# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, DC 20549**

# FORM 10-Q

**(Mark One)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2025**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to .**

**Commission file number: 001-33637**

# Cumberland Pharmaceuticals Inc.

**(Exact Name of Registrant as Specified In Its Charter)**

| **Tennessee** | **62-1765329** |
|---|---|
| **(State or Other Jurisdiction of Incorporation or Organization)** | **(I.R.S. Employer Identification No.)** |
| **1600 West End Avenue, Suite 1300, Nashville, Tennessee** | **37203** |
| **(Address of Principal Executive Offices)** | **(Zip Code)** |

**(615) 255-0068**
**(Registrant's Telephone Number, Including Area Code)**

| Securities registered pursuant to Section 12(b) of the Act: | | |
|---|---|---|
| Class | Trading Symbol | Name of exchange on which registered |
| Common stock, no par value | CPIX | Nasdaq Global Select Market |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.) Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☒ |
| Emerging growth company | ☐ | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 14,959,937 shares of common stock as of August 5, 2025.

**CUMBERLAND PHARMACEUTICALS INC.**
**INDEX**

## PART I – FINANCIAL INFORMATION

**Item 1. Financial Statements (Unaudited)**

**CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES**
**Condensed Consolidated Balance Sheets**
**(Unaudited)**

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 16,087,281 | $ 17,964,184 |
| Accounts receivable, net | 10,316,911 | 11,701,466 |
| Inventories, net | 3,222,872 | 3,999,995 |
| Prepaid and other current assets | 1,578,265 | 2,786,513 |
| Total current assets | 31,205,329 | 36,452,158 |
| Non-current inventories | 9,526,122 | 11,005,499 |
| Property and equipment, net | 297,793 | 277,365 |
| Intangible assets, net | 15,988,232 | 17,973,449 |
| Goodwill | 914,000 | 914,000 |
| Operating lease right-of-use assets | 7,125,408 | 6,176,923 |
| Other assets | 2,850,265 | 2,784,016 |
| Total assets | $ 67,907,149 | $ 75,583,410 |
| **LIABILITIES AND EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 13,446,531 | $ 13,914,266 |
| Operating lease current liabilities | 386,077 | 356,508 |
| Current portion of revolving line of credit | — | 5,100,000 |
| Other current liabilities | 10,139,532 | 12,250,955 |
| Total current liabilities | 23,972,140 | 31,621,729 |
| Revolving line of credit - long term | 5,240,733 | 10,176,170 |
| Operating lease non-current liabilities | 4,714,183 | 4,939,739 |
| Other long-term liabilities | 6,301,166 | 6,299,795 |
| Total liabilities | 40,228,222 | 53,037,433 |
| Equity: | | |
| Shareholders' equity: | | |
| Common stock— no par value; 100,000,000 shares authorized; 14,959,937 and 13,952,624 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively | 51,441,398 | 46,821,425 |
| Accumulated deficit | (23,451,603) | (23,967,931) |
| Total shareholders' equity | 27,989,795 | 22,853,494 |
| Noncontrolling interests | (310,868) | (307,517) |
| Total equity | 27,678,927 | 22,545,977 |
| Total liabilities and equity | $ 67,907,149 | $ 75,583,410 |

See accompanying Notes to Condensed Consolidated Financial Statements.

**CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES**
**Condensed Consolidated Statements of Operations**
**(Unaudited)**

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | **2025** | **2024** | **2025** | **2024** |
| Net revenues | $ 10,837,363 | $ 9,848,849 | $ 22,550,418 | $ 18,346,550 |
| Costs and expenses: | | | | |
| Cost of products sold | 2,011,389 | 1,710,944 | 3,437,103 | 3,286,486 |
| Selling and marketing | 4,223,647 | 4,248,401 | 8,455,627 | 8,402,989 |
| Research and development | 1,468,399 | 1,059,187 | 2,763,475 | 2,217,440 |
| General and administrative | 2,874,922 | 2,757,148 | 5,337,930 | 5,125,055 |
| Amortization | 1,006,484 | 1,099,857 | 2,011,814 | 2,210,518 |
| Total costs and expenses | 11,584,841 | 10,875,537 | 22,005,949 | 21,242,488 |
| Operating income (loss) | (747,478) | (1,026,688) | 544,469 | (2,895,938) |
| Interest income | 127,489 | 61,841 | 253,198 | 158,587 |
| Interest expense | (109,547) | (126,347) | (273,349) | (244,873) |
| Income (loss) before income taxes | (729,536) | (1,091,194) | 524,318 | (2,982,224) |
| Income tax expense | (5,671) | (11,443) | (11,341) | (22,885) |
| Net income (loss) | (735,207) | (1,102,637) | 512,977 | (3,005,109) |
| Net loss (income) at subsidiary attributable to noncontrolling interests | (5,533) | 17,025 | 3,351 | (26,766) |
| Net income (loss) attributable to common shareholders | $ (740,740) | $ (1,085,612) | $ 516,328 | $ (3,031,875) |
| Earnings (loss) per share attributable to common shareholders | | | | |
| - basic | $ (0.05) | $ (0.08) | $ 0.03 | $ (0.21) |
| - diluted | $ (0.05) | $ (0.08) | $ 0.03 | $ (0.21) |
| Weighted-average shares outstanding | | | | |
| - basic | 14,960,596 | 14,118,091 | 14,951,609 | 14,107,852 |
| - diluted | 14,960,596 | 14,118,091 | 15,274,134 | 14,107,852 |

See accompanying Notes to Condensed Consolidated Financial Statements.

**CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES**
**Condensed Consolidated Statements of Cash Flows**
**(Unaudited)**

| | Six months ended June 30, | |
|---|---|---|
| | **2025** | **2024** |
| Cash flows from operating activities: | | |
| Net income (loss) | $ 512,977 | $ (3,005,109) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 2,065,502 | 2,290,130 |
| Amortization of operating lease right-of-use assets | 570,369 | 570,369 |
| Share-based compensation | 154,898 | 150,712 |
| Increase (decrease) in non-cash contingent consideration | 83,578 | (442,321) |
| Increase in cash surrender value of life insurance policies over premiums paid | (40,507) | (101,538) |
| Noncash interest expense | 10,723 | 8,654 |
| Net changes in assets and liabilities affecting operating activities: | | |
| Accounts receivable | 1,384,555 | (1,861,587) |
| Inventories, net | 1,818,196 | 1,243,245 |
| Other current assets and other assets | 640,023 | 424,684 |
| Operating lease liabilities | (440,442) | (429,064) |
| Accounts payable and other current liabilities | (2,018,925) | (1,925,886) |
| Other long-term liabilities | 1,371 | 85,404 |
| Net cash provided by (used in) operating activities | 4,742,318 | (2,992,307) |
| Cash flows from investing activities: | | |
| Additions to property and equipment | (74,116) | (48,799) |
| Net investment in manufacturing | (836,095) | — |
| Additions to intangible assets | (32,111) | (56,191) |
| Net cash used in investing activities | (942,322) | (104,990) |
| Cash flows from financing activities: | | |
| Proceeds from ATM offering, net | 5,266,334 | — |
| Borrowings on line of credit | — | 22,000,000 |
| Payments on line of credit | (10,035,437) | (18,692,552) |
| Cash settlement of contingent consideration | (654,757) | (813,478) |
| Payments made in connection with repurchase of common shares | (253,039) | (381,851) |
| Net cash (used in) provided by financing activities | (5,676,899) | 2,112,119 |
| Net decrease in cash and cash equivalents | (1,876,903) | (985,178) |
| Cash and cash equivalents at beginning of period | $ 17,964,184 | $ 18,321,624 |
| Cash and cash equivalents at end of period | $ 16,087,281 | $ 17,336,446 |

See accompanying Notes to Condensed Consolidated Financial Statements.

**CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES**
**Condensed Consolidated Statements of Equity**
**(Unaudited)**

| | Common stock | | Accumulated deficit | Noncontrolling interests | Total equity |
|---|---|---|---|---|---|
| | Shares | Amount | | | |
| Balance, December 31, 2023 | 14,121,833 | $ 47,091,602 | $ (17,488,161) | $ (343,572) | $ 29,259,869 |
| Share-based compensation | 163,991 | 78,754 | — | — | 78,754 |
| Repurchase of common shares | (125,870) | (246,599) | — | — | (246,599) |
| Net income (loss) | — | — | (1,946,263) | 43,791 | (1,902,472) |
| Balance, March 31, 2024 | 14,159,954 | $ 46,923,757 | $ (19,434,424) | $ (299,781) | $ 27,189,552 |

| | | | | | |
|---|---|---|---|---|---|
| Balance, March 31, 2024 | 14,159,954 | $ 46,923,757 | $ (19,434,424) | $ (299,781) | $ 27,189,552 |
| Share-based compensation | — | 71,958 | — | — | 71,958 |
| Repurchase of common shares | (76,771) | (126,689) | — | — | (126,689) |
| Net loss | — | — | (1,085,612) | (17,025) | (1,102,637) |
| Balance, June 30, 2024 | 14,083,183 | $ 46,869,026 | $ (20,520,036) | $ (316,806) | $ 26,032,184 |

| | Common stock | | Accumulated deficit | Noncontrolling interests | Total equity |
|---|---|---|---|---|---|
| | Shares | Amount | | | |
| Balance, December 31, 2024 | 13,952,624 | $ 46,821,425 | $ (23,967,931) | $ (307,517) | $ 22,545,977 |
| Share issuances | 1,000,000 | 4,715,950 | — | — | 4,715,950 |
| Share-based compensation | 62,350 | 74,212 | — | — | 74,212 |
| Repurchase of common shares | (53,837) | (243,704) | — | — | (243,704) |
| Net income (loss) | — | — | 1,257,068 | (8,884) | 1,248,184 |
| Balance, March 31, 2025 | 14,961,137 | $ 51,367,883 | $ (22,710,863) | $ (316,401) | $ 28,340,619 |

| | | | | | |
|---|---|---|---|---|---|
| Balance, March 31, 2025 | 14,961,137 | $ 51,367,883 | $ (22,710,863) | $ (316,401) | $ 28,340,619 |
| Share issuances | — | — | — | — | — |
| Share-based compensation | 600 | 80,685 | — | — | 80,685 |
| Repurchase of common shares | (1,800) | (7,170) | — | — | (7,170) |
| Net income (loss) | — | — | (740,740) | 5,533 | (735,207) |
| Balance, June 30, 2025 | 14,959,937 | $ 51,441,398 | $ (23,451,603) | $ (310,868) | $ 27,678,927 |

See accompanying Notes to Condensed Consolidated Financial Statements

**CUMBERLAND PHARMACEUTICALS INC. AND SUBSIDIARIES**
**Notes to Condensed Consolidated Financial Statements**
**(Unaudited)**

## (1) ORGANIZATION AND BASIS OF PRESENTATION

Cumberland Pharmaceuticals Inc. ("Cumberland," the "Company," or as used in the context of "we," "us," or "our"), is a specialty pharmaceutical company focused on the acquisition, development and commercialization of branded prescription pharmaceuticals. We are dedicated to our mission of working together to provide unique products that improve the quality of patient care.

