MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2022

The following is a discussion and analysis of the operating results and financial position of Cipher Pharmaceuticals Inc. and its subsidiaries ("Cipher" or "the Company") as at and for the three and nine months ended September 30, 2022. This document should be read in conjunction with the unaudited condensed interim consolidated financial statements of Cipher for the three and nine months ended September 30, 2022 and the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. Additional information about the Company, including the Audited Annual Financial Statements and Annual Information Form for the year ended December 31, 2021, is available on SEDAR at www.sedar.com.

The discussion and analysis within this Management Discussion and Analysis ("MD&A") are as at November 10, 2022. All dollar figures are stated in thousands of U.S. dollars unless otherwise indicated.

Caution Regarding Forward-Looking Statements

This document includes forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, among others, statements with respect to our objectives and goals and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may", "will", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective", "hope" and "continue" (or the negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. We caution readers not to place undue reliance on these statements as a number of important factors, many of which are beyond our control, could cause our actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, the extent and impact of the coronavirus (COVID-19) outbreak on our business including any impact on our contract manufacturers and other third party service providers, our ability to enter into development, manufacturing and marketing and distribution agreements with other pharmaceutical companies and keep such agreements in effect; our dependency on a limited number of products; our dependency on protection from patents that will expire; integration difficulties and other risks if we acquire or in-license technologies or product candidates; reliance on third parties for the marketing of certain products; the product approval process is highly unpredictable; the timing of completion of clinical trials, regulatory submissions and regulatory approvals; reliance on third parties to manufacture our products and events outside of our control that could adversely impact the ability of our manufacturing partners to supply products to meet our demands; we may be subject to future product liability claims; unexpected product safety or efficacy concerns may arise; we generate license revenue from a limited number of distribution and supply agreements; the pharmaceutical industry is highly competitive; requirements for additional capital to fund future operations; products in Canada may be subject to pricing regulation; dependence on key managerial personnel and external collaborators; no assurance that we will receive regulatory approvals in the U.S., Canada or any other jurisdictions and current uncertainty surrounding health care regulation in the U.S.; certain of our products are subject to regulation as controlled substances; limitations on reimbursement in the healthcare industry; limited reimbursement for products by government authorities and third-party payor policies; products may not be included on lists of drugs approved for use in hospitals; hospital customers may make late payments or not make any payments; various laws pertaining to health care fraud and abuse; reliance on the success of strategic investments and partnerships; the publication of negative results of clinical trials; unpredictable development goals and projected time frames; rising insurance costs; ability to enforce covenants not to compete; risks associated with the industry in which we operate; we may be unsuccessful in evaluating material risks involved in completed and future acquisitions; we may be unable to identify, acquire or integrate acquisition targets successfully; legacy risks from operations conducted in the U.S.; compliance with privacy and security regulation; our policies regarding returns, allowances and chargebacks may reduce revenues; certain current and future regulations could restrict our activities; additional regulatory burden and controls over financial reporting; reliance on third parties to perform certain services; general commercial litigation, class actions, other litigation claims and regulatory actions; the difficulty for shareholders to realize in the United States upon judgments of U.S. courts predicated upon civil liability of the Company and its directors and officers who are not residents of the United States; the potential violation of

intellectual property rights of third parties; our efforts to obtain, protect or enforce our patents and other intellectual property rights related to our products; changes in U.S., Canadian or foreign patent laws; litigation in the pharmaceutical industry concerning the manufacture and supply of novel and generic versions of existing drugs; inability to protect our trademarks from infringement; shareholders may be further diluted if we issue securities to raise capital; volatility of our share price; the fact that we have a significant shareholder; we do not currently intend to pay dividends; our operating results may fluctuate significantly; and our debt obligations will have priority over the common shares of the Company in the event of a liquidation, dissolution or winding up.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When reviewing our forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Additional information about factors that may cause actual results to differ materially from expectations, and about material factors or assumptions applied in making forward-looking statements, may be found in the "Risk Factors" section of this MD&A and the Annual Information Form for the year ended December 31, 2021, and elsewhere in our filings with Canadian securities regulators. Except as required by Canadian securities law, we do not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf; such statements speak only as of the date made. The forward-looking statements included herein are expressly qualified in their entirety by this cautionary language.

Market Industry Data

The market and industry data contained in this MD&A is based upon information from independent industry and other publications and our knowledge of, and experience in, the industry in which the Company operates. Market and industry data are subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. Cipher has not independently verified any of the data from third party sources referred to in this MD&A or ascertained the underlying assumptions relied upon by such sources**.**

Overview

Cipher (TSX: CPH) is a specialty pharmaceutical company with a diversified portfolio of commercial and early to late-stage products. Cipher acquires products that fulfill unmet medical needs, manages the required clinical development and regulatory approval process, and currently markets these products directly in Canada or indirectly through partners in the U.S., Canada and Latin America.

Corporate Strategy

Cipher's corporate strategy is to assemble and manage a portfolio of prescription products across a broad range of therapeutic areas including the following:

- Strategically market and distribute its Canadian commercial assets directly or indirectly, by way of partnerships;
- Out-license products in markets where Cipher does not have a commercial presence;
- Selectively invest in drug development programs where we see a favourable risk/return profile;
- Conservatively manage capital and maximize cash flow and
- Distribute products through established sales organizations using a royalty-based model.

Cipher is actively managing the advancement of our product pipeline development programs including:

- The MOB-015 product for the treatment of nail fungus program with our partner Moberg Pharma, presently in phase 3 clinical trials in the U.S.
- Completion of proof-of-concept studies for our DTR-001 topical product treatment for the removal of tattoos.
- The CF-101 program with our partner Canfite Biopharma, which recently announced positive top-line results from its Phase 3 COMFORT study of Piclidenoson in the treatment of moderate to severe psoriasis.

The Company is actively assessing and sourcing opportunities that would build on the strengths of the organization, including strategic commercial deployment in Canada. The execution of any transaction is contingent on the Company being able to negotiate acceptable terms and including securing financing where necessary.

