the sales and marketing activities for Pliaglis in certain jurisdictions including the U.S., Italy, France, Spain and Portugal, as these decisions are made by its partners, Taro in the U.S. and Cantabria Labs for the European countries. There can be no assurance that the Company's partners will dedicate the resources needed to successfully market and distribute the Company's products and maximize sales under each respective agreement. Our licensing partners may make important marketing and other commercialization decisions without our input and may not perform in the manner expected. As a result, many of the variables that may affect the Company's results of operations, financial condition and cash flows may not be exclusively within its control. In addition, under these arrangements, disputes may arise with respect to payments that the Company or its partners believe are due under such distribution or marketing arrangements, a partner or distributor may develop or distribute products that compete with the Company's products or they may terminate the relationship. Delays in obtaining the appropriate regulatory approvals for Pliaglis in new markets or an unsuccessful launch in any major new market may have an adverse effect on the Company's results of operations and cash flows.

Moreover, the Company will depend on its partners and licensees to comply with all legislation and regulation relating to selling the Company's products in their respective jurisdictions. If any of the Company's partners does not comply, this could have a material impact on the cash flows of the Company.

Inability to Secure Suitable Partners for Pliaglis in the ROW

Effective April 1, 2019, the Company reacquired the ROW development and marketing rights for Pliaglis from Galderma. Pliaglis is available for out-licensing in over 20 ROW countries. The ability to secure out-licensing partners for Pliaglis on favourable terms is an integral part of the Company's growth strategy. The Company will face significant competition in seeking appropriate partners for Pliaglis in international jurisdictions. Moreover, collaboration and distribution arrangements are complex, and time consuming to negotiate, document and implement. There can be no assurance that the Company will be able to find additional marketing and distribution partners in any jurisdiction or be able to enter into any marketing and distribution arrangements on acceptable terms, if at all for Pliaglis.

License Revenue from a Limited Number of Distribution Agreements

The Company currently generates license revenues from a limited number of distribution agreements. All the Company's out-licensing revenue is derived from royalties earned on the global net sales of Pliaglis as well as from sales and development milestones under the Taro and Cantabria Agreements. The Company earned $12.1 million in out-licensing revenue during fiscal 2019, representing 54% of the Company's consolidated revenues. There can be no assurance that Taro's or Cantabria's sales and marketing efforts will be successful, or that our distribution partners will continue to allocate the same level of resources to promote the product and that pharmacies and medical clinics will continue to purchase the product for resale to their own customers. A decrease in our partners' sales and marketing efforts could have a materially negative impact on the business conditions and results of operations of the Company.

Sales, Marketing and Distribution of Skincare Products

In order to successfully commercialize its skincare 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 its skincare products primarily through a network of professional aestheticians, spas, medispas, medical clinics, international distributors and an e-commerce platform, that generally sell, distribute or provide its skincare products. The business would be harmed if any of its customers or distributors were unable or unwilling to distribute its skincare products on terms commercially favourable 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. Further, the Company may not have sufficient resources to maintain and manage a sales, marketing and distribution infrastructure to support its skincare business.

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 its skincare products include:

- a lack of sufficient financial resources;
- an inability to recruit and retain an adequate number of effective sales and marketing personnel;
- an inability of sales personnel to secure demand for its skincare products;
- 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 its skincare products, which would adversely affect the Company's financial condition and results of operations.

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

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

- Any reduction in consumer traffic and demand at our customers as a result of economic downturns like domestic and international recessions or changes in consumer preferences;
- Any credit risks associated with the financial condition of our customers;

- The effect of consolidation or weakness in the retail industry or at certain retail customers, including the closure of customer doors and the resulting uncertainty;
- The changing purchasing habits from spas and retail purchasing to online and social media; and
- Inventory reduction initiatives and other factors affecting customer buying patterns, including any reduction in retail space committed to skincare products and retailer practices used to control inventory shrinkage.

Unexpected Quality, Efficacy and Safety Concerns

The Company's success depends, in part, on the quality, efficacy, and safety of its marketed and commercialized products. If products are found or alleged to be defective or unsafe, whether or not scientifically justified, or if they fail to meet consumer or regulatory standards, the Company could lose sales, be forced to recall or withdraw its products, become subject to liability claims, and/or labeling revisions, any of which could have a material adverse effect on the business, prospects, results of operations, financial condition or cash flows.

Potential Product Liability

The Company may be subject to product liability claims associated with the use of its products and there can be no assurance that liability insurance will continue to be available on commercially reasonable terms or at all. Product liability claims might also exceed the amounts or fall outside of such coverage. Product liability claims against the Company, regardless of their merit or potential outcome, could be costly and divert management's attention from other business matters or adversely affect its reputation and the demand for its products.

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

There can be no assurance that a product liability claim or series of claims brought against the Company would not have a material adverse effect on its business, financial condition, results of operations and cash flows. If any claim is brought against the Company, regardless of the success or failure of the claim, there can be no assurance that the Company will be able to obtain or maintain product liability insurance in the future on acceptable terms or with adequate coverage against potential liabilities or the cost of a recall.

Personnel

The Company depends upon certain key members of its sales, marketing, manufacturing, scientific and management teams. The loss of any of these individuals could have a material adverse effect on the Company. The Company does not maintain key-man insurance on any employee.

The Company's success depends, in large part, on its ability to continue to attract and retain qualified sales, marketing, manufacturing, scientific and management teams. The Company faces intense competition for such personnel. It may not be able to attract and retain qualified sales, marketing, manufacturing, scientific and management personnel in the future. Also, it must provide training for its employee base due to the highly specialized nature of its products.

Further, the Company expects that its growth and potential expansion into specific areas and activities requiring new or additional expertise will place additional requirements on management, operational and financial resources. The failure to attract and retain such personnel, or to develop such expertise, could materially adversely affect prospects for its success. In addition, to attract qualified personnel, the Company may be required to establish offices in different locations. Failure of personnel in different locations to work effectively together could materially adversely affect the Company's success.

Given these potential challenges, current personnel may be unable to adapt or may not have the appropriate skills and the Company may fail to assimilate and train new employees. Highly skilled employees with the education and training required are in high demand. Once trained, the Company's employees may be hired by its competitors.

Reimbursement and Product Pricing for Prescription Drug Products

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

Moreover, the trend toward managed healthcare in the U.S., the growth of organizations such as health maintenance organizations and reforms to healthcare and government insurance programs, could significantly influence the purchase of healthcare services and products, resulting in lower prices and reduced demand for the Company's products. Furthermore, even after approval for reimbursement for the Company's products is obtained from private health coverage insurers or government health authorities, it may be removed at any time. In the U.S., each third-party payer plan is organized into tiers and the number of tiers will vary. Each tier represents a different reimbursement level. There is no guarantee that the Company's products will be reimbursed even at tiers where the reimbursement amounts are minimal.