Our primary target markets are hospital acute care, gastroenterology and oncology. These medical specialties are characterized by relatively concentrated prescriber bases that we believe can be served effectively by small, targeted sales forces. We promote our approved products through our hospital, field and oncology sales forces in the United States. We continue to build a network of established international partners with the needed regulatory and commercial capabilities to register and provide our medicines to patients in their countries.

Cumberland's growth strategy involves maximizing the potential of our existing brands, while continuing to build a portfolio of differentiated products. We currently own six products approved by the U.S. Food and Drug Administration ("FDA") in the United States. We are also continuing to build international partnerships to bring our medicines to patients in other countries. Additionally, we look for opportunities to expand our brands into new patient populations through clinical trials, new product presentations and our support of select, investigator-initiated studies. Meanwhile, our clinical team is developing a pipeline of new product candidates to address poorly met medical needs. We also pursue opportunities to acquire additional marketed brands as well as late-stage development product candidates in our target medical specialties.

The Company's products are manufactured by third parties, which are overseen by our quality control and manufacturing professionals. We work closely with our warehousing and distribution partners to make our products available in the U.S.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements of the Company have been prepared on a basis consistent with the December 31, 2024, audited consolidated financial statements and include all adjustments, consisting of only normal recurring adjustments, necessary to fairly present the information set forth herein. All significant intercompany accounts and transactions have been eliminated in consolidation. The unaudited condensed consolidated financial statements have been prepared in accordance with the regulations of the Securities and Exchange Commission (the "SEC"), and certain information and disclosures have been condensed or omitted as permitted by the SEC for interim period presentation. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2024 (the "2024 Annual Report on Form 10-K"). The results of operations for the three and six months ended June 30, 2025, are not necessarily indicative of the results to be expected for the entire fiscal year or any future period.

***Recent Accounting Guidance***

*Recent Accounting Pronouncements*

In November 2023, the Financial Accounting Standards Board ("FASB") issued final guidance in Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,* which is intended to improve transparency of segment disclosures, primarily through expanded disclosures for significant segment expenses. The guidance is effective for annual periods beginning in 2024 and interim periods beginning in 2025. With the Company having only one segment, the adoption, effective January 1, 2024, did not have a material impact on the Company's consolidated financial statements.

*Recently Issued Accounting Standards Not Yet Adopted*

In December 2023, the FASB issued final guidance, ASU 2023-09 *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, to improve transparency of income tax disclosures. The final guidance requires enhanced disclosures primarily related to existing rate reconciliation and income taxes paid information. The guidance is effective for 2025 annual reporting. Early adoption is permitted. This new guidance will result in incremental disclosures in the notes to the Company's income tax disclosures.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"), which requires companies to disclose additional information for certain relevant expense categories in the Statements of Operations and within the notes to the financial statements. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted and can be applied either prospectively to financial statements issued for reporting periods after the effective date, or retrospectively to prior periods which are presented in the financial statements. We are currently assessing the impact of the requirements on our consolidated financial statements and disclosures.

***Accounting Policies***

*Use of Estimates*

The preparation of the condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates under different assumptions and conditions. The Company's most significant estimates include: (1) its allowances for chargebacks and accruals for rebates and product returns, (2) the allowances for obsolescent or unmarketable inventory and (3) valuation of contingent consideration liabilities associated with business combinations.

*Operating Segments*

The Company has one operating segment which is specialty pharmaceutical products. Management has chosen to organize the Company based on the type of products sold. Operating segments are identified as components of an enterprise about which separate discrete financial information is evaluated by the chief operating decision maker, or decision-making group, in making decisions regarding resource allocation and assessing performance. The Company, which uses consolidated financial information in determining how to allocate resources and assess performance, has concluded that our specialty pharmaceutical products compete in similar economic markets and similar circumstances. Substantially all of the Company’s assets are located in the United States and total revenues are primarily attributable to U.S. customers.

*Trade and Note Receivables Policy*

Management evaluates the application of Current Expected Credit Losses (CECL) to all of its financial instruments including trade and note receivables. CECL is applicable to all financial instruments measured at amortized cost. Therefore for the Company, this principally relates to trade receivables and two notes receivable. CECL also requires the measurement of expected credit losses on a collective (pool) basis when similar risk characteristics exist. This may include, either individually or in combination, some of the following characteristics of Accounting Standards Codification ("ASC") 326-20-55-5:

a. Internal or external credit score/rating
b. Risk ratings or classification
c. Financial asset type
d. Size
e. Effective interest rate
f. Term
g. Geographical location
h. Historical or expected credit loss patterns
i. Reasonable and supportable forecast periods

The standard requires entities to pool financial assets but allows them to choose which risk characteristics to use. Under the requirements of the guidance, the Company reassesses at the end of each reporting period whether the pool of assets continues to display similar risk characteristics.

With over twenty years of experience, Cumberland has experienced virtually no write downs of receivables as most of our receivables are due from large successful pharmaceutical, healthcare or government customers, consistently making payments on account. Although the payment behaviors of all of our customers are consistently reliable, for the sake of transparency, we have separated our customer base into seven separate pools. The Company performs a monthly analysis of aged accounts receivable to determine how much, if any, of the accounts receivable balance should be reserved as potential bad debt. The Company reviews all balances over 90 days past due for a possible reserve and considers any specific factors or information for balances aged under 90 days if there are indicators that the balance should be reserved, such as other aged balances with the customer or bankruptcy as well as any economic issues with a customer industry or region.

**(2) EARNINGS (LOSS) PER SHARE**

The following table reconciles the numerator and denominator used to calculate basic and diluted earnings (loss) per share for the three and six months ended June 30, 2025 and 2024:

| | Three months ended June 30, | |
|---|---|---|
| | **2025** | **2024** |
| Numerator: | | |
| Net loss attributable to common shareholders | $ (740,740) | $ (1,085,612) |
| Denominator: | | |
| Weighted-average shares outstanding – basic | 14,960,596 | 14,118,091 |
| Dilutive effect of other securities | — | — |
| Weighted-average shares outstanding – diluted | 14,960,596 | 14,118,091 |

| | Six months ended June 30, | |
|---|---|---|
| | **2025** | **2024** |
| Numerator: | | |
| Net income (loss) attributable to common shareholders | $ 516,328 | $ (3,031,875) |
| Denominator: | | |
| Weighted-average shares outstanding – basic | 14,951,609 | 14,107,852 |
| Dilutive effect of other securities | 322,525 | — |
| Weighted-average shares outstanding – diluted | 15,274,134 | 14,107,852 |

As of June 30, 2025 and 2024, restricted stock awards and options to purchase 753,089 and 576,517 shares of common stock, respectively, were outstanding but were not included in the computation of diluted earnings per share because the effect would be antidilutive.

**(3) REVENUES**

*Product Revenues*

The Company accounts for revenues from contracts with customers under ASC 606.

The Company's net revenues consisted of the following for the three and six months ended June 30, 2025 and 2024:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Products: | | | | |
| Kristalose | $ 2,754,299 | $ 4,107,834 | $ 6,238,609 | $ 7,303,444 |
| Sancuso | 3,119,110 | 2,188,776 | 5,375,405 | 4,016,544 |
| Vibativ | 2,701,854 | 2,454,481 | 4,079,920 | 4,059,970 |
| Caldolor | 1,588,293 | 844,248 | 2,895,733 | 2,314,947 |
| Acetadote | 193,546 | 43,396 | 345,195 | 123,599 |
| Vaprisol | (14,621) | (1,581) | (15,221) | 7,081 |
| Omeclamox-Pak | (752) | (941) | (6,139) | (2,556) |
| RediTrex | 3,244 | (1,156) | 2,897 | 34,400 |
| Other revenue | 492,390 | 213,792 | 3,634,019 | 489,121 |
| Total net revenues | $ 10,837,363 | $ 9,848,849 | $ 22,550,418 | $ 18,346,550 |

There was no Omeclamox-Pak net revenue for the first six months of 2025 due to our lack of commercial inventory of this product. The packager for our Omeclamox-Pak product encountered financial difficulties due to the impact of COVID-19. As we have not been able to identify an alternative site to package the product, we discontinued the sales of Omeclamox-Pak and expensed the remaining brand intangible assets in late 2023. For the three and six months ended June 30, 2025 and 2024, the amounts noted resulted from normal distribution adjustments.

With regard to Vaprisol, we are in the process of transitioning to a new manufacturing partner, who was issued an FDA Form 483 in the second quarter of 2022. Once these FDA Form 483 related issues are satisfactorily resolved, we will then resubmit our application for their facility to the FDA for approval. For the three and six months ended June 30, 2025, the amounts are normal sales deduction adjustments. For the three and six months ended June 30, 2024, the amounts reflected our share of sales of a special, interim compounded product introduced to the market in late 2023 and normal sales deduction adjustments.

Effective June 30, 2023, the Company returned all rights of RediTrex back to Nordic and will receive a long-term royalty on any sales of the product in the future. For the three and six months ended June 30, 2025 and 2024, the revenue amounts represented normal distribution and accrual adjustments.

