# Cipher Pharmaceuticals | CPH-TSX

Update

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Douglas W. Loe, PhD MBA | Managing Director & Analyst | dloe@leede.ca | 416.365.9924
Owen Jones, M.HSc. | Associate | 647.973.6664

**CPH-TSX**

| | |
|---|---|
| Rating: | Buy |
| **Target:** | **$19.50** |
| Price: | $14.19 |
| Return: | 37.4% |
| Valuation: | 20x EPS, 12.5x EBITDA (F2027 estimates) |

### Market Data

| | |
|---|---|
| Basic Shares O/S (M) | 25.4 |
| Mkt cap (C$M) | $360.3 |
| Ent Val (C$M) | $339.9 |
| Pro forma cash (C$M) | $20.5 |
| Debt (C$M) | $0.0 |
| 52 Week Range (C$) | $12.48-$20.56 |
| Avg. Daily Volume (M) | 0.1600 |
| Fiscal Year End | 31-Dec |

### Financial Metrics

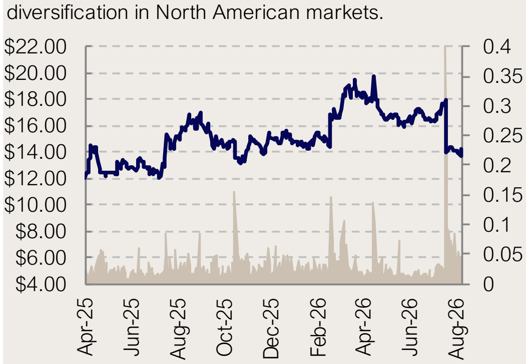
| In US$ | 2026E | 2027E | 2028E |
|---|---|---|---|
| Revenue ($M) | 51.3 | 54.2 | 55.2 |
| EBITDA ($M) | 29.9 | 31.6 | 32.3 |
| Net Inc ($M) | 19.9 | 19.9 | 20.5 |
| EPS (fd, fully-taxed) | $0.74 | $0.75 | $0.78 |
| *P/E* | *13.1x* | *13.1x* | *12.7x* |
| *EV/EBITDA* | *8.3x* | *7.8x* | *7.6x* |

### Quarterly Data

| In US$M | | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|---|
| Revenue | 2026E | 12.5 | 12.1 | 12.9 | 13.8 |
| | 2027E | 13.4 | 13.4 | 13.9 | 13.5 |
| Adj EBITDA | 2026E | 7.7 | 6.6 | 7.6 | 8.0 |
| | 2027E | 7.8 | 7.8 | 8.1 | 7.9 |

### Company Description

Cipher is an ON-based specialty pharma firm, with royalty revenue from Galephar-partnered CIP drugs (Absorica, Lipofen) & marketed drugs in Canada/US (Epuris, Natroba) providing free cash to fund pipeline diversification in North American markets.




*Source: Refinitiv, Leede Financial*

## Natroba Economics Are Dominant In Our Cipher Valuation But Absorica Still Relevant To Our Cipher Investment Thesis - Buy

ON-based specialty pharmaceutical firm Cipher Pharmaceuticals published some positive news on its CIP-isotretinoin/cystic acne dermatology franchise this morning, reporting that US Absorica marketing partner Sun Pharmaceuticals (SUN-BO) is being held accountable legally for its recent underperformance on US Absorica sales, at least indirectly, while directly being held accountable for using clinical data used to support Absorica's original NDA filing & FDA approval (presumably the 2013 Phase I study in the *Journal of the American Academy of Dermatology* & the 2014 Phase III 925-patient study published in the *Journal of Drugs in Dermatology* to which we frequently refer in our Cipher commentary) in support of its own Absorica LD regulatory filings.

**Legal activities with US partner Sun Pharmaceuticals conclude favorably for Cipher, generating balance sheet-stabilizing cash in the process.** The results of this New York court decision are positive both optically & tangibly. Starting with the tangible benefits, Cipher should now be able to proceed operationally on its Rx marketing activities in North America, focusing on its sales of its suite of dermatology assets that of course includes CIP-isotretinoin in both of its branded forms (Absorica in the US, still sold by Sun though its rights to US marketing expire at the end-of-FQ426 & as Epuris in Canada where Cipher is independently responsible for sales) & US sales for its head lice/scabies-targeted Spinosad A/D topical formulation Natroba.