In some countries, particularly the countries of the E.U., the pricing of prescription pharmaceuticals is subject to government control. In these countries, pricing negotiations with governmental authorities can take considerable time and delay the introduction of a product to the market. To obtain reimbursement or pricing approval in some countries, the Company may be required to conduct a clinical trial that compares the cost effectiveness of its product candidate to other available therapies. If reimbursement of the Company's product is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, its business could be adversely affected. In addition, any country could pass legislation or change regulations affecting the pricing of pharmaceuticals before or after a regulatory agency approves any of its product candidates for marketing in ways that could adversely affect the Company. While the Company cannot predict the likelihood of any legislative or regulatory changes, if any government or regulatory agency adopts new legislation or new regulations, the Company's business could be harmed.

Inclusion on Formularies in the U. S.

Third-party payers try to negotiate the pricing of medical services and products to control their costs. Pharmacy benefit managers typically develop formularies to reduce their cost for medications. Due to their lower costs, generic products are often favoured. The breadth of the products covered by formularies varies considerably from one managed care organization to another, and many formularies include alternative and competitive products for treatment of particular medical conditions. Failure to be included on such formularies, failure to achieve favourable formulary status, restrictions on drugs included on formularies such as prior authorizations, step edits or other limitations, or delays in implementing changes to formulary status, may negatively impact the utilization of the Company's products. If the Company's products are not included within an adequate number of formularies or adequate reimbursement levels are not provided, or if those policies increasingly favour generic products, its market share which could materially adversely impact the Company's business, financial condition or operating results.

Manufacturing and Supply Risks

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 certain of 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 the Company's margins, profitability and cash flows. The Company 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 the Company'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 in other jurisdictions, 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.

Previously, Galderma was the only approved manufacturer for Pliaglis in all markets and the Company relied solely on Galderma to manufacture the product for these markets. Under the terms of the Manufacturing and Supply Agreement with Galderma, the Company has the ability to have the product manufactured elsewhere which would require a technology transfer of the manufacturing process and test methods prior to seeking regulatory approval for a new manufacturing site.

The FDA approved the Taro facility to manufacture Pliaglis for the U.S. market in September 2018. As a result, Taro has now become the primary manufacturer for Pliaglis in the U.S. and Galderma is viewed as a secondary supplier for the U.S. market should additional production capacity be required. The Taro facility is currently only approved to manufacture Pliaglis for the U.S. market. Under the terms of the Pliaglis license agreements, Galderma has a commitment to manufacture Pliaglis through March 2021, or until such time as another manufacturing facility is approved to manufacture Pliaglis. Effective December 20, 2019, the Company entered into a supply agreement with Cantabria, under which Cantabria will manufacture Pliaglis for multiple markets including Europe, Canada and Mexico. The Company expects to file an application with European regulatory authorities to seek approval to add Cantabria as a new manufacturing site for Pliaglis. Pending approval of the application, Galderma will continue to manufacture Pliaglis for Italy, Brazil, Canada and Mexico.

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

In addition, the FDA and other regulatory agencies require that raw material manufacturers comply with all applicable regulations and standards pertaining to the manufacture, control, testing and use of the raw materials as appropriate. For the APIs or critical raw materials depending on the drug product, this means compliance to cGMPs for APIs and submission of all data related to the manufacture, control and testing of the API for quality, purity, identity and stability, as well as a complete description of the process, equipment, controls and standards used to produce the API. This is usually submitted to the FDA in the form of a drug

master file ("**DMF**") by the manufacturer and referenced by the sponsor of the NDA. The DMF information and data is reviewed by the FDA as a critical component of the approval of the NDA.

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

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

The Company manufactures the majority of its products in its facility in Laval, Québec. This exposes the Company to the following risks, any of which could delay or prevent the commercialization of its products or cause the failure of delivery product under any of its third-party manufacturing contracts, resulting in higher costs or depriving the Company of potential revenues:

- The Company may encounter difficulties in achieving volume production, quality control and quality assurance, as well as relating to shortages of qualified personnel. Accordingly, the Company might not be able to manufacture enough quantities to meet commercial demand for its products and demands under new and existing CMO agreements;
- The Company's manufacturing facilities will be required to undergo satisfactory cGMPs inspections prior to regulatory approval and are obliged to operate in accordance with Health Canada and other nationally mandated cGMPs, which govern manufacturing processes, stability testing, record keeping and quality standards. Failure to establish and follow cGMPs and to document adherence to such practices, may lead to significant delays in the availability of products manufactured by the Company; and
- Changing manufacturing locations would be difficult and the number of potential manufacturers is limited. 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.

The Company's manufacturing facilities will be subject to ongoing periodic unannounced inspection by Health Canada and other government 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. Failure by the Company 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 the Company's business.

Compliance with cGMP Requirements

The Company's manufacturing facility produces a significant portion of its cosmetic and NHP products, as well as all the products for its CDMO business. The facility is a cGMP compliant manufacturing facility including quality control, quality assurance and a supply chain in place to ensure commercial demands are met. If the Company or a regulatory agency discovers issues with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions relative to that product or the manufacturing facility, including requiring recall or withdrawal of the product from the market or suspension of its manufacturing license. If we fail to comply with applicable regulatory requirements or fail to correct any identified deficiencies, the Company may suffer material adverse effects on its business, results of operations and cash flows.

Reliance on Third Parties for Warehousing, Distribution and Logistics Services

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

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

Shortening Life Cycles and our Ability to Manage Inventory

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

The Ability to Effectively Manage the Growth of our Business

The Company's future growth may cause a significant strain on management, operational, financial and other resources. The ability to effectively manage growth will require the Company to improve and/or expand its scientific, operational, financial and management information systems and to train, manage and motivate its employees. These demands may require the addition of new management personnel and the development of additional expertise by management. Any increase in resources devoted to research, product and business development without a corresponding increase in scientific, operational, financial and management information systems could have a material adverse effect on performance. The failure of the Company's management team to effectively manage growth could have a material adverse effect on the Company's business, financial condition and results of operations.

