Nuvo Pharmaceuticals™ Announces Letter of Intent to Acquire Commercial Products and Infrastructure from Aralez Pharmaceuticals

- Would result in significant expansion of revenue and adjusted EBITDA –
- Would provide platform for future growth
- Acquisition funding proposed to be provided by Deerfield, a leading, global, healthcare-specialized investor –

Mississauga, Ontario, Canada – August 10, 2018 – Nuvo Pharmaceuticals Inc. (Nuvo or the Company) (TSX:NRI; OTCQX:NRIFF), a healthcare company with a portfolio of commercial products and pharmaceutical manufacturing capabilities, today announced the signing of a letter of intent with Aralez Pharmaceuticals Inc. (Aralez) (NASDAQ:ARLZ; TSX:ARZ) to acquire a portfolio of more than 20 revenue-generating products, as well as the associated personnel and infrastructure to continue the products' management and growth (the Proposed Transaction). Assuming completion of the Proposed Transaction, Nuvo's *pro forma* 2017 revenues would have been approximately 4x higher than reported for fiscal 2017 and 2017 *pro forma* adjusted EBITDA would have been approximately 10x higher than that reported for fiscal 2017. The letter of intent contemplates Nuvo paying Aralez US$110M in cash at closing, which Nuvo expects to be satisfied through funding provided by certain funds managed by Deerfield Management Company, L.P. (Deerfield), a leading, global, healthcare-specialized investor. Deerfield is also the senior secured lender to Aralez. All references to dollars are in Canadian dollars, unless otherwise specified.

Under the terms of the Proposed Transaction, Nuvo would acquire Aralez's Canadian specialty pharmaceutical business, which was formerly known as Tribute Pharmaceuticals Canada Inc. This is a growing business that includes Cambia®, Blexten™, Suvexx™ (sold as Treximet® in the USA), as well as the Canadian distribution rights to Resultz,® and would create a platform for Nuvo to acquire and launch additional commercial products in Canada. The purchase would also include the worldwide rights including royalties from licensees for VIMOVO® and global, ex-US product rights to MT400 (to be sold as Suvexx in Canada once registered and currently commercialized in the USA as Treximet). Nuvo's current CEO and CSO were formerly executives of Tribute Pharmaceuticals, providing Nuvo with a deep knowledge of the products, the business history and the key personnel involved in operating the business.

Jesse Ledger, CEO of Nuvo commented, "The Proposed Transaction would be transformative for Nuvo. It provides critical mass, an expanded platform for future growth, diversifies our revenue streams and significantly increases our projected revenue and adjusted EBITDA. We anticipate that Deerfield will provide us not only with financing but also with access to its expertise, relationships and potential opportunities for future growth."

Financing:

Deerfield would be expected to be the sole financier to Nuvo to fund the Proposed Transaction (the Financing). Deerfield has delivered a financing letter, which contemplates that Deerfield would provide Nuvo with a 6-year term, 3.5% p.a. interest, senior secured debt facility in the amount of US$112.5M. As part of the Financing, Nuvo would issue to Deerfield 43.6 million common share purchase warrants with an exercise price of $3.53 and a 6-year life (the Warrants). The proceeds of exercised warrants would initially automatically reduce the amount owing on the senior secured debt (to the extent not already repaid by Nuvo).

Next Steps

To facilitate the transactions, Aralez, along with its Canadian subsidiary, Aralez Pharmaceuticals Canada Inc., has elected to commence voluntary proceedings under Canada's *Companies' Creditor Arrangement Act* (the CCAA) in the Ontario Superior Court of Justice. In connection with these proceedings, certain other subsidiaries of Aralez have elected to file voluntary petitions under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York.