Significant Transactions and Developments

2022

In September 2022, the Company's partner, Canfite Biopharma, ("Canfite") announced its Phase III COMFORT study of Piclidenoson used in the treatment of moderate to severe psoriasis met its primary endpoint of superiority and achieved a better tolerability profile in a comparative analysis. Based on the safety and efficacy data revealed in this trial, Canfite plans to approach the U.S. Food and Drug Administration ("FDA") and the European EMA with a protocol for a pivotal Phase III study for drug approval and registration.

Previously in June 2022, Canfite had announced positive top-line results from its phase III COMFORT study of Piclidenoson.

In May 2022, the Company's partner, Moberg Pharma AB, ("Moberg") began patient enrollment for the North American Phase 3 study for MOB-015 to treat nail fungus. The purpose of the study is to facilitate market approval by the FDA. Cipher holds the exclusive Canadian rights to MOB-015. In Canada, according to IQVIA, the total prescription market for Onychomycosis was greater than $75 million CDN at December 31, 2021, with a single product having over 90% market share.

On March 10, 2022, the Company announced that it had entered into a second amended and restated distribution and supply agreement with Sun Pharmaceutical Industries, Inc. ("Sun"). Under the terms of the amendment, Cipher and Sun have agreed to extend Sun's exclusive right to market, sell and distribute the isotretinoin product portfolio, Absorica and Absorica AG in the United States through December 31, 2026 and Absorica LD through December 31, 2024.

Under the terms of the amendment, Cipher will continue to earn a royalty on U.S. net sales from Sun's isotretinoin product portfolio and will continue to be responsible for manufacturing the supplied product. The amendment extends the relationship from November 30, 2022 until December 31, 2026.

2021

TRULANCE ARBITRATION

On January 13, 2020, the Company received a notice of termination from Bausch Health Ireland Ltd. ("Bausch Health") for alleged breach of contract in respect of its licensing agreement for Trulance.

In January 2021, Cipher received the results of an arbitration hearing, in which Cipher was found to be in breach of the agreement and therefore the licensing agreement was terminated. As a result, the Company recorded an impairment charge of $5.275 million as of December 31, 2020, which was the full carrying amount of the intangible asset.

In connection with the impairment of the Trulance intangible asset as at December 31, 2020, the Company was subject to additional damages under a subsequent phase of arbitration. During the three months ended June 30, 2021, the Company executed a settlement agreement in full settlement of the dispute with Bausch Health and paid the full amount of the settlement amount of $1.5 million.

OFFICE LEASE ASSIGNMENT

During fiscal 2021, the Company assigned the office lease for its corporate operations head office to an arms' length third party and paid an inducement payment of CDN$775. The term of the lease was 10 years and three months and commenced on January 1, 2019. The Company incurred a non-recurring loss on extinguishment of lease expense in the three-months ended September 30, 2021 of $100, in addition, the Company recorded a loss on disposal of assets related to the unamortized leasehold improvements, furniture and fixtures and the office lease – right of use of $658. It is expected that the assignment of the lease will result in a net savings of approximately CDN$2.2 million over the remainder of the lease term.

COVID-19

The Company is closely monitoring the developments of the Coronavirus ("COVID-19") situation. The global response to the COVID-19 outbreak has resulted in, among other things, border closures, severe travel restrictions and extreme fluctuations in financial and commodity markets. Additional measures may be implemented by one or more governments in jurisdictions where the Company operates. Labour shortages due to illness, Company or government-imposed isolation programs, or restrictions on the movement of personnel or possible supply chain disruptions could result in a reduction or cessation of all or a portion of the Company's operations. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of COVID-19 and the actions required to contain COVID-19 or remedy its impact, among others.

The actual and threatened spread of COVID-19 globally could also have a material adverse effect on the regional economies in which the Company operates, could negatively impact stock markets, including any future trading price of the Company's shares, could adversely impact the Company's ability to raise capital, could cause continued interest rate volatility and movements that could make obtaining financing or renegotiating the terms of the Company's existing financing more challenging or more expensive.

As a result of the continued and uncertain economic and business impact of the COVID-19 pandemic, the Company has reviewed the estimates, judgments and assumptions used in the preparation of its financial statements, including with respect to the determination of whether indicators of impairment exist for its tangible and intangible assets and the credit risk of its counterparties.

The Company has determined that no significant revisions to such estimates, judgments or assumptions were required for the three and nine months ended September 30, 2022, any of these developments, and others, could have a material adverse effect on the Company's business and results of operations. In addition, because of the severity and global nature of the COVID-19 pandemic, it is reasonably possible that the estimates in the financial statements could change in the near term and the effect of the change could be material. Potential impacts may include, but are not limited to, impairment of long-lived assets and a change in the estimated credit loss on accounts receivable.

Significant Partnerships

GALEPHAR

In 2002, the Company entered into a master licensing and clinical supply agreement (the "Galephar Agreement") with Galephar, Pharmaceutical Research, Inc. ("Galephar"), a Puerto Rico based pharmaceutical research and manufacturing company. Under the Galephar Agreement, the Company acquired the rights to package, test, obtain regulatory approvals and market CIP-FENOFIBRATE, CIP-ISOTRETINOIN and CIP-TRAMADOL ER in various territories. In particular, the Company has the rights to sell, market and distribute, on a perpetual basis, as follows:

- exclusive rights throughout the world for Galephar's capsule formulation of Tramadol;
- exclusive rights in North, South and Central America, the Caribbean and Bermuda for Galephar's capsule formulation of Isotretinoin and non-exclusive rights in certain other countries; and
- exclusive rights in North, South and Central America, the Caribbean and Bermuda for Galephar's capsule formulation of Fenofibrate and non-exclusive rights in certain other countries.

Cipher is obliged to pay Galephar fifty percent (50%) of any (i) distribution fees it receives, (ii) net sales revenue less manufacturing costs and (iii) royalties received, except that prior to issuance of a patent for a product, only 30% of royalties are payable. If Cipher or its affiliates are directly selling to wholesalers, 12% of net sales received by Cipher is payable to Galephar, or 7% prior to issuance of a patent. No payments are required with respect to a sale of a product occurring 20 years after the first sale of the product in the country or, if a patent is obtained, when the patents lapse in that country for the product, whichever is later. Galephar also supplies product to Cipher through commercial supply agreements for each product.

