Cipher Pharmaceuticals Reports Third Quarter 2025 Results

(All figures are presented in U.S. Dollars)

- *Adjusted EBITDA[1] in Q3 2025 was $7.3 million, an increase of 79% over Q3 2024*
- *Natroba™ sales were $8.1 million during the quarter, a sequential increase of 4% over Q2 2025*
- *Strong cash generation with $10.8 million cash from operations in Q3 2025*
- *$12.0 million debt repayments and share repurchases of $1.6 million during Q3 2025*
- *Further de-levering with $5.0 million debt repayments post quarter end*

MISSISSAUGA, ON, Nov. 6, 2025 /CNW/ - Cipher Pharmaceuticals Inc. (TSX: CPH) (OTCQX: CPHRF) ("**Cipher**" or the "**Company**") today announced its financial and operating results for the three and nine months ended September 30, 2025.

Third Quarter 2025 Financial Highlights
(All figures in U.S. dollars, compared to Q3 2024, unless otherwise noted)

- Total revenue was $12.8 million in Q3 2025, an increase of 24%
- Growth from the Canadian product portfolio of 5% in Q3 2025 and 18% year-to-date in Q3 2025, with revenue of $4.0 million and $12.7 million, respectively, compared to $3.8 million and $10.8 million in Q3 2024 and year-to-date in Q3 2024, respectively
- Natroba™ product revenue increased by $2.6 million or 47% in Q3 2025
- Licensing revenue was $0.8 million in Q3 2025, compared to $1.1 million in Q3 2024
- Total gross profit from operations increased by 25% to $10.5 million in Q3 2025
- Adjusted EBITDA[1] of $7.3 million in Q3 2025, compared to $4.1 million in Q3 2024, a 79% increase
- Cash balance of $8.4 million at the end of Q3 2025

Management Commentary

Craig Mull, Interim CEO, commented: "The U.S. business, led by Natroba™, continues to provide a meaningful growth pillar to an already sound foundation of Cipher's base business, with a sequential quarterly increase in both revenue and earnings for the third quarter.

We continued to spend considerable time identifying, evaluating and pursuing various business development opportunities during the quarter, including opportunities to acquire or in-license products that are complementary to our existing portfolio, as well as opportunities to out-license the Company's existing products, including Natroba™. We are active in discussions with a number of parties, however these discussions do take time and may or may not come to realization. We will also be selective in our approach, ensuring we execute on the right opportunities for the Company. We look forward to providing further updates on our business development activities as they progress."

Ryan Mailling, CFO, commented: "With the acquisition of the Natroba™ business closing only 15 months ago, we have made substantial progress towards de-levering the business and are very close to achieving a net-debt free position, with a total of $32 million in repayments on our revolving credit facility within the past six months, and a remaining outstanding balance on the revolving credit facility of only $8 million as of today.

This puts us on excellent footing to execute on our business strategy of pursuing growth

opportunities, as we continue to achieve strong cash generation from operations and maintain access to capital with $82 million of total potential debt financing available to us, comprising of $57 million of financing remaining available through the revolving credit facility, plus a $25 million accordion option."

Corporate Highlights

- On August 6, 2025 and September 9, 2025, the Company made repayments of the outstanding balance on its revolving credit facility, in the amounts of $7.0 million and $5.0 million, respectively.
- On August 26, 2025, the Company announced with great sadness the passing of Harold M. Wolkin, a valued member of the Company's Board of Directors (the "Board") and Chair of the Audit Committee. Mr. Wolkin was a very active member of the Board and his deep understanding of the capital markets and unwavering commitment to the Company's growth and governance were tremendously valuable to the Company. During his tenure, he played a vital role in guiding strategic initiatives, supporting management, and representing the Company and its shareholders with integrity.
- On October 31, 2025, the Company repaid an additional $5.0 million of the remaining outstanding balance on its revolving credit facility. As a result of the repayment, the outstanding balance on the Company's revolving credit facility has been reduced to $8.0 million as of October 31, 2025, with $5.1 million of cash remaining on hand. Due to the revolving nature of the credit facility, an additional $57.0 million remains available to the Company to draw upon, should financing be required.