Secondly, some measurable economics flow to Cipher on this decision, including a damages cash award of C$4.2M/US$3.05M that will directly augment the firm's balance sheet cash of C$12.7M/US$9.1M, independent of any pending operating cash flow generated so far in FQ326. A cash influx of that magnitude is not hugely material to our CPH valuation other than to influence pro forma cash that we incorporate into our EV calculation for the firm & to at least partially mitigate financial risk & notionally provide capital to partially fund any future Natroba-like product in-licensing transactions that Cipher may consummate in coming quarters.

**Royalties on Sun's own Canadian Absorica LD sales augment Cipher's existing Absorica economics, likely to a positive but modest degree in comparison to Epuris' impact on revenue/EBITDA.** Separately, we of course reflect favorably on the downstream economics that Cipher could enjoy from Sun's Canadian Absorica LD sales (LD is a branded generic formulation of Epuris, presumably priced comparably to Cipher's own Lidose-based Epuris/isotretinoin formulation, for which it received Health Canada approval transpired in FQ323 & market launch transpired at end-of-FQ323), including a 15% royalty on Canadian sales for that drug out to F2040 & retroactively in place during FQ126-to-FQ326.

Our model assumes that Sun's Canadian market share in the isotretinoin/cystic acne medical market is modest in comparison to Epuris itself or to its other major competitors (mainly Roche's [ROG-SW, NR] legacy brand Accutane & Viatris/ Mylan's [VRTS-Q, NR] Clarus) & we would be surprised if the firm was overly motivated to invest in Absorica LD Canadian sales now that it is poised to lose 15% of its operating income on this product.

## Exhibit 1. Financial Forecast Summary for Cipher

| *Fiscal year-end Dec 31 (US$000, except EPS)* | 2018A | 2019A | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *US/RoW, royalty revenue* | | | | | | | | | | | |
| Royalty rev, ConZip (US) | 552 | 600 | 500 | 430 | 152 | 138 | 33 | 154 | 119 | 188 | 188 |
| Royalty rev, Lipofen (US) | 2,378 | 2,312 | 2,400 | 2,331 | 2,850 | 2,175 | 2,045 | 1,600 | 1,841 | 1,887 | 1,963 |
| Royalty rev, Absorica (US) | 12,942 | 11,300 | 9,929 | 7,648 | 5,143 | 6,148 | 4,545 | 1,800 | 2,397 | 2,185 | 2,185 |
| Royalty rev, Natroba (RoW) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 554 | 1,342 | 1,375 |
| *Canada/US, direct Rx sales* | | | | | | | | | | | |
| Revenue, Epuris (Cda) | 5,813 | 7,300 | 8,100 | 10,885 | 11,330 | 10,848 | 12,980 | 14,700 | 15,661 | 15,242 | 15,242 |
| Revenue, Vaniqa/Actikerall/ Beteflam/other (Cda) | 1,064 | 939 | 678 | 650 | 1,200 | 1,753 | 1,780 | 2,200 | 2,137 | 2,296 | 2,486 |
| Revenue, Natroba (US) | 0 | 0 | 0 | 0 | 0 | 0 | 11,980 | 29,997 | 28,267 | 29,533 | 30,244 |
| Revenue, Natroba (Cda) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 353 | 1,477 | 1,512 |
| Total revenue | $22,749 | $22,451 | $21,607 | $21,944 | $20,675 | $21,162 | $33,363 | $50,451 | $51,327 | $54,150 | $55,195 |
| *Revenue growth (%)* | *(43.6%)* | *(1.3%)* | *(3.8%)* | *1.6%* | *(5.8%)* | *2.4%* | *57.7%* | *51.2%* | *1.7%* | *5.5%* | *1.9%* |
| Operational expenses | 15,984 | 9,822 | 8,116 | 9,294 | 8,233 | 8,712 | 18,237 | 24,968 | 21,438 | 22,513 | 22,938 |
| EBITDA | $6,765 | $12,629 | $13,491 | $12,650 | $12,442 | $12,450 | $15,126 | $25,483 | $29,889 | $31,637 | $32,257 |
| *EBITDA growth (%)* | *(74.5%)* | *86.7%* | *6.8%* | *(6.2%)* | *(1.6%)* | *0.1%* | *21.5%* | *68.5%* | *17.3%* | *5.8%* | *2.0%* |
| *EBITDA margin (%)* | *29.7%* | *56.3%* | *62.4%* | *57.6%* | *60.2%* | *58.8%* | *45.3%* | *50.5%* | *58.2%* | *58.4%* | *58.4%* |
| Non-operating expenses | $3,379 | $4,570 | $6,598 | $1,593 | $1,392 | $2,417 | $9,992 | $7,285 | $9,071 | $8,400 | $8,400 |
| Net interest exp (income) | $712 | $786 | $291 | $80 | ($464) | ($1,870) | ($330) | $1,165 | $36 | $0 | $0 |
| Tax expense, exc tax loss carry-forward | $1,922 | $3,071 | $3,554 | $3,413 | ($847) | ($4,965) | $54 | $12 | $2,427 | $4,963 | $5,118 |
| Net income, fully-taxed | $1,201 | $2,639 | $4,386 | $7,759 | $26,636 | $20,383 | $11,546 | $27,329 | $19,884 | $19,853 | $20,473 |
| Fully-taxed EPS (basic) | $0.04 | $0.10 | $0.16 | $0.29 | $1.06 | $0.81 | $0.45 | $1.08 | $0.78 | $0.78 | $0.81 |
| Fully-taxed EPS (fd) | $0.04 | $0.10 | $0.16 | $0.28 | $1.01 | $0.78 | $0.43 | $1.03 | $0.75 | $0.75 | $0.78 |
| *P/E (basic)* | *232.0x* | *106.1x* | *64.1x* | *35.5x* | *9.9x* | *12.9x* | *22.9x* | *9.7x* | *13.3x* | *13.3x* | *12.9x* |
| *EV/EBITDA* | *38.1x* | *20.4x* | *19.1x* | *20.4x* | *20.7x* | *20.7x* | *17.0x* | *10.1x* | *8.6x* | *8.1x* | *8.0x* |

