CRESCITA THERAPEUTICS

First Quarter 2021 Interim Report

Management's Discussion and Analysis

May 10, 2021

Basis of Presentation

This Management's Discussion and Analysis of the financial position and results of operations ("MD&A") is the responsibility of management and has been reviewed and approved by Crescita's board of directors (the "Board of Directors"). This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators ("CSA"). While the Board of Directors is ultimately responsible for approving the MD&A, it carries out this responsibility mainly through the oversight of its Audit Committee, which has been appointed by the Board of Directors and is composed entirely of independent and financially literate directors.

Throughout this document, Crescita Therapeutics Inc. is referred to as "Crescita", "we", "our" or "Company". This MD&A provides information that management believes is relevant to an assessment and understanding of the consolidated results of operations, cash flows and financial condition of the Company. The following information should be read in conjunction with Crescita's condensed consolidated interim financial statements and the notes thereto for the three months ended March 31, 2021 and 2020 (the "Q1-21 Interim Financial Statements") which have been filed on the System for Electronic Document Analysis and Retrieval ("SEDAR"). Crescita's accounting policies are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information relating to the Company, including its most recently filed Annual Information Form ("AIF"), can be found on SEDAR at www.sedar.com.

Materiality of Disclosures

This MD&A includes information we believe is material to investors. We consider something to be material if it results in or would reasonably be expected to result in a significant change in the market price or value of our shares, or if it is likely that a reasonable investor would consider the information important in making an investment decision.

All amounts in this MD&A are expressed in thousands of Canadian dollars ("CAD"), unless otherwise noted. This MD&A contains "forward-looking information". Refer to *Forward-looking Statements*.

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

Highlights and Key Business Developments

Q1-2021 vs Q1-2020 Financial Highlights

- Revenue was $3,265 compared to $3,815, a decrease of $550;
- Gross Profit was $2,116 compared to $2,464, a decrease of $348;
- Operating expenses were $2,413 compared to $2,825, a decrease of $412;
- Adjusted EBITDA was $87 compared to $112, a decrease of $25;
- Ending cash position was $13,944 compared to $9,334, an increase of $4,610.

Key Business Developments

For the quarter ended March 31, 2021 and up to the date of this MD&A:

Patent Granted for CTX-102
On March 16, 2021, the United States Patent and Trademark Office ("USPTO") granted U.S. Patent No. 10,945,952 for *Rinse-Off Compositions and Uses Thereof for Delivery of Active Agents* which provides coverage for CTX-102 through March 16, 2040. This patent is Orange Book listable against CTX-102 once the product is approved. An Investigational New Drug Application for CTX-102 has been submitted with the United States ("U.S.") Food and Drug Administration ("FDA").

Lease Amendment for Manufacturing and Office Facility
Effective March 15, 2021, the Company amended the lease for its manufacturing and office facility, extending the lease term for a period of five years until September 30, 2026 and adding a renewal option in favour of the Company for an additional period of five years until September 30, 2031.

Filing of Application for New Medical Device Licence by FILLMED for ART-FILLER®
On January 21, 2021, we announced that Laboratoires FILLMED ("FILLMED") submitted the application to Health Canada for a new Medical Device License ("MDL") for the ART FILLER range as a Class III medical device. Due to backlogs resulting from the coronavirus ("COVID-19") pandemic, it is estimated that the average target review time by Health Canada may range from six to nine months but may be longer.

We launched New Cellular Treatment Factor® ("NCTF") in Canada in early April and we expect launching ART FILLER in 2022, shortly after its anticipated approval by Health Canada. Both products represent key opportunities for us to take advantage of the increasing popularity of minimally invasive and non-invasive aesthetic procedures and to strengthen our presence in the rapidly growing medical aesthetics market.

In January 2020, we entered into an exclusive distribution and promotion agreement with FILLMED for the distribution of the ART FILLER injectables range and NCTF in Canada, allowing us to expand our product offering and benefit from the growth in the field of medical aesthetics. ART FILLER is an exclusive collection of five hyaluronic acid-based fillers, while NCTF is a skin revitalization solution primarily used for the improvement of skin quality and fine lines. FILLMED is a French aesthetic medicine company with expertise in developing aesthetic anti-ageing treatment solutions using HA. Refer to *Non-Prescription Skincare Product Portfolio*.

Forward-looking Statements

This MD&A contains "forward-looking statements" within the meaning of applicable securities laws. Forward-looking statements can be identified by words such as: "anticipate", "intend", "plan", "goal", "seek", "believe", "project", "estimate", "expect", "strategy", "future", "likely", "may", "should", "will" and similar references to future periods. Example of forward-looking statements include, but are not limited to, statements regarding the Company's objectives, plans, goals, strategies, growth, performance, operating results, financial condition, our belief that we have sufficient liquidity to fund our business operations during the upcoming fiscal year, strategy for customer retention, growth, product development, market position, financial results and reserves, strategy for risk management, business prospects, opportunities and industry trends, the expected impact of, and responses taken by the Company with respect to, the COVID-19 pandemic, and similar statements concerning anticipated future events, results, circumstances, performance or expectations. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the Company's control. Crescita's actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, readers should not unduly rely on any of these forward-looking statements. Important factors that could cause Crescita's actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, economic and market conditions, the impact of the COVID-19 pandemic and the response thereto of governments and consumers, the Company's ability to execute its growth strategies, reliance on third parties for clinical trials, marketing, distribution and commercialization, the impact of changing conditions in the regulatory environment and product development processes, manufacturing and supply risks, increasing competition in the industries in which the Company operates, the Company's ability to meet its debt commitments, the impact of unexpected product liability matters, the impact of litigation involving the Company and/or its products, the impact of changes in relationships with customers and suppliers, the degree of intellectual property protection of the Company's products, the degree of market acceptance of the Company's products, developments and changes in applicable laws and regulations, as well as other risk factors described from time to time in the reports and disclosure documents filed by Crescita with Canadian securities regulatory agencies and commissions, including the sections entitled "Risk Factors" in the Company's most recent annual MD&A dated March 23, 2021 and AIF dated March 24, 2021. As a result of the foregoing and other factors, no assurance can be given that future results, levels of activity or achievements indicated in any forward-looking statements will actually be achieved. Any forward-looking statement made by the Company in this MD&A is based only on information currently available to management and speaks only as of the date on which it is made. Except as required by applicable securities laws, Crescita undertakes no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Non-IFRS and Key Financial Measures

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

The following are the non-IFRS and key financial measures used by management alongside their respective definitions:

Profitability	• **EBITDA *(non-IFRS)*** – is defined as earnings before interest, income taxes, depreciation, and amortization. A reconciliation of EBITDA to its closest IFRS measure can be found under the *EBITDA and Adjusted EBITDA Reconciliation* section of this MD&A. • **Adjusted EBITDA *(non-IFRS)*** – is defined as earnings before interest, income taxes, depreciation and amortization, other expenses (income), share-based compensation costs, goodwill and intangible asset impairment, and foreign exchange (gains) losses, as applicable. Management believes that Adjusted EBITDA is an important measure of operating performance and cash flow and provides useful information to investors as it highlights trends in the underlying business that may not otherwise be apparent when relying solely on IFRS measures. A reconciliation of Adjusted EBITDA to its closest IFRS measure can be found under the *EBITDA and Adjusted EBITDA Reconciliation* section of this MD&A. • **Net income (loss) before income taxes** – is a measure of income or loss generated by the Company during the period.
Liquidity	• **Cash provided by (used in) operating activities** – is a measure of cash generated from or used in managing our day-to-day business operations. We believe that operating cash flow is indicative of financial flexibility, allowing us to execute our growth strategy.

Reporting Segments

IFRS 8 - *Operating Segments* (“IFRS 8”) requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker (the “CODM”) for the purpose of allocating resources to the segment and for assessing its performance. Based on our analysis, we have determined that the CODM is our Chief Executive Officer.

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

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

In Canada, the Company’s sales force calls on aesthetic spas, medispas and medical aesthetic clinics using a business to business to consumer model, while our LDR products can also be purchased through our online platform. International markets include South Korea and Malaysia where LDR is sold by distribution partners, and China where Dermazulene is sold through a large e-commerce distributor. The Company recognizes revenue from the sale of products when the goods are shipped or received by the customers depending on the specific arrangement.

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

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

Refer to the *Revenue by Segment* and *Gross Profit by Segment* sections of this MD&A and to Note 5 - *Segmented Information* of our Q1-21 Interim Financial Statements.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic (the "Pandemic"). The Pandemic resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, border shutdowns, self-imposed quarantine periods, restrictive social measures and the closure of non-essential businesses have caused material disruptions to businesses globally, resulting in an economic slowdown as well as significant volatility in global equity markets.

The Pandemic has caused high levels of unemployment in Canada and has resulted in lower consumer spending in many sectors. With most services offered in aesthetic spas and medispas being discretionary, the performance of our business is closely tied to fluctuations in consumer disposable income and changing consumer behaviors and has been impacted by the Pandemic. The timing of a recovery of consumer behavior and willingness to spend discretionary income on aesthetic products and treatments may adversely affect our ability to generate revenue comparable to historical levels.

The emergence of a third wave of the Pandemic has led most Canadian provincial governments to reinstitute closures and other restrictive public health measures to slow the spread of the virus, which may influence our 2021 financial performance. We sell our dermocosmetic products mainly through a direct sales force that meets face-to-face with spa and medispa owners and physicians. Such closures throughout the first and second waves of the Pandemic had a meaningful impact on our fiscal 2020 results where we saw a reduction in demand for our products, due in part to the decrease in demand for in-cabin treatments due to the very nature of these services and the inability to successfully socially distance. However, even with Q1-21 lockdowns and shelter-in-place restrictions which extended beyond the closures of Q1-20, our commercial skincare sales have started to show signs of recovery, posting 14.8% year-over-year growth. We believe that this improvement is mainly due to our investments in digital marketing and direct-to-consumer commercial initiatives.