Need for Additional Financing

At December 31, 2019, the Company had cash and cash equivalents of $9.3 million. During fiscal 2020, the Company expects to continue to incur expenses and make investments as it executes its Four Pillar Growth Strategy, pursues potential development programs to advance its product pipeline and to seek regulatory approvals. Additional funding may be required for the development of new products or for future potential acquisitions. Unexpected increases in the Company's costs and expenses due to operational decisions by management or factors beyond the Company's control could cause its cash resources to be depleted and profitability may not be achieved.

There can be no assurance that the Company will have enough capital to fund its ongoing operations or develop or commercialize any further products or make product acquisitions without future financings. In addition, the Company may not be able to secure adequate debt or equity financing on desirable terms or at all. The credit ratings that the Company might obtain in connection with any debt financing may make securing debt financing prohibitive. There can be no assurance that additional financing will be available on acceptable terms or at all.

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

Accumulated Deficit

The Company had an accumulated deficit of $40.4 million as at December 31, 2019. The Company has incurred losses in the past and may continue to incur losses in the future as a result of its inability to identify and secure recurring revenue streams from its out-licensing arrangements or from organic growth of its core businesses, or due to increased operating costs including the costs of operating as a public company. The Company's inability to achieve and maintain profitability could depress the market price of its shares and could impair its ability to raise capital, expand its business and product pipeline and continue its business operations.

Inability to Meet Debt Commitments

As at the date of this Annual Information Form, the Company had $0.9 million in convertible debentures outstanding on its consolidated statement of financial position. The Company may, however, incur future debt obligations that might subject the Company to restrictive covenants that could affect our financial and operational flexibility. Further, any restrictions governing our indebtedness may prevent the Company from taking actions in the best interest of the Company's business and may make it difficult for us to execute our business strategy successfully or effectively compete with companies that are not similarly restricted.

Our ability to comply with the covenants and restrictions that may be contained in our debt agreements may be affected by economic, financial and industry conditions beyond our control including credit or capital market disruptions. The breach of any of these covenants or restrictions could result in a default that would permit the lenders to declare all amounts outstanding to be due and payable, together with accrued and unpaid interest. If the Company is unable to repay the indebtedness, lenders could proceed against the collateral securing the indebtedness. This could have serious consequences to our financial position and results of operations and could cause us to become bankrupt or insolvent.

We may be unable to refinance our indebtedness at maturity or otherwise, on terms acceptable to us, or at all. A failure to meet such conditions could result in our lender seeking to enforce their security. This could have a material adverse effect on the Company's business, financial condition and results of operations. There is no assurance that the Company will be able to secure future additional financing to repay its current debt obligations should cash flows from operations be insufficient to repay these liabilities.

Economic Environment

The Company has no control over changes in inflation and interest rates, foreign currency exchange rates or other economic factors affecting its businesses or the possibility of political unrest, legal and regulatory changes in jurisdictions in which the Company operates. These factors could negatively affect the Company's future results of operations in those markets.

Economic conditions may cause the Company's suppliers to increase their prices, reduce their output or change their terms of sale, or cause the Company's customers to reduce their purchases or change their terms of purchase. If the Company's customers' or suppliers' operating and financial performance deteriorates or if they are unable to make scheduled payments or obtain credit, its customers may not be able to pay or may delay payment of accounts receivable owed and its suppliers may restrict credit or impose different payment terms. Any inability of customers to pay the Company for its products or any demands by suppliers for different payment terms, may adversely affect its earnings and cash flow.

Hazardous Materials and Environmental Laws

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

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

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

Disease Outbreaks

The occurrence of an illness that leads, or is anticipated to lead, to a local, regional, or national outbreak or epidemic, or to an international outbreak or pandemic, such as Middle East Respiratory Syndrome (MERS-CoV), Severe Acute Respiratory Syndrome (SARS), Ebola (EVD), H1N1 influenza virus, avian flu, or most notably, the recent novel coronavirus (COVID-19), or any similar illness, could affect our business as a result of a general or acute short or medium-term decline in economic activity affecting our supply chain, the markets for our products, our production capacity, our staffing levels, and could lead as well to increased government regulation, quarantine measures, as well as restrictions on travel and the movement of persons or goods. Each of these risk factors has the potential to have a material adverse impact on the Company's business, financial condition and results of operations.

Scope of International Operations

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

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

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

Taxation

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

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

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

The Company, from time-to-time, may execute on multiple reorganization transactions impacting its tax structure. If a tax authority has a different interpretation from the Company's, it could potentially impose additional taxes, penalties or fines.

Losses Caused by Fluctuations in Foreign Currency Exchange Rates

Foreign exchange risk exists when the Company receives or makes payments in foreign currencies, such as in U.S. dollars and in Euros. To that extent, fluctuations in the exchange rate of the Canadian dollar relative to other currencies could result in the Company realizing a lower than anticipated profit margin on sales of its products and product candidates than at the time of entering into such commercial agreements. The Company currently does not enter into foreign exchange hedging contracts and fluctuations in the value of the Canadian dollar against these foreign currencies can lead to adverse material effects on the Company's financial condition and results of operations and cash flows.

Security and Cyber Security Breaches

The Company has implemented security protocols and systems with the intent of maintaining the physical and electronic security of its operations and protecting its confidential information and information related to identifiable individuals against unauthorized access. Despite the implementation of security measures, the Company's information systems and those of our contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Unauthorized physical access to one of the Company's facilities or electronic access to its information systems could result in, among other things, unfavorable publicity, litigation by affected parties, damage to sources of competitive advantage, disruptions to its operations, loss of proprietary information, customer information and customers, financial obligations for damages related to the theft or misuse of such information and costs to remediate such security vulnerabilities, any of which could have a substantial impact on the Company's results of operations, financial condition or cash flows.

Changes in Government Regulation

The business of the Company may be adversely affected by such factors as changes in the regulatory environment with respect to intellectual property, regulation, export controls or product marketing approvals. Such changes remain beyond the Company's control and have an unpredictable impact.

Litigation and Regulation

From time-to-time the Company is threatened with or is named as a defendant in various legal proceedings, including lawsuits based upon product liability, patent infringement, personal injury, breach of contract and lost profits or other consequential damage claims.

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

Risks Related to our Industry

Competition

Non-Prescription Skincare Products

The skincare industry is highly competitive and can change rapidly due to consumer preferences and industry trends. Competition in the skincare industry is based on brand strength, pricing and assortment of products, point of sale presence and visibility, innovation, perceived value, product availability and order fulfillment, service to the consumer, promotional activities, advertising, special events, new product introductions, e-commerce and mobile commerce initiatives and other activities. It is difficult to predict the timing and scale of the Company's competitors' actions in these areas. The Company's success depends on its products' appeal to a broad range of consumers whose preferences cannot be predicted with certainty and are subject to change, and on 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 product innovations 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 risk is further compounded by the rapidly increasing use and proliferation of social and digital media by consumers, and the speed with which information and opinions are shared. Constant product innovation also can place a strain on our financial and personnel resources. The Company may incur expenses in connection with product innovation and development, marketing and advertising that are not subsequently supported by a sufficient level of sales. These factors, as well as new product risks, could have an adverse effect on our business, prospects, results of operations, financial condition or cash flows.

