

# Cipher Pharmaceuticals Announces Sale of U.S. Commercial Assets to EPI Group

MISSISSAUGA, ON, May 1, 2017 /CNW/ - Cipher Pharmaceuticals Inc. (TSX:CPH) ("Cipher" or "the Company") today announced that it has completed an agreement (the "Agreement") to sell substantially all of the assets of Cipher Pharmaceuticals US LLC ("Cipher US"), a wholly owned subsidiary of Cipher, to EPI Health, LLC ("EPI"), a wholly owned subsidiary of EPI Group, LLC. The Company had previously disclosed it was pursuing strategic options for its U.S. business.

Under the terms of the Agreement, EPI acquired substantially all the assets of Cipher US for cash consideration of US\$13.6 million, subject to certain purchase price adjustments and the transfer of certain liabilities, plus a regulatory milestone of US\$0.75 million if certain predefined conditions are achieved.

This transaction does not include or impact Cipher's licensing business in the U.S.

"The sale of our Cipher US assets is consistent with our stated strategy to focus our resources on the continued expansion of our Canadian commercial operation, our highly profitable global licensing business and our pipeline," said Robert Tessarolo, President and Chief Executive Officer of Cipher. "I would like to thank Stephen Lemieux, our Chief Financial Officer, for his leadership in negotiating and executing this transaction. We offer our sincere appreciation to the U.S. team for their commitment and dedication during their time with Cipher."

"EPI Health anticipates that the acquisition of Cipher's commercial assets in the United States will be the first in a series of successful transactions focusing on specialty pharmaceuticals with an initial emphasis on dermatology," said Ron Owens, CFO of EPI Group, LLC. "We look forward to serving the needs of patients, providers, and our new team members with an unrelenting commitment to quality."

## 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](http://www.cipherpharma.com).

## About EPI Group, LLC

EPI Group is a privately held company, headquartered in Charleston, South Carolina with over 2000 employees. The company's diverse portfolio includes: Evening Post Publishing – which has seventeen publications in the state of South Carolina including the 2015 Pulitzer Prize winning Post & Courier, Cordillera Communication – a network of eleven broadcast television stations covering 2.3 million households, Heart of Hospice – a service provider operating multiple locations across Louisiana, Mississippi, and Arkansas; and Clear Night Group – a digital marketing agency based in Minnesota.

## 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, objectives, 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 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; 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; operations in the U.S.; 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 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; our delisting from the NASDAQ Global Market and deregistration of our Common Shares under the U.S. Securities Exchange Act of 1934, as amended; 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; 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; volatility of our share price; 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 laws, 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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