Management's Discussion and Analysis

August 8, 2023

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 and six months ended June 30, 2023 and 2022 (the "Q2-23 Interim Financial Statements", "Q2-23", and "Q2-22", respectively) 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 the Company's profile on SEDAR+ at www.sedarplus.ca.

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 and statements". Refer to *Forward-looking Information and 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

Financial Highlights

Q2-23 vs. Q2-22
• Revenue was \$5,162 compared to \$6,512, a decrease of \$1,350;
• Gross profit was \$3,069 compared to \$3,647, a decrease of \$578;
• Operating expenses were \$3,295 compared to \$3,447, a decrease of \$152;
• Adjusted EBITDA[1] was \$214 compared to \$646, a decrease of \$432;
• Ending cash was \$10,226, a decrease of \$49 for the quarter.

[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.

Key Business Developments

For the three and six months ended June 30, 2023 and up to the date of this MD&A:

Update on Manufacturing Segment
Certain manufacturing orders previously scheduled to be delivered in the second half of fiscal 2023 are now expected to be delivered in fiscal 2024. As a result, segment revenue is expected to be materially lower in the second half of 2023, versus the comparable periods of 2022. Please refer to the *Revenue by Segment.*

Relaunch of Alyria® as a Direct-to-Consumer Brand
In Q1-23, following rebranding and various product reformulations, we relaunched Alyria® as a direct-to-consumer medical-grade dermocosmetic brand in the Canadian skincare market. Alyria is primarily targeted at millennials and marketed and sold online in Canada through Amazon.ca and alyriaskincare.com. In Q2-23, Alyria was also launched in retail outlets of Familiprix, a Québec based chain of independently owned pharmacies. The relaunch of Alyria strengthens our omnichannel expansion and provides the opportunity to engage with a new consumer group.

Launch of ART FILLER®
In Q1-23, we launched the ART FILLER injectables (the “Fillers”) in the Canadian medical aesthetic market through our new dedicated sales force. ART FILLER is an exclusive collection of hyaluronic acid-based (“HA”) dermal fillers, designed to smooth and fill in wrinkles, and create or restore the volumes and contours of the face. Crescita entered into an exclusive Canadian distribution and promotion agreement for the Fillers and NCTF® Boost 135 HA (“NCTF”) with Laboratoires FILLMED (“FILLMED”) in 2020.

Forward-looking Information

This MD&A contains “forward-looking information” within the meaning of applicable securities laws. All information in this MD&A, other than statements of current and historical fact, represents forward-looking information and is qualified by this cautionary note. Often, but not always, forward-looking information can be identified by words such as: “anticipate”, “intend”, “plan”, “goal”, “seek”, “believe”, “aim”, “project”, “estimate”, “expect”, “strategy”, “future”, “likely”, “may”, “should”, “will” and similar references to future periods. Examples of forward-looking information include, but are not limited to, statements made in this MD&A under the headings “Key Business Developments”, “Outlook and Liquidity Update” and “Vision and Growth Strategy”, including statements regarding the Company’s objectives, plans, goals, strategies, growth, performance, operating results, financial condition, business prospects, opportunities and industry trends, and similar statements concerning anticipated future events, results, circumstances, performance or expectations.

Forward-looking information is neither historical fact nor an assurance of future performance. Instead, it is 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 information relates to the future, it is 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 forward-looking information. Therefore, readers should not unduly rely on any forward-looking information. Important factors that could cause Crescita’s actual results and financial condition to differ materially from those indicated in forward-looking information include, among others:

- *economic and market conditions including the uncertainty in the global economy;*
- *the impact of inflation and rising interest rates together with the threats of stagflation or recession;*
- *the Company’s ability to execute its growth strategies;*
- *the degree or lack of market acceptance of the Company’s products;*
- *reliance on third parties for marketing, distribution, commercialization and clinical trials;*
- *the impact of changing conditions in the regulatory environment and product development processes;*
- *manufacturing and supply risks;*
- *increasing competition in the industries in which the Company operates;*

- *the Company's ability to meet its contractual obligations;*
- *the impact of product liability matters;*
- *the impact of litigation involving the Company and/or its products;*
- *the impact of changes in relationships with customers and suppliers;*
- *the degree of intellectual property protection of the Company's products;*
- *the impact of the COVID-19 pandemic and the response thereto of governments and consumers;*
- *developments and changes in applicable laws and regulations, and;*
- *other risk factors described from time to time in the reports and disclosure documents filed by Crescita with Canadian securities regulatory agencies and commissions, including the sections entitled "Risk Factors" in the Company's most recent annual MD&A and AIF.*

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 information will actually be achieved. Any forward-looking information in this MD&A is based only on information currently available to management and speaks only as of the date on which it is provided. Except as required by applicable securities laws, Crescita undertakes no obligation to publicly update any forward-looking information, whether written or oral, that may be provided from time to time, whether as a result of new information, future developments or otherwise.