Prescription Drug Products

The pharmaceutical industry is characterized by evolving technology and intense competition. The Company is engaged in areas of research where developments are expected to continue at a rapid pace. Many companies, including major pharmaceutical and specialized biotechnology companies, are engaged in activities focused on medical conditions that are the same as or similar to those targeted by the Company. The Company's success depends upon maintaining its competitive position in product development and formulation as well as its speed in commercializing its products. Competition from pharmaceutical, chemical and biotechnology companies, as well as universities and research institutes, is intense and is expected to increase. Many of these organizations have substantially greater product development, experience in manufacturing, marketing, financial and managerial resources and they represent significant competition. If the Company fails to compete successfully in any of these areas, its business, results of operations, financial condition and cash flows could be adversely affected.

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

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

Product Substitutions

Customers are increasingly seeking lower-cost substitutes for branded prescription products. The Company's branded products may face competition from generic versions, which are generally significantly cheaper than the branded version. In the U.S, even if customers have a prescription for our product, a generic version where available, may be required or encouraged in preference to the branded version under third-party reimbursement programs. In addition, a pharmacist may recommend a less expensive product even if that product is less effective or designed for conditions different from what the customer is seeking to treat. The entrance of generic competition to the Company's branded products generally reduces the market share and adversely affects the Company's profitability and cash flows. Generic competition with the Company's branded products would be expected to have a material adverse effect on net sales and profitability of the branded product and of the Company.

Products may Fail to Achieve Market Acceptance

Any products recently launched or successfully developed by the Company may not achieve market acceptance and as a result may not generate expected or forecasted revenues. Market acceptance of the Company's products by consumers, physicians or patients will depend on several factors, including:

- availability, cost and effectiveness of products when compared to competing products and alternative treatments;
- acceptance of products in various distribution channels;
- relative convenience and ease of administration;
- the prevalence and severity of any adverse side effects;
- the acceptance of competing products;
- pricing; and
- effectiveness of marketing and distribution partners' sales and marketing strategies.

If any product commercialized by the Company does not provide a treatment regimen that is as beneficial as the current standard of care or otherwise does not provide consumer or patient benefits, there is the potential that it will not achieve market acceptance. This may result in a shortfall in revenues and an inability to achieve or maintain profitability.

Obtaining Government and Regulatory Approval

Non-Prescription Skincare Products

There are numerous categories of non-prescription skincare products in the U.S., Canada and in other regions around the world and the classification and regulatory requirements vary by jurisdiction. Some categories of products require a license and others can be sold without prior authorization. There are risks that the regulatory authorities may not agree with the Company's classification of a given product nor allow it to be marketed based on the regulatory status, product labeling or marketing claims. Regulatory authorities also have the ability to inspect the related manufacturing facilities and can restrict product supply if the facility is deemed to not comply with relevant regulations. Any delay or failure to obtain regulatory approvals or to

ensure compliance with relevant regulations for marketed products could adversely affect the Company's business, financial condition and operational results. Non-prescription skincare companies may also be subject to additional regulations covering occupational safety, manufacturing and laboratory practices, environmental protection and hazardous substance control. They may also be subject to existing and future local, provincial, state, federal and foreign regulation.

United States

Cosmetic products (most non-prescription skincare products) and ingredients typically do not require FDA approval before they are marketed, but the FDA monitors the safety and marketing claims of marketed cosmetic products. The FDA can inspect manufacturing facilities to determine if proper controls and practices are being followed and they also work with U.S. Customs and Border Protection to examine imported cosmetics. If the FDA believes that a cosmetic product may not comply with the regulations, they can ask a federal court to issue an injunction, request that U.S. marshals seize the products, initiate criminal action, refuse entry of an imported cosmetic, or request that a company recall a product. Failure to comply with regulatory requirements could have a material adverse effect on the Company's business, financial condition and operational results.

Canada

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

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

Additional Regulatory Considerations

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

Prescription Drug Products

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

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

United States

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

Canada

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

Risks Related to Research & Development Activities

Risk Related to Clinical Trials

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

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

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

Reliance on Third Parties to Conduct Clinical and Preclinical Studies

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

Inability to Achieve Drug Development Goals

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

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

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

Risks Related to our Intellectual Property

Patents, Trademarks and Proprietary Technology

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

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

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

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

Ability to Protect Know-How and Trade Secrets

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

Risks Related to Operating as a Public Company

Compliance with Laws and Regulations Affecting Public Companies

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

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

The Company will be required annually to review and report on the effectiveness of its internal control over financial reporting and disclosure controls and procedures in accordance with National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators. The results of this review are reported in the Company's Management's Discussion and Analysis of Results of Operations and Financial Condition for fiscal 2019. The Company's Chief Executive Officer and Chief Financial Officer are required to report on and certify the effectiveness of the Company's internal control over financial reporting.

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

Public Company Requirements May Strain Resources

As a public company, the Company is subject to the securities laws of the jurisdictions in which it is a reporting issuer and the listing requirements of the TSX. The ever-increasing obligations of operating as a public company will require significant expenditures and will place additional demands on management as the Company complies with the reporting requirements of a public company. The Company may need to hire additional accounting, financial and legal staff with appropriate public company experience and technical accounting and regulatory knowledge. In addition, actions that may be taken by significant stockholders may divert the time and attention of the Company's Board of Directors and management from its business operations. Campaigns by significant investors to effect changes at publicly traded companies have increased in recent years. If a proxy contest were to be pursued by any of the Company's stockholders, it could result in substantial expense to the Company and consume significant attention of management and the Board of Directors. In addition, there can be no assurance that any stockholder will not pursue actions to effect changes in the management and strategic direction of the Company, including through the solicitation of proxies from the Company's stockholders.

Risks Related to our Common Shares

Quarterly Fluctuations

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

Volatility of Share Price

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

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

In addition, a public trading market in the Company's securities having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of common shares of the Company at any given time, a presence that is dependent on the individual decisions of investors over which the Company has no control. There can be no assurance that an active trading market in securities of the Company will be established and sustained. The market price for the Company's securities could be subject to wide fluctuations, which could have an adverse effect on the market price of the Company. If an active public market for the Company's securities does not develop, the liquidity of a shareholder's investment may be limited, and the share price may decline.