*Other Revenues*

The Company has agreements with international partners for commercialization of the Company's products with associated payments included in other revenues. Those agreements provide that each of the partners is responsible for seeking regulatory approvals for the product, and following approval, each partner will be responsible for the ongoing distribution and sales in the respective international territories. Cumberland is typically entitled to receive a non-refundable, up-front payment at the time each agreement is executed as consideration for the product dossier and for the rights to the distinct intellectual property rights in the respective international territory. These agreements also typically provide for additional payments upon a partner's achievement of a defined regulatory approval and sales milestones. The Company may also be entitled to receive royalties on future sales of the products and a transfer price on supplies. The contractual payments associated with the partner's achievement of regulatory approvals, sales milestones and royalties on future sales are recognized as revenue upon occurrence, or at such time that the Company has a high degree of confidence that the revenue would not be reversed in a subsequent period.

Other revenues include funding from federal grant programs including those provided by the FDA and from those secured by Cumberland Emerging Technologies Inc. ("CET") through the Small Business Administration's Small Business Innovation Research and Small Business Technology Transfer Research ("SBIR/STTR") programs. There was no grant revenue from these federal grant programs for the six months ended June 30, 2025 and was approximately $0.1 million for the six months ended June 30, 2024.

Other revenues also include lease income generated by CET's Life Sciences Center which is a research facility that provides scientists with access to flexible lab space and other resources to develop biomedical products. This lease income, as noted in Footnote 5 - Leases, was approximately $0.2 million and $0.1 million for the three months ended June 30, 2025 and 2024, respectively, and $0.3 million for the six months ended June 30, 2025 and 2024.

During the six months ended June 30, 2025, the Company received a $3.0 million milestone payment associated with the approval of Vibativ for the Chinese market. We recognized as revenue all but $25,000 of the milestone payment which is the estimated cost of virtual marketing training that will take place prior to the launch of the product in the Chinese market.

As part of a CET development agreement, $0.2 million was included in other revenue for the three months ended June 30, 2025, which represents development funding associated with a new product.

**(4) INVENTORIES**

The Company works closely with third parties to manufacture and package finished goods for sale. Based on the arrangements with the manufacturer or packager, the Company will either take title to the finished goods at the time of shipment or at the time of arrival at the Company's warehouses. The Company then holds such goods in inventory until distribution and sale. These finished goods inventories are stated at the lower of cost or net realizable value with cost determined using the first-in, first-out method.

The Company continually evaluates inventory for potential losses due to excess, obsolete or slow-moving goods by comparing sales history and projections to the inventory on hand. When evidence indicates that the carrying value may not be recoverable, a charge is taken to reduce the inventory to its current net realizable value. At June 30, 2025 and December 31, 2024, there were no cumulative net realizable value charges for potential obsolescence and discontinuance losses necessary.

The Company purchases the active pharmaceutical ingredient ("API") for Kristalose and Sancuso and maintains the inventory of that raw material. API for the Company's Vaprisol and Vibativ brands were included in the assets associated with the acquisition of those brands and are also included in the raw materials inventory.

As these APIs are consumed in the manufacture of our products, the value of the API involved is transferred from raw materials to finished goods.

Consigned inventory represents Authorized Generic inventory stored with our partner until shipment to their customers.

At June 30, 2025 and December 31, 2024, the Company's net inventories consisted of the following:

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| Raw materials and work in process | $ 10,376,276 | $ 11,982,045 |
| Consigned inventory | 114,045 | 126,090 |
| Finished goods | 2,258,673 | 2,897,359 |
| Total inventories | 12,748,994 | 15,005,494 |
| less non-current inventories | (9,526,122) | (11,005,499) |
| Total inventories classified as current | $ 3,222,872 | $ 3,999,995 |

At June 30, 2025 and December 31, 2024, the Company's non-current inventories consisted of the following:

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| Vibativ Raw Materials | $ 4,981,627 | $ 6,180,347 |
| Kristalose Raw Materials | 2,576,128 | 2,672,720 |
| Vaprisol Raw Materials | 1,172,849 | 1,172,849 |
| Sancuso Raw Materials | 326,124 | 458,684 |
| Caldolor Raw Materials | 13,971 | — |
| Acetadote Raw Materials | — | 23,915 |
| Ifetroban Raw Materials | 65,270 | 166,923 |
| Vibativ Finished Goods | 157,645 | 183,057 |
| Caldolor Finished Goods | 162,886 | 77,382 |
| Omeclamox | 69,622 | 69,622 |
| Total inventories classified as non-current | $ 9,526,122 | $ 11,005,499 |

**(5) LEASES**

On November 15, 2021, Cumberland entered into a lease (the "Broadwest Lease"), pursuant to which the Company leases approximately 16,903 rentable square feet of space (the "Leased Premise") at the Broadwest office campus located in Nashville, Tennessee with 1600 West End Avenue Partners, LLC (the "Landlord"). The Leased Premise serves as the Company's corporate headquarters. The initial term of the Lease is one hundred fifty-seven (157) months, with two consecutive options to renew for a period of 5 years each, with the commencement date of October 25, 2022. This lease currently expires in November 2035.

The Company is responsible for paying rent to the Landlord under the lease beginning three months after the commencement date. The Company pays a base rent of $33.06 per square foot of rentable space with a gradual rental rate increase of 2.5% for each year thereafter of the prior year's base rental. In addition to the monthly base rent, the Company is responsible for its percentage share of the operating expenses of the building. The lease also provided for a tenant improvement allowance which was used to build out the space.

On October 24, 2022, CET provided the notice of exercise to extend the lease with The Gateway to Nashville, LLC (the "Gateway Lease") for five years. The lease is for approximately 14,200 square feet of wet laboratory and office space in Nashville, Tennessee where CET operates the CET Life Sciences Center. The wet laboratory and office space is leased through April 2028. The Company also subleases a portion of the space under this lease.

Also included within the right-of-use assets are start up expenditures related to new supply agreements with Nephron Pharmaceuticals Corporation ("Nephron") for our Vaprisol product and Kindos Pharmaceuticals Co., Ltd. ("Kindos") for our Vibativ product. These expenditures are classified as embedded leases resulting in right-of-use assets to be amortized over the life of the contracts. As of June 30, 2025, the right-of-use assets for Nephron and Kindos was $0.7 million and $1.4 million, respectively, and included in the total right-of-use assets of $7.1 million.

Operating lease liabilities were recorded as the present value of remaining lease payments not yet paid for the lease term discounted using the incremental borrowing rate associated with each lease. Operating lease right-of-use assets represent operating lease liabilities adjusted for lease incentives and initial direct costs. As the Company’s leases do not contain implicit borrowing rates, the incremental borrowing rates were calculated based on information available at the commencement date of each lease. Incremental borrowing rates reflect the Company’s estimated interest rates for collateralized borrowings over similar lease terms.

The weighted-average remaining lease term for the Broadwest Lease and Gateway Lease is 9.2 years and 10.0 years at June 30, 2025 and June 30, 2024, respectively. The weighted-average incremental borrowing rate used to discount the present value of the remaining lease payments for both leases is 9.37% and 9.38% at June 30, 2025 and December 31, 2024, respectively.

*Lease Position*

At June 30, 2025 and December 31, 2024, the Company's lease assets and liabilities were as follows:

| Right-of-Use Assets | June 30, 2025 | December 31, 2024 |
|---|---|---|
| Operating lease right-of-use assets | $ 7,125,408 | $ 6,176,923 |

| Lease Liabilities | June 30, 2025 | December 31, 2024 |
|---|---|---|
| Operating lease current liabilities | $ 386,077 | $ 356,508 |
| Operating lease non-current liabilities | 4,714,183 | 4,939,739 |
| Total | $ 5,100,260 | $ 5,296,247 |

As of June 30, 2025, cumulative future minimum sublease income under non-cancelable operating subleases totals approximately $0.2 million which includes the 90-day notice required for lease termination. Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) are as follows:

| Maturity of Lease Liabilities at June 30, 2025 | Operating Leases |
|---|---|
| 2025 | 395,658 |
| 2026 | 909,911 |
| 2027 | 934,180 |
| 2028 | 740,791 |
| 2029 | 650,766 |
| After 2029 | 4,196,635 |
| | 7,827,941 |
| Less: Interest | 2,727,681 |
| Present value of lease liabilities | $ 5,100,260 |

Rent expense is recognized over the expected term of the lease, including renewal option periods, if applicable, on a straight-line basis as a component of general and administrative expense. Rent expense and sublease income were as follows:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Rent expense | $ 363,583 | $ 344,418 | $ 718,335 | $ 699,482 |
| Sublease income | $ 162,797 | $ 123,230 | $ 321,426 | $ 287,913 |

**(6) SHAREHOLDERS' EQUITY AND DEBT**

*Share repurchases*

Cumberland currently has a share repurchase program available to repurchase its common stock pursuant to Rule 10b-18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In January 2019, the Company's Board of Directors established the current $10 million repurchase program to replace the prior authorizations. During the six months ended June 30, 2025 and June 30, 2024, the Company repurchased 55,637 and 202,641 shares of common stock for $0.3 million and approximately $0.4 million, respectively. At June 30, 2025, there remains approximately $2.2 million available under the current repurchase program for common share repurchases.

*Share purchases and sales*

In the Company's November 2024 trading window, several members of Cumberland's Board of Directors entered into agreements for trading plans to purchase shares of the Company's stock pursuant to Rule 10b5-1 of the Exchange Act. These purchases are designed to increase ownership in the Company by the members of the Board. The plans became effective on March 3, 2025, and as of June 30, 2025, a total of 5,505 shares have been purchased through these trading plans.

*Share Sales*

The Company filed an updated Form S-3 with the SEC in December 2023, which was declared effective December 26, 2023 (the "Current Registration Statement"). The Company entered into an agreement with H.C. Wainwright & Co., LLC ("H.C. Wainwright") to establish a new At the Market ("ATM") program under the Current Registration Statement. On March 20, 2024, the Company filed a related prospectus supplement in connection with the sale and issuance of shares having an aggregate gross sales price of up to $5.8 million. On February 5, 2025, the Company issued 1,000,000 shares under an ATM for an aggregate amount of $5.5 million. As a result of this transaction, deferred offering costs of $0.6 million related to the ATM were reclassified as a reduction of paid-in-capital. On February 14, 2025, the Company filed a prospectus supplement to amend the previous prospectus supplement to increase the maximum gross sales price from $5.8 million to $10 million. The Company intends to continue an ATM feature through H.C. Wainwright, that would allow the Company to additionally issue shares of its common stock.