Source: Historic data – Cipher financial filings; Forecasts/Estimates – Leede Financial Inc.

Moreover, Sun is clearly not overly motivated to market Absorica LD in the US, where Cipher's own share of Absorica LD economics is itself subjected to a 7.5% royalty to Cipher (manufacturing partner Galephar PR [private] receives the other 7.5%, previously owned by HLS Therapeutics [HLS-T, NR]) & where its underperformance on Absorica LD sales is clear from Cipher's own Absorica royalty revenue trends in recent quarters. Our expectations are thus for Cipher's Canadian Absorica LD royalty revenue going forward to be positive but modest & for now, we will refrain from incorporating Absorica LD's new Canadian royalty revenue expectations into our model.

## Exhibit 2. Valuation Summary for Cipher

| Price/earnings multiple, F2027 | 5x | 10x | 15x | 20x | 25x | 30x | 35x |
|---|---|---|---|---|---|---|---|
| Implied share price [1,2] | $3.76 | $7.52 | $11.29 | $15.05 | $18.81 | $22.57 | $26.34 |
| **EV/EBITDA multiple, F2027** | **5x** | **7x** | **9x** | **10x** | **11x** | **13x** | **15x** |
| Implied share price [1,2] | $6.80 | $9.29 | $11.78 | $13.03 | $14.27 | $16.76 | $19.25 |
| One-year Cipher target price (US$) | | | | $14.04 | | | |
| One-year Cipher target price (C$) [3] | | | | $19.51 | | | |

*[1] Based on F2027 adj EBITDA forecast of US$31.6M, F2027 adj fd EPS of US$0.75, basic S/O 25.4M; fd S/O 26.4M*

*[2] Based on 20x EPS, 10x EV/EBITDA (F2027); pro forma cash of US$14.7M [C$20.5M] (FQ226 cash of US$9.1M or C$12.7M, plus pending payments from Sun arbitration settlement), no LT debt*

*[3] PT in C$ assumes USD:CAD exchange rate of 1.39x*

Source: Leede Financial Inc.

**Recovery of Sun arbitration costs could be as impactful to Cipher's cash as the damages award.** Recovery of 80% of arbitration-specific legal costs could also be a non-trivial contribution to Cipher's balance sheet cash. On review of Cipher's trailing MD&A filings, we see that arbitration/legal costs in F2024 & F2025 alone were US$1.6M in both periods, 80% of which is US$2.56M, almost as much as the aforementioned cash award. We will incorporate this value & the upfront cash award in our pro forma cash calculation in our valuation (Exhibit 2).