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 of property, plant and equipment and amortization of right-of-use asset and intangible assets. A reconciliation of EBITDA to its closest IFRS measure can be found under the *EBITDA and Adjusted EBITDA Reconciliation* sections of this MD&A. • **Adjusted EBITDA *(non-IFRS)*** – is defined as earnings before interest, income taxes, depreciation of property, plant and equipment and amortization of right-of-use asset and intangible assets, share of (profit) loss of associates, fair value (gains) losses, 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

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

Commercial Skincare

The Commercial Skincare (“Skincare”) reportable segment manufactures and sells our branded non-prescription skincare products for the Canadian and international markets. It also commercializes Pliaglis®, NCTF, ART FILLER, and Obagi® Medical in Canada. Non-prescription product brands manufactured by the Company include: Laboratoire Dr Renaud® (“LDR”), Pro-Derm® and Alyria®. These premium skincare lines provide solutions for a wide range of skin concerns such as aging, acne, hydration, pigmentation, and rosacea.

In Canada, our sales force calls on aesthetic spas, medispas as well as medical aesthetic clinics under a business-to-business (“B2B”) model. Some of our brands are also sold directly to consumers through online platforms and certain retail outlets. Our brands are also distributed by partners in international markets including the United States (“U.S.”), South Korea and Malaysia.

Licensing and Royalties

The Licensing and Royalties (“Licensing”) reportable segment derives revenue from licensing the intellectual property related to Pliaglis, our lead prescription product, or for the use of our transdermal delivery technologies, Multiplexed Molecular Penetration Enhancers™ (“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, which may combine our technologies and various selected molecules to fuel future licensing agreements in the non-prescription skincare market. The key revenue streams in the Licensing segment include upfront and pre- and post-commercialization milestone payments, royalties determined using the agreed-upon formulas as described in each respective licensing agreement, and product sales under supply agreements with the Company’s licensing partners.

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 4 - *Segmented Information* to our Q2-23 Interim Financial Statements.

Outlook and Liquidity Update

Our objectives when managing our liquidity and capital structure are to maintain enough cash to fund our operations, including organic growth initiatives, to pursue strategic licensing deals and acquisitions as part of our growth strategy, and to meet contractual obligations as they become due. As of June 30, 2023, Crescita had working capital (defined as current assets minus current liabilities) of $14,802, including a cash balance of $10,226. Our cash and other current assets at June 30, 2023 were sufficient to meet our current accounts payable, accrued liabilities, lease and other obligations. In addition, we have a revolving demand credit facility (the "Facility") for an authorized amount, subject to margin requirements, of $3,500. Based on our accounts receivables and inventory values at quarter end, the total amount available under the Facility was $3,255. The Facility bears no financial covenants, and no amounts have yet been drawn.

Our ability to generate sufficient revenue to reach sustained profitability depends on the successful implementation of our growth strategy. 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 AIF.

Normal Course Issuer Bid

The Company's Normal Course Issuer Bid ("NCIB"), enabling it to purchase up to 1,000,000 Common Shares for cancellation on the Toronto Stock Exchange from December 17, 2021 to December 16, 2022, expired and was not renewed.

In connection with its NCIB, the Company had adopted an automatic securities purchase plan ("ASPP") that contained 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. Such purchases were executed by the broker on parameters established by the Company prior to the pre-established ASPP period.

	Three months ended June 30,		Six months ended June 30,	
In 000's of CAD, except number of shares and average price	**2023**	**2022**	**2023**	**2022**
	$	$	**$**	$
Common Shares repurchased for cancellation	**-**	143,750	**-**	264,150
Weighted average purchase price per share	**-**	0.70	**-**	0.69
Total purchase price	**-**	101	**-**	182

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 August 7, 2023
Common shares	20,374,153
Stock options[1]	2,960,286
Warrants	496,000

[1] This amount includes 2,291,796 options which have vested.

Selected Quarterly Financial Information

In thousands of CAD, except per share data and number of shares	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Operations	**$**	$	**$**	$
Revenues	**5,162**	6,512	**9,764**	11,463
Cost of goods sold	**2,093**	2,865	**3,959**	5,104
Gross profit	**3,069**	3,647	**5,805**	6,359
Gross margin (%)	***59.5%***	*56.0%*	***59.5%***	*55.5%*
Operating expenses	**3,295**	3,447	**6,267**	6,535
Operating profit (loss)	**(226)**	200	**(462)**	(176)
Interest (income) expense, net	**(95)**	7	**(193)**	22
Foreign exchange loss	**57**	118	**21**	189
Share of (profit) loss of an associate	**(9)**	17	**(17)**	29
Net loss on convertible note measured at fair value through profit or loss	**9**	95	**22**	95
Loss before income taxes	**(188)**	(37)	**(295)**	(511)
Deferred income tax expense	**93**	-	**259**	-
Net loss	**(281)**	(37)	**(554)**	(511)
Adjusted EBITDA[1]	**214**	646	**375**	712
Loss per share — Basic and diluted	**$ (0.01)**	$ (0.00)	**$ (0.03)**	$ (0.02)
Weighted average number of common shares outstanding — Basic and diluted	**20,334,153**	20,813,853	**20,334,153**	20,874,923

Balance Sheet as at June 30,	**2023**	**2022**
Cash and cash equivalents	**10,226**	10,502
Total assets	**26,529**	27,793
Total non-current financial liabilities[2]	**1,134**	1,495
Total liabilities	**5,938**	7,865
Total equity	**20,591**	19,928

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 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, skincare therapeutics and devices. To qualify as a dermocosmetic, a product must contain active ingredients whose effectiveness against a specific skin concern has been evidenced 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's range is designed to address preventive care to the first signs of aging, as well as primary aesthetic skin concerns.