Certain of the Company's marketed products utilize drug delivery technologies licensed from Galephar:

- *Oral Lidose® Technology*. Galephar's oral semi-liquid capsule drug delivery technology is a patent-protected drug delivery system. Active ingredients are incorporated in semi-solid or liquid compositions contained in capsules. This delivery system facilitates low manufacturing costs, while delivering super-bioavailability for relatively water-insoluble compounds. CIP-FENOFIBRATE and CIP-ISOTRETINOIN are based on the Lidose drug delivery system.

- *Oral Controlled-Released Bead Technology*. Galephar's multiple particle-controlled release capsule technology ("MPCRC"), is based on unique extrusion and spheronization methods, and produces beads containing up to 80% active ingredient. Each coated bead is a controlled release system in itself, and the multi-particulate system provides smooth consistent plasma levels over an extended period of time. The system is virtually pH-independent enabling the product to be taken with or without food. MPCRC enables CIP-TRAMADOL ER.

On May 11, 2017, the founder, vice president and a shareholder of Galephar was first elected to the Company's board of directors as a non-independent member.

Licensed Products

CIP-ISOTRETINOIN

United States - Absorica®

In 2012, Cipher's U.S. distribution partner Sun (previously Ranbaxy Laboratories Inc.) launched CIP-ISOTRETINOIN under the trade name Absorica. Prescriptions for Absorica, Absorica LD and Absorica AG were down approximately 10.8% in the nine-month period ended September 30, 2022 compared to the nine month period ended September 30, 2021, according to Symphony Health. Note that the launch of the authorized generic took place in April 2021 and as such four months of prescriptions in the nine-month period ended September 30, 2021 were for Absorica and Absorica LD.

Absorica was protected by five issued patents which were Orange Book listed and expired in September 2021. Galephar was issued a product patent (Patent Number 7,435,427) from the U.S. Patent and Trademark Office in 2008 with a second patent (Patent Number 8,367,102) issued in 2013. A third patent (Patent Number 8,952,064) was issued in February 2015 and the fourth and fifth patents (Patent Numbers 9,078,925 and 9,089,534, respectively) were issued in July 2015. The five patents are formulation-related patents describing the product ingredients.

In September 2013, Sun received a Paragraph IV Certification Notice of filing from Actavis of an abbreviated new drug application ("ANDA") to the FDA for a generic version of Absorica (isotretinoin capsules). A Paragraph IV Certification Notice is filed when the sponsor company of the ANDA believes that its generic product is not infringing on a particular patent and/or that such patent is not valid. A patent infringement lawsuit against Actavis was filed by Sun, Cipher and Galephar in October 2013 and, as a result, the ANDA was subject to a 30-month stay of FDA approval, beginning on the date the notification letter was received. In October 2015, the Company, along with Sun and Galephar, entered into a settlement agreement with Actavis that dismissed the patent litigation suit. As part of the settlement agreement, Cipher, Sun and Galephar entered into a non-exclusive license agreement with Actavis under which Actavis could begin selling its generic version of Absorica in the U.S. on December 27, 2020 (approximately nine months prior to the expiration of the five Absorica patents in September 2021) or earlier under certain circumstances.

Under the terms of the agreement with Sun, the Company received a royalty percentage in the mid-teens on net sales. Cipher's agreement with Sun was for a period of 10 years from the first commercial sale expiring in November 2022 and which has now been extended to December 2026.

In July 2018, the Company amended its distribution and supply agreement (the "Sun Amendment") with Sun for Absorica. The Sun Amendment provides Sun with the ability to launch new isotretinoin products prior to the expiration of the agreement. The Company will receive a royalty until December 2024 based on U.S. net sales from Sun's isotretinoin product portfolio. In addition, the Absorica New Drug Application ("NDA") will be returned to the Company on expiry of the agreement. On February 3, 2020, Sun launched their new isotretinoin products under the brand name of Absorica LD.

On December 19, 2018, the Company received a Paragraph IV Certification Notice of Filing advising Sun and Galephar that Upsher Smith Laboratories, LLC ("Upsher Smith") had filed an ANDA with the FDA seeking approval to manufacture, use, or sell a generic version of Absorica (10 mg, 20 mg, and 30 mg) prior to the expiration of U.S. Patent Nos. 7,435,427; 8,367,102; 8,952,064; 9,078,925; and 9,089,534. On January 30, 2019, Sun, Cipher and Galephar filed a complaint against Upsher Smith asserting infringement of the five patents. On February 12, 2019, Upsher Smith filed its answer to the complaint. On March 9, 2020 an arbitration meeting was held. On or around September 16, 2019, Sun, Cipher, and Galephar received a second Paragraph IV Certification Notice from Upsher Smith, related to the 40 mg formulation of Absorica. On November 6, 2019, Sun, Cipher, and Galephar filed an Amended Complaint against Upsher Smith, which Upsher Smith answered on November 19, 2019. On March 9, 2020 an arbitration meeting was held. On April 21, 2020, the Company and Upsher Smith concluded a binding arbitration, with the Company being successful in its binding arbitration.

On April 29, 2021, Teva Pharmaceutical Industries Ltd. announced its launch of 10 mg, 20 mg, 25 mg, 30 mg, 35 mg and 40 mg strength generic version of Absorica® (isotretinoin) capsules for the treatment of severe recalcitrant nodular acne in non-pregnant patients 12 years of age and older with multiple inflammatory nodules with a diameter of 5 mm or greater.

On April 29, 2021, the Company launched Absorica AG with its marketing partner Sun. The Company believes that this will broaden Cipher's isotretinoin portfolio and ensure we have products to serve each segment of this market and maximize value of this portfolio. Currently our isotretinoin portfolio contains our flagship premium branded product Absorica, ABSORICA LD™ and our newly launched authorized generic for the price sensitive segment of the market.