**Resolution of Absorica-related arbitration motivates us to reflect on Cipher's pending opportunity to acquire US marketing rights for the drug & potentially drive sales above Sun's baseline sales performance in recent quarters.** But the most important element of this arbitration in our view is that it shifts our attention back toward Cipher's US Absorica market opportunity & the reality that the firm has long been contractually entitled to acquire independent US marketing rights for the drug by FQ426. That date was for multiple quarters just a faint image in our field of vision & now is just a few months away, giving us optimism that Cipher's own efforts to market Absorica to US dermatologists (presumably with the team it now has in place through its ParaPro/Natroba acquisition) should be more aggressive than Sun's efforts have been in recent years.

Cipher's US Absorica royalty revenue, which in F2017 was as high at US$9.4M (in FQ417 specifically), has been equilibrating in the US$0.6M-to-US$0.9M range since FQ423 (actual eleven-quarter average US$0.79M). We stand by our view that Cipher's super-bioavailable absent-of-food-effect Lidose formulation upon which Absorica's PK profile is based is not just a characteristic of the drug's formulation but rather it is a medically essential feature that confers superior gastro-intestinal absorption of Absorica's active retinoid-based API (the vitamin A analog isotretinoin) in comparison to other formulations that came before it (excluding the multiple generic Absorica formulations now available that were inspired by Absorica's commercial success during F2013-to-F2020).

**Summary & valuation.** As before, we are basing our F2027-to-F2028 quarterly US Absorica royalty revenue forecasts on the assumption that trailing royalty levels are sustainable throughout the next ten quarters as a base-case scenario, but we are prepared to replace our royalty revenue projections with direct sales projections once such sales materialize, possibly as early as FQ127. Our average quarterly US Absorica royalty revenue forecast during the FQ127-to-FQ428 period of US$0.55M corresponds to gross US Absorica sales of US$7.3M (7.5% royalty rate assumed), a baseline sales level that we are confident Cipher can exceed, perhaps dramatically so, in coming quarters. Cipher's quarterly cost-of-goods will undoubtedly escalate in an Absorica-dependent way but we are optimistic that SG&A/marketing expense could remain stable while leveraging the Natroba-based infrastructure already in place.

Accordingly, we are maintaining our Buy rating & one-year PT of C$19.50 on CPH, with our valuation still based on multiples of our F2027 adjusted EBITDA/EPS forecasts of US$31.6M & US$0.75/shr, respectively & as shown in Exhibits 1 & 2. Our EV calculation incorporates pro forma cash of US$14.7M (FQ226 balance sheet data of cash of US$9.1M/ C$12.7M added to pending cash payments from Sun), no LT debt (all Natroba-based debt was paid down to nil during FQ425) & basic S/O of 24.5M (Exhibit 2). Our PT still corresponds to a one-year return of 37.4%. The stock is up > 1,100% since we reinitiated coverage under the Leede banner in Jan/21.

On the milestone watch, we are clearly watching for final resolution on the Sun arbitration case to de-risk future Absorica economics that provide upside to our current forecasts. For Natroba, which at present is the dominant dermatology product in our CPH revenue forecasts (Canadian Epuris sales are right behind), we still expect review of Cipher's Health Canada NDS filing for Natroba to conclude favorably & thus allow Cipher to launch Natroba in FH127, independent of any RoW royalty-bearing Natroba licensing agreements that Cipher could consummate in coming quarters. Our expectations on clinical timelines for partnered dermatology assets, specifically Can-Fite Biopharma's (CANF-TASE, NR) adenosine receptor agonist drug piclidenoson in its ongoing Phase III plaque psoriasis program, are unchanged & even under best-case scenario would not be relevant to our F2027-to-F2028 forecasts (partner Can-Fite is incurring all clinical costs, thus relieving Cipher of any R&D expense obligations for the drug).