Our product portfolio serves two subsets of the Canadian aesthetic market: (i) aesthetic skincare and (ii) medical aesthetics.

(i) Professional aestheticians use our dermocosmetic skincare products to target well-known and common skin concerns, such as mild acne, aging, dehydration, pigmentation, sensitivity, and rosacea, using non-invasive skincare protocols. Our lead dermocosmetic skincare brand is Laboratoire Dr Renaud.

(ii) Medical aesthetics is a niche market between the cosmetic industry and plastic surgery and includes medical treatments that are focused on improving patients' cosmetic appearance. Qualified doctors and nurses typically perform both non-invasive and minimally invasive procedures or skincare treatments such as chemical peels, advanced retinol facials, microdermabrasion, hyaluronic acid and neurotoxin injections, and various laser and device treatments. Our primary medical grade dermocosmetic brand is Pro-Derm. We also distribute NCTF, ART FILLER and Obagi Medical under exclusive distribution agreements in Canada. We also currently sell Pliaglis, our lead prescription product, in the Canadian physician-dispensed skincare market.

Our national sales force calls on aesthetic practitioners, medical aesthetic clinics and medispas across Canada. In addition, our skincare brands are sold in certain Asian markets, such as Malaysia and South Korea through international distributors, as well as online through various platforms, while Alyria is also sold in certain retail outlets.

Pliaglis 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 by regulatory authorities in 26 countries and licensed to eight commercial partners for sale in 40 countries.

In addition, 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 manufacturing 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 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 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7.

Vision and Growth Strategy

Our vision is to become a Canadian 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 is 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, 2022. For further details, please refer to the section entitled "Vision and Growth Strategy" on page 13 of Crescita's 2022 Annual Report, which is available on our website at www.crescitatherapeutics.com and which was filed on SEDAR+ at www.sedarplus.ca.

Competitive Conditions

There have been no changes to our competitive conditions since our last fiscal year ended December 31, 2022. For further details please refer to the section entitled "Competitive Conditions" on page 16 of Crescita's 2022 Annual Report, which is available on our website at www.crescitatherapeutics.com and which was filed on SEDAR+ at www.sedarplus.ca.

Non-Prescription Skincare Product Portfolio

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

Pro-Derm
Pro-Derm is a line of high-quality dermocosmetic products destined for the medical aesthetic market including physicians operating medispas and medical aesthetic clinics. Pro-Derm is 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 and can be purchased either through a medispa, a medical aesthetic clinic or online.

Alyria

Alyria is a medical grade dermocosmetic skincare line developed using scientific research to target major skincare concerns. Previously a B2B brand mainly sold to medispas and medical aesthetic clinics, Alyria was rebranded, reformulated and re-launched as a direct-to-consumer brand in the Canadian skincare market in Q1-23. Alyria's offering was built around a series of serums formulated with clinically proven active ingredients, specifically targeting skin hydration. Alyria is primarily targeted at millennials and marketed and sold online and in certain retail outlets. All Alyria products are manufactured at our Laval manufacturing facility. 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.

NCTF Boost 135 HA

NCTF Boost 135 HA is a skin revitalization solution primarily used for the improvement of skin quality and fine lines. Comprising free 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 age groups, it specifically targets age-related skin changes such as dryness, dullness, uneven complexion, dilated pores and wrinkles. Since 1978, NCTF has been a leader in skin revitalization with over 4 million bottles sold annually by FILLMED and its partners around the world. We sell NCTF to medispas and medical aesthetic clinics across Canada under an exclusive distribution agreement with FILLMED.

Obagi Medical

The Obagi Medical product line provides skincare products formulated to minimize signs of aging, address dark spots, hyperpigmentation, fine lines and wrinkles and to protect and enhance skin tone and texture. Some of the most well-known products include the Obagi Nu-Derm Fx® Systems, the Obagi-C® Fx Systems, the Obagi360® System, the CLENZIderm M.D.® Systems and the Professional-C® Collection. We sell Obagi to medispas and medical aesthetic clinics across Canada and online, under an exclusive distribution agreement with Obagi Cosmeceuticals LLC.

ART FILLER

ART FILLER is an exclusive collection of hyaluronic acid-based dermal fillers designed to smooth-out superficial to deep wrinkles and create or restore the volumes and contours of the face. Developed, manufactured and launched in 2016 by FILLMED, ART FILLER injectables benefit 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 performance and the tolerance of ART FILLER have been demonstrated through a unique study combining clinical evaluations and instrument-based measurements. We are currently launching ART FILLER in the Canadian medical aesthetic market under our exclusive distribution agreement with FILLMED. Refer to *Key Business Developments*.

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 26 countries and licensed to eight commercial partners for sale in 40 countries. As countries with the highest commercial potential have already been licensed, Crescita's focus is on providing regulatory support to its international partners in countries where Pliaglis is still not approved to ensure timely approval. In the various rest-of-world ("ROW") countries where Pliaglis is approved, we will provide commercial support.

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 the original formulation of 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. 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 Pharmaceuticals ("Taro"), our U.S. licensee for Pliaglis, on September 21, 2020.