In response to the negative economic impact of COVID-19, various government programs have been announced to provide financial relief to affected businesses. The Company determined that it qualified for the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") programs under the COVID-19 Economic Response Plan in Canada. For the quarter ended March 31, 2021, we recognized payroll subsidies of $417 under the CEWS program and $73 under the CERS program.

Even with the existence of multiple viable vaccine options, it remains unclear what the duration and long-term effects of the Pandemic will be on our business. In line with public health recommendations, all office employees whose presence on-site is not essential to the pursuit of our activities must work from home. Most manufacturing, quality and laboratory-based employees have continued to work onsite.

We continue to closely monitor the evolution of the Pandemic. The health and safety of our employees, clients, and community continue to be a top priority.

Outlook and Liquidity Update

Our objectives when managing our liquidity and capital structure are to maintain enough cash to fund our operations, including business development and organic growth initiatives to enable us to continue as a going concern and to meet contractual obligations as they become due. As of March 31, 2021, Crescita had working capital (defined as current assets minus current liabilities) of $14,825, including a cash balance of $13,944, and an accumulated deficit of $(40,806). Our cash and other current assets at March 31, 2021, were sufficient to meet our current accounts payable, accrued liabilities and other obligations for at least the next twelve months. In addition, we have further liquidity available of up to $3,500 under our revolving credit facility (the "Facility"), subject to margin requirements. Based on our accounts receivables and inventory values at the end of the quarter, the total amount available under the Facility was $2,876. The Facility bears no financial covenants, and no amounts have yet been drawn.

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

Normal Course Issuer Bid

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

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

During the quarter, 35,608 Common Shares were repurchased for cancellation at an average market price of $0.70 per share for aggregate consideration of $24. Of the Common Shares repurchased, 30,608 Common Shares were cancelled in the quarter and 5,000 Common Shares were cancelled after March 31, 2021.

Pursuant to the Company's previous normal course issuer bid that commenced on June 28, 2019 and ended on June 27, 2020 (the "Previous NCIB"), a total of 84,188 Common Shares were repurchased and cancelled during the quarter ended March 31, 2020 at an average market price of $0.81, for aggregate consideration of $68. In connection with its Previous NCIB, the Company had also adopted an ASPP which was terminated on March 24, 2020 as part of the measures we took in response to the COVID-19 pandemic.

Outstanding Share Data

The following table provides the designation and number of each class and series of voting, equity, or convertible securities of Crescita, outstanding:

	As at May 7, 2021
Common shares	20,612,840
Stock options[1]	2,956,812
Convertible debentures[2]	1,000,000
Warrants	496,000

[1] This amount includes 1,917,562 options which have vested.
[2] The convertible debentures are convertible into common shares at the option of the holder at a 1-to-1 conversion ratio.

Selected Quarterly Financial Information

In thousands of CAD, except per share data and number of shares	Three months ended March 31, 2021	2020	Change
Operations	**$**	$	$
Revenues	**3,265**	3,815	(550)
Cost of goods sold	**1,149**	1,351	(202)
Gross profit	**2,116**	2,464	(348)
Gross margin (%)	***64.8%***	*64.6%*	*0.2%*
Operating expenses	**2,413**	2,825	(412)
Operating loss	**(297)**	(361)	64
Interest (income) expense, net	**(12)**	3	(15)
Foreign exchange loss (gain)	**151**	(50)	201
Total other expenses (income)	**139**	(47)	186
Loss before income taxes	**(436)**	(314)	(122)
Deferred income tax expense	**-**	180	(180)
Net loss	**(436)**	(494)	58
Adjusted EBITDA[1]	87	112	(25)
Earnings per share			
Basic and Diluted	**$ (0.02)**	$ (0.02)	-
Weighted average number of common shares outstanding			
Basic and Diluted	**20,626,608**	20,700,133	(73,525)
Balance Sheet as at March 31,			
Cash and cash equivalents	**13,944**	9,334	4,610
Total assets	**28,696**	26,607	2,089
Total non-current financial liabilities[2]	**2,900**	1,270	1,630
Total liabilities	**7,973**	6,010	1,963
Total equity	**20,723**	20,597	126

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

2 Non-current financial liabilities are defined as the sum of the long-term portions of long-term debt, convertible debentures, other obligations, and lease obligations.

Corporate Overview

About Crescita

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

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

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

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

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

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

Crescita's portfolio also includes Pliaglis, our lead prescription product, that utilizes our proprietary phase-changing topical cream Peel technology – refer to *Transdermal Delivery Technologies*. Pliaglis is a topical local anesthetic cream that provides safe and effective local dermal analgesia on intact skin prior to superficial dermatological procedures. The product is currently approved in over 25 different countries, is sold by commercial partners in the U.S., Italy, Spain, and Brazil, and was most recently licensed to partners in Austria, Mexico, and China. In addition, we market Pliaglis in the Canadian physician-dispensed skincare market through our own sales force.

Our expertise in topical product formulation and development can be leveraged in combination with our patented transdermal delivery technologies to develop and manufacture creams, liquids, gels, ointments, and serums under our CDMO infrastructure. We provide our services to several North American clients under full cGMP ("Current Good Manufacturing Practice") conditions. We deliver turnkey solutions, integrating production with in-house R&D, supply chain, and quality control functions. Our integrated approach aims to simplify our clients' supply chain to maximize value, ensuring timely and cost-effective product launches. We run our operations from our head office located in the heart of the Biotech City in Laval, Québec, including a 50,000 square-foot production facility where we also manufacture the majority of our non-prescription skincare products. Formulations manufactured by or for Crescita include cosmetics, natural health products ("NHP") and products with Drug Identification Numbers ("DIN"). We maintain a registered office located at 6733 Mississauga Road, Suite 800, Mississauga, Ontario, L5N 6J5.

Vision and Growth Strategy

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

Our corporate growth strategy is comprised of four pillars, each of which is based on the fundamentals of our business model. Together, we refer to these as our "Four-Pillar Growth Strategy."

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

Our strategy was designed to generate growth over the long-term. There have been no changes to our vision and growth strategy since our year ended December 31, 2020. For further details, please refer to the section entitled "Vision and Growth Strategy" on page 13 of Crescita's 2020 Annual Report, which is available on our website at www.crescitatherapeutics.com and which was filed on SEDAR at www.sedar.com.

Competitive Conditions

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

Non-Prescription Skincare Product Portfolio

Laboratoire Dr Renaud®
Founded over 70 years ago, Laboratoire Dr Renaud is a pioneer in the cosmetics industry. The product line was founded in France in 1947 by Dr. Louis Raymond Renaud, a well-known French dermatologist and was proudly launched as a Canadian brand in Montreal in 1963. Laboratoire Dr Renaud is inspired by nature to develop personalized solutions to address daily skin concerns such as: aging, acne, rosacea, pigmentation, dehydration, and sensitivity. With research and innovation at the heart of the brand, Laboratoire Dr Renaud's skincare solutions represent the perfect synergy of science and aesthetics. Products are designed according to the principles of biomimicry which imitate natural processes, making them extremely compatible with the skin. Crescita owns the trademark rights for the skincare line in North America, certain South American countries, and the Pacific Rim as well as the worldwide rights for the formulations. Virtually all the LDR products are manufactured at the Company's Laval manufacturing facility and can be purchased either through a professional aesthetician or through our e-commerce platform.

Pro-Derm®
Pro-Derm is a line of high-quality dermocosmetic products sold to physicians operating medispas and medical aesthetic clinics. Pro-Derm products are used in conjunction with anti-aging medical procedures both pre and post treatment, such as dermal filler injections for lines and wrinkles, facial peels, laser treatments, aesthetic surgery as well as to prevent the undesired effects of aging. Developed by a Canadian team of chemists and a dermatologist, the products are designed to achieve and maintain healthy-looking skin and to optimize cosmetic procedures offered by physicians. By offering a range of clinically proven effective ingredients, Pro-Derm combines the benefits of both cosmetic and pharmaceutical products. Our formulas are free from parabens, dyes, perfumes, alcohol, mineral oils, and other harsh chemicals, as well as from ingredients of animal origin. Crescita owns the trademark rights for Canada and the worldwide formulations and marketing rights for Pro-Derm. Virtually all the Pro-Derm products are manufactured at our Laval manufacturing facility.

Alyria®
Alyria is a comprehensive dermocosmetic skincare line developed using scientific research to target major skincare concerns. Alyria offers a complete regimen to help patients achieve healthier-looking skin. Alyria products are sold by physicians operating medispas and medical aesthetic clinics and use therapeutic concentrations of high-quality ingredients in proven formulations, delivered through advanced skin optimizing systems. Alyria's portfolio is complementary to our Pro-Derm line and can be purchased throughout Canada in various medispas and medical clinics. Crescita owns the trademark rights for Canada, Europe, certain South American countries, and the U.S. In addition, Crescita owns the worldwide marketing rights for Alyria as well as the rights to the product formulations, which are, in some cases, on a non-exclusive basis.

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. Crescita owns the trademark rights to Dermazulene in Canada, China, and the U.S.

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

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

Prescription Product Portfolio

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

The product is currently approved in over 25 countries and sold by commercial partners in the U.S., Italy, Spain, and Brazil (refer to *Significant Partnerships*), and was most recently licensed to partners in Austria, Mexico, and China.

Crescita continues to focus on expanding its global network for Pliaglis in the rest-of-world ("ROW") and is actively seeking to secure licensing partners in countries that have been identified by management as having the highest strategic priority.

