Second Quarter 2022 Interim Report

Management's Discussion and Analysis

August 9, 2022

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, 2022 and 2021 (the "Q2-22 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 the Company's profile 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

Financial Highlights

Q2- 22 vs. Q2- 21
• Revenue was $6,512 compared to $2,949, an increase of $3,563;
• Gross profit was $3,647 compared to $1,722, an increase of $1,925;
• Operating expenses were $3,447 compared to $2,399, an increase of $1,048;
• Adjusted EBITDA[1] was $646 compared to $(269), an increase of $915;
• Ending cash of $10,502, a decrease of $1,240 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* section of this MD&A.

Key Business Developments

For the three and six months ended June 30, 2022 and up to the date of this MD&A:

Approval of ART FILLER® Injectables
Health Canada approved the following injectables that form part of the ART FILLER collection (the "Fillers"): 1) Art Filler Universal, used for medium to deep lines and wrinkles and replacement of lost volume; 2) Art Filler Fine Lines, used for fine lines and wrinkles; and 3) Art Filler Contour, mainly used to plump and define face contours. The ART FILLER collection is an exclusive, innovative range of dermal fillers made of hyaluronic acid ("HA"), designed to smooth out and fill in wrinkles, and create/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. We expect to launch the Fillers through a dedicated sales force in the fourth quarter of 2022.

Launch of Obagi Medical® Product Line in Canada
We launched the Obagi Medical skincare product line in Canada. Obagi Cosmeceuticals LLC ("Obagi") is a skincare company that designs products promoting skin health, including the Obagi Medical line which comprises skincare products intended to restore the skin's natural radiance by improving skin tone and texture and diminishing the appearance of premature aging. The efficacy of Obagi Medical products is supported by clinical studies. This new line expands our medical skincare portfolio and complements Pro-Derm® which is intended to optimize medical aesthetic procedures offered by doctors, dermatologists, and plastic surgeons. Our sales force is promoting and selling the products nationwide. We entered into a distribution agreement with Obagi in 2021 for the exclusive rights to promote, distribute and sell the product line in the Canadian skincare market.

Repayment of Convertible Debentures
We significantly reduced our third-party borrowings by repaying in full our outstanding convertible debenture financing with Bloom Burton Healthcare Lending Trust and Bloom Burton Healthcare Lending Trust II (the "Debentures") for a total amount of principal and accrued interest to maturity of $1,010. The Debentures bore interest at 9% and had a maturity date of June 30, 2022.

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. Examples 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 and AIF dated March 22, 2022. 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, share of (profit) losses 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 ("Commercial") reportable segment manufactures and sells branded non-prescription skincare products in the Canadian and international markets. It also commercializes Pliaglis®, NCTF, and the Obagi Medical product line 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 using a business to business ("B2B") model, while some of our brands are also sold directly to consumers through our online platforms. International markets include the United States ("U.S."), South Korea and Malaysia, where some of our brands are sold by distribution partners, including through e-commerce.

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* of our Q2-22 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. Measures to date have included the implementation of travel bans, border shutdowns, self-imposed quarantine periods, restrictive social measures and the sporadic closure of non-essential businesses, which have caused material disruptions to businesses and the global economy.

As a result of the far-reaching impacts of the Pandemic, we have seen and may continue to see disruptions to our operations and performance, such as closures amongst our clients including spas, medispas and medical aesthetic clinics. In addition, the cost of inflation within our supply chain remains high, and further cost increases could have a significant impact on our cost of sales and margins. We are actively assessing measures to mitigate these costs and operational disruptions, including: (i) operational efficiencies; (ii) readying additional suppliers; (iii) increasing inventory of core materials due to extended lead times; and (iv) pricing action.

While the Company has used all currently available information in assessing its business prospects, it remains unclear what the duration and long-term effects of the Pandemic will be. Management continues to closely monitor its evolution, and to implement safety protocols ensuring the health and wellness of employees and business partners, which remains 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 organic growth initiatives, to pursue strategic licensing and acquisitions as part of our growth strategy, and to meet contractual obligations as they become due. As of June 30, 2022, Crescita had working capital (defined as current assets minus current liabilities) of $13,360, including a cash balance of $10,502. Our cash and other current assets at June 30, 2022 were sufficient to meet our current accounts payable, accrued liabilities, lease and other obligations for at least the next twelve months. In addition, we have a revolving credit facility (the "Facility") for an authorized amount, subject to margin requirements, of $3,500 as at the date hereof. Based on our accounts receivables and inventory values at quarter end, the total amount available under the Facility was the maximum of $3,500. 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 for the year ended December 31, 2021. 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 December 15, 2021, the Company announced that the TSX approved the renewal of its normal course issuer bid ("NCIB"), enabling it to purchase up to 1,000,000 Common Shares for cancellation from December 17, 2021, to December 16, 2022. Under its previous NCIB, ended on November 29, 2021, the Company could also purchase up to 1,000,000 Common Shares; actual repurchases totalled 135,824 Common Shares.