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 22 countries including the U.S., with the latest expiring in 2031. In addition, a patent application is pending in the U.S. DuraPeel patents have been issued in Canada and in the U.S., with the latest expiry in 2027.

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. Australian, Mexican, U.S. and European patents (validated in Germany, France, Ireland, Spain, Italy and the United Kingdom) were issued with term to 2036. In addition, applications are pending in Canada and New Zealand, with the latest expiry date in 2036.

Product Candidates in Co-Development

In April 2014, Crescita entered into 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 utilizing our patented MMPE technology, CTX-101 and CTX-102 (the "Product Candidates"). 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 share of anticipated 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 reported 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. Our Development Partners are exploring licensing opportunities with pharmaceutical companies. However, with the current reimbursement challenges for dermatology products in the U.S., securing a licensing partner is more difficult than expected and we have no certainty as to whether current partnering discussions will be successful.

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, Australian Patent No. 2016427261 was issued January 19, 2023, Mexican Patent No. 386903 was issued on October 7, 2021, United States Patent No. 11,642,356 was issued May 9, 2023, and European Patent No. 3528818 was issued on September 15, 2021, and validated in Germany, France, Ireland, Spain, Italy and the United Kingdom, all with term to 2036. As well, patent applications are pending in Canada and New Zealand, with anticipated terms 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 subsequently completed, providing encouraging feedback on the safety, user response and clinical efficacy of the lead formulation. The CTX-102 development program is currently on hold pending the outcome of the CTX-101 partnering discussions. Accordingly, we have no certainty as to whether such discussions will commence or if commenced, be successful.

In addition to U.S. patent No. 8,343,962, U.S. patent No. 9,642,912, Australian Patent No. 201642726, Mexican Patent No. 386903 and European Patent No. 3528818 (validated in Germany, France, Ireland, Spain, Italy and the United Kingdom) 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. Patent applications are also pending in Canada, Europe, and the U.S. with anticipated term through 2040.

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 formulations of Pliaglis (U.S.)	Local anesthesia prior to superficial dermatological procedures	Commercial	Three Orange Book listed U.S. patents covering Pliaglis and/or enhanced formulations expiring in 2031. Application pending in the U.S. through 2031.
Pliaglis and enhanced formulations of Pliaglis (ROW)	Local anesthesia prior to superficial dermatological procedures	Commercial	Patents granted for enhanced formulation in AU, BR, 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.
CTX-101[1]	Plaque Psoriasis	Phase 3	Patents granted in the U.S. expiring in 2027. Patents granted in AU, MX, DE, FR, IE, GB, ES, IT and the U.S. expiring in 2036. Applications pending in CA and NZ through 2036.
CTX-102[1]	Dermatological skin treatment	Phase 1	Patents granted in the U.S. expiring in 2027. Patent granted in AU, MX, DE, FR, IE, GB, ES and IT expiring in 2036. Applications pending in CA, and NZ, through 2036. U.S. patent granted through 2040. Applications pending in CA, EP, and U.S. 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), Ireland (IE), 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

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.

Cantabria initially completed the transfer of the manufacturing process and analytical test methods for Pliaglis to its manufacturing facility in Santander, Spain in 2020, allowing it to supply Pliaglis in Europe. In addition, the parties later agreed that Cantabria would supply Pliaglis to Crescita outside the Territories.

Cantabria is promoting Pliaglis through its field force, calling on physicians such as aesthetic doctors and dermatologists. Cantabria currently sells Pliaglis in Italy.

Licensing Agreement with Taro Pharmaceuticals Inc.

In 2017, we entered into a development and commercialization license agreement with Taro Pharmaceuticals Inc., a subsidiary of Taro Pharmaceutical Industries Ltd., as amended in July 2020, (the "Taro Agreement"). Under the terms of the Taro Agreement, Crescita granted Taro an exclusive license to sell and distribute Pliaglis and an enhanced formulation of Pliaglis in the U.S. market.

There have been no Pliaglis sales in the U.S. since the third quarter of 2020, due in part, to previously disclosed restrictive amendments to U.S. managed care. However, we are contractually entitled to annual guaranteed minimum royalties in the amount of US$1,000 per Taro fiscal year, spanning from April 1 to March 31, in periods where Taro does not generate sales or reach sales targets. Taro can terminate the agreement without penalty, subject to a six-month notice period. In Fiscal 2022, the Company recognized minimum annual guaranteed royalties of $1,359 (US$1,000). Other than the minimum guaranteed royalties, no other royalties from Taro were recorded in Fiscal 2022 and during the three and six months ended June 30, 2023.

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 may be impacted in the foreseeable future by several factors including the timing and amount of product and contract manufacturing sales, royalties, milestone and upfront payments received pursuant to current and future collaboration and licensing arrangements, 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 Canadian dollars, unless otherwise noted. Refer to Note 14 – *Financial Instruments and Risk Management - Currency Risk* of our Q2-23 Interim Financial Statements for a further discussion on the impact of foreign currency fluctuations on our results of operations.