Q3 2025 Financial Review

(All figures in U.S. dollars, compared to Q3 2024, unless otherwise noted)

- Total revenue was $12.8 million in Q3 2025, compared to $10.4 million in Q3 2024, an increase of 24%
- Total gross profit was $10.5 million in Q3 2025, compared to $8.4 million in Q3 2024, an increase of 25%
- Gross margin percentage increased by 1% to 82% in Q3 2025 from 81% in Q3 2024 due to strong gross margin generated by Natroba™, partially offset by lower licensing royalties
- Net income and earnings per common share were $5.5 million and $0.22, respectively, in Q3 2025, compared to $0.3 million and $0.01, respectively, in Q3 2024, with the increase primarily attributable to the additional operating income generated from the Company's U.S. based operations, led by Natroba™, in Q3 2025
- EBITDA[1] in Q3 2025 was $6.3 million, compared to $2.5 million in Q3 2024, an increase of 148%
- Adjusted EBITDA[1] in Q3 2025 was $7.3 million, compared to $4.1 million in Q3 2024, an increase of $3.2 million or 79%
- Adjusted EBITDA[1] per share in Q3 2025 was $0.29 compared to $0.16 in Q3 2024, an increase of $0.13 per share or 81%
- Under the Company's normal course issuer bid ("NCIB"), 141,700 common shares were repurchased and cancelled during Q3 2025 at an average share price of CDN$15.41

Q3 2025 Year-to-Date Financial Review

(All figures in U.S. dollars, compared to the year-to-date Q3 2024, unless otherwise noted)

- Total revenue was $38.2 million year-to-date in Q3 2025, compared to $21.5 million year-to-date in Q3 2024, an increase of 77%
- Growth in product revenue from the Canadian product portfolio was $12.7 million year-to-date in Q3 2025, an increase of 18% from $10.8 million year-to-date in Q3 2024
- Product revenue from Natroba™ in the U.S. was $22.5 million year-to-date in Q3 2025

- Licensing revenue decreased 44% to $3.0 million year-to-date in Q3 2025 compared to $5.3 million year-to-date in Q3 2024, as a result of lower product shipments to Cipher's partners on which the Company earns revenue from supplying product, combined with lower net sales realized by these partners whereby the Company earns a royalty
- Gross margin as a percentage of product revenue increased by 3% to 78% year-to-date in Q3 2025 from 75% year-to-date in Q3 2024, due to strong margins from Natroba™
- Net income and earnings per common share were $14.0 million and $0.55, respectively, year-to-date in Q3 2025, compared to $8.2 million and $0.34, respectively, year-to-date in Q3 2024, with the increase primarily attributable to the additional operating income generated from the Company's U.S. based operations, led by Natroba™
- EBITDA[1] year-to-date in Q3 2025 was $19.0 million, compared to $7.4 million year-to-date in Q3 2024, an increase of 156%
- Adjusted EBITDA[1] was $21.1 million year-to-date in Q3 2025, compared to $10.7 million year-to-date in Q3 2024, an increase of $10.4 million or 97%
- Adjusted EBITDA[1] per share year-to-date in Q3 2025 was $0.83 compared to $0.44 year-to-date in Q3 2024, an increase of $0.39 per share or 89%

Business Strategy & Outlook

Cipher expects to continue to execute on its business strategy, remains focused on profitability and delivering shareholder value. Key areas of focus include:

- Driving market share growth of Natroba™ in the anti-parasitic market in the U.S. where market leader "Permethrin" is no longer an effective treatment but still holds 75%[2] market share.
- Obtaining Health Canada regulatory approval for Natroba™ and commercializing the product directly in the Canadian market by leveraging Cipher's existing infrastructure in Canada.
- Out-licensing Natroba™ globally where there is high unmet need, such as warm climate regions.
- Acquiring complementary products to add to our North American platform to enhance the profitability, size and scale of the business.

Financial Statements and MD&A

Cipher's financial statements for the three and nine months ended September 30, 2025, and Management's Discussion and Analysis (the "MD&A") for the three and nine months ended September 30, 2025, are available on the Company's website at www.cipherpharma.com in the "Investors" section under "Financial Reports" and on SEDAR+ at www.sedarplus.ca.

Notice of Conference Call

Cipher will hold a conference call on November 7, 2025 at 8:30 a.m. (ET) to discuss its financial results and other corporate developments.

- To access the conference call by telephone, dial (416) 945-7677 or (888) 699-1199
- A live audio webcast will be available at https://app.webinar.net/gWN6RVqwnle
- An archived replay of the webcast will be available until November 14, 2025 and can be accessed by dialing (289) 819-1450 or (888) 660-6345 and entering conference replay code 24367#

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 and Non-IFRS Measures

This document includes forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, among others, expectations for future growth, objectives and goals and strategies to achieve those objectives and goals, statements regarding the Company's plans for Natroba™, statements regarding potential business development opportunities, the Company's plans to defend the petition to vacate part of the Arbitration decision, 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 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.