Limited Trading History for Common Shares

The common shares of the Company were listed and posted for trading on the TSX commencing on March 7, 2016 and accordingly, have been publicly traded for a limited period of time. Due in part to the relatively recent listing of the common shares on a public market and the Company's limited operating history, the market price for the common shares may be volatile and may be significantly affected by such factors as quarter-to-quarter variations in the Company's results of operations or predictions, announcements, changes in general market conditions, adverse publicity regarding the Company or its industry in general, regulatory actions, changes in financial estimates by securities analysts and other factors. The Company cannot predict at what price the common shares will trade, and there can be no assurance that an active trading market will be sustained in the common shares or that the market price of the Company's common shares will not decline.

Dilution from further Equity Financing and Declining Share Price

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

Issuance of Preferred Shares

The Company's Board of Directors has the authority to issue preferred shares in one or more series and, before issue, to fix the designation of, and the rights and restrictions attached to, the preferred shares of each series, without consent from holders of common shares. Preferred shares could be issued with voting, dividend, liquidation, dissolution, winding-up and other rights superior to those of the holders of common shares.

Absence of Dividends

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

Securities Industry Analyst Research Reports

Currently, to the Company's knowledge, there are no analysts that cover the Company's common shares by publishing research reports about the Company. The trading market for the Company's common stock is influenced by the research and reports that industry or securities analysts publish about the Company or any of its partners. If the Company's common shares were covered, a decision by an analyst to cease coverage of the Company or failure to regularly publish reports on the Company, could cause the Company to lose visibility in the financial markets, which in turn could cause the stock price or trading volume to decline. Moreover, if an analyst who covers the Company or any of its partners downgrades its, or its partner's stock or if operating results do not meet analysts' expectations, the stock price could decline.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

TRANSFER AGENT

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

CORPORATE GOVERNANCE

Charter of the Audit Committee

The Audit Committee of the Company's Board of Directors has developed its Charter, the text of which is set out in Schedule 6 to this AIF.
The remaining disclosure related to the Audit Committee is contained on pages 37 and 38 of Crescita's *Management Information Circular* for the 2019 fiscal year, which is hereby incorporated by reference. Crescita's *Management Information Circular* for the 2019 fiscal year was filed with the Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com and on Crescita's website at www.crescitatherapeutics.com. A copy of the *Management Information Circular* will be provided promptly to shareholders upon request.

MATERIAL CONTRACTS

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

AUDITORS

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

ADDITIONAL INFORMATION

The Company will provide to any person, upon request to the Company, (i) a copy of its Annual Information Form, together with a copy of any document incorporated by reference therein, (ii) a copy of the annual audited consolidated financial statements of the Company for the fiscal year ended December 31, 2019 together with the accompanying report of the auditor and a copy of any subsequent interim financial statements, (iii) a copy of the Management Information Circular dated March 17, 2020 relating to the annual meeting of shareholders of the Company to be held on May 13, 2020 and (iv) a copy of the Management's Discussion and Analysis for the fiscal year ended December 31, 2019. Additional financial information is provided in the Company's audited consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2019.

Additional information regarding, among others, directors' and named executive officers' compensation and indebtedness, securities authorized for issuance under equity compensation plans and principal holders of the Company's shares, is included in the Management Information Circular dated March 17, 2020.

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

APPENDIX I - Corporate Governance Documents

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

Schedule A - Corporate Governance Guidelines

Schedule 1 - Board of Directors Charter

Schedule 2 - Position Description for Chair of the Board

Schedule 3 - Position Description for Lead Director of the Board

Schedule 4 - CCGNC Charter

Schedule 5 - Position Description for CCGNC Chair

Schedule 6 - Audit Committee Charter

Schedule 7 - Position Description for Audit Committee Chair

Schedule 8 – Position Description for the Chief Executive Officer

Schedule B - Code of Conduct and Business Ethics

Schedule A - Corporate Governance Guidelines

CORPORATE GOVERNANCE GUIDELINES

INTRODUCTION

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

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

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

GUIDELINES

Board of Directors' Responsibilities

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

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

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

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

Board of Directors' Size

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

Chair of the Board of Directors

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

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

Selection of Directors

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

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

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

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

Committee Membership

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

Evaluating Board of Directors and Committee Performance

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

Board of Directors and Committee Meetings

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

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

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

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

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

Director Compensation

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

Expectations of Directors

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

> ***Commitment and Attendance***. All directors should strive to attend all meetings of the Board of Directors and the committees of which they are members. Attendance by telephone or video conference may be used when necessary to facilitate a director's attendance.
>
> ***Participation in Meetings***. Each director should be sufficiently familiar with the business of the Corporation, including its financial statements and capital structure, and the risks it faces, to ensure active and effective participation in the deliberations of the Board of Directors and of each committee on which he or she serves.
>
> ***Loyalty and Ethics***. In their roles as directors, all directors owe a duty of loyalty to the Corporation. This duty of loyalty mandates that the best interests of the Corporation take precedence over any other interest possessed by a director. Directors should conduct themselves in accordance with the Corporation's Code of Business Conduct and Ethics the full text of which may be found in Schedule B to this AIF below.

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

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

Orientation and Continuing Education

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

Schedule 1 - Board of Directors Charter

CRESCITA THERAPEUTICS INC.
(the "Corporation")

BOARD OF DIRECTORS CHARTER

PURPOSE

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

- Review and approve the strategic plan and business objectives of the Corporation that are submitted by senior management and monitor the implementation by senior management of the strategic plan. During at least one meeting each year, the Board of Directors will review the Corporation's long-term strategic plans and the principal issues that the Corporation expects to face in the future.

- Review the principal strategic, operational, reporting and compliance risks for the Corporation and oversee, with the assistance of the Audit Committee, the implementation and monitoring of appropriate risk management systems and the monitoring of risks.

- Ensure, with the assistance of the Compensation, Corporate Governance and Nominating Committee (the "**CCGNC**"), the effective functioning of the Board of Directors and its committees in compliance with applicable corporate governance requirements, and that such compliance is reviewed periodically by the CCGNC.

- Ensure internal controls and management information systems for the Corporation are in place and are evaluated and reviewed periodically on the initiative of the Audit Committee.

- Assess the performance of the Corporation's senior management and periodically monitor the compensation levels of such senior management based on determinations and recommendations made by the CCGNC.

- Ensure that the Corporation has in place a policy for effective communication with shareholders, other stakeholders and the public generally.