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

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

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

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

Product Candidates in Co-Development

In April 2014, Crescita entered a joint venture with Ferndale Laboratories Inc. and a leading U.S. contract research organization (a "CRO" and together the "Development Partners") to develop and formulate two topical dermatology product candidates (the "Product Candidates") utilizing our patented MMPE technology. Under this agreement (the "Original Joint Venture Agreement"), upon completion of the formulations, the Development Partners would oversee and fund the formulations' advancement through Phase 2 clinical studies, after which, it was anticipated that the Product Candidates would be made available for licensing. However, in 2019, we amended the Original Joint Venture Agreement, including a financial commitment from Crescita to fund our proportionate share of the Phase 3 clinical development costs for CTX-101 to maintain our anticipated share of future licensing proceeds.

CTX-101
CTX-101 is a topical formulation utilizing a corticosteroid in combination with our patented MMPE technology to treat plaque psoriasis. On February 11, 2020, we announced positive topline results from two pivotal Phase 3 clinical trials for CTX-101. The two Phase 3 multi-centre, randomized, vehicle-controlled, double-blind, parallel group trials were conducted in the U.S. using the same study design.

Both studies met the primary endpoint demonstrating that a statistically significant greater number of patients achieved the Investigator's Global Assessment ("IGAs") treatment success ($p < 0.001$) at the end of study. The IGA score is a static evaluation by the investigator of the overall assessment of the patient's disease status within the designated treatment area. These results are based on the Intention to Treat population and study results in the Per Protocol population were also highly significant as were key secondary endpoints for both studies. We are currently working with our Development Partners to complete the full development program and clinical reports for these studies for submission to the FDA and have agreed with our Development Partners that they may initiate licensing discussions.

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

CTX-102

CTX-102 is a topical formulation also utilizing our patented MMPE technology to treat an undisclosed dermatological skin condition. Initial formulation development efforts for CTX-102 were completed in Q2-18, while an Investigational New Drug ("IND") application update was filed on June 25, 2018 including details on the formulations to be evaluated in the first planned Phase 1 vasoconstrictor assay ("VCA") study. The IND update was accepted by the FDA and the initial Phase 1 VCA study designed to evaluate the relative potency of several formulations was completed in Q1-19. The results of the Phase 1 VCA study were encouraging, and a successful pilot Phase 2 study was recently completed, providing encouraging feedback on the safety, user response and clinical efficacy of the lead formulation. We are now working with our Development Partners to evaluate the next steps of the development program.

In addition to U.S. patents No. 8,343,962 and No. 9,642,912 which pertain to both CTX-101 and CTX-102, U.S. Patent No. 10,945,952 was granted March 16, 2021 for Rinse-Off Compositions and Uses Thereof for Delivery of Active Agents with term to March 16, 2040. Additional international and US patent applications are also pending with anticipated term through 2040.

Transdermal Delivery Technologies

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

Peel and DuraPeel™

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

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

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

MMPE™

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

Pipeline Products

Non-Prescription Skincare Products

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

Prescription Drug Products

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

Product	Therapeutic Area	Stage of Development	Intellectual Property[2]
Pliaglis and enhanced formulation of Pliaglis (U.S.)	Local anesthesia prior to superficial dermatological procedures	Commercial	U.S. patent for Pliaglis expired on September 28, 2019. Three Orange Book listed U.S. patents for enhanced formulation expiring in 2031. Application pending in the U.S. through 2031.
Pliaglis (ROW)	Local anesthesia prior to superficial dermatological procedures	Commercial	International patents for Pliaglis expired on September 27, 2020.
Enhanced formulations of Pliaglis (ROW)	Local anesthesia prior to superficial dermatological procedures	Phase 3/4	Patents granted in AU, CA, CN, AT, BE, CH, DE, ES, FR, GB, GR, IT, LU, NL, PL, TR, HK, JP, MX, and RU, with latest expiring in 2031. Allowed application in BR through 2031.
CTX-101[1]	Plaque Psoriasis	Phase 3	Patents granted in the U.S. expiring in 2027. Applications pending in AU, CA, EP, MX, NZ, and U.S. through 2036.
CTX-102[1]	Dermatological skin treatment	Phase 1	Patents granted in the U.S. expiring in 2027. Applications pending in AU, CA, EP (allowed), MX, NZ, and U.S. through 2036. U.S. patent for CTX-102 granted through 2040. International and U.S. applications pending through 2040.
Dermatology products utilizing MMPE[3]	Prescription treatments of skin diseases	Pre-clinical	Patent granted in the U.S. expiring in 2027.

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

Significant Partnerships

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

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

Licensing Agreement with Cantabria Labs
In April 2019, we entered into a commercialization license agreement with Cantabria Labs Inc. ("Cantabria" and the "Cantabria Agreement") for an initial term of 15 years, granting Cantabria the exclusive rights to sell and distribute Pliaglis in Italy, Portugal, France, and Spain (the "Territories"). Under the Cantabria Agreement, we are eligible to receive double-digit royalties on the net sales of Pliaglis in the Territories, with minimum guaranteed sales-based royalties per year, and milestones related to the launch and sales performance of Pliaglis in each of the Territories. 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.

During Q4-20, Cantabria launched Pliaglis in Spain, which entitled Crescita to a milestone payment of $78 (€50). Cantabria is promoting Pliaglis through its field force, calling on physicians such as aesthetic doctors and dermatologists, similarly to the sales approach in Italy. Cantabria is planning to launch the product in Portugal and France in 2021.

In addition, the parties agreed that Cantabria would transfer the manufacturing of Pliaglis to its centre for sustainable production in Spain and that Cantabria would supply the product to Crescita outside the Territories.

In Q1-20, Cantabria successfully completed the transfer of the manufacturing process and analytical test methods for Pliaglis to its manufacturing facility in Santander, Spain. A manufacturing site variation application seeking approval for Cantabria's facility to manufacture Pliaglis for the European market was submitted to the European Union ("E.U.") member states and was approved on June 24, 2020. The approval allows Cantabria's manufacturing facility to be the supplier of Pliaglis in Europe. In connection with the approval, we revised our estimate of the present value of future minimum guaranteed sales-based royalties to be received under the contract, recognizing incremental licensing revenue of $413 in Q2-20.

Licensing Agreement with Taro Pharmaceuticals Inc.
In April 2017, we entered into a development and commercialization license agreement with Taro Pharmaceuticals Inc., a subsidiary of Taro Pharmaceutical Industries Ltd. (the "Original Taro Agreement"). Under the terms of the Original Taro Agreement, Crescita granted Taro an exclusive license to sell and distribute Pliaglis and an enhanced formulation of Pliaglis in the U.S. market.

In July 2020, we entered into an amendment to the Original Taro Agreement (the "Taro Amendment"). The Taro Amendment entitled Crescita to a one-time total cash payment of $5,151 (US$3,855) in Q3-20, largely representing a royalty adjustment to past sales as well as an upward modification of future royalty payments. The parties also agreed to certain modifications of non-financial clauses, which resulted in the recognition of Other Income of $668 (US$500) which was also recognized in Q3-20. Under the Taro Amendment, royalties are now calculated using a higher double-digit flat rate in lieu of a series of tiered double-digit rates as prescribed under the Original Taro Agreement.

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

Results of Operations

Fluctuations in Operating Results

Crescita's results of operations have fluctuated significantly from period-to-period in the past and are likely to do so in the future. Crescita anticipates that its quarterly and annual results of operations will be impacted for the foreseeable future by several factors including the COVID-19 pandemic, the timing and amount of product sales, royalties, milestone and upfront payments received pursuant to current and future collaboration and licensing arrangements and the progress and timing of expenditures related to product development efforts. Due to these fluctuations, Crescita believes that the period-to-period comparisons of its operating results are not necessarily an adequate indicator of future performance.

Foreign Exchange Rates

Through its international operations, Crescita is exposed to changes in foreign currency rates. Accordingly, as prescribed by IFRS, we value assets, liabilities and transactions measured in foreign currencies using various exchange rates. We report all amounts in CAD, unless otherwise noted. Refer *to* Note 17 - *Financial Instruments and Risk Management* of our Q1-21 Interim Financial Statements for a further discussion on the impact of foreign currency fluctuations on our results of operations.

	Three months ended March 31,	
Average rates	**2021**	**2020**
U.S. dollar	**1.2666**	1.3442
Euro	**1.5268**	1.4811

	As at March 31,	
Spot rates	**2021**	**2020**
U.S. dollar	**1.2575**	1.4187
Euro	**1.4759**	1.5584

Revenue by Segment

Three months ended March 31,	2021	2020	Change
In thousands of CAD	**$**	$	$
Commercial skincare	**1,767**	1,539	228
Licensing and royalties	**806**	1,453	(647)
Manufacturing and services	**692**	823	(131)
Total revenue	**3,265**	3,815	(550)

For the three months ended March 31, 2021, total revenue was $3,265 compared to $3,815 for the three months ended March 31, 2020, representing a decrease of $550 which was primarily driven by a $647 decrease in the Licensing segment, and to a lesser extent, by a $131 decrease in Manufacturing, partly offset by a $228 year-over-year improvement in the performance of our Commercial segment.

Commercial Skincare
Commercial Skincare sales for the three months ended March 31, 2021 were $1,767 compared to $1,539 for the three months ended March 31, 2020. Even with longer periods of spa and medispa closures in Q1-21 versus Q1-20, we are seeing the benefit of our investment in digital marketing and commercial initiatives. The year-over-year increase of $228 was mainly driven by incremental sales from our LDR e-commerce platform as well as from personal protective equipment, partly offset by lower demand for our skincare products in international markets.

Licensing and Royalties
For the three months ended March 31, 2021, revenue from the Royalties and Licensing segment was $806 compared to $1,453 for the comparable quarter of 2020, representing a decrease of $647. During the quarter, the Company recorded minimum guaranteed royalties of $806 (US$637) in accordance with its U.S. licensing agreement with Taro, compared to U.S. royalties of $1,453 in Q1-20.