*Restricted Share Grants and Incentive Stock Options*

During the six months ended June 30, 2025 and June 30, 2024, the Company issued 35,110 shares and 50,500 shares of restricted stock, respectively, to advisors and directors. Restricted stock issued to advisors generally cliff-vests on the fourth anniversary of the date of grant and for directors on the one-year anniversary of the date of grant. During the six months ended June 30, 2025 and June 30, 2024, the Company also issued 179,500 and 189,250 incentive stock options, respectively, to employees that cliff-vest on the fourth anniversary of the date of grant, and are largely set to expire in 2035 and 2034, respectively.

Stock compensation expense is presented as a component of general and administrative expense in the condensed consolidated statements of operations as it relates to these restricted share grants and options. For the six months ended June 30, 2025 and 2024, stock compensation expense was $0.2 million for each period. For the six months ended June 30, 2025, we recorded a credit of $5,973 to stock compensation expense related to the forfeiture of unvested incentive stock options. For the six months ended June 30, 2024, we recorded a credit of $18,564.

*Debt Agreement*

On September 5, 2023, the Company entered into a new Revolving Credit Loan Agreement (the "Loan Agreement") with Pinnacle Bank. This facility provides for an aggregate principal funding amount of up to $25 million. The initial revolving line of credit is up to $20 million, with the ability for Cumberland to increase the amount to $25 million, under certain conditions. It has a 3-year term expiring on October 1, 2026. The interest rate is based on Benchmark (Term SOFR) plus a spread of 2.75%. Cumberland is subject to one financial covenant, the maintenance of a Funded Debt Ratio, determined on a quarterly basis. Borrowings under the line of credit are collateralized by substantially all of our assets.

On May 6, 2024, the Company entered into a First Amendment to the Loan Agreement which provides an alternative to the financial covenant by delivering to the lender a borrowing base certificate and complying with certain borrowing base requirements which set forth a maximum revolver amount equal to the lessor of (a) up to $20 million or (b) the sum of the Company's cash balances and eligible accounts receivable.

As of June 30, 2025 and December 31, 2024, the Company had $5.2 million and $15.3 million, respectively, in borrowings outstanding under its revolving credit facility. The applicable interest rate under the Loan Agreement was 7.125% at June 30, 2025.

*Joint Venture Agreement*

In August 2020, Cumberland entered into an agreement with WinHealth Investment (Singapore) Ltd creating *WHC Biopharmaceuticals, Pte. Ltd*. The joint venture, as a limited liability company, will focus on acquiring, developing, registering, and commercializing development stage and commercial stage biopharmaceuticals for China, Hong Kong and other Asian markets. The agreement provided for initial investment from WinHealth in the form of a $0.2 million equity contribution and an initial investment from Cumberland in the form of a $0.2 million convertible note, which was funded during the first quarter of 2021. The joint venture will seek additional future capital from additional investors and has entered into exclusive option agreements to license product candidates from both Cumberland Pharmaceuticals Inc. and Cumberland Emerging Technologies Inc.

**(7) INCOME TAXES**

As of June 30, 2025, the Company has approximately $51.9 million in federal net operating loss carryforwards including approximately $44.1 million of net operating loss carryforwards resulting from the exercise of nonqualified stock options. These have historically been used to significantly offset income tax obligations. The Company expects it will continue to pay minimal income taxes during 2025 and beyond, through the continued utilization of these net operating loss carryforwards, on any taxable income generated from our operations.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. We are currently assessing its impact on our consolidated financial statements.

**(8) COLLABORATIVE AGREEMENTS**

Cumberland is a party to several collaborative arrangements with research institutions to identify and pursue promising pharmaceutical product candidates. The funding for these programs is primarily provided through SBIR/STTR programs and other grant awards. The Company has determined that these collaborative agreements, with the exception of the collaborative payment discussed in Note 10, related to Vibativ and Sancuso contingent consideration payments, do not meet the criteria for accounting under ASC Topic 808, *Collaborative Agreements*. The agreements do not specifically designate each party's rights and obligations to each other under the collaborative arrangements. Except for patent defense costs, expenses incurred by one party are not required to be reimbursed by the other party. Expenses incurred under these collaborative agreements are included in research and development expenses and funding received from grants are recorded as net revenues in the condensed consolidated statements of operations.

**(9) COMMITMENTS AND CONTINGENCIES**

The company is involved in litigation arising in the normal course of business. The Company does not believe that the disposition or ultimate resolution of existing claims or lawsuits will have a material adverse effect on the business or financial condition of the Company.

**(10) PRODUCT ACQUISITIONS AND RETURN OF PRODUCT RIGHTS**

*Vibativ*

During November 2018, the Company executed an agreement with Theravance Biopharma ("Theravance") to acquire the assets and global rights to Vibativ including responsibility for the marketing, distribution, manufacturing and regulatory activities associated with the brand. Vibativ is a patented, FDA approved injectable anti-infective for the treatment of certain serious bacterial infections including hospital-acquired and ventilator-associated bacterial pneumonia and complicated skin and skin structure infections. It addresses a range of Gram-positive bacterial pathogens, including those that are considered difficult-to-treat and multidrug-resistant.

Cumberland accounted for the transaction as a business combination in accordance with ASC 805 and the product sales are included in the results of operations subsequent to the acquisition date. The Company made an upfront payment of $20 million at the closing of the transaction and a $5 million milestone payment in early April 2019. In addition, Cumberland has agreed to pay royalties of up to 20% of on-going net sales of the product in the U.S. after a $3 million threshold is met. The future royalty payments were recognized at their acquisition-date fair value as a contingent consideration liability, as part of the contingent consideration transferred in the business combination. Cumberland prepared the valuations of the contingent consideration liability utilizing significant unobservable inputs. As a result, the valuation is classified as Level 3 fair value measurement.

The following table presents the changes in the fair value of the contingent consideration liability that is remeasured on a recurring basis. The contingent consideration earned and accrued in operating expenses is paid to Theravance quarterly.

| | | |
|---|---|---|
| Balance at December 31, 2024 | $ | 3,242,999 |
| Cash payment of royalty during the period | | (273,028) |
| Change in fair value of contingent consideration included in operating expenses | | 201,431 |
| Contingent consideration earned and accrued in operating expenses | | 230,484 |
| Balance at June 30, 2025 | $ | 3,401,886 |

The contingent consideration liability of $3.4 million was accounted for as $1.1 million of other current liabilities and $2.3 million of other long-term liabilities on the condensed consolidated balance sheet as of June 30, 2025.

*Sancuso*

On January 3, 2022, Cumberland acquired the U.S. rights to the FDA-approved oncology-supportive care medicine Sancuso from Kyowa Kirin, Inc. ("Kyowa Kirin"), the U.S. affiliate of Japan-based Kyowa Kirin Co., Ltd.

Sancuso is the first and only FDA-approved prescription patch for the prevention of nausea and vomiting in patients receiving certain types of chemotherapy treatment. The active drug in Sancuso, granisetron, slowly dissolves in the thin layer of adhesive that sticks to the patient's skin and is released into their bloodstream over several days, working continuously to prevent chemotherapy-induced nausea and vomiting ("CINV"). It is applied 24 to 48 hours before receiving chemotherapy and can prevent CINV for up to five consecutive days. Alternative oral treatments must be taken several times (day and night) to deliver the same therapeutic doses.

Cumberland acquired U.S. rights to Sancuso and assumed full commercial responsibility for the product in the United States – including its marketing, promotion, distribution, manufacturing and medical support activities. The product's FDA registration was subsequently transferred from Kyowa Kirin to Cumberland in August 2023.

Cumberland has also accounted for this transaction as a business combination in accordance with ASC 805 and the product sales are included in the results of operations subsequent to the acquisition date. The Company made an upfront payment of $13.5 million at the closing of the transaction. The agreement called for milestone payments of up to $3.5 million based on the attainment of various approvals and sales performance. In January 2023, Cumberland made a $1.0 million milestone payment to Kwoya Kirin based on the FDA approval of a manufacturing site for the product. In October 2023, Cumberland made a $0.5 million milestone payment based on the successful transfer of the product's FDA registration from Kyowa Kirin to Cumberland.

The remaining $2.0 million in milestones are tied to achievement of certain annual sales levels for the product.

In addition, Cumberland has agreed to pay a royalty of up to 10% of on-going net sales of Sancuso. The future royalty payments were required to be recognized at their acquisition-date fair value as a contingent consideration liability, as part of the contingent consideration transferred in the business combination. Cumberland has prepared a valuation of the contingent consideration liability utilizing significant unobservable inputs. As a result, the valuation is classified as Level 3 fair value measurement.

The following table presents the changes in the fair value of the contingent consideration liability that is remeasured on a recurring basis.

| | | |
|---|---|---|
| Balance at December 31, 2024 | $ | 1,516,000 |
| Cash payment of milestones and royalty during the period | | (381,729) |
| Change in fair value of contingent consideration included in operating expenses | | (117,853) |
| Contingent consideration earned and accrued in operating expenses | | 289,582 |
| Balance at June 30, 2025 | $ | 1,306,000 |

The contingent consideration liability earned and accrued in operating expenses is paid to Kyowa Kirin quarterly. The contingent consideration liability of $1.3 million was accounted for as $0.7 million of current liabilities and $0.6 million of other long-term liabilities on the condensed consolidated balance sheet as of June 30, 2025.