## Exhibit 3. Comparable Companies for Cipher

| Company | Filing Curr. | Sym. | Shrs Out. (M) | Share Price 2-Sep | Mkt Cap ($M) | Mkt Cap (C$M) | Ent. Value ($M) | Ent. Value (C$M) | EV/EBITDA (T12M) | EV/EBITDA (2026E) | EV/EBITDA (2027E) | Price/Earnings (T12M) | Price/Earnings (2026E) | Price/Earnings (2027E) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Profitable Canadian healthcare firms* | | | | | | | | | | | | | | |
| Apotex | CAD | APTX | 228.5 | $33.15 | 7,575 | 7,575 | 12,080 | 12,080 | NA | NA | 11.8x | NA | NA | 15.2x |
| Aurinia Pharmaceuticals | USD | AUPH | 133.1 | $15.18 | 2,020 | 2,020 | 2,281 | 2,315 | 9.4x | NA | NA | 6.4x | 15.7x | 12.6x |
| Bausch Health | USD | BHC | 374.0 | $6.34 | 2,371 | 3,295 | 31,053 | 43,138 | 5.6x | 5.6x | 6.0x | NA | 1.4x | 1.5x |
| BioSyent | CAD | RX | 11.5 | $15.01 | 173 | 173 | 167 | 167 | 12.9x | 10.4x | 8.9x | 18.7x | 16.9x | 13.9x |
| CareRx | CAD | CRRX | 63.5 | $3.27 | 208 | 208 | 274 | 281 | 8.9x | 7.9x | 6.9x | 7.7x | 33.5x | 13.6x |
| Chartwell REIT | CAD | CSH.R | 328.3 | $9.36 | 3,073 | 3,073 | 10,109 | 10,155 | 22.2x | 19.8x | 17.8x | NA | 32.3x | 22.8x |
| DRI Healthcare Trust | CAD | DHT.UN | 55.0 | $18.23 | 1,002 | 1,002 | 1,537 | 1,560 | 6.2x | 6.5x | 7.3x | NA | 7.2x | 7.8x |
| Extendicare REIT | CAD | EXE | 95.0 | $32.27 | 3,067 | 3,067 | 3,619 | 3,563 | 16.3x | 14.3x | 12.6x | 24.4x | 23.6x | 21.3x |
| HLS Therapeutics | CAD | HLS | 30.9 | $3.87 | 120 | 120 | 164 | 162 | NA | 6.0x | 5.1x | NA | NA | NA |
| Jamieson Wellness | CAD | JWEL | 41.5 | $45.66 | 1,894 | 1,894 | 2,388 | 2,359 | 14.5x | 13.3x | 11.9x | 24.2x | 21.2x | 18.5x |
| K-Bro Linen | CAD | KBL | 13.0 | $46.14 | 600 | 600 | 897 | 901 | 7.7x | 8.1x | 7.8x | 27.4x | 22.6x | 18.4x |
| Kneat.com | CAD | #N/A | 96.7 | $6.50 | 628 | 628 | 604 | 604 | NA | 34.1x | 22.4x | NA | NA | NA |
| Knight Therapeutics | CAD | GUD | 98.2 | $9.21 | 905 | 905 | 818 | 846 | 8.3x | 9.8x | 9.3x | NA | 55.3x | 37.4x |
| Medexus [1] | CAD | MDP | 32.0 | $5.45 | 175 | 175 | 204 | 199 | 8.5x | 9.2x | 6.4x | NA | NA | 19.9x |
| Medical Facilities [1] | CAD | DR | 16.2 | $14.81 | 240 | 240 | 304 | 277 | 3.8x | 3.7x | 8.9x | 21.2x | 8.0x | 19.5x |
| Microbix Biotech | CAD | MBX | 137.2 | $0.30 | 41 | 41 | 40 | 41 | NA | NA | NA | NA | NA | NA |
| Vital Infrastructure | CAD | VITL.UN | 250.0 | $5.41 | 1,353 | 1,353 | 2,712 | 2,687 | 11.9x | 12.7x | 12.7x | NA | NA | NA |
| Savaria | CAD | SIS | 72.1 | $29.31 | 2,114 | 2,114 | 2,283 | 2,346 | 11.8x | 11.1x | 10.1x | 23.9x | 21.2x | 18.6x |
| Sienna Senior Living | CAD | SIA | 110.8 | $21.94 | 2,430 | 2,430 | 3,633 | 3,627 | 21.7x | 17.8x | 15.7x | 41.8x | 40.6x | 34.8x |
| Viemed | USD | VMD | 38.1 | $9.17 | 349 | 485 | 484 | 682 | 6.2x | 5.3x | 4.5x | 24.2x | 21.6x | 15.4x |
