

Crescita Therapeutics™
Reports 2018 Second Quarter Results
Continues to Improve Cash Utilization

Laval, Québec, Canada – August 10, 2018 – Crescita Therapeutics Inc. (TSX: CTX) (Crescita or the Company), a commercial dermatology company with a portfolio of non-prescription skincare and prescription drug products for the treatment and care of skin conditions, diseases and their symptoms, today reported its financial results for the second quarter ended June 30, 2018.

Q2-F2018 Year-over-Year Financial Highlights

- Revenue of \$2.3 million, versus \$4.9 million in Q2-17. The prior year's revenue included the \$2.7 million up-front payment related to the out-licensing of Pliaglis in the U.S.;
- Operating expenses down \$0.3 million versus Q2-17 and \$1.3 million on a year-to-date basis compared to the prior year's period;
- Adjusted EBITDA¹ loss of \$1.3 million, down \$2.1 million versus Q2-17, but an improvement of \$0.3 million on a year-to-date basis compared to the prior year's period;
- Cash and cash equivalents were \$9.1 million at the end of the quarter, compared to \$4.1 million in Q2-17;
- Cash utilization of \$0.4 million during the quarter, an improvement of \$0.7 million versus Q2-17;
- Other Income of \$1.1 million recognized during the quarter including a non-recurring gain on the settlement of Other obligations related to a previous acquisition;

"During the quarter, we made further headway in resolving some of the remaining challenges inherited from the past by concluding a settlement related to a historical liability of \$1.0 million. We are pleased with the outcome of our negotiations on this matter which improves our balance sheet and reduces future cash outflows," said Serge Verreault, President and Chief Executive Officer of Crescita.

Mr. Verreault added "Our financial results for the first six months of fiscal 2018 are encouraging as we remain focused on fundamentals. We continue to see the benefits of our cost rationalization and operational streamlining efforts which ultimately resulted in SG&A savings of \$1.8 million compared to the same six-month period of fiscal 2017. We also recognized \$1.6 million in royalty revenue from the U.S. launch of Pliaglis by our licensee which contributed to improving our bottom line. While we know that the first tranche of royalty revenue was related to filling the distribution channel, we still do not have visibility on the level of recurring revenue for future quarters. We remain confident that all necessary resources will be mobilized to make this product successful."

¹Adjusted EBITDA is a non-IFRS measure. Please refer to the *Non-IFRS Financial Measures and EBITDA and Adjusted EBITDA Reconciliation* sections of this press release.

Q2-F2018 Financial Results

Note: All figures are in Canadian dollars. The second quarter 2018 MD&A, Condensed Consolidated Interim Financial Statements and accompanying notes can be found on www.crescitatherapeutics.com/investors and have been filed with SEDAR.

<i>In thousands of CAD dollars except earnings per share and number of shares</i>	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Revenues	2,311	4,858	(2,547)	5,960	6,938	(978)
Cost of goods sold	1,025	930	95	2,331	1,961	370
Research & Development	277	304	(27)	506	690	(184)
Selling, general & administrative	2,625	3,068	(443)	5,020	6,779	(1,759)
Interest expense, net	108	15	93	255	58	197
Total Operating Expenses	4,035	4,317	(282)	8,112	9,488	(1,376)
Total Other Income (Expenses)	1,088	(3)	1,091	1,092	(42)	1,134
Net (loss) income from continuing operations	(636)	538	(1,174)	(1,060)	(2,592)	1,532
Net (loss) from discontinued operations	(25)	(38)	13	(25)	(101)	76
Net (loss) income	(661)	500	(1,161)	(1,085)	(2,693)	1,608
Net (loss) income from continuing operations per share	\$ (0.03)	\$ 0.04	\$ (0.07)	\$ (0.06)	\$ (0.19)	\$ 0.13
Weighted Average number of common shares outstanding	21,007	13,935	7,072	18,375	13,935	4,440
Selected Cash Flow Information						
Cash and cash equivalents, end of period	9,094	4,112	4,982	9,094	4,112	4,982
Cash (used in) operating activities	(238)	(962)	724	(1,308)	(4,478)	3,170
Cash (used in) investing activities	(23)	(28)	5	(23)	(71)	48
Cash (used in) provided by financing activities	(94)	(124)	30	3,426	(1,124)	4,550

Cash and Cash Equivalents

Cash and cash equivalents were \$9.1 million as at June 30, 2018 compared to \$4.1 million at June 30, 2017. As at June 30, 2017, the Company had \$8.6 million of restricted short-term investments held as collateral for the Company's letter of credit. The restriction on these funds was lifted as part of the Knight Loan amendment in the third quarter of 2017. The current quarter's cash balance includes \$3.5 million in net proceeds from the Company's Rights Offering concluded in March of 2018. By adjusting each quarter's cash balance for these non-recurring items, the respective total cash balances, on a comparable basis, would have been \$5.6 million in Q2-18 and \$12.7 million in Q2-17.

Revenue

Total revenue, composed of product sales, out-licensing and services revenue, was \$2.3 million for the three months ended June 30, 2018, compared to \$4.9 million in the corresponding quarter of the prior year, representing a decrease of \$2.5 million. This decrease was primarily a result of the up-front payment of \$2.7 million (US\$2.0 million) received under the Pliaglis U.S. out-licensing agreement with Taro Pharmaceuticals Inc. ("Taro") in Q2-17, pursuant to which Taro has the exclusive rights to sell and distribute Pliaglis in the U.S. For the six months ended June 30, 2018, total revenues were \$6.0 million compared to \$6.9 million in the corresponding six-month period of the prior year, representing a decrease of \$1.0 million. The decrease was mainly a result of the same factor as for the quarter, partly offset by the year-to-date royalty revenue from the launch of Pliaglis in the U.S. market of \$1.6 million.