1) *EBITDA and adjusted EBITDA are non-IFRS financial measures. These non-IFRS measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are unlikely to be comparable to similar measures presented by other companies. Management uses non-IFRS measures such as Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") and Adjusted EBITDA to provide investors with supplemental measures of the Company's operating performance and thus highlight trends in the Company's core business that may not otherwise be apparent when relying solely on IFRS financial measures. 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, costs and provisions for arbitration, gain or loss on disposal of assets and gain or loss on extinguishment of leases, impairment of intangible assets, acquisition costs, restructuring costs, fair value adjustments to acquired inventory and unrealized foreign exchange gains and losses.*

2) *IQVIA market data as at September 30, 2025.*

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

(IN THOUSANDS OF U.S. DOLLARS, except for per share amounts)	**Three months ended September 30, 2025** **$**	Three months ended September 30, 2024 $	**Nine months ended September 30, 2025** **$**	Nine months ended September 30, 2024 $
Net income and comprehensive income	**5,501**	283	**14,018**	8,201
Add back:				
Depreciation and amortization	**1,797**	1,925	**5,426**	2,506
Interest expense (income)	**241**	292	**1,056**	(874)
Income tax (recovery) expense	**(1,243)**	43	**(1,468)**	(2,392)
EBITDA	**6,296**	2,543	**19,032**	7,441
Unrealized foreign exchange loss (gain)	**605**	(325)	**(1,165)**	718
Acquisition, restructuring and other costs	**—**	1,577	**128**	1,861
Fair value adjustments to acquired inventory	**—**	—	**777**	—
Costs and provisions for arbitration	**13**	—	**1,234**	—
Gain on disposal of assets	**(130)**	—	**(130)**	—
Share-based compensation	**533**	291	**1,213**	698
Adjusted EBITDA	**7,317**	4,086	**21,089**	10,718
Adjusted EBITDA per share – basic	**0.29**	0.16	**0.83**	0.44
Adjusted EBITDA per share – dilutive	**0.28**	0.16	**0.81**	0.43

Consolidated statements of income and comprehensive income

(IN THOUSANDS OF U.S. DOLLARS, except for per share amounts)	**Three months ended September 30, 2025** **$**	2024 $	**Nine months ended September 30, 2025** **$**	2024 $
Revenue				
Licensing revenue	**760**	1,055	**2,973**	5,273
Product revenue	**12,073**	9,315	**35,260**	16,268
Net revenue	**12,833**	10,370	**38,233**	21,541
Operating expenses				

Cost of products sold	**2,348**	1,970	**7,725**	4,131
Research and development	**—**	—	**21**	—
Depreciation and amortization	**1,797**	1,925	**5,426**	2,506
Selling, general and administrative	**3,714**	6,182	**12,750**	9,251
Total operating expenses	**7,859**	10,077	**25,922**	15,888
Other expenses (income)				
Gain on disposal of assets	**(130)**	—	**(130)**	—
Interest expense (income)	**241**	292	**1,056**	(874)
Unrealized foreign exchange loss (gain)	**605**	(325)	**(1,165)**	718
Total other expenses (income)	**716**	(33)	**(239)**	(156)
Income before income taxes	**4,258**	326	**12,550**	5,809
Current income tax expense	**—**	—	**—**	—
Deferred income tax (recovery) expense	**(1,243)**	43	**(1,468)**	(2,392)
Total income tax (recovery) expense	**(1,243)**	43	**(1,468)**	(2,392)
Net income and comprehensive income for the period	**5,501**	283	**14,018**	8,201
Income per share				
Basic	**0.22**	0.01	**0.55**	0.34
Diluted	**0.21**	0.01	**0.54**	0.33

Consolidated statements of financial position

(IN THOUSANDS OF U.S. DOLLARS)	**As at September 30, 2025** **$**	As at December 31, 2024 $
Assets		
Current assets		
Cash and cash equivalents	**8,424**	17,837
Accounts receivable	**10,125**	13,860
Inventory	**6,710**	5,792
Prepaid expenses and other assets	**1,402**	995
Total current assets	**26,661**	38,484
Property and equipment	**453**	680
Intangible assets	**73,646**	78,754
Deferred financing costs	**274**	386
Goodwill	**17,447**	17,447
Deferred tax assets	**29,024**	26,761
Total assets	**147,505**	162,512
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	**4,128**	5,873
Income taxes payable	**9**	54
Interest payable	**2**	358
Contract liabilities	**16,036**	13,306
Current portion of lease obligation	**255**	283
Total current liabilities	**20,430**	19,874
Lease obligation	**138**	295
Long-term debt	**13,000**	40,000
Total liabilities	**33,568**	60,169
Shareholders' equity		
Share capital	**27,808**	27,680
Contributed surplus	**7,339**	6,525
Accumulated other comprehensive loss	**(9,514)**	(9,514)
Retained earnings	**88,304**	77,652
Total shareholders' equity	**113,937**	102,343
Total liabilities and shareholders' equity	**147,505**	162,512

SOURCE Cipher Pharmaceuticals Inc.

View original content: http://www.newswire.ca/en/releases/archive/November2025/06/c8668.html

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