



## