



Nuvo Pharmaceuticals™ Announces 2019 First Quarter Results

- *Adjusted Total Revenue Increased 278% to \$17.1 million -*
- *Adjusted EBITDA Increased 807% to \$5.2 million -*
- *Gross Profit Increased 259% to \$9.0 million -*
- *Successfully Integrating Aralez Canada into the Nuvo Business -*

- Nuvo to Host Conference Call/Audio Webcast May 14th at 8:30 a.m. ET -

Mississauga, Ontario, Canada – May 14, 2019 – Nuvo Pharmaceuticals Inc. (Nuvo or the Company) (TSX:NRI; OTCQX:NRIF), a Canadian focused, healthcare company with global reach and a diversified portfolio of commercial products, today announced its financial and operational results for the first quarter ended March 31, 2019. For further details on the results, please refer to Nuvo’s Management, Discussion and Analysis (MD&A) and Condensed Consolidated Interim Financial Statements which are available on the Company’s website (www.nuvopharmaceuticals.com). All figures are in Canadian dollars, unless otherwise noted.

“Q1 represents the first quarter in which we are presenting consolidated financial results since closing the Aralez Transaction at the end of 2018,” said Jesse Ledger, Nuvo’s President & CEO. “These financial results are truly representative of the transformative nature of the recent Aralez Transaction and set the stage for future growth. Our main focus in Q1 was to ensure the orderly and efficient integration of the Aralez business into Nuvo, while at the same time maintaining our sales momentum. We have made very good progress on both fronts and will continue to execute on these plans over the remainder of the year.”

First Quarter Financial Summary

- Adjusted total revenue⁽¹⁾ was \$17.1 million for the three months ended March 31, 2019 compared to \$4.5 million for the three months ended March 31, 2018.
- Adjusted EBITDA⁽¹⁾ was \$5.2 million for the three months ended March 31, 2019 compared to \$0.6 million for the three months ended March 31, 2018.
- Gross profit on total revenue was \$9.0 million or 62% for the three months ended March 31, 2019 compared to a gross profit of \$2.5 million or 57% for the three months ended March 31, 2018.

⁽¹⁾ Non-International Financial Reporting Standards (IFRS) financial measure defined by the Company below.

First Quarter and 2019 Business Update

- On May 3, 2019, the Suvexx™ registration dossier passed screening with Health Canada and is now under formal review. The Company anticipates a review decision from Health Canada during H1 2020. Suvexx is a patent protected, fixed dose combination of naproxen sodium and sumatriptan. Suvexx was originally developed by Glaxo Group Limited, d/b/a GSK and Aralez (POZEN) and is currently sold in the U.S. as Treximet. Treximet, approved by the FDA in April 2008, is indicated for the acute treatment of migraine with or without aura. If Suvexx is approved by Health Canada, Nuvo will market both Cambia and Suvexx in the ~\$130 million Canadian prescription acute migraine market;

- On April 2, 2019, the Company announced the Marketing Authorization Application for Pennsaid 2% cutaneous solution (Pennsaid 2%) had been accepted for review by Austrian Agency for Health and Food Safety (AGES) acting as the reference member state. Included in this decentralized extension procedure are the local health authorities in Italy, Greece and Portugal. This marks the first European Union submission of Pennsaid 2%. It is anticipated that a review decision will be made in early 2020;
- On March 11, 2019, the Company announced that it had obtained consents from shareholders of the Company holding, in the aggregate, more than 50% of the Company's issued and outstanding Common Shares, approving the issuance by the Company of Common Shares pursuant to the conversion of convertible notes and the exercise of warrants (Warrants), which were issued to certain funds managed by Deerfield Management Company, L.P. in connection with the previously announced closing of the Aralez Transaction; and
- On January 3, 2019, the Company announced the appointment of Rob Harris as its Executive Chairman. Mr. Harris joined Nuvo's board of directors in May 2017 and was previously the co-founder and Chief Executive Officer of Tribute Pharmaceuticals Inc. (Tribute), formerly a Toronto Stock Exchange listed company. Tribute was the predecessor company to Aralez Pharmaceuticals Canada Inc.

First Quarter 2019 Financial Results

Total revenue is comprised of product sales, license revenue and contract revenue. Total revenue was \$14.6 million for the three months ended March 31, 2019 compared to \$4.4 million for the three months ended March 31, 2018. The significant increase in total revenue for the current quarter was the result of the timing of the Aralez Transaction which closed December 31, 2018.

Adjusted total revenue increased to \$17.1 million for the three months ended March 31, 2019 compared to \$4.5 million for the three months ended March 31, 2018. The \$12.6 million increase in adjusted total revenue in the current quarter, primarily related to an increase in revenue from the Company's Production and Service Business segment and the timing of the Aralez Transaction, which provided an incremental \$6.8 million of total revenue contributed from the Commercial Business segment and \$4.7 million attributable to Vimovo royalties related to the U.S. and ex-U.S. territories. Pursuant to the Aralez Transaction, for the quarter ended March 31, 2019, the Company had three operating segments: Commercial Business, Production and Service Business and Licensing and Royalty Business.

Adjusted EBITDA increased to \$5.2 million for the three months ended March 31, 2019 compared to \$0.6 million for the three months ended March 31, 2018. The increase in adjusted EBITDA for the current quarter was primarily attributable to the increase in gross profit, partially offset by an increase in sales and marketing and general and administrative costs, all primarily related to the timing of the Aralez Transaction.

Gross profit on total revenue was \$9.0 million or an increase of 62% for the three months ended March 31, 2019 compared to a gross profit of \$2.5 million or an increase of 57% for the three months ended March 31, 2018. The increase in gross profit for the current quarter was primarily attributable to an increase in gross margin and an increase in license revenue due the timing of the Aralez Transaction.

Non-IFRS Financial Measures

The Company discloses non-IFRS measures (such as adjusted total revenue, adjusted EBITDA and adjusted EBITDA per share) that are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. Such measures are presented in this news release because management of the Company believes that shareholders, investment analysts and other readers find such measures relevant and helpful in understanding the Company's financial performance and in interpreting the effect of the Aralez Transaction and the Deerfield Financing on the Company. Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and may not have been calculated in the same way as similarly named financial measures presented by other companies.

Adjusted Total Revenue

The Company defines adjusted total revenue as total revenue, plus amounts billed to customers for existing contract assets, less revenue recognized upon recognition of a contract asset. Management believes adjusted total revenue

is a useful supplemental measure from which to determine the Company's ability to generate cash from its customer contracts that is used to fund its operations.

The following is a summary of how adjusted total revenue is calculated.

	Three Months ended March 31, 2019	Three Months ended March 31, 2018
in thousands	\$	\$
Total revenue	14,550	4,431
Add:		
Amounts billed to customers for existing contract assets	2,562	93
Adjusted total revenue	17,112	4,524

Adjusted EBITDA

EBITDA refers to net income (loss) determined in accordance with IFRS, before depreciation and amortization, net interest expense (income) and income tax expense (recovery). The Company defines adjusted EBITDA as net income before net interest expense (income), depreciation and amortization and income tax expense (recovery) (EBITDA), plus amounts billed to customers for existing contract assets, inventory step-up expense, stock-based compensation expense, Other Expenses, less revenue recognized upon recognition of a contract asset and other income. Management believes adjusted EBITDA is a useful supplemental measure from which to determine the Company's ability to generate cash available for working capital, capital expenditures, debt repayments, interest expense and income taxes.

The following is a summary of how EBITDA and adjusted EBITDA are calculated.