| Vitalhub | CAD | VHI | 63.4 | $8.01 | 508 | 508 | 374 | 359 | 12.8x | 10.9x | 9.2x | NA | 42.7x | 23.6x |
| Well Health | CAD | WELL | 255.5 | $4.44 | 1,134 | 1,134 | 2,004 | 2,004 | NA | 10.7x | 9.8x | NA | 18.4x | 13.7x |
| **Average** | | | | | | | | | **11.1x** | **11.4x** | **10.2x** | **22.0x** | **23.9x** | **18.4x** |
| *Profitable specialty pharmaceutical firms* | | | | | | | | | | | | | | |
| AbbVie | USD | ABBV | 1767.1 | $259.99 | 459,433 | 638,405 | 727,622 | 1,011,067 | 16.7x | 15.9x | 13.9x | NA | 18.5x | 16.0x |
| Amgen | USD | AMGN | 540.6 | $417.84 | 225,898 | 313,896 | 375,013 | 521,100 | 15.1x | 12.1x | 12.0x | 25.8x | 18.1x | 17.1x |
| Biogen | USD | BIIB | 147.8 | $210.65 | 31,124 | 43,249 | 52,836 | 73,418 | 12.1x | 12.4x | 10.4x | 37.1x | 17.0x | 12.7x |
| Fresenius | EUR | FREG | 563.2 | €47.66 | 26,844 | 43,237 | 57,577 | 80,007 | NA | 12.6x | 11.9x | NA | 12.9x | 12.1x |
| Cardinal Health | USD | CAH | 232.6 | $231.24 | 53,781 | 74,731 | 80,752 | 112,209 | 18.7x | 19.5x | 17.9x | 31.8x | 21.5x | 18.6x |
| Dr. Reddy Labs | INR | 500124 | 833.0 | Rp1,206 | Rp1,004,579 | 14,696 | 14,540 | 20,205 | 24.5x | 17.9x | 22.0x | 31.2x | 19.8x | 27.9x |
| Gilead Sciences | USD | GILD | 1240.0 | $138.14 | 171,287 | 238,012 | 270,619 | 376,038 | 18.2x | NA | 15.6x | NA | NA | 13.9x |
| Jazz Pharmaceuticals | USD | JAZZ | 64.9 | $245.85 | 15,959 | 22,176 | 25,228 | 35,056 | 15.3x | 10.7x | 10.3x | 16.1x | 10.2x | 9.6x |
| Neurocrine Biosciences | USD | NBIX | 101.6 | $150.82 | 15,331 | 21,303 | 20,813 | 28,920 | 23.9x | 20.8x | 14.7x | 21.4x | 21.5x | 14.8x |
| Perrigo | USD | PRGO | 138.8 | $12.83 | 1,780 | 2,474 | 6,513 | 9,050 | 10.2x | 9.8x | 8.8x | NA | 5.9x | 5.3x |
| Sun Pharma/Ranbaxy [2] | INR | SUN | 2399.3 | Rp1,943 | Rp4,661,548 | 68,194 | 63,484 | 88,214 | 35.2x | 35.9x | 32.2x | 39.5x | 38.6x | 35.7x |
| Teva Pharmaceuticals [3] | USD | TEVA | 1165.3 | $36.52 | 42,557 | 59,135 | 77,619 | 107,856 | 17.2x | 17.9x | 13.7x | 58.9x | 18.3x | 11.9x |
| United Therapeutics | USD | UTHR | 42.9 | $501.27 | 21,500 | 29,875 | 26,241 | 36,463 | 17.2x | 17.6x | 15.7x | 16.6x | 18.4x | 16.1x |
| Vertex Pharmaceuticals | USD | VRTX | 253.5 | $516.44 | 130,897 | 181,888 | 171,402 | 238,171 | 32.7x | 30.0x | 26.1x | 29.8x | 27.4x | 24.3x |
| Viatris | USD | VTRS | 1148.6 | $16.04 | 18,423 | 25,600 | 42,299 | 58,777 | 10.6x | 9.6x | 9.3x | NA | 6.4x | 6.0x |
| **Average** | | | | | | | | | **19.1x** | **17.3x** | **15.7x** | **30.8x** | **18.2x** | **16.1x** |
| **Cipher Pharma [1]** | | **CPH** | **25.4** | **$10.21** | **260** | **361** | **245** | **340** | **12.6x** | **11.5x** | **10.0x** | **8.9x** | **12.7x** | **11.4x** |