On June 25, 2021, Upsher-Smith announced the launch of 40 mg strength generic version of Absorica® (isotretinoin). On September 28, 2021, Upsher-Smith announced the launch of three additional strengths of Isotretinoin Capsules. Upsher-Smith

now offers Isotretinoin Capsules in 10 mg, 20 mg, 30 mg and 40 mg strengths. Upsher-Smith's product is AB2-rated to the branded product, Absorica® (isotretinoin) capsules,

On March 10, 2022, the Company announced that it had entered into a second amended and restated distribution and supply agreement with Sun. Under the terms of the amendment, Cipher and Sun have agreed to extend Sun's exclusive right to market, sell and distribute the isotretinoin product portfolio, Absorica and Absorica AG in the United States through December 31, 2026 and Absorica LD through December 31, 2024.

Under the terms of the amended agreement, Cipher will continue to earn a royalty on U.S. net sales from Sun's isotretinoin product portfolio and will continue to be responsible for manufacturing the supplied product. The amendment extends the relationship from November 30, 2022, until December 31, 2026.

Rest of World

In 2014, the Company entered into a definitive distribution and supply agreement with Ranbaxy Laboratories Ltd. ("Ranbaxy India"), a Sun Pharma Company, under which Cipher granted Ranbaxy India the exclusive right to market, sell and distribute isotretinoin capsules in Brazil. Ranbaxy India plans to promote the product through a brand dermatology division in Brazil. Under the terms of this agreement, Cipher received an upfront payment and may be eligible for pre-commercial milestone payments. Cipher will supply the product and product manufacturing will be fulfilled by Galephar. Ranbaxy India will be responsible for all regulatory-related activities associated with gaining and maintaining regulatory approval of the product in Brazil. The product is not currently approved in Brazil.

In January 2018, the Company entered into a distribution and supply agreement with Italmex Pharma S.A. ("Italmex") granting Italmex the exclusive rights to market, sell and distribute isotretinoin products in Mexico. Under the terms of the agreement with Italmex, Cipher is eligible for regulatory and commercial milestone payments. Cipher will supply the product to Italmex, and product manufacturing will be fulfilled by Cipher's partner, Galephar. Italmex will be responsible for all regulatory activities associated with gaining and maintaining regulatory approval of the product in Mexico.

In August 2019, Italmex submitted their dossier to the Mexican regulatory agency, COFEPRIS, for review. In October 2021, Italmex received approval of Epuris 10mg and 20mg in Mexico by COFEPRIS Upon achievement of certain regulatory milestones, payments totalling up to $175 are due.

During 2020, one regulatory milestone was achieved and a payment of $120 was received, of which 50% was paid to Galephar. During 2021, a second regulatory milestone was achieved and a payment of $55 was due, of which 50% was paid to Galephar.

During 2020, Cipher entered into an agreement with Galephar to return the distribution rights for Latin America and Mexico to Galephar in exchange for a single digit royalty on net sales in these regions.

Litigation

From time to time, during the ordinary course of business, the Company may be threatened with, or may be named as, a defendant in various legal proceedings, including lawsuits based upon product liability, wrongful dismissal, personal injury, breach of contract and lost profits or other consequential damage claims.

Selected Financial Information

The following information has been prepared in accordance with IFRS in U.S. dollars.

(IN THOUSANDS OF U.S. DOLLARS EXCEPT FOR PER SHARE AMOUNTS)	**Three months ended September 30, 2022**	Three months ended September 30, 2021	**Nine months ended September 30, 2022**	Nine months ended September 30, 2021
	$	$	**$**	$
Net revenue	**4,792**	4,514	**15,766**	16,091
Total operating expenses	**2,582**	2,494	**7,288**	8,177
Total other expenses (income)	**(85)**	709	**(68)**	770
Net income for the period from operations	**2,654**	796	**6,956**	4,948
Income per share:				
Basic	**0.11**	0.03	**0.27**	0.19
Diluted	**0.10**	0.03	**0.27**	0.18
Total assets	**57,434**	46,393	**57,434**	46,393
Total non-current liabilities	**352**	—	**352**	—

The fluctuations in reported results during this period were primarily from the following factors:

- For the three and nine months ended September 30, 2022, licensing revenue decreased by nil and $1.5 million, respectively, as compared to the three and nine months ended September 30, 2021, due to the launch of Absorica AG starting in April 2021. Licensing revenue for 2021 contained four months of Absorica sales prior to the launch of the Absorica AG product.
- For the three months ended September 30, 2022, operating expenses increased by $0.1 million. For the nine months ended September 30, 2022, operating expenses decreased by $0.9 million compared to those of the comparative period due primarily to a legal settlement of $1.25 million related to Trulance in Q1 2021.
- For the three and nine months ended September 30, 2022, income before income taxes increased by $1.0 million and $1.4 million or 75% and 20%, respectively, primarily due to the increase in product revenue and the decrease in loss on disposal of assets and extinguishment of lease for the three months ended September 30, 2022 and the provision for legal settlement of $1.25 million in the nine months ended September 30, 2022. Excluding the legal settlement recorded in Q1 2021 and the loss on disposal of assets and extinguishment of lease, income before income taxes for the nine months ended September 30, 2022 was $8.5 million compared to $9.1 million for the nine months ended September 30, 2021.
- Excluding the provision for legal settlement of $1.25 million recorded in Q1 2021 and the loss on disposal of assets and extinguishment of lease of $0.8 million, income per common share on a basic and diluted basis for the nine months ended September 30, 2022 was $0.27 and $0.27 compared to income per common share on both a basic and diluted basis of $0.26 for the nine months ended September 30, 2021.

Review of Operating Results

REVENUE

(IN THOUSANDS OF U.S. DOLLARS)	**Three months ended September 30, 2022**	Three months ended September 30, 2021	**Nine months ended September 30, 2022**	Nine months ended September 30, 2021
	$	$	**$**	$
Licensing revenue	**2,013**	2,028	**6,157**	7,653
Product revenue	**2,779**	2,486	**9,609**	8,438
Net revenue	**4,792**	4,514	**15,766**	16,091

Total net revenue increased by $0.3 million or 6% to $4.8 million for the three months ended September 30, 2022 compared to $4.5 million for the three months ended September 30, 2021. Total net revenue decreased by $0.3 million or 2% to $15.8 million for the nine months ended September 30, 2022 compared to $16.1 million for the nine months ended September 30, 2021.