- Review and, where appropriate, approve the recommendations made by the various committees of the Board of Directors.

COMPOSITION

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

MEETINGS

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

COMMITTEES

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

INDEPENDENT ADVICE

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

ANNUAL EVALUATION

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

- Conduct a review and evaluation of the performance of the Board of Directors and its members and committees, including the compliance of the Board of Directors with this Charter. This evaluation will focus on the contribution of the Board of Directors to the Corporation and specifically focus on areas in which the directors and senior management believe that the contribution of the Board of Directors could be improved.

- Review and assess the adequacy of this Charter and the position description for the Chair and Lead Director and make any improvements the Board of Directors determines to be appropriate.

APPENDIX A

CATEGORICAL STANDARDS FOR DETERMINING INDEPENDENCE OF DIRECTORS

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

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

1. A director's interests and relationships arising solely from his or her (or any immediate family members'[1]) shareholdings in the Corporation are not, in and of themselves, a bar to independence.

2. Unless a specific determination to the contrary is made by the CCGNC as a result of there being another direct or indirect material relationship with the Corporation, a director will be independent unless currently, or at any time within the past three years, he or she or any immediate family member:

   - Employment: Is (or has been) an officer or employee (or, in the case of an immediate family member, an executive officer) or (in the case of the director only) of the Corporation or any of its subsidiaries (collectively, the "**Corporation Group**") or is actively involved in the day-to-day management of the Corporation;
   - Direct Compensation: Receives (or has received) direct compensation during any twelve-month period from the Corporation Group (other than director fees and committee fees and pension or other forms of deferred compensation for prior service, provided it is not contingent on continued service);[2]
   - Auditor Relationship. Is (or has been) a partner or employee of a firm that is the Corporation's auditor (provided that in the case of an immediate family member, he or she participates in its audit, assurance or tax compliance (but not tax planning practice)) and if during that time, he or she or an immediate family member was a partner or employee of that firm but no longer is such, he or she or the immediate family member personally worked on the Corporation's audit;
   - Material Commercial Relationship. Has (or has had), or is an executive officer, employee or significant shareholder of a person that has (or has had), a significant commercial relationship with the Corporation Group;
   - Cross-Compensation Committee Link. Is employed as an executive officer of another entity whose compensation committee (or similar body) during that period of employment included a current executive officer of the Corporation; or
   - Material Association. Has (or has had) a close association with an executive officer of the Corporation.

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

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

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

Schedule 2 - Position Description for Chair of the Board

CRESCITA THERAPEUTICS INC.
(the "**Corporation**")

CHAIR OF THE BOARD OF DIRECTORS

POSITION DESCRIPTION

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

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

Chair

The responsibilities of the Chair include:

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

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

Schedule 3 - Position Description for Lead Director of the Board

CRESCITA THERAPEUTICS INC.
(the "**Corporation**")

LEAD DIRECTOR OF THE BOARD

POSITION DESCRIPTION

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

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

Lead Director

The responsibilities of the Lead Director include:

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

  - ensuring that members of the Board of Directors have sufficient time to review the materials provided to them and to fully discuss the business that comes before the Board of Directors,

  - presiding over meetings of the Board of Directors where the Chair is not in attendance, and

  - presiding over executive meetings of the Board of Directors, its non-management directors and its independent directors,

- on an annual basis, facilitating the annual performance review and evaluation of the Board of Directors and its members in accordance with the Charter and facilitating the assessment of the adequacy of the Charter,

- presiding over meetings of the Corporation's shareholders when the Chair is absent or when the Board of Directors determines the Lead Director should do so, and

- performing such other functions as may be ancillary to the duties and responsibilities described above and as may be delegated to the Lead Director by the Board of Directors from time to time.

Schedule 4 - CCGNC Charter

CRESCITA THERAPEUTICS INC.
(the "Corporation")

COMPENSATION, CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER

PURPOSE

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

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

REPORTS

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

COMPOSITION

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

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

RESPONSIBILITIES

Corporate Governance and Compliance

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

- Review from time to time the size of the Board of Directors and number of directors who are independent for the purpose of applicable requirements,

- periodically review the adequacy of the Corporate Governance Guidelines and Code of Business Conduct and Ethics of the Corporation and determine any proposed changes to those Guidelines or that Code to the Board of Directors for approval,

- be responsible for granting any waivers from the application of the Corporation's Code of Business Conduct and Ethics and review senior management's monitoring of compliance with that Code,

- periodically review the practices of the Board of Directors (including separate meetings of non-management directors and of independent directors) to ensure compliance with the Corporate Governance Guidelines of the Corporation, periodically review the powers, mandates and performance, and the membership of the various committees of the Board of Directors,

- periodically review the relationship between senior management and the Board of Directors with a view to ensuring that the Board of Directors is able to function independently of senior management, and

- make recommendations, if required, to the Board of Directors with respect to the matters listed above.

Compensation

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

- At least annually, review with the Chief Executive Officers the long-term goals and objectives of the Corporation which are relevant to the Chief Executive Officers' compensation, evaluate the Chief Executive Officers' performance in light of those goals and objectives, determine and recommend to the independent directors for approval, the Chief Executive Officers' compensation based on that evaluation, and report to the Board of Directors thereon. In determining the Chief Executive Officers' compensation, the CCGNC shall consider the Corporation's performance, the value of similar incentive awards to Chief Executive Officers at comparable companies, and the awards given to the Chief Executive Officers in past years, with a view to maintaining a compensation program for the Chief Executive Officers at a fair and competitive level, consistent with the best interests of the Corporation,

- at least annually, in consultation with the Chief Executive Officers, review the compensation of all members of senior management other than the Chief Executive Officer, with a view to maintaining a compensation program for the senior management at a fair and competitive level, consistent with the best interests of the Corporation,

- periodically review compensation of directors, the Chair, the Lead Director and those acting as committee chairs to, among other things, ensure their compensation appropriately reflects the responsibilities they are assuming,

- fix and determine (and, as it determines to be appropriate, delegate the authority to fix and determine) awards (and the vesting criteria thereof) to employees of stock or stock options pursuant to any of the Corporation's equity-based plans now or from time to time in effect or otherwise as permitted by applicable legislation, regulatory requirements and policies of the Canadian securities administrators and applicable stock exchanges and exercise such other power and authority as may be permitted or required under those plans,

- in co-operation with the Corporation's senior management, oversee the human resources policies and programs which are of strategic significance to the Corporation,

- review all executive compensation disclosure prior to public disclosure by the Corporation,

- periodically review with the Board of Directors the succession plans relating to the senior positions and make selections of individuals to occupy these positions, and

- make recommendations, if required, to the Board of Directors with respect to the matters listed above.