*RediTrex*

On July 12, 2022, the Cumberland entered into an amendment to an agreement with Nordic Group B.V.("Nordic") returning all the U.S. rights to RediTrex back to Nordic including the trademark and market authorization effective June 30, 2023. The companies have cooperated on the transition and Cumberland will receive a long-term royalty on any Nordic sales of the product.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*Disclosure regarding forward-looking statements*

The following discussion contains certain forward-looking statements which reflect management's current views of future events and operations. These statements involve certain risks and uncertainties, and actual results may differ materially from them. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ significantly from the results discussed in these forward-looking statements. Some important factors which may cause results to differ from expectations include: availability of additional debt and equity capital; market conditions at the time additional capital is required; our ability to continue to acquire branded products; product sales; management of our growth and integration of our acquisitions and generally unpredictable conditions in national and international markets. While forward-looking statements reflect our beliefs and best judgment based upon current information, they are not guarantees of future performance. Other important factors that may cause actual results to differ materially from forward-looking statements are discussed in the sections entitled "Risk Factors" and "Special Note Regarding Forward-Looking Statements" of our Annual Report on Form 10-K for the year ended December 31, 2024, and our other filings with the SEC. We do not undertake to publicly update or revise any of our forward-looking statements, even in the event that experience or future changes indicate that the anticipated results will not be realized. The following presentation of management's discussion and analysis of financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included in this report on Form 10-Q.

## OVERVIEW

### Our Business

Cumberland Pharmaceuticals Inc. ("Cumberland," the "Company," or as used in the context of "we," "us," or "our"), is a specialty pharmaceutical company focused on the acquisition, development and commercialization of branded prescription pharmaceuticals. We are dedicated to our mission of working together to provide unique products that improve the quality of patient care.

Our primary target markets are hospital acute care, gastroenterology and oncology. These medical specialties are characterized by relatively concentrated prescriber bases that we believe can be served effectively by small, targeted sales forces. We promote our approved products through our hospital, field and oncology sales divisions in the United States. We have built a network of established international partners with the needed regulatory and commercial capabilities to register and provide our medicines to patients in their countries.

Our portfolio of brands approved for marketing by the U.S. Food and Drug Administration ("FDA") includes:

- **Acetadote®** (*acetylcysteine*) injection, for the treatment of acetaminophen poisoning;
- **Caldolor®** (*ibuprofen*) injection, for the treatment of pain and fever;
- **Kristalose®** (*lactulose*) oral solution, a prescription laxative for the treatment of constipation;
- **Sancuso®** (*granisetron*) transdermal, for the prevention of nausea and vomiting in patients receiving certain types of chemotherapy treatment;
- **Vaprisol®** (*conivaptan*) injection, to raise serum sodium levels in hospitalized patients with euvolemic and hypervolemic hyponatremia; and
- **Vibativ®** (*telavancin*) injection, for the treatment of certain serious bacterial infections including hospital-acquired and ventilator-associated bacterial pneumonia, as well as complicated skin and skin structure infections.

In addition to these commercial brands, we recently completed a Phase II study in patients with cardiomyopathy associated with *Duchenne muscular dystrophy* (“DMD”). This rare, fatal genetic neuromuscular disease results in deterioration of the skeletal, heart and lung muscles.

We also have Phase II clinical programs underway evaluating our ifetroban product candidate in patients with 1) Systemic Sclerosis (“SSc”) or scleroderma, a debilitating autoimmune disorder characterized by diffuse fibrosis of the skin and internal organs and 2) Idiopathic Pulmonary Fibrosis (“IPF”), the most common form of progressive fibrosing interstitial lung disease. Investigational new study applications have been cleared by the FDA enabling us to launch clinical studies in each of these areas.

Cumberland has built core competencies for the acquisition, development and commercialization of pharmaceutical products in the U.S., and we believe we can leverage this existing infrastructure to support our continued growth. Our management team consists of pharmaceutical industry veterans with experience in business development, product development, regulatory, manufacturing, sales, marketing and finance.

Our business development team identifies, evaluates and negotiates product acquisition, licensing and co-promotion arrangements. Our product development team creates proprietary formulations, manages our clinical studies, prepares our FDA submissions and staffs our medical call center. Our quality and manufacturing professionals oversee the manufacturing, release and shipment of our brands. Our marketing and sales organization is responsible for our commercial activities, and we work closely with our distribution partners to ensure the availability and delivery of our products.

**GROWTH STRATEGY**

Cumberland's growth strategy involves maximizing the potential of our existing brands, while continuing to build a portfolio of differentiated products. We currently own six products approved by the FDA in the United States. We are also building international partnerships to bring our medicines to patients in other countries. Additionally, we look for opportunities to expand our brands into new patient populations through clinical trials, new product presentations and our support of select, investigator-initiated studies. Meanwhile, our clinical team is developing a pipeline of new product candidates to address poorly met medical needs. We also pursue opportunities to acquire additional marketed brands, as well as late-stage development product candidates in our target medical specialties.

We are supplementing these activities with the earlier-stage product development at Cumberland Emerging Technologies ("CET"), our majority-owned subsidiary. CET partners with academic research institutions to identify and support the progress of promising new product candidates, which Cumberland can further develop and commercialize.

Specifically, we are seeking long-term, sustainable growth by:

- **Supporting and expanding the use of our marketed products.** We continue to evaluate our products following their FDA approval, to determine if additional clinical data could expand their market and use. For example, we have secured pediatric approval of Acetadote and Caldolor and expanded the labeling for both brands accordingly. We also added pre-surgery dosing for Caldolor, and more recently included newborns to the patients who can benefit from the product.
- **Selectively adding complementary brands.** In addition to our product development activities, we are also seeking to acquire approved brands or late-stage development product candidates to continue to build our portfolio. We seek under-promoted, FDA-approved drugs as well as late-stage development products that can improve patient care. We will continue to target product acquisition candidates that are competitively differentiated and have valuable intellectual property or other protective features. Our acquisitions of Vibativ and Sancuso are examples of the implementation of this strategy.
- **Progressing our clinical pipeline and incubating future product opportunities at CET.** We believe it is important to build a pipeline of innovative new product opportunities, as we are doing through our ifetroban Phase II development programs. We are also supplementing our acquisitions and late-stage development activities with the early-stage product development activities at CET.
- **Leveraging our infrastructure through co-promotion partnerships.** We believe that our commercial infrastructure can help drive prescription volume and product sales. We also look for select partners that can complement our capabilities and enhance opportunities for our brands. For example, our co-promotion partnerships have allowed us to expand the support for Kristalose across the United States.
- **Building an international contribution to our business.** We hold the worldwide rights to all our brands except for Sancuso, as we acquired only the U.S. rights for that product. We have established our own commercial capabilities, including three sales divisions, that focus on the U.S. market for our products. We are also working with a network of established international partners to register our products and make them available to patients in their countries. We will continue to support our partners' registration and commercialization efforts in their respective territories. The acquisition of Vibativ resulted in several new international partners and market opportunities.
- **Managing our operations with financial discipline.** We continually work to manage our expenses in line with our revenues, to deliver positive cash flow from operations. We seek to maintain favorable gross margins and a strong balance sheet.

## RECENT DEVELOPMENTS

### Ifetroban Clinical Studies

In June 2025, breakthrough findings from our Phase II FIGHT DMD trial, evaluating our ifetroban product candidate in patients with Duchenne muscular dystrophy ("DMD"), were presented at the *Parent Project Muscular Dystrophy Annual Conference*. The findings demonstrated that high-dose ifetroban delivered a 5.4% improvement in cardiac function in patients with DMD. The presentation also included additional biomarker data indicating reduced cardiac damage, which correlated with the clinical findings. These results position ifetroban as a potential treatment for DMD cardiomyopathy—the leading cause of death in these patients and a critical unmet medical need affecting 90% of DMD patients by age 18.

The top-line FIGHT DMD study findings were also selected for a late-breaking presentation at the *Muscular Dystrophy Association's Clinical & Scientific Conference* in March 2025.

In June 2025, we completed the comprehensive analysis of the study results, completed our clinical study report and submitted it to the FDA along with a request for an end-of-Phase 2 meeting. Following the FDA's prompt response, we are scheduled to meet with them this fall to discuss our clinical program and development pathway.

Meanwhile, we have been evaluating our ifetroban product candidate in a Phase II clinical program in patients with Systemic Sclerosis or scleroderma. Enrollment in the study was completed this year, and we are monitoring the clinical sites in preparation to lock the database and begin evaluating the results. We expect to announce top-line findings from this study later this year.

In addition, we have a Phase II clinical study, the FIGHTING FIBROSIS™ trial, underway in patients with Idiopathic Pulmonary Fibrosis, the most common form of progressive fibrosing interstitial lung disease. Patient enrollment is now well underway in medical centers across the U.S. The study design includes both an interim safety analysis, as well as an interim efficacy analysis.

We have also completed a pilot Phase II study involving 1) patients suffering from Hepatorenal Syndrome, a life-threatening condition involving liver and kidney failure, 2) patients with Portal Hypertension associated with chronic liver disease and 3) patients with Aspirin-Exacerbated Respiratory Disease, a severe form of asthma. There was no significant safety issues identified with the use of ifetroban in these patients. Additional pilot studies of ifetroban are underway, through several investigator-initiated trials. We are awaiting results from the various studies underway before deciding on the best development path for the registration of ifetroban, our first new chemical entity.

### Vibativ® 4-Vial Starter Pak Now Available for Vizient Providers

In July 2025, we announced the availability of the Vibativ (telavancin) 4-Vial Starter Pak through a new supply arrangement with Vizient Inc., making it accessible to their healthcare providers nationwide.

As the country's largest provider-driven health care performance improvement company, Vizient serves more than 65% of the nation's acute care providers, including 97% of academic medical centers and 35% of the non-acute market. Through this agreement, Vizient members now have access to Vibativ's new 4-vial configuration, which supports flexible treatment initiation in both inpatient and outpatient settings for this potentially life-saving therapy.

### Pharmacokinetic Analysis Reinforces Vibativ® Dosing Strategies

A comprehensive new pharmacokinetic analysis of Vibativ was published in *Antimicrobial Agents and Chemotherapy* in June 2025. The analysis utilizes data from over 1,200 patients across varied demographics and comorbidity profiles. The findings support optimized dosing strategies for patients with different infection severities and renal function levels, reinforcing Vibativ's critical role in treating life-threatening gram-positive infections.

### New Study Features Caldolor® (ibuprofen injection) for Older Patients

In May 2025, we announced the publication of our study investigating Caldolor (intravenous ibuprofen) in *Clinical Therapeutics*, demonstrating the product's safety and efficacy for managing post-operative pain in patients 60 years of age and older. The analysis, encompassing over 1,000 older patients from our comprehensive post-surgical studies, represents the first such evaluation in this vulnerable population, where traditional pain management options such as opioids carry increased risk.