Licensing Revenue

Licensing revenue decreased by nil million or 1% to $2.0 million for the three months ended September 30, 2022 compared to $2.0 million for the three months ended September 30, 2021. Licensing revenue decreased by $1.5 million or 20% to $6.2 million for the nine months ended September 30, 2022 compared to $7.7 million for the nine months ended September 30, 2021.

Licensing revenue from Absorica in the U.S. was $1.2 million for the three months ended September 30, 2022, a decrease of $0.2 million or 14% compared to $1.4 million for the three months ended September 30, 2021. Licensing revenue from Absorica in the U.S. was $3.9 million for the nine months ended September 30, 2022, a decrease of $2.1 million or 35% compared to $6.0 million for the nine months ended September 30, 2021. Licensing revenue for the nine months ended September 30, 2021 included four full months of branded Absorica sales, prior to the launch of the generic entrants. Absorica's and Absorica AG's market share for the three months ended September 30, 2022 was approximately 4.7% compared to approximately 5.1% for the three months ended September 30, 2021, according to Symphony Health. Market share including Sun's Absorica LD was approximately 5.6%. Overall the Absorica business (inclusive of the brand, AG and LD products) declined by 0.7% from 6.5% market share at September 30, 2021**.**

Licensing revenue from Lipofen and the authorized generic version of Lipofen was $0.8 and $2.2 million for the three and nine months ended September 30, 2022, respectively, an increase of $0.3 and $0.9 million or 51% and 66%, respectively, compared to $0.5 and $1.3 million for the three and nine months ended September 30, 2021.

Licensing revenue from the extended-release tramadol product (ConZip in the U.S. and Durela in Canada) was minimal for the three months ended September 30, 2022, a decrease of $0.1 million compared to $0.1 million for the three months ended September 30, 2021. On April 1, 2022, the Company started to distribute Durela directly in Canada, and as such, Durela has been included in product revenue. Licensing revenue from the extended-release tramadol product (ConZip in the U.S. and Durela in Canada) was $0.1 million for the nine months ended September 30, 2022, a decrease of $0.2 million compared to $0.3 million for the nine months ended September 30, 2021.

Product Revenue

Product revenue increased by $0.3 million or 12% to $2.8 million for the three months ended September 30, 2022 compared to $2.5 million for the three months ended September 30, 2021. Product revenue increased by $1.2 million or 14% to $9.6 million for the nine months ended September 30, 2022 compared to $8.4 million for the nine months ended September 30, 2021.

Product revenue from Epuris was $2.3 million for the three months ended September 30, 2022, an increase of $0.1 million from $2.3 million for the three months ended September 30, 2021. Epuris experiences seasonality with a lower level of quarterly sales in Q3 annually, due to patient sensitivity in prescribing during the peak sun exposure months. Product revenue from Epuris is transacted in Canadian dollars, in its native currency Epuris revenue increased by approximately 4% or $0.1 million. Product revenue from Epuris was $8.7 million for the nine months ended September 30, 2022, an increase of $0.7 million from $8.0 million for the nine months ended September 30, 2021. Epuris is a Canadian market branded product transacted in Canadian dollars, whereby Canadian market sales increased by approximately 12% or $1.2 million.

Product revenue for the remaining brands, Ozanex, Beteflam, Actikerall, Brinavess, Aggrastat, Vaniqa and Durela was $0.4 million for the three months ended September 30, 2022 compared to $0.1 million for the three months ended September 30, 2021. Product revenue was $0.9 million for the nine months ended September 30, 2022 compared to $0.4 million for the nine months ended September 30, 2021. The increase in product revenues was mainly due to selling Durela directly starting in April 2022, which accounted for $0.2 and $0.3 million for the three and nine months ended September 30, 2022.

OPERATING EXPENSES

(IN THOUSANDS OF U.S. DOLLARS)	**Three months ended September 30, 2022**	Three months ended September 30, 2021	**Nine months ended September 30, 2022**	Nine months ended September 30, 2021
	$	$	**$**	$
Cost of products sold	**860**	791	**3,056**	2,752
Research and development	**—**	—	**66**	88
Selling, general and administrative	**1,722**	1,703	**4,166**	4,087
Provision for legal settlement	**—**	—	**—**	1,250
Total operating expenses	**2,582**	2,494	**7,288**	8,177

Total operating expenses increased by $0.1 million or 4% to $2.6 million for the three months ended September 30, 2022 compared to $2.5 million for the three months ended September 30, 2021. The increase in operating expenses for the three months ended September 30, 2022 is primarily due to the increase in cost of products sold of $0.1 million in the current quarter. Total operating expenses decreased by $0.9 million or 11% to $7.3 million for the nine months ended September 30, 2022 compared to $8.2 million for the nine months ended September 30, 2021. The decrease in operating expenses for the nine months ended September 30, 2022 is primarily due to the legal settlement of $1.25 million in the comparative period and offset by an increase in cost of products sold of $0.3 million which is related to the increase in product revenue. Excluding the legal settlement of $1.25 million, operating expenses for the nine months ended September 30, 2022 increased by $0.4 million or 5% to $7.3 million compared to $6.9 million for the nine months ended September 30, 2021, this is primarily attributable to the increase in cost of products sold of $0.3 million compared to the nine months ended September 30, 2021

Cost of Products Sold

Cost of products sold for the three months ended September 30, 2022, was $0.9 million, an increase of $0.1 million or 9% from the three months ended September 30, 2021. Gross margin on product sales increased slightly to 69% for the three months ended September 30, 2022 compared to 68% for the three months ended September 30, 2021.

Research and Development

Research and development (“R&D”) expenses represent the costs directly associated with developing and advancing our pipeline products, including milestone payments to our development partners, and the associated costs of regulatory submissions in Canada.

R&D expense was nil for the three months ended September 30, 2022 and 2021.

Selling, General and Administrative

Selling, general and administrative (“SG&A”) expense was $1.7 million for the three months ended September 30, 2022, relatively unchanged from $1.7 million for the three months ended September 30, 2021. Selling, general and administrative (“SG&A”) expense was $4.2 million for the nine months ended September 30, 2022, an increase of $0.1 million or 2% from $4.1 million for the nine months ended September 30, 2021.

Also included in SG&A is amortization of intangible assets of $0.3 and $0.6 million for the three and nine months ended September 30, 2022, respectively, compared to $0.1 and $0.4 million for the three and nine months ended September 30, 2021.