Director Candidates

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

- Review periodically the competencies, skills and personal qualities required of directors to add value to the Corporation in light of the opportunities and risks facing the Corporation and the Corporation's proposed strategies, the need to ensure that a majority of the Board of Directors is comprised of individuals who meet the independence requirements of applicable legislation and stock exchange requirements, and the policies of the Board of Directors with respect to director tenure, retirement and succession and director commitments,

- In co-operation with the Corporation's senior management, oversee an appropriate orientation and education for any new directors in order to familiarize them with the Corporation and its business,

- Actively seek individuals qualified (in context of the Corporation's needs and any formal criteria established by the Board of Directors) to become members of the Board of Directors for recommendation to the Board of Directors,

- Review the membership and allocation of directors to the various committees of the Board of Directors, and the chairs thereof,

- Establish procedures for the receipt of comments from all directors to be included in an periodic assessment of the Board of Director's performance,

- If the need should arise, approve the engagement of independent advisors for individual directors at the expense of the Corporation, and

- make recommendations, if required, to the Board of Directors with respect to the matters listed above.

MEETINGS

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

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

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

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

INDEPENDENT ADVICE

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

ANNUAL EVALUATION

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

- Conduct a review and evaluation of the performance of the CCGNC and its members, including the compliance of the CCGNC with this Charter.

- Review and assess the adequacy of its Charter and the position description for its Chair and recommend to the Board of Directors any improvements to this Charter or the position description that the CCGNC determines to be appropriate.

Schedule 5 - Position Description for CCGNC Chair

CRESCITA THERAPEUTICS INC.
(the "**Corporation**")

CHAIR OF THE COMPENSATION, CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

POSITION DESCRIPTION

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

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

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

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

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

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

On an annual basis, the Chair will facilitate:

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

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

Schedule 6 - Audit Committee Charter

CRESCITA THERAPEUTICS INC.
(the "Corporation")

AUDIT COMMITTEE CHARTER

PURPOSE

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

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

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

COMPOSITION AND TERMS OF OFFICE

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

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

DUTIES AND RESPONSIBILITIES

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

Financial Reporting Control

The Committee shall:

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

Interim Financial Statements

The Committee shall:

- Review interim financial statements with officers of the Company prior to their release and recommend their approval to the Board. This will include a detailed review of quarterly and year-to-date results; and
- Review the Company's MD&A and press releases accompanying interim financial statements.

Annual Financial Statements and Other Financial Information

The Committee shall:

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

External Audit Terms of Reference, Reports, Planning and Appointment

The Committee shall:

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

a) the quality (not only acceptability) of financial statements and their conformity with IFRS accounting principles;

b) the quality of internal controls;

c) the appropriateness of financial statement disclosures; and

d) any other matters the external auditors may wish to bring to the attention of the Committee.

- Recommend to the Board each year the retention or replacement of the external auditors. This process shall include establishment of criteria for and an ongoing assessment of the continued independence of the external auditor. If there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition; and
- Annually review and recommend for approval to the Board the terms of engagement and the remuneration of the external auditors.

Other Matters

The Committee shall:

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

ACCOUNTABILITY

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

Schedule 7 - Position Description for Audit Committee Chair

CRESCITA THERAPEUTICS INC.
(the "**Corporation**")

CHAIR OF THE AUDIT COMMITTEE

POSITION DESCRIPTION

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

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

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

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

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

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

On an annual basis, the Chair will facilitate:

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

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

Schedule 8 - Position Description for the Chief Executive Officer

CRESCITA THERAPEUTICS INC.
(the "**Corporation**")

CHIEF EXECUTIVE OFFICER

APPOINTMENT AND TERM

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

GENERAL STATEMENT OF RESPONSIBILITIES

1. The CEO shall be directly accountable to the Board for all activities of the Corporation and shall report to the Board and to the respective committees of the Board (the "Board Committees") as requested from time to time by the Chair of the Board and the Chairs of the Board Committees.

2. The CEO shall have the primary responsibility and decision-making authority for the day-to-day management of the business and affairs of the Corporation. The CEO shall provide leadership and vision for the effective management and profitability of the Corporation, including the development of short-term and long-term strategies with the goal of increasing shareholder value and the growth of the Corporation and for conformity with corporate policies adopted by the Board.

3. In discharging his/her responsibilities, the CEO will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly, ethically, in good faith and in compliance with applicable laws with a view to the best interests of the Corporation. In general terms, the CEO will:

    a. in consultation with the Board of the Corporation, define the strategic plan(s) and principal objective(s) of the Corporation;

    b. carry out the management of the business and affairs of the Corporation with the goal of achieving the Corporation's principal objective(s) as defined in consultation with and approved by the Board; and

    c. discharge the duties imposed by the Board and applicable laws.

SPECIFIC RESPONSIBILITIES

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

1. Leadership and Vision

a. Establish with the Board the vision and values of the Corporation with a focus on creating value for the shareholders;

b. Communicating on behalf of the Corporation with shareholders, other stakeholders, government entities and the public:

c. Develop in consultation with the Board, and recommend to the Board for adoption, a short-term and long-term strategic plan consistent with the vision and values of the Corporation;

d. Identify business opportunities which are consistent with the vision, values and strategic plan of the Corporation;

e. Set the tone for the Corporation so as to promote and foster an ethical and responsible culture that supports the attainment of the Corporation's strategic and operational objectives; and

f. Provide the executive leadership necessary to guide and inspire the employees of the Corporation to ensure the long-term success of the Corporation and to promote the Corporation's goal of profitability and growth in an ethical and responsible manner.

2. Business Management

a. Manage the Corporation in accordance with the strategic plan adopted by the Board and within the limits of authority delegated to the CEO by the Board from time to time;

b. Develop annual objectives and periodic business, capital and operating plans and budgets for the Corporation that are consistent with the strategic plan of the Corporation, recommend such objectives, plans and budgets to the Board for adoption, monitor corporate performance relative to the foregoing and provide periodic reports to the Board on such performance;

c. Ensure the efficient acquisition and allocation of the financial, human and other resources required by the Corporation to achieve its strategic plan and objectives;

d. Recommend to the audit committee and the board the adoption of, and oversee the implementation of, effective internal controls, monitoring and performance standards and systems relative to the utilization of all corporate resources;

e. Ensure appropriate and timely disclosure of material information with respect to the Corporation's business and affairs; and

f. Participate in the marketing of the Corporation to equity and debt holders and oversee the capital-raising activities of the Corporation as approved by the Board.