Manufacturing and Services
Manufacturing and Services revenue for the three months ended March 31, 2021 was $692 compared to $823 for the comparable quarter of 2020. The year-over-year shortfall of $131 was mainly due to the timing of shipments year-over-year.

Revenue Distribution

The following tables provide additional information regarding our revenue mix by geography and reportable segment for the three months ended March 31, 2021 and 2020:

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

Three months ended March 31,	2021	2020
Canada	**80%**	76%
U.S.	**18%**	20%
ROW	**2%**	4%
	100%	100%

By Segment

Three months ended March 31,	2021	2020
Commercial Skincare	**54%**	40%
Licensing and Royalties	**25%**	38%
Manufacturing and Services	**21%**	22%
	100%	100%

Major Customers

Under IFRS 8, major customers are those that account for greater than 10% of a company's consolidated revenue. For the three months ended March 31, 2021, we had two major customers reported in the Licensing and Manufacturing segments that accounted for 37% of our total revenue, and two major customers reported in the Licensing and Manufacturing segments that accounted for 49% of our total revenue for the three months ended March 31, 2020.

Gross Profit by Segment

The CODM uses gross profit as the measure to assess the performance of the Company's segments and to allocate resources to these segments. Gross profit is calculated by subtracting the cost of goods sold ("COGS") from revenue, either on a consolidated or on a by segment basis. Gross margin, as reported below and elsewhere in this MD&A, is an expression of gross profit as a percentage of revenue, either on a consolidated or by segment basis. COGS primarily includes: the costs associated with manufacturing and packaging our products, provisions for inventory obsolescence, freight-in costs, the cost of products purchased from third parties, and costs for the development of formulas under our CDMO services.

Three months ended March 31,	2021	2020	Change
In thousands of CAD	**$**	$	$
Revenue	**3,265**	3,815	(550)
Cost of goods sold	**1,149**	1,351	(202)
Gross profit	**2,116**	2,464	(348)
Gross margin %	***64.8%***	*64.6%*	*0.2%*

For the three months ended March 31, 2021, gross profit was $2,116, representing a gross margin of 64.8%, compared to $2,464 and 64.6%, respectively, for the three months ended March 31, 2020. The decrease of $348 in gross profit was mainly due to the decrease in high margin licensing revenue year-over-year, while the improvement in gross margin was mainly driven by wage and rent subsidies under the CEWS and CERS programs, partly offset by the impact of the decrease in high-margin licensing revenue.

Commercial Skincare

Three months ended March 31,	2021	2020	Change
In thousands of CAD	**$**	$	$
Revenue	**1,767**	1,539	228
Cost of goods sold	**773**	788	(15)
Gross profit	**994**	751	243
Gross margin %	***56.3%***	*48.8%*	*7.5%*

For the three months ended March 31, 2021, gross profit in the Commercial segment was $994, representing a gross margin of 56.3%, compared to $751 and 48.8% for the three months ended March 31, 2020. The increase of $243 in gross profit was mainly attributable to higher segment revenue, while the improvement in gross margin of $7.5% was mainly driven by wage and rent subsidies under the CEWS and CERS programs in Q1-21.

Licensing and Royalties

Three months ended March 31,	2021	2020	Change
In thousands of CAD	**$**	$	$
Revenue	**806**	1,453	(647)
Cost of goods sold	**-**	-	-
Gross profit	**806**	1,453	(647)
Gross margin %	***100.0%***	*100.0%*	-

For the three months ended March 31, 2021, gross profit in the Licensing segment was $806, representing a gross margin of 100.0%, compared to $1,453 and 100.0% for the three months ended March 31, 2020. The decreases in gross profit of $647 was primarily a result of lower segment revenue, as described previously.

Manufacturing and Services

Three months ended March 31,	2021	2020	Change
In thousands of CAD	**$**	$	$
Revenue	**692**	823	(131)
Cost of goods sold	**376**	563	(187)
Gross profit	**316**	260	56
Gross margin %	***45.7%***	*31.6%*	*14.1%*

For the three months ended March 31, 2021, gross profit in the Manufacturing segment was $316, representing a gross margin of 45.7%, compared to $260 and 31.6%, respectively, for the three months ended March 31, 2020. The increase in gross profit of $56 and the improvement in gross margin of 14.1% were primarily a result to a favourable timing and mix of CDMO orders versus the prior year, as well as wage and rent subsidies under the CEWS and CERS programs.

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

Operating Expenses

Three months ended March 31,	2021	2020	Change
In thousands of CAD	**$**	$	$
Research and development	**219**	228	(9)
Selling, general and administrative	**1,863**	2,183	(320)
Depreciation and amortization	**331**	414	(83)
Total operating expenses	**2,413**	2,825	(412)

For the three months ended March 31, 2021, total operating expenses were $2,413 compared to $2,825 for the three months ended March 31, 2020, representing a decrease of $412. The decrease was primarily driven by lower selling, general and administrative (“SG&A”) expenses mainly as a result of wage subsidies under the CEWS program of $296 for the quarter ended March 31, 2021, which were recorded against SG&A-related compensation, and to a lesser extent, by lower depreciation and amortization expense.

Research and Development

R&D expenses are mainly composed of employee compensation costs, clinical trial costs, clinical manufacturing and scale-up costs and other third-party laboratory testing and service fees. In the normal course of business, the Company allocates a significant part of its R&D resources to the rejuvenation of its non-prescription skincare lines through product development and product reformulations, as well as to support its Manufacturing and Services and Licensing businesses.

Product portfolio rejuvenation and innovation activities are ongoing and are a key success factor for Crescita, allowing us to remain competitive in our product offerings. To a lesser extent, the Company also incurs formulation development and clinical costs related to our prescription product candidates such as CTX-101 and CTX-102. R&D expenditures vary depending on the stage of development of products and product candidates in Crescita’s pipeline and management’s allocation of Crescita’s internal resources to these activities and to each product specifically.

The Company also leverages its in-house R&D function for the development of new topical products combining its technologies and various selected molecules to fuel future licensing agreements in the non-prescription skincare market.

For the three months ended March 31, 2021, R&D expenses were $219 compared to $228 for the three months ended March 31, 2020, remaining essentially flat year-over-year.

Selling, General and Administrative
For the three months ended March 31, 2020, SG&A expenses were $1,863 compared to $2,183 for the three months ended March 31, 2020, representing a decrease of $320 year-over-year. The decrease was primarily driven by wage subsidies under the CEWS program representing $296 for the quarter, and lower travel expenses due to shelter-in-place rules, partly offset by higher advertising and promotions investments to grow our brands.

Depreciation and Amortization
For the three months ended March 31, 2021, depreciation and amortization expense was $331 compared to $414 for the three months ended March 31, 2020. The decrease of $83 was primarily due to the revision to the periodic amortization expense for intangibles following the recognition of an impairment charge of $1,918 in Q2-20.

Other Expenses (Income)

Three months ended March 31,	2021	2020	Change
In thousands of CAD	**$**	$	$
Interest expense	**48**	92	(44)
Interest income	**(60)**	(89)	29
Foreign exchange loss (gain)	**151**	(50)	201
Total other expenses (income)	**139**	(47)	186

Interest
For the quarter ended March 31, 2021, interest expense was $48 compared to $92 for the quarter ended March 31, 2020. The year-over-year decrease of $44 was primarily related to interest accretion and other adjustments.

For the quarter ended March 31, 2021, interest income was $60 compared to $89 for the quarter ended March 31, 2020, representing a decrease of $29. The Company earns interest on its cash balances and short-term investments and records interest accretion on the contract assets recognized under the Cantabria Agreement. Refer to Note 8 – *Contract Assets* to our Q1-21 Interim Financial Statements.

Foreign Exchange (Gain) Loss
For the three months ended March 31, 2021, we recorded a net foreign currency loss of $151 compared to a net foreign currency gain of $50 for the three months ended March 31, 2020. These currency variances are primarily driven by the timing of payments and settlements of foreign currency denominated balances, the revaluation of certain balance sheet items including the contract asset in the amount of $1,963 related to the Cantabria Agreement denominated in euros, combined with the volatility of foreign exchange rates.

Net Loss and Earnings per Share

Three months ended March 31,	2021	2020	Change
In thousands of CAD, except number of shares and per share data	**$**	$	$
Loss before income taxes	**(436)**	(314)	(122)
Deferred income tax expense	**-**	180	(180)
Net loss	**(436)**	(494)	58
Weighted average number of common shares outstanding			
Basic and Diluted	**20,626,608**	20,700,133	(73,525)
Earnings per share			
Basic and Diluted	**$ (0.02)**	$ (0.02)	$ -

Loss before Income Taxes
For the three months ended March 31, 2021, the Company reported a loss before income taxes of $436 compared to a loss of $314 for the three months ended March 31, 2020. The year-over-year increase of the loss position of $122 was mainly attributable to the net overall reduction in gross profit of $348 and an increase in the net foreign exchange loss of $201, partly offset by the decreases in SG&A and depreciation and amortization expenses of $320 and $83 respectively.

Deferred Income Tax Expense
Deferred income tax expense for the three months ended March 31, 2021 was $nil compared to $180 for the three months ended March 31, 2020.

Net Loss
For the three months ended March 31, 2021, net loss was $436 compared to $494 reported for the three months ended March 31, 2020. The year-over-year decrease of $58 was mainly caused by the same factors as identified above under the section entitled *Loss before Income Taxes*.

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

EBITDA and Adjusted EBITDA Reconciliation

The following table provides a reconciliation between net loss, as reported in accordance with IFRS, and EBITDA and Adjusted EBITDA, for the quarters ended March 31, 2021 and 2020. Refer to the section entitled *Loss before Income Taxes* for details.