	Three months ended June 30,		Six months ended June 30,	
Average rates	**2023**	**2022**	**2023**	**2022**
U.S. dollar	**1.3431**	1.2765	**1.3475**	1.2714
Euro	**1.4629**	1.3590	**1.4568**	1.3904

	As at June 30,	
Spot rates	**2023**	**2022**
U.S. dollar	**1.3240**	1.2886
Euro	**1.4445**	1.3467

Revenue by Segment

	Three months ended June 30,		Six months ended June 30,	
In thousands of CAD	**2023**	**2022**	**2023**	**2022**
	$	$	**$**	$
Commercial skincare	**2,685**	2,392	**5,177**	3,928
Licensing and royalties	**299**	227	**320**	227
Manufacturing and services	**2,178**	3,893	**4,267**	7,308
Total revenue	**5,162**	6,512	**9,764**	11,463

Commercial Skincare
Commercial Skincare sales for the three and six months ended June 30, 2023 were $2,685 and $5,177, compared to $2,392 and $3,928, for the comparable three and six months of 2022, representing net increases of $293 and $1,249, respectively. The increases for both the quarter and year-to-date periods were mainly due to higher product sales from our brands across all channels, driven by new product launches and promotions, including the launch of Alyria in select retail outlets in the province of Québec.

Licensing and Royalties
Licensing revenue of $299 and $320 for the three and six months ended June 30, 2023, reflected royalties above the annual contractual minimum royalties under the Cantabria Agreement and a regulatory milestone payment under our licensing agreement with Croma Pharma GmbH.

Licensing revenue of $227 for the comparative periods of the prior year mainly reflected royalties above the annual contractual minimum under the Cantabria Agreement.

Manufacturing and Services
Manufacturing revenue for the three and six months ended June 30, 2023 was $2,178 and $4,267, respectively, compared to $3,893 and $7,308 for the three and six months ended June 30, 2022, representing decreases of $1,715 and $3,041. The decreases primarily resulted from the partial fulfillment and completion of a previously announced purchase order of approximately $7.0 million in 2022. The purchase order was related to our customer's expansion in new key markets and represented an initial order to adequately supply distribution channels and may not be reflective of future orders.

The timing and value of third-party manufacturing purchase orders are variable from period to period depending on our clients' commercial activities and may not be recurring in nature. Certain manufacturing orders previously scheduled to be delivered in the second half of fiscal 2023 are now expected to be delivered in fiscal 2024, and as a result, segment revenue is expected to be materially lower for that period versus the comparable period of 2022.

Revenue Distribution

The following tables provide additional information regarding our revenue mix by geography and reportable segment for the three and six months ended June 30, 2023 and 2022:

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

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Canada	**54%**	39%	**54%**	38%
U.S.	**35%**	53%	**38%**	56%
ROW	**11%**	8%	**8%**	6%
	100%	100%	**100%**	100%

By Segment

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Commercial Skincare	**52%**	37%	**53%**	34%
Licensing and Royalties	**6%**	3%	**3%**	2%
Manufacturing and Services	**42%**	60%	**44%**	64%
	100%	100%	**100%**	100%

Major Customers

Under IFRS 8 – *Operating Segments*, major customers are those that account for greater than 10% of a company's consolidated revenue. For the three and six months ended June 30, 2023, we had one major customer in the Manufacturing segment that accounted for 33% and 35% of total revenue in each respective period. For the three and six months ended June 30, 2022, we had one major customer in the Manufacturing segment that accounted for 53% and 54% of total revenue in each respective period.

Gross Profit by Segment

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, the cost of products purchased from third parties, costs for the development of formulas under our CDMO services, net of government subsidies, as applicable.

	Three months ended June 30,		Six months ended June 30,	
In thousands of CAD	**2023**	**2022**	**2023**	**2022**
	$	$	**$**	$
Revenue	**5,162**	6,512	**9,764**	11,463
Cost of goods sold	**2,093**	2,865	**3,959**	5,104
Gross profit	**3,069**	3,647	**5,805**	6,359
Gross margin %	***59.5%***	*56.0%*	***59.5%***	*55.5%*

Commercial Skincare

	Three months ended June 30,		Six months ended June 30,	
In thousands of CAD	**2023**	**2022**	**2023**	**2022**
	$	$	**$**	$
Revenue	**2,685**	2,392	**5,177**	3,928
Cost of goods sold	**1,029**	1,096	**1,975**	1,714
Gross profit	**1,656**	1,296	**3,202**	2,214
Gross margin %	***61.7%***	*54.2%*	***61.9%***	*56.4%*

For the three months ended June 30, 2023, gross profit in the Skincare segment was $1,656, representing a gross margin of 61.7%, compared to $1,296 and 54.2% for the three months ended June 30, 2022. The increases in gross profit and gross margin of $360 and 7.5%, respectively, were mainly due to higher segment revenue and favorable product and channel mix, and to a lesser extent, the favourable impact of cost savings in the current year.

For the six months ended June 30, 2023, gross profit in the Skincare segment was $3,202, representing a gross margin of 61.9%, compared to $2,214 and 56.4% for the six months ended June 30, 2022. The increases in gross profit and gross margin of $988 and 5.5%, respectively, were mainly driven by the same factors as for the quarter.