Nuvo intends to continue to negotiate with Aralez and Deerfield with a view to executing definitive agreements in respect

of the Proposed Transaction and the Financing as soon as practicable. However, the letter of intent with Aralez is non-binding and there is no legal obligation on Nuvo, Aralez or Deerfield to enter into definitive agreements in respect of the Proposed Transaction or the Financing. Accordingly, there can be no assurance that the Proposed Transaction or the Financing will proceed. Aralez has agreed to negotiate exclusively with Nuvo (with respect to the assets subject to the Proposed Transaction) until August 19, 2018. If definitive agreements in respect of the Proposed Transaction are executed, those agreements would be filed with the relevant bankruptcy courts as part of Aralez's restructuring process and would be subject to court approval. As part of the restructuring process, Aralez and its subsidiaries would be permitted to conduct a sale process in accordance with bidding procedures to be approved by the courts and to pursue a superior acquisition proposal for any of the assets subject to the Proposed Transaction in accordance with the bidding procedures. The definitive agreement in respect of the Proposed Transaction would serve as the "stalking horse" bid in such a sale process and would entitle Nuvo to a customary termination fee if it were not ultimately the successful bidder in the process.

If the parties enter into definitive agreements for the Proposed Transaction and the Financing and Nuvo is the successful bidder in the sale process, closing of the Proposed Transaction would be subject to customary conditions, including approval of the Proposed Transaction by the Canadian and U.S. bankruptcy courts. It is not anticipated that the approval of Nuvo's shareholders would be a condition to closing the Proposed Transaction or the Financing, but Nuvo would seek the approval of its shareholders following closing for certain terms of the warrants to be issued to Deerfield.

Nuvo does not intend to provide any further update regarding the Proposed Transaction until definitive agreements for the Proposed Transaction are entered into or the letter of intent has been terminated.

About Nuvo Pharmaceuticals Inc.

Nuvo (TSX: NRI; OTCQX: NRIFF) is a global commercial healthcare company with a portfolio of marketed products and pharmaceutical manufacturing capabilities. Nuvo has four commercial products that are available in a number of countries: Pennsaid® 2%, Pennsaid, Resultz® and the heated lidocaine/tetracaine patch. Nuvo manufactures Pennsaid 2% for the U.S market, Pennsaid for the global market and the bulk drug product for the HLT Patch at its FDA, Health Canada and E.U. approved manufacturing facility in Varennes, Québec. The Company's focus is to maximize the value of Pennsaid 2% and Resultz through out-licensing to commercial partners in international markets and identifying new opportunities to acquire additional, revenue generating or late-stage products or businesses to further diversify the Company's existing product portfolio. For additional information, please visit www.nuvopharmaceuticals.com.

FOR MORE INFORMATION, PLEASE CONTACT:

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About Deerfield Management Company, L.P.

Deerfield is an investment management firm, committed to advancing healthcare through investment, information and philanthropy. For more information about Deerfield, please visit www.deerfield.com.

About Aralez Pharmaceuticals Inc.

Aralez Pharmaceuticals Inc. is a specialty pharmaceutical company focused on delivering meaningful products to improve patients' lives by acquiring, developing and commercializing products in various specialty areas. Aralez's Global Headquarters is in Mississauga, Ontario, Canada and the Irish Headquarters is in Dublin, Ireland. More information about Aralez can be found at www.aralez.com.

About Cambia

Cambia (diclofenac potassium for oral solution) is a non-steroidal anti-inflammatory drug (NSAID) and currently the only prescription NSAID approved in Canada for the acute treatment of migraine attacks with or without aura in adults 18

years of age or older. Cambia was licensed from Nautilus Neurosciences, Inc. (Nautilus) in November 2010, which was acquired by Depomed, Inc. (Depomed) in December 2013. Cambia was approved by Health Canada in March 2012 and was commercially launched in Canada in October 2012.

About Blexten

Blexten (bilastine tablets) is a second generation antihistamine drug for the symptomatic relief of allergic rhinitis and chronic spontaneous urticaria. Bilastine exerts its effect as a selective histamine H1 receptor antagonist, and has an effectiveness similar to other second generation antihistamines such as cetirizine, fexofenadine and desloratadine. It was developed in Spain by FAES Farma, S.A. In April 2016, Health Canada approved bilastine with the brand name Blexten (bilastine 20mg oral tablet) for the treatment of the symptoms of Seasonal Allergic Rhinitis (SAR) and Chronic Spontaneous Urticaria (CSU) (such as itchiness and hives). Blexten was commercially launched in Canada in December 2016.