[1] *Share price converted to USD for stocks reporting financial data in USD but for which share value is reported in CAD*

[2] *Cipher's US Absorica marketing partner* [3] *Generic Absorica competitor (since April-21)*

Source: Leede Financial, Consensus Data - Refinitiv

Disclosures None

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5. Leede expects to receive or intends to seek compensation for investment banking services in the next three months.
6. The analyst preparing the report received compensation based upon Leede investment banking revenues for this issuer within the preceding 12 months.
7. The director, officer, employee, or research analyst is an officer, director or employee of the company, or serves in an advisory capacity to the company.
8. Leede acts as a market maker of the company.
9. The analyst has conducted a site visit and has viewed a major facility or operation of the issuer.
10. The company has paid for all, or a material portion, of the travel costs associated with the site visit by the analyst.

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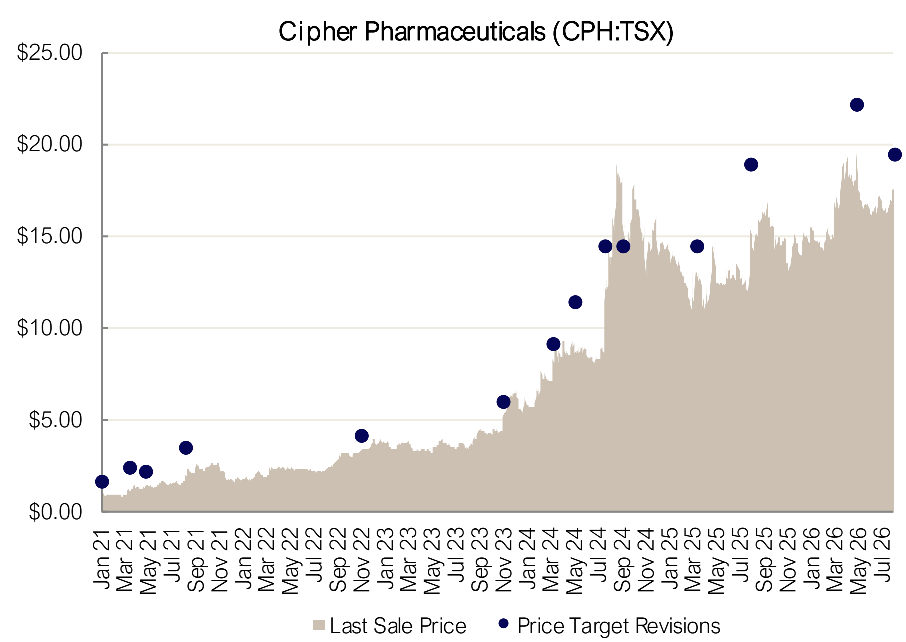
## Rating Definitions

| | |
|---|---|
| Buy | The security represents attractive relative value and is expected to appreciate significantly from the current price over the next 12-month time horizon. |
| Speculative Buy | The security is considered a BUY but carries an above-average level of risk. |
| Hold | The security represents fair value and no material appreciation is expected over the next 12-month time horizon. |
| Sell | The security represents poor value and is expected to depreciate over the next 12-month time horizon. |
| Under Review | The rating is temporarily placed under review until further information is disclosed. |
| Tender | Leede Financial Inc. recommends that investors tender to an existing public offer for the securities in the absence of a superior competing offer. |
| Not Rated | Leede Financial Inc. does not provide research coverage of the relevant issuer. |

## Rating Distribution

| RECOMMENDATION | NO. OF COMPANIES | % |
|---|---|---|
| Buy | 9 | 60% |
| Speculative Buy | 4 | 26% |
| Hold | 1 | 7% |
| Sell | - | - |
| Tender | - | - |
| Under Review | 1 | 7% |

## Historical Target Price




*Coverage Initiated: Jan 11, 2021* *Data sourced from: Refinitiv*

| Date | Target ($) | Rating |
|---|---|---|
| 11 Jan 2021 | C$1.75 | Buy |
| 22 Mar 2021 | C$2.50 | Buy |
| 30 Apr 2021 | C$2.25 | Buy |
| 13 Aug 2021 | C$3.50 | Buy |
| 11 Nov 2022 | C$4.25 | Buy |
| 10 Nov 2023 | C$6.00 | Buy |
| 15 Mar 2024 | C$9.25 | Buy |
| 10 May 2024 | C$11.50 | Buy |
| 29 Jul 2024 | C$14.50 | Buy |
| 13 Sep 2024 | C$14.50 | Hold |
| 19 Mar 2025 | C$14.50 | Buy |
| 8 Aug 2025 | C$19.00 | Buy |
| 8 May 2026 | C$22.25 | Buy |
| 12 Aug 2026 | C$19.50 | Buy |