Licensing and Royalties

	Three months ended June 30,		Six months ended June 30,	
In thousands of CAD	**2023**	**2022**	**2023**	**2022**
	$	$	**$**	$
Revenue	**299**	227	**320**	227
Cost of goods sold	**-**	-	**-**	-
Gross profit	**299**	227	**320**	227
Gross margin %	***100.0%***	*100.0%*	***100.0%***	*100.0%*

For the three and six months ended June 30, 2023, gross profit in the Licensing segment was $299 and $227, respectively, compared to $320 and $227 for the three and six months ended June 30, 2022. While gross margin remained at 100.0% in both periods, the increase in gross profit of $72 and $93 year-over-year, respectively, was due to the increase in segment revenue.

Manufacturing and Services

In thousands of CAD	Three months ended June 30, 2023	2022	Six months ended June 30, 2023	2022
	$	$	**$**	$
Revenue	**2,178**	3,893	**4,267**	7,308
Cost of goods sold	**1,064**	1,769	**1,984**	3,390
Gross profit	**1,114**	2,124	**2,283**	3,918
Gross margin %	***51.1%***	*54.6%*	***53.5%***	*53.6%*

For the three months ended June 30, 2023, gross profit in the Manufacturing segment was $1,114 representing a gross margin of 51.1%, compared to $2,124 and 54.6%, for the three months ended June 30, 2022. The decreases in gross profit and gross margin of $1,010 and 3.5%, were mainly due to the decrease in segment revenue and the benefit from higher volumes in the prior year, as well as an unfavorable product mix.

For the six months ended June 30, 2023, gross profit in the Manufacturing segment was $2,283 representing a gross margin of 53.5%, compared to $3,918 and 53.6%, for the six months ended June 30, 2022. The decrease in gross profit of $1,635 was mainly driven by the same factors as for the quarter.

The gross margins generated by our Manufacturing 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

In thousands of CAD	Three months ended June 30, 2023	2022	Six months ended June 30, 2023	2022
	$	$	**$**	$
Research and development	**178**	161	**338**	288
Selling, general and administrative	**2,742**	2,916	**5,179**	5,511
Depreciation and amortization	**375**	370	**750**	736
Total operating expenses	**3,295**	3,447	**6,267**	6,535

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, we allocate a significant part of our R&D resources to the rejuvenation of our non-prescription skincare lines through product development and reformulations, as well as to support business activities in our Manufacturing and Licensing segments.

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

R&D expenses for the three and six months ended June 30, 2023 were $178 and $338 compared to $161 and $288 for the three and six months ended June 30, 2022. The increases of $17 and $50 for the quarter and year-to-date period were mainly due to higher headcount-related and computer software expenses.

Selling, General and Administrative
SG&A expenses for the three and six months ended June 30, 2023 were $2,742 and $5,179 compared to $2,916 and $5,511 for the comparable periods of 2022.The decreases of $174 and $332 for the quarter and year-to-date periods were mainly due to lower headcount-related and share-based compensation expenses, as well as the reduction in certain outsourcing fees compared to the prior year.

Depreciation and Amortization
For the three and six months ended June 30, 2023, depreciation and amortization expense was $375 and $750, compared to $370 and $736 for the three and six months ended June 30, 2022. The increases of $5 and $14 for the three and six-month periods were mainly due to higher amortization expense for our right-of-use asset.

Other (Income) Expenses

	Three months ended June 30,		Six months ended June 30,	
In thousands of CAD	**2023**	**2022**	**2023**	**2022**
	$	$	**$**	$
Interest expense	**21**	48	**44**	109
Interest income	**(116)**	(41)	**(237)**	(87)
Foreign exchange loss	**57**	118	**21**	189
Share of (profit) loss of an associate	**(9)**	17	**(17)**	29
Net loss on convertible note measured at fair value through profit and loss	**9**	95	**22**	95
Total other (income) expenses	**(38)**	237	**(167)**	335

Interest
For the three and six months ended June 30, 2023, interest expense was $21 and $44 compared to $48 and $109 for the three and six months ended June 30, 2022. The year-over-year decreases of $27 and $65 were primarily due to interest savings from the early repayment of the convertible debentures with Bloom Burton Healthcare Lending Trust and Bloom Burton Healthcare Lending Trust II in Q2-22.

For the three and six months ended June 30, 2023, interest income was $116 and $237 compared to $41 and $87 for the three and six months ended June 30, 2022, representing year-over-year increases of $75 and $150, respectively, mainly driven by higher market interest rates. The Company earns interest on its cash balances and short-term investments and records interest accretion on the contract asset recognized under the Cantabria Agreement and its convertible note with The Best You® ("TBY"). Refer to Note 6 – *Contract Assets* and Note 7 - *Investment in an Associate and Convertible Note* to our Q2-23 Interim Financial Statements.

Foreign Exchange Loss
For the three and six months ended June 30, 2023, we recorded net foreign currency losses of $57 and $21 compared to $118 and $189 in the comparable periods of 2022. Currency variances are mainly driven by the timing of payments and settlements of foreign currency denominated balances, and the revaluation of certain balance sheet items including the contract asset in the amount of $1,630 related to the Cantabria Agreement denominated in euros.

Share of (Profit) Loss of an Associate
In Q3-21, we acquired a minority interest in Akyucorp Ltd. d/b/a The Best You, a privately held network of seven medical aesthetic clinics in Ontario. Each quarter, we record our proportionate share of profit or loss from our investment in TBY. For the three and six months ended June 30, 2023, we recorded profit of $9 and $17, respectively, compared to losses of $17 and $29 for the three and six months ended June 30, 2022.