About Suvexx

Suvexx (sumatriptan/naproxen sodium) is a migraine medicine that was developed by Aralez's wholly owned subsidiary Pozen, Inc. in collaboration with Glaxo Group Limited, d/b/a GlaxoSmithKline (GSK). The product is formulated with Pozen's patented technology of combining a triptan, sumatriptan 85mg, with an NSAID, naproxen sodium 500mg, and GSK's RT Technology™ in a single tablet. In 2008, the FDA approved Treximet for the acute treatment of migraine attacks, with or without aura, in adults. Treximet is currently available in the United States only. Aralez plans to file a New Drug Submission for Suvexx with Health Canada towards the end of 2018.

About Vimovo

Vimovo (naproxen/esomeprazole magnesium) is the brand name for a proprietary fixed-dose combination of enteric-coated naproxen, a pain-relieving NSAID and immediate-release esomeprazole magnesium, a proton pump inhibitor (PPI), in a single delayed-release tablet. Pozen, Inc. developed Vimovo in collaboration with AstraZeneca. On April 30, 2010, the U.S. Food and Drug Administration (FDA) approved Vimovo for the relief of the signs and symptoms of osteoarthritis, rheumatoid arthritis, and ankylosing spondylitis, and to decrease the risk of developing gastric ulcers in patients at risk of developing NSAID-associated gastric ulcers. Vimovo is currently commercialized in the USA by Horizon Pharma USA Inc. and by AstraZeneca in various rest of world territories including Canada, Europe and select additional countries.

Cautionary Statements

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of applicable securities laws. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. Forward looking information in this press release includes, but is not limited to, statements with respect to the ability of the parties to negotiate definitive agreements in respect of the Proposed Transaction and the Financing, the terms and conditions of the Proposed Transaction and the Financing, the ability of the parties to complete the Proposed Transaction and the Financing (including the satisfaction of the conditions to completion of the Proposed Transaction and the Financing), and the anticipated benefits of the Proposed Transaction and the Financing (including the results of operation of the acquired products and related assets following completion of the Proposed Transaction). The forward-looking information contained in this press release is based on certain expectations and assumptions made by Nuvo, including: expectations and assumptions concerning the entering into of the definitive agreements in respect of the Proposed Transaction and the Financing, the receipt of required approvals and the satisfaction of other conditions to the Proposed Transaction; and that the letter of intent will not be amended or terminated.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on the Company's current beliefs, expectations and assumptions regarding the future of its business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are

outside of the Company's control. Nuvo's actual results and financial condition may differ materially from those indicated in the forward-looking statements due to a number of factors and risks. Material factors and assumptions used to develop the forward-looking information contained in this news release, and material risk factors that could cause actual results to differ materially from the forward-looking information, include but are not limited to, the failure of the parties to agree on the terms and conditions of the Proposed Transaction or the Financing, the failure to satisfy the conditions relating to the Proposed Transaction and the Financing (including failure to obtain any required approvals, including the approval of the U.S. and Canadian bankruptcy courts); the occurrence of any event, change or other circumstance that could give rise to the termination of the letter of intent; material adverse changes in the business or affairs of the acquired businesses or Nuvo; either party's failure to consummate the Proposed Transaction or the Financing when required; competitive factors in the industries in which the acquired businesses and Nuvo operate; interest rates, prevailing economic conditions; and other factors, many of which are beyond the control of Nuvo. Addition 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 22, 2018 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. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and none of Nuvo or any other person assumes responsibility for the accuracy and completeness of these forward-looking statements.

Any forward-looking statement made by the Company in this press release is based only on information currently available to it and speaks only as of the date on which it is made. Except as required by applicable securities laws, Nuvo undertakes no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Non-IFRS Financial Measures

Adjusted EBITDA is a non-IFRS financial measure. The term "adjusted EBITDA" does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. The Company defines adjusted EBITDA as net income before net interest income, plus income tax expense (recovery), depreciation and amortization and stock-based compensation. 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 and income taxes. For additional information on non-IFRS Financial measures, please refer to the reports and disclosure documents filed by Nuvo with Canadian securities regulatory agencies and commissions.