Provision for legal settlement

The decrease in the nine months ended September 30, 2022, relates to the legal settlement – see *Significant Transactions and Developments* – 2021, section above.

Other Expenses (Income)

(IN THOUSANDS OF U.S. DOLLARS)	**Three months ended September 30, 2022**	Three months ended September 30, 2021	**Nine months ended September 30, 2022**	Nine months ended September 30, 2021
	$	$	**$**	$
Change in fair value of derivative financial instrument	**—**	—	**—**	(5)
Loss on disposal of assets and extinguishment of lease	**—**	758	**—**	758
Interest (income) expense	**(157)**	9	**(197)**	84
Unrealized foreign exchange loss (gain)	**72**	(58)	**129**	(67)
Total other expenses (income)	**(85)**	709	**(68)**	770

Total other expenses for the three and nine months ended September 30, 2022, was $(0.1) million and $(0.1) million, respectively, compared to $0.7 and $0.8 million for the three and nine months ended September 30, 2021, respectively. The changes primarily relate to the loss on disposal of assets and extinguishment of lease, a fluctuation in the foreign exchange loss(gain) and is partially offset by the decrease in the interest (income) expense.

Interest (income) expense

Interest (income) expense decreased by $0.2 million to ($0.2) million for the three months ended September 30, 2022, compared to $0.009 million for the three months ended September 30, 2021. Interest (income) expense decreased by $0.3 million to ($0.2) million for the nine months ended September 30, 2022, compared to $0.1 million for the nine months ended September 30, 2021. Due to our active management of our cash balances in short-term interest-bearing investments at prevailing market rates, interest income has offset interest costs in the current quarter and expected to continue to do so in the future.

Foreign Exchange

The Company experienced a low level of foreign exchange gains/losses for the three and nine months ended September 30, 2022 and 2021. The Company is exposed to currency risk through its net assets, namely its lease obligation and certain product sales and expenses denominated in Canadian dollars.

INCOME TAXES

Income tax expense is recognized based on domestic and international statutory income tax rates in the jurisdictions in which the Company operates. These rates are then adjusted to effective tax rates based on management's estimate of the weighted average annual income tax rate expected for the full year in each jurisdiction taking into account taxable income or loss in each jurisdiction and available utilization of deferred tax assets. Deferred tax assets are recognized to the extent that it is probable that the asset can be recovered.

Income tax (recovery) expense for the three and nine months ended September 30, 2022 was ($0.4) and $1.60 million, respectively, compared to $0.5 and $2.2 million, respectively for the three and nine months ended September 30, 2021.

During the three and nine months ended September 30, 2022, as a result of change in facts and circumstances related to an uncertain tax position, the Company reversed a provision for CDN$1.9 million ($1.3 million). The change in provision of CDN$1.8 million ($1.3 million) is recorded as a recovery of the current income tax expense and $0.1 is recorded as an unrealized foreign exchange gain on the condensed interim consolidated statement of income.

The Company has various non-capital losses of approximately $210 million and proactively works with its tax advisors to utilize these losses with the objective of minimizing the amount of cash taxes payable. However, at each reporting date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize a deferred tax asset. This assessment requires the exercise of judgement, which includes a review of various factors including projected taxable income.

As at September 30, 2022, the Company has recognized deferred tax assets in the condensed interim consolidated statement of financial position of $2.0 million. The Company believes that it is probable that future taxable income will be available against which tax losses can be utilized.

INCOME AND INCOME PER COMMON SHARE

(IN THOUSANDS OF U.S. DOLLARS, except for share and per share amounts)	**Three months ended September 30, 2022**	Three months ended September 30, 2021	**Nine months ended September 30, 2022**	Nine months ended September 30, 2021
	$	$	**$**	$
Net income for the period	**2,654**	796	**6,956**	4,948
Basic income per share	**0.11**	0.03	**0.27**	0.19
Diluted income per share	**0.10**	0.03	**0.27**	0.18
Income and comprehensive income for the period	**2,654**	796	**6,956**	4,948

Basic income per common share is calculated using the weighted average number of common shares outstanding during the period. Diluted income per common share is calculated taking into account dilutive instruments that are outstanding.

Income per common share on a basic and diluted basis for the three months ended September 30, 2022 was $0.11 and $0.10, respectively compared to income per common share on both a basic and diluted basis of $0.03 and $0.03, respectively, for the three months ended September 30, 2021.

Net income per common share on a basic and diluted basis for the nine months ended September 30, 2022 was $0.27 and $0.27, respectively compared to income per common share on both a basic and diluted basis of $0.19 and $0.18, respectively for the nine months ended September 30, 2021. Excluding the provision for legal settlement of $1.25 million recorded in Q1 2021 and the loss on disposal of assets and extinguishment of lease of $0.8 million, income per common share on a basic and diluted basis for the nine months ended September 30, 2022 was $0.27 and $0.27, respectively, compared to income per common share on both a basic and diluted basis of $0.26 and $0.26, respectively for the nine months ended September 30, 2021.

The weighted average number of common shares outstanding for the three months ended September 30, 2022 was 25,151,888 (three months ended September 30, 2021 – 26,505,145). The weighted average number of common shares outstanding for the nine months ended September 30, 2022 was 25,463,255 (for the nine months ended September 30, 2021 – 26,719,725).

The dilutive weighted average number of common shares outstanding for the three months ended September 30, 2022 was 25,586,467 (three months ended September 30, 2021 – 26,994,181). The diluted weighted average number of common shares outstanding for the nine months ended September 30, 2022 was 25,887,411 (for the nine months ended September 30, 2021 – 27,143,797).

ADJUSTED EBITDA

EBITDA and adjusted EBITDA are non-IFRS financial measures. The term EBITDA (earnings before interest, taxes, depreciation and amortization) does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing a further understanding of operations from management's perspective. The Company defines Adjusted EBITDA as earnings before interest expense, income taxes, depreciation of property and equipment, amortization of intangible assets, non-cash share-based compensation, changes in fair value of derivative financial instruments, impairment of intangible assets, provision for legal settlement, loss on disposal of assets and loss on extinguishment of lease, restructuring costs and foreign exchange gains and losses from the translation of Canadian cash balances.