Three months ended March 31,	2021	2020	Change
In thousands of CAD	**$**	$	$
Net loss	**(436)**	(494)	58
Adjust for:			
Depreciation and amortization	**331**	414	(83)
Interest (income) expense, net	**(12)**	3	(15)
Deferred income tax expense	**-**	180	(180)
EBITDA	**(117)**	103	(220)
Adjust for:			
Share-based compensation	**53**	59	(6)
Foreign exchange loss (gain)	**151**	(50)	201
Adjusted EBITDA	**87**	112	(25)

Liquidity and Capital Resources

Consolidated Statement of Cash Flows

Three months ended March 31,	2021	2020	Change
In thousands of CAD	**$**	$	$
Net loss	**(436)**	(494)	58
Items not involving cash flows	**530**	691	(161)
Cash from operations	**94**	197	(103)
Net change in non-cash working capital	**(290)**	69	(359)
Cash (used in) provided by operating activities	**(196)**	266	(462)
Cash used in investing activities	**(4)**	(24)	20
Cash used in financing activities	**(120)**	(203)	83
Effect of foreign exchange rates on cash and cash equivalents	**(17)**	27	(44)
Net change in cash and cash equivalents during the period	**(337)**	66	(403)
Cash and cash equivalents, beginning of the period	**14,281**	9,268	5,013
Cash and cash equivalents, end of the period	**13,944**	9,334	4,610

Operating Activities
For the three months ended March 31, 2021, cash used in operating activities was $196 compared to $266 provided by operating activities for the three months ended March 31, 2020. The year-over-year decrease of $462 was driven by the combined impact of the decrease in cash generated from operations of $103 and the unfavourable movement in non-cash working capital items of $(359) year-over-year.

The net change in non-cash working capital of $(290) for the three months ended March 31, 2021 was mainly driven by the increase in accounts receivable due to the recognition of the Taro minimum royalty and in inventory to meet planned demand during the quarter, partly offset by the increase in accounts payable and the decrease in other current assets.

The net change in non-cash working capital of $69 for the three months ended March 31, 2020 was mainly driven by a by an increase in accounts payable, partly offset by an increase in accounts receivable related to the timing of revenue collection. The timing of our working capital inflows and outflows will always have an impact on the cash flow from operations.

Investing Activities
For the three months ended March 31, 2021, the Company invested $4 compared to $24 invested for the three months ended March 31, 2020. These amounts were primarily related to plant equipment and facility upgrades.

Financing Activities
For the three months ended March 31, 2021, cash used in financing activities totaled $120 compared to $203 for the three months ended March 31, 2020, representing a year-over-year decrease of $83. During the quarter, the Company paid: 1) $96 under its lease obligation for its manufacturing and office facility, compared to $85 in Q1-20; 2) $24 for the purchase for cancellation of 35,608 Common Shares under its NCIB, compared to $68 for the purchase for cancellation of 84,188 Common Shares in Q1-20 under its Previous NCIB; and 3) $nil in connection with the acquisition of the Alyria product line, compared to $50 in the prior year's quarter.

Financial Instruments and Risk Management

Please refer to Note 17 – *Financial Instruments and Risk Management* of our Q1-21 Interim Financial Statements for additional information on our financial instruments.

Commitments

The Company has commitments under a lease for the rental of its manufacturing and office facility. This lease is accounted for entirely on the Consolidated Interim Statement of Financial Position under IFRS 16 – *Leases*. Refer to Note 3 – *Summary of Significant Accounting Policies* to the Company's Consolidated Audited Financial Statements for the years ended December 31, 2020 and 2019 (the "2020 Consolidated Financial Statements"). During the three months ended March 31, 2021, we entered into a lease amendment mainly to extend the lease term period by five years until September 30, 2026. Refer to Note 11 – *Lease Obligation* to our Q1-21 Interim Financial Statements for further details.

Off-Balance Sheet Arrangements

Crescita does not have any off-balance sheet arrangements.

Guarantees

The Company periodically enters into research, licensing, distribution, or supply agreements with third parties that include indemnification provisions that are customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of third-party intellectual property claims or damages arising from these transactions. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions is unlimited. These indemnification provisions generally survive termination of the underlying agreements. The nature of the intellectual property indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amounts were accrued in the results presented for the quarter ended March 31, 2021.

Capability to Deliver Results

The Company will need to spend resources to research, develop, manufacture and commercialize its products and technologies. Crescita may finance these activities through existing cash, revenue generated from product sales to its customers, royalty, upfront and milestone payments, licensing and co-development agreements for other new drug candidates or of its existing products in territories where they are not currently licensed or sold, by drawing on its Facility, by raising funds in the capital markets or by incurring debt.

Despite the COVID-19 impact outlined earlier in this MD&A, we believe that we have sufficient capital resources from our cash and investment accounts and revolving credit facility to support our ongoing business operations and to execute our Four-Pillar Growth Strategy.

Crescita is dependent on its sales force for the marketing and sale of its products to its Canadian customers. In certain foreign jurisdictions, Crescita relies on its commercial partners to market and sell its products. Management believes that it has appropriate in-house personnel with the experience and expertise to market and sell its existing products and to develop its pipeline. To execute the current business plan, Crescita may selectively add key personnel and in the future, may need to hire additional staff as activities expand. In addition, market acceptance of the Company's products by consumers, physicians or patients will depend on distribution channels accepting the product for sale.

Critical Accounting Policies and Estimates

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

Management has identified key areas of judgments, estimations or use of managerial assumptions that it believes are most critical to understanding the financial statements. These accounting estimates are considered critical because they require management to make subjective and/or complex judgments that are inherently uncertain and because they could have a material impact on the presentation of our financial condition and/or results of operations. The Company's actual results could differ from these estimates and such differences could also be material. These key areas are disclosed in Note 5 - *Use of Estimates and Judgments* to the Company's 2020 Consolidated Financial Statements.

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

Eight Quarter Summary - Selected Financial Information

As at and for the three months ended,	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019
In thousands of CAD except per share data and number of shares	$	$	$	$	$	$	$	$
Growth – Revenue by Segment								
Commercial Skincare	**1,767**	2,079	1,782	1,304	1,539	2,210	1,705	1,967
Licensing and Royalties[1]	**806**	359	4,999	413	1,453	1,022	2,537	6,697
Manufacturing and Services	**692**	353	520	16	823	588	664	698
Revenue	**3,265**	2,791	7,301	1,733	3,815	3,820	4,906	9,362
Profitability								
Total Operating Expenses (incl. COGS)	**2,413**	3,519	3,431	2,959	4,176	4,406	4,428	4,753
Net income (loss)	**(436)**	(592)	4,208	(3,085)	(494)	(483)	88	2,208
Adjusted EBITDA[2]	**87**	(446)	4,316	(781)	112	6	939	5,083
Share information								
Earnings (loss) per share								
Basic	**$ (0.02)**	$ (0.03)	$ 0.20	$ (0.15)	$ (0.02)	$ (0.02)	$ -	$ 0.11
Diluted	**$ (0.02)**	$ (0.03)	$ 0.19	$ (0.15)	$ (0.02)	$ (0.02)	$ -	$ 0.10
Weighted average number of common shares outstanding								
Basic	**20,627**	20,648	20,648	20,648	20,700	20,767	20,921	21,016
Diluted	**20,627**	20,648	21,796	20,648	20,700	20,767	22,706	22,486
Financial Position								
Cash and cash equivalents	**13,944**	14,281	13,856	9,265	9,334	9,268	13,005	11,689
Long-term debt[3]	**-**	-	-	-	-	-	3,564	3,558
Total assets	**28,696**	26,831	27,791	23,472	26,607	26,837	32,537	31,534
Total non-current financial liabilities[4]	**2,900**	1,080	1,123	1,196	1,270	1,386	5,001	5,049

[1] Revenue for Q3-20 included $4,483 received as part of the Taro Amendment and revenue from Q2-19 included $3,721 in up-front payments as well as $1,738 in guaranteed future minimum royalties, which are to be received over the term of the Cantabria Agreement.

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

[3] Long-term debt represents the short and long-term portions of the Company's long-term debt with Knight Therapeutics Inc. On December 21, 2019, the Company repaid the entire balance outstanding of $3,570 and currently has no long-term debt.

[4] Non-current financial liabilities are defined as the sum of the long-term portions of long-term debt, convertible debentures, other obligations, and lease obligations.

Management's Responsibility for Financial Reporting

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

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

Management, under the supervision of the CEO and the CFO, have designed, or caused to be designed, internal controls over financial reporting ("ICFR") in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

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

The Company evaluated the effectiveness of its DCP and ICFR, supervised by and with the participation of the CEO and the CFO as of March 31, 2021. The CEO and the CFO concluded that, based on this evaluation, the Company's disclosure controls and procedures and internal controls over financial reporting were adequate and effective, at a reasonable level of assurance.

Risk Factors

An investor should carefully consider the risks discussed in detail in the Company's most recent annual MD&A dated March 23, 2021 and AIF dated March 24, 2021 when deciding whether to make an investment in the securities of Crescita, together with all other information contained in this MD&A and the Company's other continuous disclosure documents. Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company's business. Upon the occurrence of any one or more of the disclosed risks, the Company's business, financial condition, results of operations and consequently, the price of its Common Shares, could be seriously affected.

Litigation

From time-to-time, during the ordinary course of business, Crescita may be threatened with, or named as, a defendant in various legal proceedings including lawsuits based upon product liability, personal injury, breach of contract and lost profits or other consequential damage claims. Although the outcome of such matters is not predictable with assurance, the Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a material adverse effect on our financial position, results of operations or the ability to carry on any of its business activities.

Additional Information

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

NOTICE TO READER

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent external auditors, Ernst & Young LLP, have not performed a review or an audit of these condensed consolidated interim financial statements in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor.

