

Cipher Pharmaceuticals and Italmex Pharma Announce Exclusive Distribution Agreement for Isotretinoin Product in Mexico

MISSISSAUGA, ON, Jan. 9, 2018 /CNW/ - Cipher Pharmaceuticals Inc. (TSX:CPH) today announced it has entered into an exclusive distribution and supply agreement with Italmex Pharma S.A. ("Italmex") under which Cipher has granted Italmex exclusive rights to market, sell and distribute Cipher's Isotretinoin product in Mexico.

"Our isotretinoin product has been a highly successful franchise for Cipher in the U.S. and Canada, and we look forward to bringing it to Mexico through our partnership with Italmex, which is a well-established specialty pharma company with a strong presence and track record in dermatology," said Robert Tassarolo, President and CEO of Cipher. "This agreement is consistent with our strategy to monetize our existing licensing portfolio in other regions."

Jose Ramon Sanchez Medal, Chief Executive Officer of Italmex Pharma, stated: "We are very pleased to enter into this agreement with Cipher, a company with a strong commitment to innovation in dermatology. This collaboration is fully aligned with our strategy to strengthen our pipeline in dermatology and expand our dermatology leadership position in Mexico through the addition of innovative products. I am proud that our company can bring this medicine to severe acne patients in Mexico to help improve their lives."

Cipher's isotretinoin product is a novel formulation of isotretinoin, which is used in the treatment of severe recalcitrant nodular acne. Isotretinoin is the most effective severe acne therapy available to patients who suffer from acne. The product is marketed in the United States as Absorica® and in Canada as Epuris®.

The Mexican isotretinoin market is a steadily growing market and is expected to show continued growth in the coming years. The value of the Mexican isotretinoin market was approximately US\$20 million in 2017 and has grown at a compounded rate of 16% in the past five years¹.

Under the terms of the agreement with Italmex, Cipher will receive an upfront payment and is eligible for additional regulatory and commercial milestone payments. Cipher will supply the product to Italmex and product manufacturing will be done by Cipher's partner, Galephar Pharmaceutical Research. Italmex will be responsible for all regulatory activities associated with gaining and maintaining regulatory approval of the product in Mexico.

About Italmex Pharma

Italmex Pharma is a leading privately-owned pharmaceutical company based in Mexico City focused on the development, manufacturing, marketing and commercialization of high-quality pharmaceutical products, primarily in the areas of dermatology, gastrointestinal, gynecology and Pediatrics. Through new product development, growth of established brands, strategic acquisitions and in-licensing, Italmex Pharma has established as a leader company in the prescription dermatology segment in Mexico. The Company generated approximately \$50 million of revenue in 2017 with a CAGR of 13% in the last five years. Italmex Pharma belongs to Mega Pharma, Latin America's 4th largest pharmaceutical company with presence and leadership in 20 countries. Additional information about Italmex Pharma is available through its corporate website, www.italmex.mx.

About Cipher Pharmaceuticals Inc.

Cipher (TSX:CPH) is a specialty pharmaceutical company with a robust and 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 markets those products either directly in Canada or indirectly through partners in Canada, the U.S., and South America. For more information, visit www.cipherpharma.com.

Forward-Looking Statements

This document includes forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the Securities Act (Ontario) and other provincial securities law in Canada and U.S. securities laws. These forward-looking statements include, among others, statements with respect to our objectives, 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, our ability to enter into in-licensing, 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; 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; reliance on third parties to

manufacture our products; 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; 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; current uncertainty surrounding health care regulation in the United States; 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; 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 it operates; 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; inability to meet covenants under our long term debt arrangement; 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 effects of our delisting from the NASDAQ Global Market (the "NASDAQ") and deregistration of our Common Shares under the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"); 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; certain adverse tax rules applicable to U.S. holders of our Common Shares if we are a passive foreign investment company for U.S. federal income tax purposes; 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 actions of 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 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 our Annual Information Form and in our Management's Discussion and Analysis of Operating Results and Financial Position for the year ended December 31, 2016, 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.

1) IMS Health

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