In connection with each of its NCIBs, the Company adopted an automatic securities purchase plan ("ASPP") 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. Such purchases are executed by the broker on parameters established by the Company prior to the preestablished ASPP period.

In 000's of CAD, except number of shares and average price	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	$	$	**$**	$
Common Shares repurchased for cancellation[1]	**143,750**	nil	**264,150**	35,608
Weighted average purchase price per share	**0.70**	nil	**0.69**	0.70
Total purchase price	**101**	nil	**182**	24

[1] Of the 143,750 and 264,150 Common Shares repurchased for cancellation during the three and six months ended June 30, 2022, respectively, 7,540 Common Shares were repurchased but paid for subsequent to quarter end.

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 8, 2022
Common shares	20,680,903
Stock options[1]	2,982,464
Warrants	496,000

[1] This amount includes 2,129,839 options which have vested.

Selected Quarterly Financial Information

	Three months ended June 30,		Six months ended June 30,	
In thousands of CAD, except per share data and number of shares	2022	2021	2022	2021
Operations	**$**	$	**$**	$
Revenues	**6,512**	2,949	**11,463**	6,214
Cost of goods sold	**2,865**	1,227	**5,104**	2,376
Gross profit	**3,647**	1,722	**6,359**	3,838
Gross margin (%)	***56.0%***	*58.4%*	***55.5%***	*61.8%*
Operating expenses	**3,447**	2,399	**6,535**	4,812
Operating profit (loss)	**200**	(677)	**(176)**	(974)
Interest expense, net	**7**	25	**22**	13
Foreign exchange loss	**118**	10	**189**	161
Share of loss of an associate	**17**	-	**29**	-
Net loss on convertible note measured at fair value through profit or loss	**95**	-	**95**	-
Net loss	**(37)**	(712)	**(511)**	(1,148)
Adjusted EBITDA[1]	**646**	(269)	**712**	(182)
Earnings per share				
Basic and diluted	**$ (0.00)**	$ (0.03)	**$ (0.02)**	$ (0.06)
Weighted average number of common shares outstanding				
Basic and diluted	**20,813,853**	20,612,840	**20,874,923**	20,619,686
Balance Sheet as at June 30,			**2022**	**2021**
Cash and cash equivalents			**10,502**	13,083
Total assets			**27,793**	27,740
Total non-current financial liabilities[2]			**1,495**	1,879
Total liabilities			**7,865**	7,679
Total equity			**19,928**	20,061

[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. However, as at June 30, 2022, the Debentures had been repaid in full.

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 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 all primary aesthetic skin concerns.

Our products serve 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. The spa environment provides non-invasive skincare solutions to consumers. Our lead aesthetic 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 aesthetic brands are Pro-Derm and Alyria. We also distribute NCTF and the Obagi Medical product line in Canada, and market Pliaglis, our lead prescription product, in the Canadian physician-dispensed skincare market through our own sales force.

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 through e-commerce platforms.

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 in 27 countries, and licensed in 40 countries, including: the U.S., Italy, Spain and Austria, where Pliaglis is currently sold by commercial partners.

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 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 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 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, 2021. For further details, please refer to the section entitled "Vision and Growth Strategy" on page 12 of Crescita's 2021 Annual Report, which is available on our website at www.crescitatherapeutics.com and which was filed on SEDAR at www.sedar.com.

In furtherance of our Four-Pillar Growth Strategy, we are continuously evaluating and negotiating a variety of potential transactions and other business opportunities, including potential acquisitions, that could expand our product offering and distribution channels, some of which, if consummated, may be material. A number of negotiations for potential transactions may be in progress at varying stages at any given time, all of which remain subject to the approval of the Board of Directors. There can be no assurance that any of these negotiations will result in a binding transaction. See *Risks Related to the Company's Business* in the section entitled Risk Factors of our 2021 Annual Report.

Competitive Conditions

There have been no changes to the Company's competitive conditions since our last fiscal year ended December 31, 2021. For further details please refer to the section entitled "Competitive Conditions" on page 14 of Crescita's 2021 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 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 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 and can be purchased either through a medispa, a medical aesthetic clinic or through our e-commerce platform.

Alyria
Alyria is a 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, 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.

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 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 sell NCTF under our distribution and promotion agreement with FILLMED to medispas and medical aesthetic clinics across Canada. Since 1978, NCTF has been a leader in skin revitalization with over 4 million bottles sold by FILLMED and its partners around the world annually.

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 launched the Obagi Medical product line in Canada in April 2022 under our distribution agreement with Obagi. Refer to *Key Business Developments*. The product line is sold to medispas and medical aesthetic clinics across Canada.

ART FILLER
ART FILLER is an exclusive collection of hyaluronic acid-based dermal 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 of products 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 performance and the tolerance of ART FILLER have been demonstrated through a unique study combining clinical evaluations and instrument-based measurements over an 18-month period. We expect to launch the ART FILLER range in the Canadian medical aesthetic market under our distribution and promotion agreement with FILLMED in the fourth quarter of 2022. The Fillers were approved by Health Canada during the second quarter of 2022.

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 27 countries, and licensed in 40 countries, including the U.S., Italy, Spain and Austria where Pliaglis is sold by commercial partners. As countries with the highest strategic priority have already been licensed, Crescita will focus on providing regulatory support to its strategic 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 and help with the launch.

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 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 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. A European patent (validated in Germany, France, Ireland, Spain, Italy and the United Kingdom) was issued with term to 2036. In addition, applications are pending in Australia, Canada, Mexico (allowed), New Zealand, and in the U.S., 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 (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 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 advancing multiple licensing discussions at varying stages with pharmaceutical companies. However, with the current reimbursement challenges for dermatology products in the U.S., securing a licensing partner has taken longer than expected and we have no certainty as to how current partnering discussions will evolve.

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, European Patent No. 3528818 with term to 2036 was issued on September 15, 2021, and validated in Germany, France, Ireland, Spain, Italy and the United Kingdom. As well, patent applications are pending in Australia, Canada, Mexico (allowed), New Zealand, and the U.S., 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 recently 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.

In addition to U.S. patent No. 8,343,962, U.S. patent No. 9,642,912 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, Japan 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 DE, FR, IE, GB, ES and IT expiring in 2036. Applications pending in AU, CA, MX (allowed), NZ, and U.S. through 2036.
CTX-102[1]	Dermatological skin treatment	Phase 1	Patents granted in the U.S. expiring in 2027. Patent granted in DE, FR, IE, GB, ES and IT expiring in 2036. Applications pending in AU, CA, MX (allowed), NZ, and U.S. through 2036. U.S. patent for CTX-102 granted through 2040. Applications pending in CA, EP, JP 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, allowing it to supply Pliaglis in Europe. In addition, the parties later agreed that Cantabria would supply the product 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 the product in Italy and Spain, and is evaluating the market conditions to launch Pliaglis in Portugal and France.

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.

Pliaglis sales continue to be affected, in part, by certain restrictive amendments to U.S. managed care. Pliaglis and an authorized generic form of the branded "Pliaglis" are sold by third-party distributors directly to pharmacy chains. While management cannot 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, in periods where Taro does not reach sales targets. Taro is also entitled to terminate the agreement without penalty, subject to a six-month notice period. During the 2021 fiscal year, the Company recognized minimum annual guaranteed royalties of $2,085 (US$1,637). No royalties were recognized during the three and six months ended June 30, 2022.

Taro is still committed to commercializing Pliaglis and is seeking to address its strategy for the United States. However, we have no certainty as to how Pliaglis sales will evolve.

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 for the foreseeable future by several factors including the timing and amount of product 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, and the COVID-19 pandemic. 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 Q2-22 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	**2022**	**2021**	**2022**	**2021**
U.S. dollar	**1.2765**	1.2280	**1.2714**	1.2473
Euro	**1.3590**	1.4804	**1.3904**	1.5036

	As at June 30,	
Spot rates	**2022**	**2021**
U.S. dollar	**1.2886**	1.2394
Euro	**1.3467**	1.4699

Revenue by Segment

	Three months ended June 30,		Six months ended June 30,	
In thousands of CAD	**2022**	**2021**	**2022**	**2021**
	$	$	**$**	$
Commercial skincare	**2,392**	1,869	**3,928**	3,636
Licensing and royalties	**227**	475	**227**	1,281
Manufacturing and services	**3,893**	605	**7,308**	1,297
Total revenue	**6,512**	2,949	**11,463**	6,214

For the three and six months ended June 30, 2022, total revenue was $6,512 and $11,463, compared to $2,949 and $6,214 for the three and six months ended June 30, 2021, representing net increases of $3,563 and $5,249, respectively. Please refer to segment narratives below for further details.

Commercial Skincare
Commercial Skincare sales for the three and six months ended June 30, 2022 were $2,392 and $3,928, compared to $1,869 and $3,636, for the comparable three and six months of 2021, representing net increases of $523 and $292, respectively. The increases for both the quarter and year-to-date periods were mainly a result of higher product sales for the LDR, Pro-Derm and NCTF brands, across all channels as a result of more promotions and product ramp-ups compared to the prior year, incremental sales from the OBAGI launch, partly offset by lower Alyria sales and sales of personal protective equipment versus the prior year.

Licensing and Royalties
For the three months ended June 30, 2022, Licensing and Royalties revenue was $227 compared to $475 for the three months ended June 30, 2021, representing a decrease of $248. The quarter's revenue mainly reflected royalties above the minimum guaranteed royalties under the Cantabria Agreement. The Q2-21 revenue was composed of: 1) an upfront payment from Croma Pharma GmbH as part of the 9-country Pliaglis licensing agreement; 2) products sales for supplying Pliaglis under our Austria licensing agreement; and 3) incremental royalties above the minimum guaranteed royalties under the Cantabria Agreement.

For the six months ended June 30, 2022, segment revenue was $227 compared to $1,281 for the six months ended June 30, 2021, representing a decrease of $1,054. During the first half of 2022, revenue of $227 mainly reflected royalties above the minimum guaranteed royalties under the Cantabria Agreement, as described above. During the first half of 2021, the Company recorded minimum guaranteed royalties of $806 (US$637) in accordance with its U.S. licensing agreement with Taro, as well as the revenue streams described above for Q2-21 totaling $475.

Manufacturing and Services
Manufacturing and Services revenue for the three and six months ended June 30, 2022 was $3,893 and $7,308, respectively, compared to $605 and $1,297 for the three and six months ended June 30, 2021. The year-over-year increases of $3,288 and $6,011 were mainly driven by the partial fulfillment of the approximately $7,000 in purchase orders previously announced, as well as additional volumes from new and existing CMO clients. The timing and value of third-party manufacturing contracts may vary from period to period depending on our clients' commercial activities and may not be recurring in nature.

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, 2022 and 2021:

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

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Canada	**39%**	62%	**38%**	72%
U.S.	**53%**	19%	**56%**	18%
ROW	**8%**	19%	**6%**	10%
	100%	100%	**100%**	100%

By Segment

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Commercial Skincare	**37%**	63%	**34%**	59%
Licensing and Royalties	**3%**	16%	**2%**	21%
Manufacturing and Services	**60%**	21%	**64%**	20%
	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, 2022, we had one major customer in the Manufacturing segment that accounted for 53% and 54% of total revenue in each respective period. For the three months ended June 30, 2021, we had one major customer in the Manufacturing segment that accounted for 15% of total revenue and two major customers in the Manufacturing and Licensing segments that accounted for 27% of total revenue for the six months ended June 30, 2021.

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 costs, the cost of products purchased from third parties, and costs for the development of formulas under our CDMO services.

	Three months ended June 30,		Six months ended June 30,	
In thousands of CAD	**2022**	**2021**	**2022**	**2021**
	$	$	**$**	$
Revenue	**6,512**	2,949	**11,463**	6,214
Cost of goods sold	**2,865**	1,227	**5,104**	2,376
Gross profit	**3,647**	1,722	**6,359**	3,838
Gross margin %	***56.0%***	*58.4%*	***55.5%***	*61.8%*

For the three months ended June 30, 2022, gross profit was $3,647, representing a gross margin of 56.0%, compared to $1,722 and a margin of 58.4%, respectively, for the three months ended June 30, 2021. The increase in gross profit of $1,925 was mainly due to the increase in our Manufacturing segment revenue year-over-year, while the decrease in gross margin of 2.4% was driven, in part, by the impact of product promotions in the Commercial segment, partly offset by the benefit of higher manufacturing volumes. Gross profit and gross margin were also negatively impacted by a lower benefit from wage and rent subsidies under the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") programs year-over-year.

For the six months ended June 30, 2022, gross profit was $6,359, representing a gross margin of 55.5%, compared to $3,838 and a margin of 61.8%, respectively, for the six months ended June 30, 2021. The increase in gross profit of $2,521 was due to the increase in our Manufacturing segment revenue year-over-year, while the decrease in gross margin of 6.3% was mainly driven by the same factors as for the quarter as well as the impact of the decrease in full-margin licensing revenue year-over-year.