	Three Months ended March 31, 2019	Three Months ended March 31, 2018
in thousands	\$	\$
Net income (loss)	(7,404)	(169)
Add back:		
Income tax expense (recovery)	54	(174)
Net interest expense (income)	1,930	(21)
Depreciation and amortization	2,434	614
EBITDA	(2,986)	250
Add:		
Amounts billed to customers for existing contract assets	2,562	93
Stock-based compensation	126	308
Inventory step-up expense	1,215	-
<i>Other Expenses (Income):</i>		
Change in fair value of derivative liabilities	5,213	-
Change in fair value of contingent and variable consideration	72	83
Foreign currency loss (gain)	(978)	(158)
Adjusted EBITDA	5,224	576

Management to Host Conference Call/Webcast

Management will host a conference call to discuss the results today (Tuesday, May 14, 2019) at 8:30 a.m. ET. To participate in the conference call, please dial 1 888 390 0546 or 416 764 8688. Please call in 15 minutes prior to the call to secure a line. You will be put on hold until the conference call begins.

A taped replay of the conference call will be available two hours after the live conference call and will be accessible until May 21, 2019 by calling 1 888 390 0541 or 416 764 8677 playback passcode 218072#.

A live audio webcast of the conference call will be available through www.nuvopharmaceuticals.com. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to hear the webcast.

About Nuvo Pharmaceuticals Inc.

Nuvo (TSX: NRI; OTCQX: NRIFF) is a Canadian focused, healthcare company with global reach and a diversified portfolio of commercial products. The Company targets several therapeutic areas, including pain, allergy and dermatology. The Company's strategy is to in-license and acquire growth-oriented, complementary products for Canadian and international markets and to out-license select products in global markets. Nuvo's head office is located in Mississauga, Ontario, Canada, the Company's Commercial Business is located in Mississauga, Ontario, the international operations are located in Dublin, Ireland and its manufacturing facility is located in Varennes, Québec, Canada. The Varennes facility operates in a Good Manufacturing Practices (GMP) environment respecting the U.S, Canada and E.U. GMP regulations and is regularly inspected by Health Canada and the U.S. Food and Drug Administration. For additional information, please visit www.nuvopharmaceuticals.com.

FOR MORE INFORMATION, PLEASE CONTACT:

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Forward-Looking Statements

This press release contains "forward-looking information" as defined under Canadian securities laws (collectively, "forward-looking statements"). The words "plans", "expects", "does not expect", "goals", "seek", "strategy", "future", "estimates", "intends", "anticipates", "does not anticipate", "projected", "believes" or variations of such words and phrases or statements to the effect that certain actions, events or results "may", "will", "could", "would", "should", "might", "likely", "occur", "be achieved" or "continue" and similar expressions identify forward-looking statements. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking statements.

Forward-looking statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. Such forward-looking statements are qualified in their entirety by the inherent risks, uncertainties and changes in circumstances surrounding future expectations which are difficult to predict and many of which are beyond the control of the Company. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the Company as of the date of this press release, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Material factors and assumptions used to develop the forward-looking statements, and material risk factors that could cause actual results to differ materially from the forward-looking statements, include but are not limited to changes in the business or affairs of Nuvo, competitive factors in the industries in which Nuvo operates; relationships with customers and suppliers; changes in legal and regulatory requirements; foreign exchange and interest rates; prevailing economic conditions; and other factors, many of which are beyond the control of Nuvo. Additional factors that could cause Nuvo's actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the risk factors included in Nuvo's most recent Annual Information Form dated March 28, 2019 under the heading "Risks Factors", and as described from time to time in the reports and disclosure documents filed by Nuvo with Canadian securities regulatory agencies and commissions. These and other factors should be considered carefully and readers should not place undue reliance on Nuvo's forward-looking statements. When relying on forward-looking statements to make decisions, the Company cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties. Forward-looking statements should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved.

All forward-looking statements are based only on information currently available to the Company and are made as of the date of this press release. Except as expressly required by applicable Canadian securities law, the Company assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All forward-looking statements in this press release are qualified by these cautionary statements.