Net Loss on Convertible Note
The Company holds a convertible note receivable related to its minority interest in TBY for an initial principal amount of $500 (the "Note"). The Company may be required to invest an additional $750, contingent on certain events and/or financial indicators being met. This financial instrument is remeasured at fair value at each reporting period using the discounted cash flow method, adjusted to reflect the changes in relevant credit spreads and changes in risk free rates, among other inputs. As a result of the general increase in interest rates, during the three and six months ended June 30, 2023, we recorded fair value losses of $9 and $22, respectively, compared to a fair value loss of $95 for the comparative periods of the prior year.

Net Loss and Loss per Share

In thousands of CAD, except number of shares and per share data	Three months ended June 30, 2023	2022	Six months ended June 30, 2023	2022
	$	**$**	**$**	**$**
Loss before income taxes	**(188)**	(37)	**(295)**	(511)
Deferred income tax expense	**93**	-	**259**	-
Net loss	**(281)**	(37)	**(554)**	(511)
Weighted average number of common shares outstanding				
Basic and diluted	**20,334,153**	20,813,853	**20,334,153**	20,874,923
Loss per share				
Basic and diluted	**$ (0.01)**	$ (0.00)	**$ (0.03)**	$ (0.02)

Loss before Income taxes
For the three months ended June 30, 2023, loss before income taxes was $188 compared to $37 for the three months ended June 30, 2022. The year-over-year loss position increase of $151 was mainly due to: 1) the net overall decrease in gross profit of $578; partly offset by 1) SG&A savings of $174; 2) a favorable foreign exchange variance of $61; 3) lower net loss on convertible note of $86; and 4) higher interest income of $75.

For the six months ended June 30, 2023, loss before income taxes was $295 compared to $511 for the six months ended June 30, 2022. The year-over-year improvement of $216 was mainly due to:1) SG&A savings of $332; 2) higher interest income of $150; 3) a favorable foreign exchange variance of $168; 4) lower net loss on convertible note of $73; and 5) lower interest expense of $65; partly offset by the net overall decrease in gross profit of $554.

Deferred Income Tax Expense
For the three and six months ended June 30, 2023, we recognized $93 and $259, respectively, in deferred income tax expense, related to taxable income generated by Crescita Skin Sciences Inc., a wholly owned subsidiary of Crescita Therapeutics Inc.

Weighted Average Number of Common Shares Outstanding
The diluted weighted average number of Common Shares outstanding for the periods is impacted by the number of options and warrants that are "in the money" and the effect of convertible debentures, when such impact is dilutive. Since the convertible debentures were repaid in full in Q2-22, they would only potentially impact periods prior to June 30, 2022. The basic and diluted weighted average number of Common Shares outstanding for the three and six months ended June 30, 2022 were also affected by the shares purchased for cancellation under the Company's NCIB.

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 three and six months ended June 30, 2023 and 2022. Refer to the section titled *Loss before Income Taxes* for details.

	Three months ended June 30,		Six months ended June 30,	
In thousands of CAD	**2023**	**2022**	**2023**	**2022**
	$	$	**$**	$
Net loss	**(281)**	(37)	**(554)**	(511)
Adjust for:				
Depreciation and amortization	**375**	370	**750**	736
Interest (income) expense, net	**(95)**	7	**(193)**	22
Deferred income tax expense	**93**	-	**259**	-
EBITDA	**92**	340	**262**	247
Adjust for:				
Share-based compensation	**65**	76	**87**	152
Foreign exchange loss	**57**	118	**21**	189
Share of (profit) loss of an associate	**(9)**	17	**(17)**	29
Net loss on convertible note measured at fair value through profit or loss	**9**	95	**22**	95
Adjusted EBITDA	**214**	646	**375**	712

Liquidity and Capital Resources

Consolidated Statement of Cash Flows

In thousands of CAD	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	$	$	**$**	$
Net loss	**(281)**	(37)	**(554)**	(511)
Items not involving cash flows	**683**	663	**1,247**	1,278
Cash from operations	**402**	626	**693**	767
Net change in non-cash working capital	**(321)**	(546)	**1,519**	(28)
Cash provided by operating activities	**81**	80	**2,212**	739
Cash used in investing activities	**-**	(169)	**-**	(214)
Cash used in financing activities	**(101)**	(1,185)	**(200)**	(1,353)
Effect of foreign exchange rates on cash and cash equivalents	**(29)**	34	**(24)**	(1)
Net change in cash and cash equivalents during the period	**(49)**	(1,240)	**1,988**	(829)
Cash and cash equivalents, beginning of the period	**10,275**	11,742	**8,238**	11,331
Cash and cash equivalents, end of the period	**10,226**	10,502	**10,226**	10,502

Operating Activities
For the three months ended June 30, 2023, cash provided by operating activities was $81 compared to $80 for the three months ended June 30, 2022.

For the six months ended June 30, 2023, cash provided by operating activities was $2,212 compared to $739 for the six months ended June 30, 2022. The year-over-year increase of $1,473 was mainly driven by the favorable movement in non-cash working capital items of $1,547.