Commercial Skincare

	Three months ended June 30,		Six months ended June 30,	
In thousands of CAD	**2022**	**2021**	**2022**	**2021**
	$	$	**$**	$
Revenue	**2,392**	1,869	**3,928**	3,636
Cost of goods sold	**1,096**	751	**1,714**	1,524
Gross profit	**1,296**	1,118	**2,214**	2,112
Gross margin %	***54.2%***	*59.8%*	***56.4%***	*58.1%*

For the three months ended June 30, 2022, gross profit in the Commercial segment was $1,296, representing a gross margin of 54.2%, compared to $1,118 and 59.8% for the three months ended June 30, 2021. The increase in gross profit of $178 was mainly due to higher segment revenue in the quarter, partly offset by the incremental costs associated with a higher level of product promotions. The decrease in gross margin of 5.6% was primarily due to the impact of the higher level of product promotions and the lower benefit from CEWS and CERS subsidies year-over-year, partly offset by favourable product mix.

For the six months ended June 30, 2022, gross profit in the Commercial segment was $2,214, representing a gross margin of 56.4%, compared to $2,112 and 58.1% for the comparable six months of 2021. The increase in gross profit of $102 and the decrease in gross margin of 1.7% were mainly due to same factors as above.

Licensing and Royalties

In thousands of CAD	Three months ended June 30, 2022	2021	Six months ended June 30, 2022	2021
	$	$	**$**	$
Revenue	**227**	475	**227**	1,281
Cost of goods sold	**-**	116	**-**	116
Gross profit	**227**	359	**227**	1,165
Gross margin %	***100.0%***	*75.6%*	***100.0%***	*90.9%*

For the three months ended June 30, 2022, gross profit in the Licensing segment was $227, representing a margin of 100.0% compared to a gross profit of $359 and a gross margin of 75.6% for the three months ended June 30, 2021. The decrease in gross profit of $132 year-over-year was due to the decrease in segment revenue, while the increase in gross margin of 24.4% was due to the COGS impact of supplying Pliaglis under our Austria licensing agreement in Q2-21.

For the six months ended June 30, 2022, gross profit in the Licensing segment was $227, representing a gross margin of 100.0%, compared to a gross profit of $1,165 and a gross margin of 90.9% for the six months ended June 30, 2021. The decrease in gross profit of $938 and the increase in gross margin of 9.1% year-over-year were mainly due to the same factors as described for the quarter.

Manufacturing and Services

In thousands of CAD	Three months ended June 30, 2022	2021	Six months ended June 30, 2022	2021
	$	$	**$**	$
Revenue	**3,893**	605	**7,308**	1,297
Cost of goods sold	**1,769**	360	**3,390**	736
Gross profit	**2,124**	245	**3,918**	561
Gross margin %	***54.6%***	*40.5%*	***53.6%***	*43.3%*

For the three months ended June 30, 2022, gross profit in the Manufacturing segment was $2,124, representing a gross margin of 54.6%, compared to $245 and 40.5%, respectively, for the three months ended June 30, 2021. The increase in gross profit of $1,879 and gross margin of 14.1% were primarily due to higher segment revenue and the favorable impact of higher manufacturing volumes, partly offset by a lower benefit from government subsidies.

For the six months ended June 30, 2022, gross profit in the Manufacturing segment was $3,918, representing a gross margin of 53.6%, compared to $561 and 43.3%, respectively, for the six months ended June 30, 2021. The increase in gross profit of $3,357 and gross margin of 10.3% were primarily due to the same factors as described 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, 2022	2021	Six months ended June 30, 2022	2021
	$	$	**$**	$
Research and development	**161**	118	**288**	337
Selling, general and administrative	**2,916**	1,930	**5,511**	3,793
Depreciation and amortization	**370**	351	**736**	682
Total operating expenses	**3,447**	2,399	**6,535**	4,812

For the three months ended June 30, 2022, total operating expenses were $3,447 compared to $2,399 for the three months ended June 30, 2021, representing a net increase of $1,048. The increase was mainly driven by higher selling, general and administrative ("SG&A") expenses of $986, as well as higher depreciation and amortization and R&D expenses of $19 and $43, respectively. The increase in SG&A was largely reflective of the lower benefit from wage subsidies under the CEWS program year-over-year, higher headcount-related, advertising and promotion costs as we invested in organic growth initiatives, as well as higher travel and entertainment expenses.