The Company considers Adjusted EBITDA as a key metric in assessing business and management performance and considers Adjusted EBITDA to be an important measure of operating performance and cash flow, providing useful information to investors and analysts.

Adjusted EBITDA for the three months ended September 30, 2022, was $2.6 million, an increase of $0.4 million or 19% compared to $2.2 million for the three months ended September 30, 2021. Adjusted EBITDA for the nine months ended September 30, 2022, was $9.3 million, a decrease of $0.5 million or 6% compared to $9.8 million for the nine months ended September 30, 2021.

The following is a summary of how EBITDA and Adjusted EBITDA are calculated:

(IN THOUSANDS OF U.S. DOLLARS)	**Three months ended September 30, 2022**	Three months ended September 30, 2021	**Nine months ended September 30, 2022**	Nine months ended September 30, 2021
	$	$	**$**	**$**
Income from continuing operations	**2,654**	796	**6,956**	4,948
Add back:				
Depreciation and amortization	**338**	155	**648**	550
Interest expense, net	**(157)**	13	**(197)**	492
Income taxes	**(359)**	515	**1,590**	2,196
EBITDA	**2,476**	1,479	**8,997**	7,784
Change in fair value of derivative financial instrument	**—**	—	**—**	(5)
Unrealized foreign exchange loss (gain)	**72**	(58)	**129**	(67)
Loss on disposal of assets and extinguishment of lease	**—**	758	**—**	758
Provision for legal settlement	**—**	—	**—**	1,250
Share-based compensation	**84**	34	**169**	114
Adjusted EBITDA	**2,632**	2,213	**9,295**	9,834
Adjusted EBITDA per share – basic	**0.10**	0.08	**0.37**	0.37
Adjusted EBITDA per share – dilutive	**0.10**	0.08	**0.36**	0.36

Liquidity and Capital Resources

(IN THOUSANDS OF U.S. DOLLARS)	**Three months ended September 30, 2022**	Three months ended September 30, 2021	**Nine months ended September 30, 2022**	Nine months ended September 30, 2021
	$	$	**$**	$
Cash provided by operating activities	**3,854**	509	**9,106**	8,097
Cash used in investing activities	**(81)**	—	**(81)**	—
Cash used in financing activities	**(292)**	(1,036)	**(1,725)**	(1,686)
Net change in cash	**3,481**	(527)	**7,300**	6,411
Impact of foreign exchange on cash	**(195)**	84	**(371)**	75
Cash, beginning of period	**24,191**	16,071	**20,548**	9,142
Cash and cash equivalents, end of period	**27,477**	15,628	**27,477**	15,628

Cash and cash equivalents

As at September 30, 2022, the Company had cash and cash equivalents of $27.5 million compared to $20.5 million as at December 31, 2021.

Operating Activities

Cash provided by operating activities was $9.1 million for the nine months ended September 30, 2022, compared to $8.1 million for the nine months ended September 30, 2021. Cash provided by operations, excluding working capital was $8.0

million for the nine months ended September 30, 2022 compared to $6.3 million for the nine months ended September 30, 2021.

Working capital changes are largely attributable to the payments received from our licensing partners during the quarter, which is based on licensing revenue earned in the previous quarter. Royalties earned are paid by our partners on a quarterly basis, subsequent to each quarter end.

Investing Activities

Cash used in investing activities was $0.1 million for the nine months ended September 30, 2022 compared to nil for the nine months ended September 30, 2021.

Financing Activities

Cash used in financing activities was $1.7 million for the nine months ended September 30, 2022, compared to $1.7 million for the nine months ended September 30, 2021. The financing activities primarily consisted of the purchase of common shares under the NCIB (as defined below).

Future cash requirements will depend on a number of factors, including investments in product launches, expenditures on R&D for product candidates, costs associated with maintaining regulatory approvals, the timing of payments received or made under licensing or other collaborative agreements, the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims and other intellectual property rights, defending against patent infringement claims, the acquisition of licenses for new products or technologies, the status of competitive products and the success of the Company in developing and maintaining markets for its products.

Financial Instruments

As at September 30, 2022, the Company’s financial instruments consisted of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. Cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are measured at amortized cost and their fair values approximate carrying values.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, currency risk, interest rate risk and capital management risk.

Risk Management

In the normal course of business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks are: credit risk, liquidity risk, currency risk, interest rate risk and capital management risk. The Company's overall risk management program and business practices seek to minimize any potential adverse effects on the Company's financial performance.

Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Financial instruments that potentially expose the Company to significant concentration of credit risk consist of cash and cash equivalents and accounts receivable. The Company's investment policies are designed to mitigate the possibility of a deterioration of principal and enhance the Company's ability to meet its liquidity needs and provide reasonable returns within those parameters. Cash and cash equivalents is on deposit with Canadian chartered banks. Management monitors the collectability of accounts receivable and estimates an allowance for doubtful accounts.

The Company has concentration risk, as approximately 89% of total sales came from four customers who are subject to sales and distribution agreements during the nine months ended September 30, 2022 and 77% of total accounts receivable is due from three customers as at September 30, 2022.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial liability obligations as they become due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

The Company has financed its cash requirements primarily through operations. The Company controls liquidity risk through management of working capital, cash flows and the availability and sourcing of financing.

The Company anticipates that its current cash and cash equivalents, together with the cash flow that is generated from operations will be sufficient to execute its current business plan for the remainder of 2022.