The net change in non-cash working capital of $(321) for the three months ended June 30, 2023 was mainly driven by lower accounts payable, partly offset by a decrease in accounts receivable. The net change in non-cash working capital of $(546) for the three months ended June 30, 2022 was mainly driven by a decrease in accounts payable, an increase in accounts receivable, and an increase in inventories. Movements in accounts receivable and accounts payable are related to the timing of collections and payments, respectively.

The net change in non-cash working capital of $1,519 for the six months ended June 30, 2023 was mainly driven by a decrease in accounts receivable and contract assets, partly offset by lower accounts payable. The net change in non-cash working capital of $(28) for the six months ended June 30, 2022 was mainly driven by an increase in accounts receivable and inventory, partly offset by an increase in accounts payable and a decrease in contract assets. Movements in accounts receivable and accounts payable are related to the timing of collections and payments, respectively. The timing of working capital inflows and outflows will always have an impact on cash flows from operating activities.

Investing Activities
For the three months and six months ended June 30, 2023, no amounts were used in investing activities compared to $169 and $214 for the three and six months ended June 30, 2022, mainly for plant equipment and facility upgrades.

Financing Activities
For the three months ended June 30, 2023, cash used in financing activities totaled $101 compared to $1,185 for the three months ended June 30, 2022. The year-over-year decrease of $1,084 was mainly driven by the settlement prior to maturity of convertible debentures for $1,000 and shares repurchased under a normal course issuer bid for $100 in Q2-22, which did not repeat.

For the six months ended June 30, 2023, cash used in financing activities totaled $200 compared to $1,353 for the six months ended June 30, 2022. The year-over-year decrease of $1,153 was mainly driven by the settlement prior to maturity of convertible debentures for $1,000 and shares repurchased under a normal course issuer bid for $177 during the six months ended June 30, 2022, which did not repeat during the six months ended June 30, 2023.

Financial Instruments and Risk Management

Please refer to Note 14 – *Financial Instruments and Risk Management* to our Q2-23 Interim Financial Statements for additional information on our financial instruments.

Commitments

We have commitments under a lease for the rental of our manufacturing and office facility. This lease is accounted for entirely on the Consolidated Interim Statement of Financial Position under IFRS 16 – *Leases*. There have been no material changes to these commitments since our year ended December 31, 2022. Refer to Note 3 – *Summary of Significant Accounting Policies* and Note 14 – *Lease Obligation* to our Consolidated Audited Financial Statements for the years ended December 31, 2022 and 2021 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 three and six months ended June 30, 2023.

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 and contract manufacturing sales to its customers, royalties, 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.

We believe that we have sufficient capital resources from our cash and investment accounts and 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* to its 2022 Consolidated Audited 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 consolidated 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 consolidated 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 consolidated 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 4 - *Use of Estimates and Judgments* to the Company's 2022 Consolidated Audited Financial Statements.

There were no changes to our critical accounting estimates and judgements since our year ended December 31, 2022. Refer to the "Critical Accounting Policies and Estimates" section within our 2022 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.sedarplus.ca.

Eight Quarter Summary - Selected Financial Information

As at and for the three months ended,	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
In thousands of CAD except per share data and number of shares	**$**	**$**	$	$	$	$	$	$
Revenue by Segment								
Commercial Skincare	**2,685**	2,492	2,422	1,672	2,392	1,536	2,270	1,563
Licensing and Royalties	**299**	21	1,481	92	227	-	2,367	319
Manufacturing and Services	**2,178**	2,089	2,127	4,268	3,893	3,415	2,925	1,111
Revenue	**5,162**	4,602	6,030	6,032	6,512	4,951	7,562	2,993
Profitability								
Gross profit	**3,069**	2,736	3,885	2,938	3,647	2,712	4,651	1,525
Total operating expenses	**3,295**	2,972	3,313	2,805	3,447	3,088	3,536	2,385
Net income (loss)	**(281)**	(273)	1,178	195	(37)	(474)	943	(900)
Adjusted EBITDA[1]	**214**	161	997	512	646	66	1,585	(471)
Share information								
Earnings (loss) per share								
Basic	**$ (0.01)**	$ (0.01)	$ 0.06	$ 0.01	$ (0.00)	$ (0.02)	$ 0.04	$ (0.04)
Diluted	**$ (0.01)**	$ (0.01)	$ 0.06	$ 0.01	$ (0.00)	$ (0.02)	$ 0.04	$ (0.04)
Weighted average number of common shares outstanding								
Basic	**20,334**	20,334	20,392	20,627	20,814	20,937	21,016	20,761
Diluted	**20,334**	20,334	20,643	20,912	20,814	20,937	22,295	20,761
Financial Position								
Cash and cash equivalents	**10,226**	10,275	8,238	10,738	10,502	11,742	11,331	12,236
Total assets	**26,529**	27,841	28,484	27,711	27,793	29,415	28,923	28,023
Total non-current financial liabilities[2]	**1,134**	1,233	1,331	1,406	1,495	1,583	1,672	1,796

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 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 policy and Code of Conduct and Business Ethics, 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 their 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 June 30, 2023. 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 and AIF when deciding whether to make an investment in the securities of Crescita, together with 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 our Common Shares, could be seriously affected.

Additional Information

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