For the six months ended June 30, 2022, total operating expenses were $6,535 compared to $4,812 for the six months ended June 30, 2021, representing a net increase of $1,723. The increase was mainly driven by higher SG&A expenses of $1,718, largely reflecting the same factors as for the quarter, higher depreciation and amortization expense of $54, partly offset by a decrease in R&D expenses of $49.

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 product 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, 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.

R&D expenses for the three and six months ended June 30, 2022 were $161 and $288 compared to $118 and $337 for the three and six months ended June 30, 2021. The increase of $43 for the quarter was mainly due to higher headcount-related costs, while the decrease of $49 for the year-to-date period was mainly due to lower expenses related to CTX-101 in the first half of 2022 versus the first half of 2021.

Selling, General and Administrative
For the three and six months ended June 30, 2022, SG&A expenses were $2,916 and $5,511 compared to $1,930 and $3,793, representing increases of $986 and $1,718 year-over-year. The increases were mainly due to higher headcount-related costs, in part to support additional manufacturing volume, investments in advertising and promotion spend, in addition to incremental travel and entertainment expenses. Also contributing to the increase in SG&A were lower wage subsidies which represented $267 and $563 in the second quarter and first half of 2021, compared to $nil in the comparable periods of 2022.

Depreciation and Amortization
For the three and six months ended June 30, 2022, depreciation and amortization expense was $370 and $736, compared to $351 and $682 for the three and six months ended June 30, 2021. The increases of $19 and $54 for each period, respectively were mainly due to higher depreciation expense for our right-of-use asset and property, plant and equipment year-over-year.

Other Expenses

In thousands of CAD	Three months ended June 30, 2022	2021	Six months ended June 30, 2022	2021
	$	$	**$**	$
Interest expense	**48**	63	**109**	111
Interest income	**(41)**	(38)	**(87)**	(98)
Foreign exchange loss	**118**	10	**189**	161
Share of loss of an associate	**17**	-	**29**	-
Net loss on convertible note measured at fair value through profit and loss	**95**	-	**95**	-
Total other expenses	**237**	35	**335**	174

Interest Expense (Income)
For the three and six months ended June 30, 2022, interest expense was $48 and $109 compared to $63 and $111 for the three and six months ended June 30, 2021. The year-over-year decreases of $15 and $2 were primarily due to interest savings from the early repayment of the convertible debentures in May 2022, partly offset by higher interest expense related to the lease for our manufacturing and office facility.

For the three and six months ended June 30, 2022, interest income was $41 and $87 compared to $38 and $98 for the three and six months ended June 30, 2021, representing year-over-year increase of $3 for the quarter and a decrease of $11 for the year-to-date period, primarily due to lower contract asset interest accretion. 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. Refer to Note 6 – *Contract Assets* to our Q2-22 Interim Financial Statements.

Foreign Exchange Loss
For the three and six months ended June 30, 2022, we recorded net foreign currency losses of $118 and $189 compared to $10 and $161 in 2021. The 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 $1,613 related to the Cantabria Agreement denominated in euros.

Share of Loss of an Associate
In Q3-21, we completed the acquisition of a minority interest in Akyucorp Ltd. d/b/a The Best You, a privately held network of six medical aesthetic clinics in Ontario (“The Best You” or “TBY”). Each quarter, we record our proportionate share of profit or loss from our investment in The Best You. During the three and six months ended June 30, 2022, our proportionate share of such loss was $17 and $29, respectively. Refer to Note 7 – Investment in an Associate and Convertible Note to our Q2-22 Interim Financial Statements.

Net Loss on Convertible Note
The Company holds a convertible note receivable related to its minority interest in The Best You for an initial principal amount of $500, that could increase up to $1,250, contingent on certain events and conditions being met. This financial instrument is remeasured at fair value at each reporting period using the discounted cash flow method, adjusted based on changes in relevant credit spreads and changes in risk free rates, among other inputs. During the three and six months ended June 30, 2022, as a result of the general increase in interest rates, we recorded a fair value loss of $95. Refer to Note 7 – *Investment in an Associate and Convertible Note* to our Q2-22 Interim Financial Statements.

Net Loss and Loss per Share

In thousands of CAD, except number of shares and per share data	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Net loss	**(37)**	(712)	**(511)**	(1,148)
Weighted average number of common shares outstanding				
Basic and diluted	**20,813,853**	20,612,840	**20,874,923**	20,619,686
Earnings per share				
Basic and diluted	**$ (0.00)**	$ (0.03)	**$ (0.02)**	$ (0.06)

Net Loss

For the three months ended June 30, 2022, we reported a net loss of $37 compared to a net loss of $712 for the three months ended June 30, 2021. The year-over-year improvement of $675 was mainly attributable to the net overall increase in gross profit of $1,925; partly offset by 1) higher SG&A expenses of $986; 2) the increase in R&D and amortization and depreciation expenses of $43 and $19, respectively; 3) the increase in net foreign exchange loss of $108; 4) the share of the loss of our associate of $17 ($nil in Q2-21); and 5) the net loss in fair value on our convertible note receivable from TBY of $95 recognized in the quarter.