The analysis was performed using data from four prospective clinical studies in which Caldolor was administered for the treatment of pain and/or fever in hospitalized patients. The efficacy analysis included 591 patients from two placebo-controlled trials, with safety assessed across all 1,041 patients. Caldolor treatment resulted in a 24% reduction in pain at rest (p=0.008) and a 20% reduction in pain with movement (p=0.001) between 6- and 24-hours post-surgery compared with placebo. The study showed that Caldolor treatment led to a 23.2% reduction in total post-operative morphine requirement (p=0.031) compared with placebo. The incidence of adverse events was lower in Caldolor-treated patients compared to placebo (55% vs 90% in older patients).

Pain management in older patients presents unique challenges due to their increased sensitivity to opioid analgesics and higher risk of side effects. Nearly one-third of all ambulatory surgeries are performed on older patients, yet this population is often underrepresented in clinical trials, highlighting an important medical need addressed in this study. The study marks an important advancement in pain management for older individuals, as it is one of the first studies specifically evaluating Caldolor in this vulnerable population.

**Qureight Partnership for AI-Enhanced IPF Trial**

In May 2025, we announced a partnership with Qureight Ltd., a core imaging laboratory developing deep-learning image analytics based in Cambridge U.K., to enhance the outcome and output of data from our FIGHTING FIBROSIS™ clinical trial. The partnership will utilize Qureight's advanced, deep-learning image analytics tools for complex lung disease applications to provide deeper insights into treatment efficacy and disease progression in Cumberland's IPF clinical program.

Under this partnership, Qureight's AI-driven analytics technologies will be used to quantify changes in multiple imaging biomarkers, using computed tomography (CT) data from study patients. Qureight's quantitative deep learning-based tools will precisely measure changes in the volume of patients' fibrotic, vascular and airway lung compartments, allowing a more detailed investigation of ifetroban's modulation of both lung structure and function. The collaboration leverages Qureight's expertise in IPF and quantitative imaging biomarkers to support Cumberland's evaluation of crucial primary and secondary study endpoints.

**International Agreements**

We continue to support our international partners in their efforts to register Vibativ in their countries.

We previously announced our potent antibiotic Vibativ received approval from the regulatory authorities in China. That milestone provides us with access to the world’s second-largest pharmaceutical market – and we look forward to the launch of our product there.

We have also shared a new partnership with Saudi Arabia-based Tabuk Pharmaceutical to introduce Vibativ into the Middle East. The arrangement provided Tabuk exclusive rights to distribute Vibativ in Saudi Arabia and Jordan, with the option to expand into other countries in the region. Tabuk has obtained the final approvals needed to commercialize Vibativ in Saudi Arabia. In late 2024, we began shipping Vibativ there and completed the needed training to launch the product in that country.

**Competition**

The pharmaceutical industry is characterized by intense competition and rapid innovation. Our continued success in developing and commercializing pharmaceutical products will depend, in part, upon our ability to compete against existing and future products in our target markets. Competitive factors directly affecting our markets include but are not limited to:

- product attributes such as efficacy, safety, ease-of-use and cost-effectiveness;
- brand awareness and recognition driven by sales, marketing and distribution capabilities;
- intellectual property and other exclusivity rights;
- availability of resources to build and maintain developmental and commercial capabilities;
- successful business development activities;
- extent of third-party reimbursements, insurance coverage; and
- establishment of advantageous collaborations to conduct development, manufacturing or commercialization efforts.

Our products face competition from other branded products, generics and alternate medical treatments. Our task is to position each brand to feature its competitive advantages, implement a well-thought-out marketing plan and provide focused sales, field-based medical and other tactical support.

Kristalose is a dry powder crystalline prescription formulation of lactulose indicated for the treatment of constipation. The U.S. constipation therapy market includes various prescription and over the counter ("OTC") products. There are several branded prescription products which we believe are our primary competitors including Amitiza®, Movantik®, Linzess® and Vibrant®.

There are several hundred OTC products used to treat constipation marketed by numerous pharmaceutical and consumer health companies. MiraLax® (polyethylene glycol 3350), previously a prescription product, was indicated for the treatment of constipation and manufactured and marketed by Bayer. MiraLax was converted to an OTC product and as a result the FDA rescinded the approval of the generic prescription polyethylene glycol 3350 products.

There are also other lactulose products available in the U.S. including Constulose, Enulose and Generalac, as well as several generics. Prescriptions for our Kristalose product are often substituted and filled by one of these generic products. During the first quarter of 2025, a generic crystalline lactulose product was approved for PAI Pharma, and the product became available during the second quarter of the year.

**Tariffs**

The United States and other countries have recently begun imposing new tariffs on international trade. While pharmaceuticals have been largely exempt from these recently imposed U.S. tariffs, such exemptions may be removed in the future. We continue to monitor and evaluate the impacts of tariffs on our business and the results of our operations.

On April 16, 2025, the U.S. Department of Commerce announced an investigation under Section 232 of the Trade Expansion Act of 1962 into imports of pharmaceuticals and pharmaceutical ingredients, including finished drug products, medical countermeasures, critical inputs such as active pharmaceutical ingredients, and key starting materials, and derivative products of those items. The investigation will examine the impact of these imports on U.S. national security culminating in a decision by the President whether to take action to remedy any identified threats, including by imposing additional tariffs. The statute provides that the Commerce Department report must be completed within 270 days of initiation of the investigation and that the President must decide whether to act within 90 days of receiving the report.

Based on the trade deal reached between the U.S. and the European Union in late July 2025, a 15 percent tariff will be imposed on imported medicines from Europe into the U.S.

**Summary**

We have entered an exciting time for our Company. We remain in the early stages of capitalizing on numerous opportunities and expect our momentum to continue. Our ongoing success can be driven by growth from our approved brands, expanded international partnerships, progress in our clinical development programs and the potential addition of select acquisitions. We will remain focused on our efforts and look forward to future opportunities to carry out our mission and report on our progress throughout the remainder of the year and beyond.

## CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGMENTS AND ESTIMATES

Please see a discussion of our critical accounting policies and significant judgments and estimates in Note 1 to the Company's Condensed Consolidated Financial Statements accompanying this report and the section entitled "Management’s Discussion and Analysis of Financial Condition and Results of Operations" in our 2024 Annual Report on Form 10-K.

### Accounting Estimates and Judgments

The preparation of condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. We base our estimates on past experience and on other factors we deem reasonable given the circumstances. Past results help form the basis of our judgments about the carrying value of assets and liabilities that cannot be determined from other sources. Actual results could differ from these estimates. The Company's most significant estimates include: (1) its allowances for chargebacks and accruals for rebates and product returns, (2) the allowances for obsolescent or unmarketable inventory and (3) valuation of contingent consideration liabilities associated with business combinations.

**RESULTS OF OPERATIONS**

**Three months ended June 30, 2025 compared to the three months ended June 30, 2024**

The following table presents the unaudited interim statements of operations for continuing operations for the three months ended June 30, 2025 and 2024:

| | Three months ended June 30, | | |
|---|---|---|---|
| | **2025** | **2024** | **Change** |
| Net revenues | $ 10,837,363 | $ 9,848,849 | $ 988,514 |
| Costs and expenses: | | | |
| Cost of products sold | 2,011,389 | 1,710,944 | 300,445 |
| Selling and marketing | 4,223,647 | 4,248,401 | (24,754) |
| Research and development | 1,468,399 | 1,059,187 | 409,212 |
| General and administrative | 2,874,922 | 2,757,148 | 117,774 |
| Amortization | 1,006,484 | 1,099,857 | (93,373) |
| Total costs and expenses | 11,584,841 | 10,875,537 | 709,304 |
| Operating loss | (747,478) | (1,026,688) | 279,210 |
| Interest income | 127,489 | 61,841 | 65,648 |
| Interest expense | (109,547) | (126,347) | 16,800 |
| Loss before income taxes | (729,536) | (1,091,194) | 361,658 |
| Income tax expense | (5,671) | (11,443) | 5,772 |
| Net loss | $ (735,207) | $ (1,102,637) | $ 367,430 |

The following table summarizes net revenues by product for the periods presented:

| | Three months ended June 30, | | |
|---|---|---|---|
| | **2025** | **2024** | **Change** |
| Products: | | | |
| Kristalose | $ 2,754,299 | $ 4,107,834 | $ (1,353,535) |
| Sancuso | 3,119,110 | 2,188,776 | 930,334 |
| Vibativ | 2,701,854 | 2,454,481 | 247,373 |
| Caldolor | 1,588,293 | 844,248 | 744,045 |
| Acetadote | 193,546 | 43,396 | 150,150 |
| Vaprisol | (14,621) | (1,581) | (13,040) |
| Omeclamox-Pak | (752) | (941) | 189 |
| RediTrex | 3,244 | (1,156) | 4,400 |
| Other revenue | 492,390 | 213,792 | 278,598 |
| Total net revenues | $ 10,837,363 | $ 9,848,849 | $ 988,514 |

*Net revenues.* Net revenues for the three months ended June 30, 2025, were $10.8 million compared to $9.8 million for the three months ended June 30, 2024. As detailed in the table above, net revenue increased primarily due to four of our marketed products during the second quarter of 2025 - Sancuso, Vibativ, Caldolor and Acetadote.

Kristalose revenue was $2.8 million for the second quarter of 2025 and $4.1 million for the same period in the prior year. The decrease was the result of lower sales volume.

Acetadote revenue includes net sales of our Acetadote brand and our share of net sales from our Authorized Generic. During the second quarter of 2025, there was an increase of $0.2 million in the product's revenue when compared to the prior year period due to an increase of our branded and Authorized Generic sales.

There were no Vaprisol branded product sales for the second quarter of 2025 as Cumberland is currently out of inventory of the product as we await FDA approval on a new manufacturer. The amount represents charges for normal sales deduction adjustments.

Caldolor revenue was $1.6 million for the second quarter of 2025, compared to $0.8 million for the second quarter of 2024. The increase results from higher international sales in 2025.