3. Human Resources Management

a. Develop and maintain an effective organizational structure that reflects operational needs and defines the authority and responsibility of management; and

b. Manage the human resources of the Corporation, including:

i. succession planning and development processes for the CEO, senior and other management;

ii. put in place an executive team and other senior management as required for corporate success, including making recommendations to the Board for the appointment of the executive officers;

iii. counsel and monitor the performance of the executive officers;

iv. make recommendations to the Board on salary levels and bonuses for the executive officers and equity-based compensation for employees of the Corporation; and

v. ensure the Corporation implements the necessary human resources policies to attract, retain and motivate employees as required for corporate success.

4. Governance and Risk Management

a. Ensure the development of management documents necessary for the Corporation to achieve its strategic plan and objectives, and recommend policies and other management documents to the Board as appropriate for approval;

b. Oversee the development of, the implementation of, and compliance with, appropriate systems, including those to:

i. ensure socially responsible and ethical behaviour of the Corporation and its employees;

ii. identify and manage the principal business risks of the Corporation and implement appropriate systems and procedures to monitor and mitigate such risks;

iii. ensure the integrity of the Corporation's internal control, management information systems and financial reporting;

iv. ensure high standards of safety, health, environmental protection and quality that are compliant with all relevant laws and regulations and maintain the Corporation's high standards of social responsibility;

v. ensure disclosure controls and procedures that are compliant with all relevant laws and regulations;

vi. ensure compliance with all applicable laws and regulatory requirements; and

vii. ensure the principal business risks of the Corporation are identified and managed.

5. Board Relations

a. Work in close collaboration with the Chair of the Board, the Chair of each Board Committee and the Lead Director to:

i. bring decisions to be made by the Board and Board Committees and other matters of importance to the Board's and Board Committees' attention in a timely manner; and

ii. set Board and Board Committee agendas and provide timely and relevant information to the Board and Board Committees so as to enable the Board and Board Committees to effectively discharge their obligations in accordance with their respective charters; and

b. Ensure, in collaboration with the Board Chair, there is an effective relationship between management and the members of the Board.

6. External Relationship Management

a. Serve as the Corporation's chief spokesperson, and communicate and promote positive relationships with the shareholders of the Corporation, customers and external stakeholders including financial institutions, local communities where we operate, government agencies, regulators, legislators, non-governmental organizations and the public at large;

b. Identify and, in an ethical and responsible manner, develop and leverage business relationships supporting the attainment of the strategic plan and objectives of the Corporation; and

c. Represent the Corporation in industry associations, where appropriate, to advance the interests of the Corporation.

7. Other

a. Carry out any other appropriate duties and responsibilities assigned by the Board from time to time.

b. The CEO may delegate certain operational duties to and receive reports and recommendations from any member of the executive team of the Corporation. Such delegation shall not relieve the CEO from his/her responsibilities.

Schedule B - Code of Conduct and Business Ethics

CRESCITA THERAPEUTICS INC.
(the "Corporation")

CODE OF CONDUCT AND BUSINESS ETHICS

PURPOSE OF THIS CODE

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

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

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

WORKPLACE

Non-Discriminatory Environment

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

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

A Work Environment Free of Harassment

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

DRESS CODE

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

HEALTH AND SAFETY, ENVIRONMENTAL

Environmental

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

Health and Safety

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

Information and Communication Systems

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

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

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

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

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

Guidelines:

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

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

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

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

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

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

Personal Blogs

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

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

THIRD PARTY RELATIONSHIPS

Conflicts of Interest and Fair Dealings

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

Competition

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

Ethical Business Conduct

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

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

Directorships

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

LEGAL COMPLIANCE

Compliance with Laws

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

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

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

Insider Trading

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

Public Disclosure of Material Information

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

INFORMATION, RECORDS AND PROPERTY

Financial Reporting

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

Record Retention

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

Protection of Company Assets

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

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

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

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

COMPLIANCE WITH THE CODE OF CONDUCT AND ETHICS

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

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

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

NON-COMPLIANCE WITH THE CODE OF CONDUCT AND BUSINESS ETHICS

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

APPENDIX II

Material Contracts and Glossary of Terms

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

Material Contracts

- The Development and Commercialization License Agreement dated April 21, 2017, between Crescita Therapeutics Inc. and Taro Pharmaceuticals Inc. See "*Significant Transactions & Partnerships – Pliaglis Out-licensing Agreements*".
- The Convertible Secured Debenture dated August 28, 2017 in the amount of $325,000 with Bloom Burton Healthcare Lending Trust. See "*Description of Capital Structure – Convertible Debentures*".
- The Convertible Secured Debenture dated August 28, 2017 in the amount of $675,000 with Bloom Burton Healthcare Lending Trust II. See "*Description of Capital Structure – Convertible Debentures*".
- The Restated and Amended Rights Plan Agreement dated as of March 20, 2019 between the Company and AST Trust Company, described under "*Description of Capital Structure – Shareholder Rights Plan*".

Glossary of Terms

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

Patent Cooperation Treaty	The Patent Cooperation Treaty (PCT) assists applicants in seeking patent protection internationally for their inventions, helps patent Offices with their patent granting decisions, and facilitates public access to a wealth of technical information relating to those inventions. By filing one international patent application under the PCT, applicants can simultaneously seek protection for an invention in a very large number of countries
Placebo	An inactive substance administered to a group of patients in a clinical study in order to form a control group against which the results obtained from patients receiving an active substance can be measured.
Preclinical studies	Those studies generally completed prior to human clinical trials.
Risk Evaluation and Mitigation Strategy	A Risk Evaluation and Mitigation Strategy (REMS) is a strategy to manage a known or potential serious risk associated with a drug. A REMS may be required by the FDA and can include a Medication Guide, Patient Package Insert, a communication plan, an education plan, and even restricted marketing, to assure safe use of the drug.
Tetracaine	A local anesthetic drug that can be administered by local injection or by topical application to conjunctiva, mucosae and skin. When used topically, relieves pain by blocking signals at the nerve endings in skin and underlying tissues.
Therapeutic Products Directorate	The Therapeutic Products Directorate (TPD) is the division within Health Canada that reviews New Drug Submissions.
United States Food and Drug Administration	The U.S. Food and Drug Administration (FDA), an agency within the Department of Health and Human Services, the U.S. government's principal agency for protecting the health of all Americans, which is among other responsibilities charged with regulating pharmaceutical products in the U.S.