In both the quarterly and year-to-date periods, product sales were softer than anticipated without the incremental product sales from Alyria, acquired in August 2017. The aesthetic spa business is extremely competitive and renders gaining market share challenging. The Company is planning to launch product innovations before the end of the year to bolster sales in this market.

Operating Expenses (“OPEX”)

Total operating expenses for the three months ended June 30, 2018 were \$4.0 million, representing a decrease of \$0.3 million when compared to the \$4.3 million reported for the three months ended June 30, 2017. For the six months ended June 30, 2018, total OPEX was \$8.1 million, down \$1.4 million from the \$9.5 million incurred in the six months ended June 30, 2017. The year-over-year improvements in both periods were mainly driven by savings in SG&A as a result of the reorganization of various corporate functions and the centralization of the Company's operations to its Laval facility; a reduction in professional and accounting fees in connection with regulatory matters involving the INTEGA Acquisition as well as savings in logistics costs.

Other Income

During the quarter, the Company recorded Other Income of \$1.1 million consisting of the following:

1. Gain on Settlement of \$0.7 million: the Company entered into an agreement relating to a \$1.0 million historical liability owing under a previous acquisition concluded in 2016. Pursuant to the terms of the agreement, in consideration for INTEGA releasing the counterparty from any potential future claims under the agreement, INTEGA no longer has to pay a portion of that liability equal to \$0.7 million.
2. Other Income of \$0.4 million related to the following:
 - a. consideration received relating to planned facility upgrades pursuant to deficiency claims under the aforementioned previous acquisition and a reimbursement of previously rendered contract manufacturing services, and
 - b. a gain related to a contingent consideration receivable from another previous acquisition, under the terms of which the Company is entitled to be compensated if certain sales targets and levels of inventory consumption are not achieved.

Net (Loss) Income from Continuing Operations

Net loss from continuing operations for the quarter ended June 30, 2018 was \$(0.6) million, compared to net income of \$0.5 million in the prior year's quarter. The year-over-year decrease in profitability of \$1.1 million was mainly due to the combined effect of: 1) the shortfall in revenue of \$2.5 million driven in large part by the up-front payment related to the out-licensing of the U.S. right to Pliaglis for \$2.7 million received in Q2-17, partially offset by 2) the non-recurring benefit of Other income and the gain on settlement of \$1.1 million recognized during the quarter, and 3) a decrease in operating expenses of \$0.3 million.

Non-IFRS Financial Measures

The Company reports its 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 from both a financial and operational standpoint. The non-IFRS measures used in this press release 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 Company's non-IFRS measures along with their respective definitions:

EBITDA is defined as earnings (loss) from continuing operations before interest, income taxes, depreciation and amortization.

Adjusted EBITDA is defined as earnings (loss) from continuing operations before interest, income taxes, depreciation and amortization, gain on settlement, other income, equity-settled stock-based compensation (“SBC”), gain on debt renegotiations, goodwill and intangible assets impairment, accretion on the fair value of inventory and foreign currency 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 EBITDA and adjusted EBITDA to their closest IFRS measure can be found below.

EBITDA and Adjusted EBITDA Reconciliation

<i>In thousands of CAD dollars</i>	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Net (loss) income from continuing operations	(636)	538	(1,174)	(1,060)	(2,592)	1,532
Add:						
Depreciation and amortization	289	275	14	579	556	23
interest expense, net	108	15	93	255	58	197
EBITDA	(239)	828	(1,067)	(226)	(1,978)	1,752
Add:						
Equity-settled stock-based compensation	62	37	25	144	114	30
Accretion on fair value of inventory	-	-	-	-	371	(371)
Foreign currency loss	7	3	4	3	42	(39)
Less:						
Other income and Gain on settlement	1,095	-	1,095	1,095	-	1,095
Adjusted EBITDA	(1,265)	868	(2,133)	(1,174)	(1,451)	277

Caution Concerning Limitations of Summary Financial Results Press Release

This summary earnings press release contains limited information meant to assist the reader in assessing Crescita's performance, but it is not a suitable source of information for readers who are unfamiliar with Crescita and is not in any way a substitute for the Company's consolidated financial statements, notes thereto, MD&A and Annual Information Form ("AIF") reports.

About Crescita Therapeutics Inc.

Crescita (TSX: CTX) is a publicly traded, Canadian commercial dermatology company with a portfolio of non-prescription skincare products for the treatment and care of skin conditions and diseases and their symptoms and prescription drug products for the treatment of pain. Crescita owns multiple proprietary drug delivery platforms that support the development of patented formulations that can facilitate the delivery of active drugs into or through the skin. For additional information, please visit www.crescitatherapeutics.com.

Forward-Looking Statements

This Press Release 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. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on the Company’s current beliefs, expectations and assumptions, the future of its 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 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, the risk factors included in Crescita’s most recent Annual Information Form dated March 27, 2018 under the heading “Risks Factors”, and as described from time to time in the reports and disclosure documents filed by Crescita with Canadian securities regulatory agencies and commissions. These and other factors should be considered carefully, and readers should not place undue reliance on Crescita’s forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and none of Crescita or any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. Any forward-looking statement made by the Company in this Press Release is based only on information currently available to it 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.

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