



## **Nuvo Pharmaceuticals™ Provides Corporate Update**

**Mississauga, Ontario, Canada** – June 17, 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 provided a corporate update on various matters including its VIMOVO patents, the identification of Aralez Transaction synergies and an update regarding the status of its financing arrangements with Deerfield Management Company, L.P. (Deerfield). All financial references are in Canadian dollars unless otherwise indicated.

### **VIMOVO Patents**

The Company continues to assess its options, including legal challenges, to seek to overturn a recent decision by the United States Court of Appeals that invalidated United States (“U.S.”) patents 6,926,907 and 8,557,285 covering VIMOVO (“the ‘907 and ‘285 Patents”), reversing a previous ruling by the United States District Court that validated the ‘907 and ‘285 patents.

Nuvo continues to believe that the ‘907 and ‘285 Patents contain valid claims. Furthermore, the Company owns a number of additional issued U.S. patents covering VIMOVO that are currently subject to separate ongoing patent litigation processes and potentially provide patent protection for VIMOVO until May 31, 2022, and as late as October 17, 2031.

“While there can be no guarantee of a specific outcome, Nuvo, our U.S. partner and our collective team of legal experts will vigorously defend the patents protecting VIMOVO,” said Tina Loucaides, Nuvo’s Vice President, Secretary and General Counsel.

While there are valid patents covering VIMOVO, the Company is entitled to receive the greater of a 10% royalty on net sales of VIMOVO sold by its partner in the U.S., or an annual royalty of US\$7.5 million. If Nuvo is unsuccessful in defending its patents in the U.S., and a generic competitor enters the U.S. market, Nuvo would continue to receive a 10% royalty on sales of VIMOVO (subject to a step-down provision in the event that generic competition achieves a certain market share level) in the U.S., but the minimum royalty of US\$7.5 million would cease in that event.

The Company’s revenues from sales of VIMOVO outside of the U.S. are unaffected by any ruling made by the U.S. courts.

### **Aralez Transaction Synergies**

On December 31, 2018, the Company announced the closing of the Aralez Transaction, which included the acquisition of Aralez Canada, a growing business that includes a number of growth products such as Cambia®, Blexten®, the Canadian distribution rights to Resultz® and an established commercial infrastructure.

As part of the process of integrating the Aralez Canada business into the Company’s existing business, Nuvo has identified synergies within the combined business and is making organizational changes that the Company believes will reduce its operating expenses by approximately \$7.0 million annually. The benefit of these synergies will begin to be realized in July 2019.

The results of these changes will enable the Company to strengthen its focus on its Canadian commercial and manufacturing operations, particularly in relation to the potential growth of the Blexten and Cambia franchises and pipeline opportunities.

The Company intends to provide additional updates on its operating expenses through its normal-course quarterly and annual financial reporting. The Company anticipates a release of its second quarter results on August 14, 2019.

### **Deerfield Financing Agreement**

As a result of the United States Court of Appeals decision related to the ‘907 and ‘285 Patents, and the potential

future financial implications to Nuvo, Deerfield and the Company have agreed in principle to a payment deferral mechanism in the event that VIMOVO U.S. market exclusivity is lost.

The terms reached with Deerfield allow for minimum quarterly payments to be deferred by the difference between the existing minimum annual royalty due from VIMOVO sales in the U.S. and the actual amount of royalties received. The deferral mechanism would not be automatic and any deferrals actually made would be at the sole discretion of Nuvo.

Consequently, the Company anticipates that its cash position of \$16.5 million as at March 31, 2019, together with its cash flow generated from operations, in conjunction with the financing agreement in principle with Deerfield, would be sufficient to execute its current business plan in the next 12 months and to meet its ongoing debt obligations, even in the event that VIMOVO U.S. market exclusivity is lost.

#### **Update on Nuvo's Canadian Commercial Business**

Nuvo's Canadian commercial business continues to perform as expected. Third-party prescription data, now available for April 2019, reported total prescriptions ("TRx") for Nuvo's two main promoted products - Blexten and Cambia increased 72% and 33%, respectively compared to April 2018.

"The integration of the Aralez business with Nuvo's existing business is progressing well and the performance of the Company's Canadian commercial business is meeting our expectations," said Jesse Ledger, Nuvo's President and CEO. "While the VIMOVO patent situation remains an uncertainty, Nuvo, along with its U.S. partner, intend to aggressively defend our intellectual property."

Mr. Ledger continued, "The identification of the Aralez Transaction synergies and the payment optionality agreed to in principle with Deerfield are positive developments that we believe will support Nuvo's continued focus on long-term growth. Deerfield continues to support our vision to expand our business through strategic licensing and acquisitions."

#### **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, its 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 (FDA). For additional information, please visit [www.nuvopharmaceuticals.com](http://www.nuvopharmaceuticals.com).

#### **FOR MORE INFORMATION, PLEASE CONTACT:**

Investor Relations

Email: [ir@nuvopharm.com](mailto:ir@nuvopharm.com)

#### **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, the validity of the '907 and '285 Patents claims, the outcome of ongoing patent litigation, royalties received on sales of VIMOVO, the future operating expenses of the business, the timing of the realization of synergies in the Aralez and Nuvo businesses, the ability to reach a definitive agreement with Deerfield regarding the proposed changes to the Deerfield financing arrangements and the terms thereof, the ability to execute on the current business plan and meeting ongoing debt obligations, 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.*