

Cipher Pharmaceuticals Receives Successful Arbitration Award

MISSISSAUGA, ON, Oct. 14, 2025 /CNW/ - Cipher Pharmaceuticals Inc. (TSX: CPH) (OTCQX: CPHRF) ("**Cipher**" or the "**Company**") has received a favourable award from an extensive and comprehensive arbitration proceeding, related to a contractual dispute with Sun Pharmaceuticals Industries, Inc. ("**Sun**") regarding Sun's breach of certain provisions of its supply and distribution agreement with the Company (the "**Agreement**"). The contractual dispute involved Sun's launch of Absorica LD® in Canada and Sun's claim of ownership of certain clinical data. The arbitration process, as outlined in the Agreement, was mutually agreed upon by both Cipher and Sun from the outset as a binding method of dispute resolution. The arbitrator's award included a declaration that Cipher is the rightful owner of the clinical data in dispute. The arbitrator further determined that Sun breached the Agreement by submitting Cipher's clinical data to Health Canada to obtain approval for Absorica LD®.

As part of the binding decision the arbitrator awarded Cipher (i) compensatory damages of CAD \$4,242,360, (ii) a 15% royalty on Net Sales of Absorica LD® in Canada commencing on January 1, 2026, and ending on December 31, 2040 and (iii) 80% of Cipher's out-of-pocket attorneys' fees and certain expenses directly related to the arbitration process.

Sun recently filed a petition in New York federal court seeking to partially vacate the portions of the arbitrator's award that affirmed Cipher's ownership of its clinical data and granted remedies in Cipher's favour. Cipher will vigorously defend against the petition and seek to uphold the arbitrator's binding decision and award in its entirety, including the damages, future royalties, and reimbursement of legal costs. In addition to opposing this petition, and based on the award, Cipher also intends to pursue claims against Sun for its use of Cipher's clinical data in any other jurisdictions where such activity took place.

About Cipher Pharmaceuticals Inc.

Cipher Pharmaceuticals (TSX: CPH) (OTCQX: CPHRF) is a specialty pharmaceutical company with a robust and diversified portfolio of commercial and early to late-stage products, mainly in dermatology. Cipher acquires products that fulfill unmet medical needs, manages the required clinical development and regulatory approval process, and currently markets those products 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 applicable securities laws. These forward-looking statements include, among others, statements with respect to the appeal of the arbitrator's decision, future claims which may be made against Sun, 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 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 successfully defend the appeal of the arbitrator's decision, 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; the extent and impact of health pandemic outbreaks on our business; 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 by regulators which can be 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 Company's performance depends, in part, on the performance of its distributors and suppliers; the pharmaceutical industry is highly competitive with new competing product entrants; requirements for additional capital to fund future operations; products may be subject to pricing regulation; dependence on key managerial personnel and external collaborators; the ability to receive regulatory approvals for products in development or future products; certain of our products are subject to regulation as controlled substances; limitations on reimbursement in the healthcare industry; the ability to convince public payors and hospitals to include our products on the approved formulary lists; ability to receive timely payment from certain customers; application of various laws pertaining to health care fraud and abuse; the Company's 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 healthcare industry generally; 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; success in applying tax loss carry forwards; inability to meet covenants under our long-term debt arrangement; compliance with privacy and security regulation; our policies regarding product returns, allowances and chargebacks may reduce revenues; additional regulatory burden and controls over financial reporting; application of regulations that could restrict our activities and abilities to generate revenues as planned; reliance on third parties to perform distribution, logistics, invoicing, regulatory and sales 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; increases in tariffs, trade restrictions or taxes on our products; 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; 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; 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 our MD&A for the year ended December 31, 2024 and the Company's Annual Information Form, 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.

SOURCE Cipher Pharmaceuticals Inc.

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