Vibativ revenue was $2.7 million for the three months ended June 30, 2025, and $2.5 million for the same prior year period. The increase in net revenue of the product was due to higher sales volume.

Sancuso revenue was $3.1 million for the second quarter of 2025, compared to $2.2 million for the second quarter of 2024 resulting in an increase of $0.9 million. The increase resulted primarily from increased shipments as well as lower sales deductions associated with the product for the second quarter of 2025.

Other revenue was $0.5 million for the three months ended June 30, 2025, compared to $0.2 million for the three months ended June 30, 2024. The increase results from payments received for a research contract.

*Cost of products sold*. Cost of products sold for the second quarter of 2025 and 2024 were $2.0 million and $1.7 million, respectively. Cost of products sold, as a percentage of net revenues, were 18.6% during the three months ended June 30, 2025, compared to 17.4% during the three months ended June 30, 2024. The unfavorable percentage increase is primarily due to higher international sales in 2025 which typically incur higher cost of goods sold as a percentage relative to the lower international revenue on a per unit basis.

*Selling and marketing*. Selling and marketing expenses for the second quarter of 2025 were similar when compared to the same period last year.

*Research and development*. Research and development costs for the second quarter of 2025 were $1.5 million compared to $1.1 million for the same period in 2024. The increase is primarily due to a portion of our research and development costs that are variable as we continue to fund the ongoing clinical initiatives associated with our pipeline product candidates. These variable costs depend on the number of active trials, study sites and patients as well as the cost per patient in each of our clinical programs.

*General and administrative*. General and administrative expense for the second quarter of 2025 was $2.9 million compared to $2.8 million for the same period in 2024. The increase is due to higher compensation expenses.

The components of the statements of operations discussed above reflect the following impacts from Vibativ:

| **Financial Impact of Vibativ** | **Three months ended June 30,** | |
|---|---|---|
| | **2025** | **2024** |
| Net revenue | $ 2,701,854 | $ 2,454,481 |
| Cost of products sold [(1)] | 640,676 | 549,583 |
| Royalty and operating expenses | 673,693 | 600,007 |
| Vibativ contribution | $ 1,387,485 | $ 1,304,891 |

[(1)] The Vibativ inventory included in the costs of product sold during the period was acquired and paid for by Cumberland as part of the acquisition of the brand during 2018.

The components of the statements of operations discussed above reflect the following impacts from Sancuso:

| **Financial Impact of Sancuso** | **Three months ended June 30,** | |
|---|---|---|
| | **2025** | **2024** |
| Net revenue | $ 3,119,110 | $ 2,188,776 |
| Cost of products sold [(1)] | 153,728 | 299,547 |
| Royalty and operating expenses | 1,010,904 | 1,002,354 |
| Sancuso contribution | $ 1,954,478 | $ 886,875 |

[(1)] The Sancuso inventory included in the costs of product sold during 2024 was acquired and paid for by Cumberland as part of the acquisition of the brand during 2022. The acquired inventory was completely sold by the end of the second quarter 2024.

*Amortization.* Amortization expense is the ratable use of our capitalized intangible assets including product and license rights, patents, trademarks and patent defense costs. Amortization for the three months ended June 30, 2025 and 2024, totaled approximately $1.0 million and $1.1 million, respectively.

*Income taxes*. Income tax expense for the three months ended June 30, 2025 and for the three months ended June 30, 2024 was less than $0.01 million for each year.

**RESULTS OF OPERATIONS**

**Six months ended June 30, 2025 compared to the six months ended June 30, 2024**

The following table presents the unaudited interim statements of operations for continuing operations for the six months ended June 30, 2025 and 2024:

| | Six months ended June 30, | | |
|---|---|---|---|
| | **2025** | **2024** | **Change** |
| Net revenues | $ 22,550,418 | $ 18,346,550 | $ 4,203,868 |
| Costs and expenses: | | | |
| Cost of products sold | 3,437,103 | 3,286,486 | 150,617 |
| Selling and marketing | 8,455,627 | 8,402,989 | 52,638 |
| Research and development | 2,763,475 | 2,217,440 | 546,035 |
| General and administrative | 5,337,930 | 5,125,055 | 212,875 |
| Amortization | 2,011,814 | 2,210,518 | (198,704) |
| Total costs and expenses | 22,005,949 | 21,242,488 | 763,461 |
| Operating loss | 544,469 | (2,895,938) | 3,440,407 |
| Interest income | 253,198 | 158,587 | 94,611 |
| Interest expense | (273,349) | (244,873) | (28,476) |
| Income (loss) before income taxes | 524,318 | (2,982,224) | 3,506,542 |
| Income tax expense | (11,341) | (22,885) | 11,544 |
| Net income (loss) | $ 512,977 | $ (3,005,109) | $ 3,518,086 |

The following table summarizes net revenues by product for the periods presented:

| | Six months ended June 30, | | |
|---|---|---|---|
| | **2025** | **2024** | **Change** |
| Products: | | | |
| Kristalose | $ 6,238,609 | $ 7,303,444 | $ (1,064,835) |
| Sancuso | 5,375,405 | 4,016,544 | 1,358,861 |
| Vibativ | 4,079,920 | 4,059,970 | 19,950 |
| Caldolor | 2,895,733 | 2,314,947 | 580,786 |
| Acetadote | 345,195 | 123,599 | 221,596 |
| Vaprisol | (15,221) | 7,081 | (22,302) |
| Omeclamox-Pak | (6,139) | (2,556) | (3,583) |
| RediTrex | 2,897 | 34,400 | (31,503) |
| Other revenue | 3,634,019 | 489,121 | 3,144,898 |
| Total net revenues | $ 22,550,418 | $ 18,346,550 | $ 4,203,868 |

*Net revenues.* Net revenues for the six months ended June 30, 2025, were $22.6 million compared to $18.3 million for the six months ended June 30, 2024, an increase of $4.2 million.

Kristalose revenue was $6.2 million during the first six months of 2025, compared to $7.3 million for the prior year period. Revenue decreased due to the result of lower sales volume.

Acetadote revenue includes net sales of our Acetadote brand and our share of net sales from our Authorized Generic. During the six months ended June 30, 2025, there was an increase of $0.2 million in the product's revenue when compared to the prior year period due to an increase in sales for our Authorized Generic.

Sancuso revenue was $5.4 million for the six months ended June 30, 2025, compared to $4.0 million for the same period last year. The increase resulted primarily from increased sales and reduced sales deductions.

Vibativ revenue was $4.1 million for the six months ended June 30, 2025, and the six months ended June 30, 2024.

There were no Vaprisol branded product sales for the six months ended June 30, 2025 and the amounts noted were for normal sales deduction adjustments. Revenue for the six months ended June 30, 2024, were related to the sales of our compounded product.

Omeclamox-Pak had no sales for the six months ended June 30, 2025 and 2024, as Cumberland is currently out of commercial inventory of this product. The amounts noted resulted from normal distribution adjustments.

Caldolor revenue was $2.9 million for the six months ended June 30, 2025, an increase of $0.6 million over the same period in 2024 primarily due to international shipments.

Other revenue was $3.6 million for the six months ended June 30, 2025, representing a $3.1 million increase from the same period in 2024, as a result of a milestone payment received in 2025.

*Cost of products sold*. Cost of products sold for the first six months of 2025 were $3.4 million, consistent when compared to $3.3 million for the first six months of 2024.

*Selling and marketing*. Selling and marketing expense for the six months ended June 30, 2025, increased $0.1 million compared to the prior year period. This increase is primarily attributable to the timing of the expenditures.

*Research and development*. Research and development costs were $2.8 million for the first six months of 2025 compared to $2.2 million for the same period last year. A portion of our research and development costs is variable as we continue to fund the ongoing clinical initiatives associated with our pipeline product candidates. These variable costs depend on the number of active trials, study sites and patients as well as the cost per patient in each of our clinical programs.

*General and administrative*. General and administrative expense for the six months ended June 30, 2025, increased to $5.3 million compared to $5.1 million during the six months ended June 30, 2024. The increase is due to higher salaries and contract labor costs.

The components of the statements of operations discussed above reflect the following impacts from Vibativ:

| **Financial Impact of Vibativ** | **Six months ended June 30,** | |
|---|---|---|
| | **2025** | **2024** |
| Net revenue [1] | $ 7,054,920 | $ 4,059,970 |
| Cost of products sold [2] | 889,117 | 826,646 |
| Royalty and operating expenses | 1,184,369 | 1,078,480 |
| Vibativ contribution | $ 4,981,434 | $ 2,154,844 |

[1] Net revenue includes $2,975,000 related to a milestone payment received in 2025.

[2] The Vibativ inventory included in the costs of product sold during the period was acquired and paid for by Cumberland as part of the acquisition of the brand during 2018.

| **Financial Impact of Vibativ** | **Since Acquisition** |
|---|---|
| Net revenue [1] | $ 67,787,510 |
| Cost of products sold [2] | 19,867,447 |
| Royalty and operating expenses | 11,855,909 |
| Vibativ contribution | $ 36,064,154 |

[1] Net revenue includes a $1,000,000 payment to Cumberland related to a settlement agreement of milestone payments, $1,288 of other income and $2,975,000 related to a milestone payment.

[2] A portion of the Vibativ inventory included in the costs of product sold during the period was acquired and paid for by Cumberland as part of the acquisition of the brand during 2018.

| Financial Impact of Sancuso | Six months ended June 30, | |
|---|---|---|
| | 2025 | 2024 |
| Net revenue | $ 5,375,405 | $ 4,016,544 |
| Cost of products sold [1] | 297,704 | 556,125 |
| Royalty and operating expenses | 1,940,721 | 1,530,051 |
| Sancuso contribution | $ 3,136,980 | $ 1,930,368 |

[1] The Sancuso inventory included in the costs of product sold was acquired and paid for by Cumberland as part of the acquisition of the brand during 2022. The acquired inventory was completely sold by the end of the second quarter 2024.

| Financial Impact of Sancuso | Since Acquisition |
|---|---|
| Net revenue | $ 36,032,927 |
| Cost of products sold [1] | 3,733,184 |
| Royalty and operating expenses | 13,295,730 |
| Sancuso contribution | $ 19,004,013 |

[1] The Sancuso inventory included in the costs of product sold during the period was acquired and paid for by Cumberland as part of the acquisition of the brand during 2022. The acquired inventory was completely sold by the end of the second quarter 2024.