For the six months ended June 30, 2022, we reported a net loss of $(511) compared to a net loss of $(1,148) for the six months ended June 30, 2021. The year-over-year improvement of $637 was mainly attributable to: 1) the net overall increase in gross profit of $2,521; 2) the decrease in R&D expenses of $49; partly offset by 1) higher SG&A expenses of $1,718; 2) the increase amortization and depreciation expenses of $54; 3) the increase in net foreign exchange loss of $28, and 4) the share of the loss of our associate of $29 ($nil in the first half of 2021); and 5) the net loss in fair value on our convertible note receivable of $95, as described above.

Weighted Average Number of Common Shares Outstanding

In September 2021, the Company issued 470,128 Common Shares at a price of $0.70 per Common Share in connection with the acquisition of a minority interest in The Best You. Refer to Note 7 – *Investment in an Associate and Convertible Note* to our Q2-22 Interim Financial Statements. The basic and diluted weighted average number of common shares outstanding are also 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 three and six months ended June 30, 2022 and 2021. Refer to the section entitled *Net Loss* for details.

	Three months ended June 30,		Six months ended June 30,	
In thousands of CAD	**2022**	**2021**	**2022**	**2021**
	$	$	**$**	$
Net loss	**(37)**	(712)	**(511)**	(1,148)
Adjust for:				
Depreciation and amortization	**370**	351	**736**	682
Interest expense, net	**7**	25	**22**	13
EBITDA	**340**	(336)	**247**	(453)
Adjust for:				
Share of loss of an associate	**17**	-	**29**	-
Net loss on convertible note measured at fair value through profit or loss	**95**	-	**95**	-
Share-based compensation	**76**	57	**152**	110
Foreign exchange loss	**118**	10	**189**	161
Adjusted EBITDA	**646**	(269)	**712**	(182)

Liquidity and Capital Resources

Consolidated Statement of Cash Flows

In thousands of CAD	Three months ended June 30, 2022	2021	Six months ended June 30, 2022	2021
	$	$	**$**	$
Net loss	**(37)**	(712)	**(511)**	(1,148)
Items not involving cash flows	**663**	451	**1,278**	981
Cash from operations	**626**	(261)	**767**	(167)
Net change in non-cash working capital	**(546)**	(482)	**(28)**	(772)
Cash provided by (used in) operating activities	**80**	(743)	**739**	(939)
Cash used in investing activities	**(169)**	(39)	**(214)**	(43)
Cash used in financing activities	**(1,185)**	(82)	**(1,353)**	(202)
Effect of foreign exchange rates on cash and cash equivalents	**34**	3	**(1)**	(14)
Net change in cash and cash equivalents during the period	**(1,240)**	(861)	**(829)**	(1,198)
Cash and cash equivalents, beginning of the period	**11,742**	13,944	**11,331**	14,281
Cash and cash equivalents, end of the period	**10,502**	13,083	**10,502**	13,083

Operating Activities
For the three months ended June 30, 2022, cash provided by operating activities was $80 compared to cash used in operating activities of $743 for the three months ended June 30, 2021. The year-over-year increase of $823 was mainly driven by the incremental cash generated from operations of $887, partly offset by the unfavourable movement in non-cash working capital items of $64.

For the six months ended June 30, 2022, cash provided by operating activities was $739 compared to cash used in operating activities of $939 for the six months ended June 30, 2021. The year-over-year increase of $1,678 was mainly driven by the incremental cash generated from operations of $934 and the favorable movement in non-cash working capital items of $744.

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 inventory, and an increase in accounts receivable. The net change in non-cash working capital of $(482) for the three months ended June 30, 2021 was mainly driven by an increase in inventory to meet planned demand, a decreased in accounts payable, and increase in other current assets, partly offset by the decrease in accounts receivable.

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 to meet planned demand, partly offset by an increase in accounts payable and a decrease in other current assets and contract assets. The net change in non-cash working capital of $(772) for the six months ended June 30, 2021 was mainly driven by the increases in accounts receivable and inventory to meet planned demand, partly offset by an increase in accounts payable.