Market Risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates. The Company is exposed to currency risk through its net assets and certain recurring transactions that are denominated in Canadian dollars. A change of 10 basis points in the U.S./CDN exchange rate on September 30, 2022, would have had a $0.3 million impact on income and comprehensive income for the period. The following is a summary of the financial assets and financial liabilities denominated in Canadian dollars as of September 30, 2022:

	CDN$
Cash and cash equivalents	8,475
Accounts receivable	2,233
Accounts payable and accrued liabilities	(3,939)
Income taxes payable	(9,467)
Finance lease obligations	(611)
Net financial liabilities	(3,309)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Capital Management Risk

The Company's managed capital is comprised of cash and cash equivalents and shareholders' equity. The Company's objective when managing its capital structure is to safeguard its ability to continue as a going concern in order to provide returns for shareholders, finance strategic growth plans and satisfy financial obligations as they become due. In order to maintain or adjust the capital structure, the Company may issue new common shares from time to time. The Company relies on cash and cash equivalents on hand, cash flows from operations and debt financing to finance growth initiatives.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares, issuable in series. As at September 30, 2022, the Company had 25,094,425 common shares issued and outstanding. No preference shares were issued and outstanding as at September 30, 2022. Subsequent to quarter end, 1,407 common shares were issued under the Company's employee and director share purchase plan and 28,577 common shares were issued upon the exercise of stock options, bringing the total number of common shares issued and outstanding to 25,124,409 as of the date of this MD&A.

On September 19, 2022, the Company announced that it received approval from the Toronto Stock Exchange ("TSX") for its intention to commence a normal course issuer bid (the "NCIB") for its common shares. The notice provides that the Corporation may, during the 12 months period commencing September 22, 2022, and ending no later than September 21, 2023, purchase through the facilities of the TSX or alternative Canadian Trading Systems up to 1,403,293 of its common shares, representing 10% of its public float of 14,032,934 common shares as of September 8, 2022 (a total of 25,115,660 Common Shares were issued and outstanding as of such date).

On September 8, 2021, the Company announced that it received approval from the TSX for its intention to renew its previous NCIB. The notice provides that the Corporation may, during the 12 months period commencing September 10, 2021, and ending no later than September 9, 2022, purchase through the facilities of the TSX or alternative Canadian Trading Systems up to 1,541,445 of its common shares, representing 10% of its public float of 15,414,450 common shares as of August 27, 2021 (a total of 26,485,401 Common Shares were issued and outstanding as of such date).

Purchases under the NCIB made on the TSX will be made in compliance with the rules of the TSX at a price equal to the market price at the time of purchase or such other price as may be permitted by the TSX. In accordance with TSX rules, any daily repurchases (other than pursuant to a block purchase exception) on the TSX under the NCIB are limited to a maximum of 6,531 common shares, which represents 25% of the average daily trading volume on the TSX of 26,127 for the six months ended August 31, 2022.

Under its previous NCIB that commenced on September 10, 2021, and expired on September 9, 2022, Cipher previously sought and received approval from the TSX to repurchase up to 1,541,445 of its Common Shares. During that timeframe, Cipher repurchased and cancelled 1,541,445 common shares at an average price of approximately $2.22 per common share.

Under its previous NCIB that commenced on August 17, 2020, and expired on August 16, 2021, Cipher previously sought and received approval from the TSX to repurchase up to 1,613,592 of its Common Shares. During that timeframe, Cipher repurchased and cancelled 707,300 common shares at an average price of approximately $1.29 per common share.

Cipher believes that, from time to time, the common shares trade in price ranges that do not fully reflect their value. In such circumstances, Cipher believes that acquiring common shares for cancellation may represent an attractive and desirable use of its available funds. Decisions regarding the amount and timing of future purchases of common shares will be based on market conditions, share price and other factors and will be in management's discretion. Cipher may elect to modify, suspend or discontinue the NCIB at any time. Repurchases under the NCIB will be funded using Cipher's cash resources and all common shares repurchased will be cancelled. Cipher entered into an automatic purchase plan effective on September 10, 2021, which expired on September 9, 2022, with a broker which enabled Cipher to provide standard instructions in the future and then purchase common shares on the open market during self-imposed blackout periods. A new automatic purchase plan was not entered into in respect of the current NCIB. Outside of those blackout periods, common shares may be purchased in accordance with management's discretion.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Risk Factors

Reference is made to the description of risk factors with respect to the Company and its business in the Company's most recently filed Annual Information Form filed on SEDAR at www.sedar.com and to related information in other filings with Canadian securities regulatory authorities.

Disclosure Controls and Procedures

Our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument (NI) 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings.

We designed the DC&P and ICFR, the latter of which was using the framework in Internal Control – Integrated Framework (published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and as revised in 2013) to provide reasonable assurance (i) that material information relating to us is made known to our CEO and CFO during the reporting period; (ii) that information required to be disclosed by us in our filings under securities legislation is recorded, processed, summarized and reported within the required time periods; (iii) regarding the reliability of financial reporting and preparation of interim consolidated financial statements for external purposes in accordance with IFRS.

Our CEO and CFO evaluated the design effectiveness of the DC&P and ICFR, as defined by NI 52-109, as of September 30, 2022. Based on this evaluation, they concluded that the designs of the DC&P and ICFR were effective as of that date. NI 52-109 also requires Canadian public companies to disclose in their MD&A any change in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No such change to ICFR has occurred during the most recently completed quarter.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Because of the inherent limitations in any control system, no evaluation of control can provide absolute assurance that all control weaknesses including, for example, any instances of fraud, have been detected. Inherent limitations include: (i) that management's assumptions and judgements could ultimately prove to be incorrect as conditions and circumstances vary; (ii) the impact of any undetected errors; and (iii) controls may be circumvented through the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of control is also based upon assumptions as to the likelihood of future events and there is no assurance that any design will succeed in achieving its goals under future conditions.

Selected Quarterly Information

(IN MILLIONS OF U.S. DOLLARS EXCEPT FOR PER SHARE AMOUNTS) (Unaudited)	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021
	$	$	$	$
Net revenue	4.8	5.6	5.4	5.9
Income and comprehensive income for the period	2.6	2.2	2.1	2.8
Basic income per Common Share from continuing operations	0.11	0.08	0.08	0.11
Diluted income per Common Share from continuing operations	0.10	0.08	0.08	0.11

(IN MILLIONS OF U.S. DOLLARS EXCEPT FOR PER SHARE AMOUNTS) (Unaudited)	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
	$	$	$	$
Net revenue	4.5	6.1	5.4	6.1
Income (loss) and comprehensive income (loss) for the period from continuing operations	0.8	2.8	1.3	(0.1)
Basic income (loss) per Common Share from continuing operations	0.03	0.11	0.05	(0.00)
Diluted income (loss) per Common Share from continuing operations	0.03	0.10	0.05	(0.00)