The condensed consolidated interim financial statements include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards. Management has determined such amounts on a reasonable basis in order to ensure that the condensed consolidated interim financial statements are presented fairly in all material respects.

CRESCITA THERAPEUTICS INC.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)

(In thousands of Canadian dollars)	***Notes***	**As at March 31, 2021** **$**	As at December 31, 2020 $
Assets			
Current			
Cash and cash equivalents		**13,944**	14,281
Accounts receivable	*17*	**1,953**	1,072
Inventories	*6*	**3,532**	3,457
Other current assets	*7, 17*	**469**	644
Total current assets		**19,898**	19,454
Non-current			
Contract assets	*8, 17*	**1,781**	1,977
Property, plant and equipment		**526**	558
Right-of-use asset	*9*	**2,096**	228
Intangible assets		**4,395**	4,614
Total assets		**28,696**	26,831
Liabilities			
Current			
Accounts payable and accrued liabilities	*17*	**4,680**	4,271
Current portion of lease obligation	*11*	**343**	297
Current portion of other obligations		**50**	50
Total current liabilities		**5,073**	4,618
Non-current			
Convertible debentures		**943**	933
Lease obligation	*11*	**1,802**	-
Other obligations		**155**	147
Total liabilities		**7,973**	5,698
Equity			
Capital Stock	*12*	**58,084**	58,184
Contributed surplus		**2,394**	2,273
Accumulated other comprehensive income (AOCI)		**1,051**	1,046
Deficit		**(40,806)**	(40,370)
Total equity		**20,723**	21,133
Total liabilities and equity		**28,696**	26,831

See accompanying Notes.

CRESCITA THERAPEUTICS INC.
CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)

(In thousands of Canadian dollars, except per share data and number of shares)	***Notes***	**Three months ended March 31, 2021**	Three months ended March 31, 2020
		$	$
Revenues	*13*	**3,265**	3,815
Operating expenses			
Cost of goods sold	*6, 15*	**1,149**	1,351
Research and development	*15*	**219**	228
Selling, general and administrative	*14, 15*	**1,863**	2,183
Depreciation and amortization	*9, 15*	**331**	414
Operating loss		**(297)**	(361)
Interest expense		**48**	92
Interest income		**(60)**	(89)
Foreign exchange loss (gain)		**151**	(50)
Total other expenses (income)		**139**	(47)
Loss before income taxes		**(436)**	(314)
Deferred income tax expense		**-**	180
Net loss		**(436)**	(494)
Other comprehensive income (loss) to be reclassified to net income (loss) in subsequent periods			
Unrealized gain (loss) on translation of foreign operations (net of income taxes)		**5**	(8)
Total comprehensive loss		**(431)**	(502)
Earnings per share			
- Basic		**$ (0.02)**	$ (0.02)
- Diluted		**$ (0.02)**	$ (0.02)
Weighted average number of common shares outstanding			
- Basic		**20,626,608**	20,700,133
- Diluted		**20,626,608**	20,700,133

See accompanying Notes.

CRESCITA THERAPEUTICS INC.
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	Common Shares		Contributed Surplus	Deficit	AOCI	Total
(In thousands of Canadian dollars, except for number of shares)		$	$	$	$	$
Notes	*1, 12, 14*	*1, 12, 14*	*14*			
Balance, December 31, 2019	20,742,183	58,422	1,948	(40,407)	1,145	21,108
Net loss	-	-	-	(494)	-	(494)
Class A shares cancelled	(9,547)	-	-	-	-	-
Class A shares repurchased and cancelled	(84,188)	(238)	170	-	-	(68)
Share-based compensation expense	-	-	59	-	-	59
Unrealized loss on translation of foreign operations (tax effect of $nil)	-	-	-	-	(8)	(8)
Balance, March 31, 2020	20,648,448	58,184	2,177	(40,901)	1,137	20,597
Net income	-	-	-	531	-	531
Share-based compensation expense	-	-	96	-	-	96
Unrealized loss on translation of foreign operations (net of income tax expense of $96)	-	-	-	-	(91)	(91)
Balance, December 31, 2020	20,648,448	58,184	2,273	(40,370)	1,046	21,133
Net loss	-	-	-	(436)	-	(436)
Class A shares repurchased and cancelled	(30,608)	(86)	65	-	-	(21)
Class A shares repurchased but not cancelled	-	(14)	11	-	-	(3)
Share-based compensation expense	-	-	45	-	-	45
Unrealized gain on translation of foreign operations (tax effect of $nil)	-	-	-	-	5	5
Balance, March 31, 2021	**20,617,840**	**58,084**	**2,394**	**(40,806)**	**1,051**	**20,723**

See accompanying Notes.

CRESCITA THERAPEUTICS INC.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands of Canadian dollars)	***Notes***	**Three months ended March 31, 2021** **$**	Three months ended March 31, 2020 $
Operating Activities			
Net loss		**(436)**	(494)
Adjustments for:			
Depreciation and amortization	*9, 15*	**331**	414
Share-based compensation	*14*	**53**	59
Inventory write-down	*6*	**60**	50
Deferred income taxes		**-**	180
Interest accretion, net		**(55)**	(18)
Other		**141**	6
		94	197
Net change in non-cash working capital	*16*	**(290)**	69
Cash (used in) provided by operating activities		**(196)**	266
Investing Activities			
Acquisition of property, plant and equipment		**(4)**	(24)
Cash used in investing activities		**(4)**	(24)
Financing Activities			
Payment of lease obligation	*11*	**(96)**	(85)
Repurchase of Class A shares	*12*	**(24)**	(68)
Payment of other obligations		**-**	(50)
Cash used in financing activities		**(120)**	(203)
Effect of exchange rate changes on cash		**(17)**	27
Net change in cash and cash equivalents during the period		**(337)**	66
Cash and cash equivalents, beginning of period		**14,281**	9,268
Cash and cash equivalents, end of period		**13,944**	9,334
Supplemental Cash Flow Information			
Interest paid [(i)]		**7**	17
Interest received [(i)]		**8**	20

[(i)] Amounts paid and received were reflected as operating cash flows in the Consolidated Interim Statements of Cash Flows.

See accompanying Notes.

CRESCITA THERAPEUTICS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

All amounts presented are in thousands of Canadian dollars, unless noted otherwise.

1. CORPORATE INFORMATION

Crescita Therapeutics Inc. ("Crescita" or the "Company") is a publicly traded Canadian commercial dermatology company with in-house research & development ("R&D") and manufacturing capabilities. The Company offers a portfolio of high-quality, science-based non-prescription skincare products and early to commercial stage prescription products. Crescita owns multiple proprietary transdermal delivery platforms that support the development of patented formulations, facilitating the delivery of active ingredients into or through the skin. The Company's corporate functions are carried out from its headquarters located at 2805, Place Louis-R-Renaud, Laval, Québec, H7V 0A3. Crescita maintains its registered office at 6733 Mississauga Road, Suite 800, Mississauga, Ontario, L5N 6J5.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared by management in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"), and accordingly, do not include all disclosures required for annual financial statements. These Interim Financial Statements should be read in conjunction with the Company's most recent annual consolidated audited financial statements for the year ended December 31, 2020, which are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

The Company's Interim Financial Statements for the three months ended March 31, 2021 and 2020 were authorized for issue on May 10, 2021, the date the board of directors approved these Interim Financial Statements.

Basis of Measurement

These Interim Financial Statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which have been measured at fair value. Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These Interim Financial Statements are presented in Canadian dollars, the Company's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these Interim Financial Statements are based on International Financial Reporting Standards ("IFRS"). All significant accounting policies have been applied on a basis consistent with those followed in the most recent annual consolidated audited financial statements for the year ended December 31, 2020.

Use of Estimates and Judgments

The preparation of the Interim Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and equity, the accompanying disclosure of contingent assets and liabilities at the date of these Interim Financial Statements, as well as the reported amounts of revenue and expenses during the reporting periods.

Management has identified key areas of judgements, estimations or use of managerial assumptions that it believes are most critical to understanding these Interim Financial Statements. These accounting estimates are considered critical because they require management to make subjective and/or complex judgements that are inherently uncertain and because they could have a material impact on the presentation of the Company's financial condition and/or results of operations. The Company's actual results could differ from these estimates and such differences could also be material. These key areas are disclosed in Note 5 – *Use of Estimates and Judgments* to the Company's most recent annual consolidated audited financial statements for the year ended December 31, 2020.

4. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic (the "Pandemic"). There have been no comparable events that provide guidance as to the effect that the spread of COVID-19 may have and its ultimate impact on the Company's business, results of operations and financial condition. The extent of the impact continues to depend on future developments which are highly uncertain, subject to change and difficult to predict with meaningful precision.

The Pandemic has caused high levels of unemployment in Canada and has resulted in lower consumer spending in many sectors. With most services offered in aesthetic spas and medispas being discretionary, the performance of the Company's business is closely tied to fluctuations in consumer disposable income and changing consumer behaviors and has been impacted by the Pandemic. The timing of a recovery of consumer behavior and willingness to spend discretionary income on aesthetic products and treatments may adversely affect the Company's ability to generate revenue comparable to historical levels.

The emergence of a third wave of the Pandemic has led most Canadian provincial governments to reinstitute closures and other restrictive public health measures to slow the spread of the virus, which may influence the Company's 2021 financial performance. Such closures throughout the first and second waves of the Pandemic had a meaningful impact on the Company's fiscal 2020 results where there was a reduction in demand for Crescita's products, driven in part by the decrease in demand for in-cabin treatments due to the very nature of these services and the inability to successfully socially distance. During the first quarter of 2021, even with lockdowns extending beyond the ones for the comparable quarter of 2020, the Company's Commercial Skincare sales have started to show signs of modest recovery. Despite these encouraging trends and the existence of multiple viable vaccine options, it remains unclear what the duration and long-term effects of the Pandemic will be on Crescita's business.