The timing of working capital inflows and outflows will always have an impact on the cash flow from operating activities.

Investing Activities
For the three and six months ended June 30, 2022, we invested $169 and $214 compared to $39 and $43 invested for the three and six months ended June 30, 2021. These amounts pertain primarily to plant equipment and facility upgrades.

Financing Activities
For the three months ended June 30, 2022, cash used in financing activities totaled $1,185 compared to $82 for three months ended June 30, 2021, representing a year-over-year increase of $1,103. During the quarter, we paid: 1) $1,000 in principal to settle our convertible debentures prior to maturity ($nil in Q2-21); 2) $91 for the lease for our manufacturing and office facility, compared to $82 in Q2-21; and 2) $100 for the purchase for cancellation of 136,210 Common Shares, compared to $nil in the prior year's quarter.

For the six months ended June 30, 2022, cash used in financing activities totaled $1,353 compared to $202 for six months ended June 30, 2021, representing a year-over-year increase of $1,151. During the quarter, we paid: 1) $1,000 to settle our convertible debentures prior to maturity ($nil in the first half of 2021); 2) $182 for the lease for our manufacturing and office facility, compared to $178 in the same period of 2021; and 2) $177 for the purchase for cancellation of 256,610 Common Shares, compared to $24 for the purchase for cancellation of 35,608 Common Shares during the first half of the prior year.

Financial Instruments and Risk Management

Please refer to Note 14 – *Financial Instruments and Risk Management* to our Q2-22 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, 2021. Refer to Note 3 – *Summary of Significant Accounting Policies* and Note 15 – *Lease Obligation* to our Consolidated Audited Financial Statements for the years ended December 31, 2021 and 2020 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 months ended June 30, 2022.

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.

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 2021 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 5 - *Use of Estimates and Judgments* to the Company's 2021 Consolidated Audited Financial Statements.

There were no changes to our critical accounting estimates and judgements since our year ended December 31, 2021. Refer to the "Critical Accounting Policies and Estimates" section within our 2021 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,	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020
In thousands of CAD except per share data and number of shares	**$**	**$**	$	$	$	$	$	$
Revenue by Segment								
Commercial Skincare	**2,392**	1,536	2,270	1,563	1,869	1,767	2,079	1,782
Licensing and Royalties[1]	**227**	-	2,367	319	475	806	359	4,999
Manufacturing and Services	**3,893**	3,415	2,925	1,111	605	692	353	520
Revenue	**6,512**	4,951	7,562	2,993	2,949	3,265	2,791	7,301
Profitability								
Gross profit	**3,647**	2,712	4,651	1,525	1,722	2,116	1,588	6,129
Total operating expenses	**3,447**	3,088	3,536	2,385	2,399	2,413	2,316	2,259
Net income (loss)	**(37)**	(474)	943	(900)	(712)	(436)	(592)	4,208
Adjusted EBITDA[2]	**646**	66	1,585	(471)	(269)	87	(446)	4,316
Share information								
Earnings per share								
Basic	**$ (0.00)**	$ (0.02)	$ 0.04	$ (0.04)	$ (0.03)	$ (0.02)	$ (0.03)	$ 0.20
Diluted	**$ (0.00)**	$ (0.02)	$ 0.04	$ (0.04)	$ (0.03)	$ (0.02)	$ (0.03)	$ 0.19
Weighted average number of common shares outstanding								
Basic	**20,814**	20,937	21,016	20,761	20,613	20,627	20,648	20,648
Diluted	**20,814**	20,937	22,295	20,761	20,613	20,627	20,648	21,796
Financial Position								
Cash and cash equivalents	**10,502**	11,742	11,331	12,236	13,083	13,944	14,281	13,856
Total assets	**27,793**	29,415	28,923	28,023	27,740	28,696	26,831	27,791
Total non-current financial liabilities[3]	**1,495**	1,583	1,672	1,796	1,879	2,900	1,080	1,123

[1] Revenue for Q3-20 included $4,483 received as part of an amendment in July 2020 to the Company's licensing agreement with Taro.

[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] Non-current financial liabilities are defined as the sum of the long-term portions of convertible debentures, other obligations, and lease obligations. On March 15, 2021, the Company amended the lease for its manufacturing and office facility resulting in an adjustment of $1,944 to the lease obligation. Starting June 30, 2021, convertible debentures were presented as part of current liabilities given a maturity date of June 30, 2022. As at June 30, 2022, the convertible debentures were paid in full and stood at a $nil balance.

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 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, 2022. 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 dated March 22, 2022 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.

Additional Information

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