*Amortization.* Amortization expense is the ratable use of our capitalized intangible assets including product and license rights, patents, trademarks and patent defense costs. Amortization for the six months ended June 30, 2025, and six months ended June 30, 2024, totaled approximately $2.0 million and $2.2 million, respectively. The decrease was attributable to a reduction to the valuation of the Acetadote intangible asset recognized in December 2024.

*Income taxes*. Income tax expense for the six months ended June 30, 2025, was $0.01 million, compared to the income tax expense recognized for the six months ended June 30, 2024, of $0.02 million.

As of June 30, 2025, we had approximately $51.9 million in federal net operating loss carryforwards including approximately $44.1 million of net operating loss carryforwards resulting from the exercise of nonqualified stock options that have historically been used to significantly offset income tax obligations. We expect to continue to pay minimal income taxes during 2025 and beyond, through the continued utilization of these net operating loss carryforwards, on any taxable income generated from our operations.

## LIQUIDITY AND CAPITAL RESOURCES

### Working Capital

Our primary sources of liquidity are cash equivalents, cash flows from operations and the amounts borrowed under our line of credit. We believe that our internally generated cash flows, existing working capital and our line of credit will be adequate to finance internal growth, finance business development initiatives, and fund capital expenditures for the foreseeable future.

The following table summarizes our liquidity and working capital as of June 30, 2025 and December 31, 2024:

| | June 30, 2025 | December 31, 2024 |
|---|---|---|
| Cash and cash equivalents | $ 16,087,281 | $ 17,964,184 |
| | | |
| Working capital (current assets less current liabilities) | $ 7,233,189 | $ 4,830,429 |
| Current ratio (multiple of current assets to current liabilities) | 1.3 | 1.2 |
| | | |
| Revolving line of credit availability | $ 14,759,267 | $ 4,723,830 |

The following table summarizes our net changes in cash and cash equivalents for the six months ended June 30, 2025 and June 30, 2024:

| | Six months ended June 30, | |
|---|---|---|
| | 2025 | 2024 |
| Net cash provided by (used in): | | |
| Operating activities | $ 4,742,318 | $ (2,992,307) |
| Investing activities | (942,322) | (104,990) |
| Financing activities | (5,676,899) | 2,112,119 |
| Net decrease in cash and cash equivalents | $ (1,876,903) | $ (985,178) |

The net $1.9 million decrease in cash and cash equivalents for the six months ended June 30, 2025, was primarily attributable to $6.6 million of cash used in financing and investing activities, partially offset by $4.7 million of cash provided by operating activities.

Cash provided by operating activities totaled $4.7 million for the six months ended June 30, 2025, primarily due to the $0.5 million net income, adjusted by adding back $1.8 million due to a decrease in inventory, $2.1 million expense in depreciation and amortization, $1.4 million due to a decrease in accounts receivable, $0.6 million expense in amortization of operating lease right-of-use assets and $0.6 million due to a decrease in other current assets and other assets, partially offset by deducting $2.0 million due to a decrease in accounts payable and other current liabilities and $0.4 million decrease in operating leases liabilities.

Cash used in investing activities totaled $0.9 million which was the result of $0.8 million paid for investments in manufacturing as well as an increase in fixed assets and intangible assets.

Cash used in financing activities totaled $5.7 million for the six months ended June 30, 2025, primarily due to $10.0 million in payments on our line of credit, $0.7 million for cash settlement of contingent consideration, and $0.3 million in cash used to repurchase shares of our common stock, partially offset by $5.3 million in proceeds from our ATM offering.

### Debt Agreement

On September 5, 2023, the Company entered into a new Revolving Credit Loan Agreement with Pinnacle Bank. This facility provides for an aggregate principal funding amount of up to $25 million. The initial revolving line of credit is up to $20 million, with the ability for Cumberland to increase the amount to $25 million, under certain conditions. It has a three year term expiring on October 1, 2026. The interest rate is based on Benchmark (Term SOFR) plus a spread of 2.75%. Cumberland is subject to one financial covenant, the maintenance of a Funded Debt Ratio, determined on a quarterly basis. Borrowings under the line of credit are collateralized by substantially all of our assets.

On May 6, 2024, the Company entered into a First Amendment to the Loan Agreement which provides an alternative to the financial covenant by delivering to the lender a borrowing base certificate and complying with certain borrowing base requirements which set forth a maximum revolver amount equal to the lessor of (a) up to $20 million or (b) the sum of the Company's cash balances and eligible accounts receivable.

**OFF-BALANCE SHEET ARRANGEMENTS**

During the six months ended June 30, 2025 and 2024, we did not engage in any off-balance sheet arrangements.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

**Interest Rate Risk**

We are exposed to market risk related to changes in interest rates on our cash on deposit in highly-liquid money market accounts and our revolving credit facility. We do not utilize derivative financial instruments or other market risk-sensitive instruments to manage exposure to interest rate changes. The main objective of our cash investment activities is to preserve principal while maximizing interest income through low-risk investments.

We believe that our interest rate risk related to our cash and cash equivalents is not material. The risk related to interest rates for these accounts would produce less income than expected if market interest rates fall. Based on current interest rates, we do not believe we are exposed to significant downside risk related to a change in interest on our money market accounts at June 30, 2025.

The interest rate risk related to borrowings under our line of credit was based on Term SOFR plus an interest rate spread. The pricing under the Loan Agreement provides for an interest rate spread of 1.75% to 2.75% above Term SOFR with a minimum Term SOFR of 0.90%. The applicable interest rate under the Loan Agreement was 7.125% at June 30, 2025. As of June 30, 2025, we had $5.2 million in borrowings outstanding under our revolving credit facility.

**Exchange Rate Risk**

While we operate primarily in the United States, we are exposed to foreign currency risk. Currently, we do not utilize financial instruments to hedge exposure to foreign currency fluctuations. We believe our exposure to foreign currency fluctuation is minimal as our purchases in foreign currency have a maximum exposure of 90 days based on invoice terms with a portion of the exposure being limited to 30 days based on the due date of the invoice. Foreign currency exchange gains and losses were immaterial for the six months ended June 30, 2025 and 2024. Neither a five percent increase nor decrease from current exchange rates would have a material effect on our operating results or financial condition.

**Item 4. Controls and Procedures**

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company’s disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

During the three months ended June 30, 2025, there has not been any change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

The information required by this item is incorporated by reference from Part I, Item 1. Financial Statements, Notes to Unaudited Condensed Consolidated Financial Statements, Note 9.

### Item 1A. Risk Factors

In addition to the other information set forth in this quarterly report, an investor should consider the risk factors included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

**Purchases of Equity Securities**

We currently have a share repurchase program to purchase up to $10 million of our common stock pursuant to Rule 10b-18 of the Exchange Act. In January 2019, our Board of Directors established the current $10 million repurchase program to replace the prior authorizations for repurchases of our outstanding common stock.

The following table summarizes the activity, by month, during the three months ended June 30, 2025:

| Period | Total Number of Shares (or Units) Purchased | | Average Price Paid per Share (or Unit) | Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | Maximum number (or Approximate Dollar Value) of Shares (or Units) that May be Purchased Under the Publicly Announced Plans or Programs |
|---|---|---|---|---|---|
| April | — | | $— | — | $ 2,189,608 |
| May | — | | — | — | $ 2,189,608 |
| June | 1,800 | (1) | $5.26 | 1,800 | $ 2,182,438 |
| Total | 1,800 | | | | |

(1) 1,800 shares were repurchased directly in private purchases at the then-current fair market value of common stock.

### Item 5. Other Information

**Rule 10b5-1 Trading Plans**

None of our directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the three months ended June 30, 2025, as such terms are defined under Item 408(a) of Regulation S-K.

**Item 6. Exhibits**

| No. | Description |
|---|---|
| 31.1* | Certification of Chief Executive Officer Pursuant to Rule 13-14(a) of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification of Chief Financial Officer Pursuant to Rule 13-14(a) of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1** | Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS* | INLINE XBRL INSTANCE DOCUMENT - THE INSTANCE DOCUMENT DOES NOT APPEAR IN THE INTERACTIVE DATA FILE BECAUSE ITS XBRL TAGS ARE EMBEDDED WITHIN THE INLINE XBRL DOCUMENT. |
| 101.SCH* | INLINE XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT |
| 101.CAL* | INLINE XBRL TAXONOMY EXTENSION CALCULATION LINKBASE DOCUMENT |
| 101.DEF* | INLINE XBRL TAXONOMY EXTENSION DEFINITION LINKBASE DOCUMENT |
| 101.LAB* | INLINE XBRL TAXONOMY EXTENSION LABEL LINKBASE DOCUMENT |
| 101.PRE* | INLINE XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE DOCUMENT |
| 104 | COVER PAGE INTERACTIVE DATA FILE (FORMATTED AS INLINE XBRL AND CONTAINED IN EXHIBIT 101) |

* Filed herewith.

** Furnished herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Cumberland Pharmaceuticals Inc.

Date: August 8, 2025

By: /s/ John Hamm
John Hamm
Chief Financial Officer and Duly Authorized Officer

**Exhibit 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**
**PURSUANT TO SECTION 302 OF**
**THE SARBANES-OXLEY ACT OF 2002**

I, A.J. Kazimi, certify that:

1. I have reviewed this Form 10-Q of Cumberland Pharmaceuticals Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 8, 2025 By: /s/ A.J. Kazimi

A.J. Kazimi
Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**
**PURSUANT TO SECTION 302 OF**
**THE SARBANES-OXLEY ACT OF 2002**

I, John Hamm, certify that:

1. I have reviewed this Form 10-Q of Cumberland Pharmaceuticals Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 8, 2025 By: /s/ John Hamm

John Hamm
Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION OF CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2025 of Cumberland Pharmaceuticals Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, A.J. Kazimi, Chief Executive Officer and John Hamm, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. section 1350), that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ A. J. Kazimi
A.J. Kazimi
Chief Executive Officer
August 8, 2025

/s/ John Hamm
John Hamm
Chief Financial Officer
August 8, 2025