5. SEGMENTED INFORMATION

IFRS 8 – *Operating Segments* ("IFRS 8") requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker (the "CODM") for the purpose of allocating resources to the segment and of assessing its performance. Based on its analysis, the Company has determined that its CODM is its Chief Executive Officer.

The Company has three reportable segments: (i) Commercial Skincare; (ii) Licensing and Royalties; and (iii) Manufacturing and Services.

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

In Canada, the Company's sales force calls on aesthetic spas, medispas and medical aesthetic clinics using a business to business to consumer model. LDR products can also be purchased through our online platform. International markets include South Korea and Malaysia where LDR is sold by distribution partners, and China where Dermazulene is sold through a large e-commerce distributor. The Company recognizes revenue from the sale of products when the goods are shipped or received by the customers depending on the specific arrangement.

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

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

Corporate and Other
The Corporate and Other total includes all the operating expenses, financing costs and corporate income tax expenses incurred by the Company to support its public company infrastructure and the three reportable segments.

	Commercial Skincare	**Licensing & Royalties**	**Manufacturing and Services**	**Corporate and Other**	**Total**
Three months ended March 31, 2021	**$**	**$**	**$**	**$**	**$**
Revenues	**1,767**	**806**	**692**	**-**	**3,265**
Cost of goods sold	**773**	**-**	**376**	**-**	**1,149**
	994	**806**	**316**	**-**	**2,116**
Expenses					
Research and development	**-**	**-**	**-**	**219**	**219**
Selling, general and administrative	**-**	**-**	**-**	**1,863**	**1,863**
Depreciation and amortization	**-**	**-**	**-**	**331**	**331**
Other net expenses	**-**	**-**	**-**	**139**	**139**
Total expenses	**-**	**-**	**-**	**2,552**	**2,552**
	994	**806**	**316**	**(2,552)**	**(436)**

	Commercial Skincare	**Licensing & Royalties**	**Manufacturing and Services**	**Corporate and Other**	**Total**
Three months ended March 31, 2020	$	$	$	$	$
Revenues	1,539	1,453	823	-	3,815
Cost of goods sold	788	-	563	-	1,351
	751	1,453	260	-	2,464
Expenses					
Research and development	-	-	-	228	228
Selling, general and administrative	-	-	-	2,183	2,183
Depreciation and amortization	-	-	-	414	414
Other income	-	-	-	(47)	(47)
Deferred income tax expense	-	-	-	180	180
Total expenses	-	-	-	2,958	2,958
	751	1,453	260	(2,958)	(494)

6. INVENTORIES

Inventories consisted of the following as at:

	March 31, 2021	December 31, 2020
	$	$
Raw materials	**1,580**	1,653
Work-in-process	**242**	443
Finished goods	**1,710**	1,361
	3,532	3,457

During the three months ended March 31, 2021, inventories in the amount of $1,089 were recognized in cost of goods sold ($1,301 for the three months ended March 31, 2020).

During the three months ended March 31, 2021, $60 of finished goods were written down ($50 for the three months ended March 31, 2020).

There were no reversals of prior write-downs during the three months ended March 31, 2021 ($nil for the three months ended March 31, 2020).

7. OTHER CURRENT ASSETS

Other current assets consisted of the following as at:

	March 31, 2021	December 31, 2020
	$	$
Prepaid expenses	**161**	236
Deposits	**61**	61
Sales taxes receivable	**65**	48
Current portion of contract assets (Note 8)	**182**	147
Government grants receivable (Note 15)	**-**	152
	469	644

8. CONTRACT ASSETS

Under IFRS 15 – *Revenue from Contracts with Customers*, contract assets represent the present value of the future guaranteed minimum royalties that are expected to be received over the term of licensing agreements. Contract asset balances are reduced as the contractual minimums are realized over the term of an agreement.

The timing of revenue recognition, billings and cash collections result in accounts receivables and unbilled receivables, representing the contract assets. Generally, billings occur subsequent to revenue recognition resulting in the recognition of accounts receivables. The Company's contract assets relate to licensing revenue attributable to future guaranteed minimum royalties which have not been billed at the reporting date. Unbilled receivables will be billed, and transferred to accounts receivable, in accordance with the agreed-upon contractual terms.

The following table presents the movements in the current and long-term portions of the contract assets:

	$
Balance, December 31, 2020	2,124
Amounts billed to customers and transferred to accounts receivable	(99)
Interest accretion	52
Foreign exchange movement	(114)
Balance, March 31, 2021	**1,963**
Less: current portion (Note 7)	182
Long-term balance	**1,781**

9. RIGHT-OF-USE ASSET

The following table presents the right-of-use asset for the Company:

	Right-of-Use Asset
	$
Balance, December 31, 2020	228
Less: amortization	(76)
Add: lease modification[(i)]	1,944
Balance, March 31, 2021	**2,096**

(i) On March 15, 2021, the Company amended the lease for its manufacturing and office facility resulting in an adjustment to the right-of-use asset of $1,944. Refer to Note 11 – *Lease Obligation* for details.

10. CREDIT FACILITY

On February 26, 2020, the Company entered into a credit agreement with a Canadian chartered bank (the "Bank"), consisting of a revolving credit facility (the "Facility") for an authorized amount up to $3,500, subject to margin requirements. Loans drawn on the Facility are secured by a first-ranking charge in favour of the Bank over the Company's accounts receivable and inventories. Drawings in excess of the first $1,000 are limited to a percentage of the Company's outstanding accounts receivable and inventory, resulting in a total amount available under the Facility of $2,876 at March 31, 2021 ($2,074 at December 31, 2020). The Facility bears interest at the Bank's prime rate (2.45% as at March 31, 2021) plus 0.25% and does not have any financial covenants. No amounts had been drawn from the Facility as at March 31, 2021.

11. LEASE OBLIGATION

The following table presents the movements in the lease obligation:

	$
Balance, December 31, 2020	**297**
Less: lease principal payments	(96)
Add: lease modification	1,944
Balance, March 31, 2021	**2,145**
Less: current portion	343
Long-term balance	**1,802**

On March 15, 2021, the Company amended the lease for its manufacturing and office facility, extending the lease term for a period of five years until September 30, 2026 and adding a renewal option in favour of the Company for an additional period of five years until September 30, 2031. The lease amendment qualified as a lease modification under IFRS 16 – *Leases* resulting in an adjustment to the lease obligation and right-of-use asset of $1,944 based on the calculation of the present value of the remaining lease payments until September 30, 2026, discounted using Crescita's incremental borrowing rate of 4.25%.

12. CAPITAL STOCK

Authorized

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

Issued and Outstanding

The following table summarizes Crescita's outstanding common shares:

	Number	$
Balance, December 31, 2019	20,742,183	58,422
Shares cancelled	(9,547)	-
Shares repurchased and cancelled	(84,188)	(238)
Balance, December 31, 2020	20,648,448	58,184
Shares repurchased and cancelled	(30,608)	(86)
Shares repurchased but not cancelled	-	(14)
Balance, March 31, 2021	20,617,840	**58,084**

The Company's previous normal course issuer bid (the "Previous NCIB") expired on June 27, 2020 and was not renewed. The Previous NCIB enabled Crescita to purchase up to 1,000,000 of its common shares ("Common Shares") for cancellation on the open market through the facilities of the Toronto Stock Exchange ("TSX") commencing June 28, 2019. During the three months ended March 31, 2020, the Company repurchased for cancellation under the Previous NCIB 84,188 Common Shares with a carrying value of $238 for a cash consideration of $68. The excess of the carrying value over the purchase price in the amount of $170 was recorded to Contributed Surplus.

On November 26, 2020, the Company announced that the TSX approved the Company's normal course issuer bid (the "NCIB"), enabling it to purchase up to 1,000,000 Common Shares for cancellation on the open market through the facilities of the TSX. The Common Shares may be purchased under the NCIB commencing on November 30, 2020, and ending no later than November 29, 2021, or on such earlier date when the Company completes its purchases or elects to terminate the bid. In connection with its NCIB, the Company adopted an automatic securities purchase plan that contains strict parameters regarding how its Common Shares may be repurchased during times when it would ordinarily not be permitted to purchase Common Shares due to regulatory restrictions or self-imposed blackout periods.

During the three months ended March 31, 2021, the Company repurchased for cancellation under the NCIB 35,608 Common Shares with a carrying value of $100 for a cash consideration of $24. The excess of the carrying value over the purchase price in the amount of $76 was recorded to Contributed Surplus. Of the Common Shares repurchased, 5,000 shares with a carrying value of $14 and a purchase value of $3 were held by the Company and cancelled subsequent to March 31, 2021.

The Company may terminate the NCIB provided that the insiders of the Company are not in a trading blackout and the Company is not otherwise in possession of any material undisclosed information about its business.

13. REVENUES

The following table presents external revenues disaggregated by reportable segment, revenue source and geographic area (based on the customer's billing address) for the three months ended March 31, 2021 and 2020:

	For the three months ended March 31,							
	Canada		**U.S.**		**ROW**		**Total**	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$	$	**$**	$	**$**	$	**$**	$
Commercial Skincare								
Product Sales	**1,686**	1,384	**14**	27	**67**	128	**1,767**	1,539
Licensing and Royalties								
Licensing Revenue	**806**	1,453	**-**	-	**-**	-	**806**	1,453
Manufacturing and Services								
Product Sales	**127**	73	**565**	750	**-**	-	**692**	823
	2,619	2,910	**579**	777	**67**	128	**3,265**	3,815

Major Customers

Under IFRS 8, major customers are those that account for greater than 10% of the Company's consolidated revenues. For the three months ended March 31, 2021, the Company had two major customers in the Licensing and Royalties and Manufacturing and Services segments that accounted for 37% of the Company's total revenues (two major customers in the Licensing and Royalties and Manufacturing and Services segments that accounted for 49% of revenues for the three months ended March 31, 2020).

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

Share Option Plan

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

	Number of Options	Range of Exercise Price	Weighted Average Exercise Price
	000's	$	$
Balance, December 31, 2020	2,789	0.43 - 1.65	0.81
Granted	168	0.70	0.70
Balance, March 31, 2021	**2,957**	**0.43 - 1.65**	**0.80**

The following table summarizes the outstanding and exercisable Crescita options held by directors, officers, employees and consultants as at March 31, 2021:

	Outstanding			Exercisable	
Exercise Price Range	Number of Options	Remaining Contractual Life	Weighted Average Exercise Price	Vested Options	Weighted Average Exercise Price
$	000's	years	$	000's	$
0.43 - 0.58	977	7.20	0.48	534	0.48
0.60 - 0.81	1,331	7.44	0.66	633	0.68
1.21 - 1.42	135	0.82	1.36	135	1.36
1.63 - 1.65	514	5.14	1.63	514	1.63
	2,957	**6.66**	**0.80**	**1,816**	**0.94**

Share Appreciation Rights Plan

The following is a schedule of Crescita's share appreciation rights ("SARs") outstanding as at:

	Number of SARs	Range of Grant Price	Weighted Average Grant Price
	000's	$	$
Balance, December 31, 2020	-	-	-
Granted	278	0.70	0.70
Balance, March 31, 2021	**278**	**0.70**	**0.70**

Summary of Share-based Compensation

Share-based compensation expense is as follows:

	Three months ended March 31, 2021	Three months ended March 31, 2020
	$	$
Share Option Plan	**45**	59
Share Appreciation Rights Plan	**8**	-
Share-based compensation expense	**53**	59
Recorded in the consolidated interim statements of loss and comprehensive loss as follows:		
Selling, general and administrative expenses	**53**	59
Share-based compensation expense	**53**	59

15. EXPENSES BY NATURE

The consolidated interim statements of loss and comprehensive loss include the following expenses by nature:

(a) Employee costs:

	Three months ended March 31, 2021	Three months ended March 31, 2020
	$	$
Short-term employee wages, bonuses and benefits[(i)]	**1,160**	1,698
Share-based payments (Note 14)	**45**	32
Total employee costs	**1,205**	1,730
Included in:		
Cost of goods sold	**135**	357
Research and development expenses (R&D)	**177**	185
Selling, general and administrative expenses (SG&A)	**893**	1,188
Total employee costs	**1,205**	1,730

(i) The Company determined that it qualified for the Canada Emergency Wage Subsidy ("CEWS") program (the "Program") under the COVID-19 Economic Response Plan in Canada. Subsidies under the Program are recorded as a reduction of related wages and salaries. For the three months ended March 31, 2021, the Company recognized $417 under the Program. Of this amount, $121 was recorded against inventory, while the remaining balance of $296 was recorded against SG&A. No amounts were recognized under the Program for the three months ended March 31, 2020.

(b) Depreciation and amortization:

	Three months ended March 31, 2021	Three months ended March 31, 2020
	$	$
Cost of goods sold	**97**	97
Selling, general and administrative expenses[(ii)]	**234**	317
Total depreciation and amortization	**331**	414

(ii) Includes $219 of amortization of intangible assets and $15 of depreciation of tangible assets for the three months ended March 31, 2021 ($301 and $16 respectively for the three months ended March 31, 2020).

16. NET CHANGE IN NON-CASH WORKING CAPITAL

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

	Three months ended March 31, 2021	Three months ended March 31, 2020
	$	$
Accounts receivable	**(874)**	(401)
Inventories	**(135)**	(46)
Other current assets and Contract assets	**315**	85
Accounts payable and accrued liabilities	**404**	431
Net change in non-cash working capital	**(290)**	69

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Level 1 - determined by reference to quoted prices in active markets for identical assets and liabilities.

Level 2 - include those where valuations are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly.

Level 3 - valuations are those based on inputs that are unobservable and significant to the overall fair value measurement.

The following table provides the fair value measurement hierarchy of the financial instruments measured at fair value subsequent to initial recognition in the consolidated interim statements of financial position as at:

	March 31, 2021			December 31, 2020		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Recurring fair value measurements						
Contingent consideration – Alyria royalty earn-out	**-**	**-**	**(20)**	-	-	(20)

Valuation Methods and Assumptions
Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. The Company reviews the fair value hierarchy classification on a quarterly basis. Changes to the ability to observe valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. The Company did not have any transfer of assets and liabilities between Level 1, Level 2 and Level 3 of the fair value hierarchy during the three months ended March 31, 2021 and 2020.

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

Level 3 liabilities include obligations for the contingent consideration payable relating to the royalty earn-out in connection with the acquisition of the Alyria product line. The fair value of the contingent consideration payable is revalued at each reporting period based on management's best estimate using the discounted cash flow method.

The fair values of the Company's non-current obligations, which are presented at amortized cost using the effective interest method, have been estimated using rates currently available to the Company for obligations with similar terms and remaining maturities. The fair values of these instruments approximate their carrying values and would be classified as Level 2.

The fair value of contract assets, which are presented at amortized cost using the effective interest method, has been determined by discounting the future cash flows using observable inputs, such as interest rate yield curves or credit spreads. The fair value of the contract asset approximates its carrying value. Refer to Note 8 – *Contract Assets*.

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

Liquidity Risk
The Company anticipates that its current cash, amount available under its revolving credit facility and the revenue it expects to generate from product sales, upfront, milestone and royalty payments related to licensing its products and/or its transdermal delivery technologies, will be sufficient to fund its committed obligations and expected level of expenses for at least the next twelve months. Additional funding may be required for the development of new products and/or for future acquisitions.

The Company's exposure to liquidity risk is dependent on the sales growth and profitability of its operations which will be impacted by the status of competitive products and the success of the Company in developing and maintaining markets for its products. In addition, a number of other factors will have an impact on liquidity risk including the COVID-19 pandemic, the level of R&D expenditures for product candidates, costs associated with maintaining regulatory approvals, the timing of payments received or made under licensing arrangements and the acquisition costs of licenses for new products or technologies.

Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that may be subject the Company to credit risk consist of cash and amounts receivable from customers including contract assets. The Company manages its exposure to credit risk by holding cash on deposit in major financial institutions. The Company's accounts receivables are subject to normal industry risks in each geographic region where the Company operates. The Company has updated its expected credit losses on the entire accounts receivable balance as at March 31, 2021, in order to adjust for the potential impact of the COVID-19 pandemic on the collectability of its accounts receivable, which did not result in any significant impact. In addition, the Company is exposed to credit-related losses on sales to its customers outside North America, including its contract asset, due to potentially higher risks of enforceability and collectability.

As at March 31, 2021, 5% of accounts receivables related to customers outside North America and the E.U. (December 31, 2020 - 15%).

The contract asset in the amount of $1,963 is related to the Company's commercialization license agreement with Cantabria Labs Inc. and is denominated in euros (December 31, 2020 - $2,124).

As at March 31, 2021, the Company had two customers that accounted for approximately 62% of total accounts receivable (one customer that accounted for approximately 17% of total accounts receivable as at December 31, 2020).

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

	March 31, 2021	December 31, 2020
	$	$
Current	**1,922**	791
0-30 days past due	**60**	251
31-60 days past due	**5**	50
61-90 days past due	**19**	16
Over 90 days past due	**26**	43
	2,032	1,151
Allowance for doubtful accounts	**(79)**	(79)
	1,953	1,072

Interest Rate Risk

The Company's practice is to minimize interest rate cash flow risk exposures on its financing. The Company is currently not exposed to interest rate variability as its convertible debt instruments bear a fixed interest rate of 9% per year and it had not drawn any amounts on its Facility as at March 31, 2021.

Currency Risk

The Company operates internationally, which gives rise to a risk that earnings and cash flows may be adversely affected by fluctuations in foreign currency exchange rates. The Company is primarily exposed to the U.S. dollar and euro, but also transacts in other foreign currencies.

The significant balances in foreign currencies were as follows:

	Euros		U.S. Dollars	
	March 31, 2021	December 31, 2020	**March 31, 2021**	December 31, 2020
	€	€	**$**	$
Cash and cash equivalents	**290**	110	**684**	808
Accounts receivable	**57**	115	**968**	96
Other current assets	**167**	156	**19**	9
Contract assets	**1,207**	1,267	**-**	-
Accounts payable and accrued liabilities	**(151)**	(82)	**(1,517)**	(1,162)
	1,570	1,566	**154**	(249)

Based on the aforementioned net exposure as at March 31, 2021, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the euro would have an effect of $232 on total comprehensive loss and a 10% appreciation or depreciation of the Canadian dollar against the U.S. dollar would have an effect of $19 on total comprehensive loss.

In terms of the euro, the Company has four exposures: (i) its euro-denominated cash held in its Canadian operations; (ii) the cost of purchasing raw and packaging materials priced in euros or sourced from European suppliers; (iii) upfronts, royalties and milestones from licensing agreements for Pliaglis, or for its transdermal delivery technologies; and (iv) its net investment and net cash flows in its European operations.

In terms of the U.S. dollar, the Company has five exposures: (i) its U.S. dollar-denominated cash held in its Canadian operations; (ii) the cost of purchasing raw and packaging materials priced in U.S. dollars or sourced from U.S. suppliers; (iii) upfronts, royalties and milestones from licensing agreements for Pliaglis, or for its transdermal delivery technologies; (iv) its net investment and net cash flows in its U.S. operations; and (v) revenues generated in U.S. dollars from its product sales to U.S. customers.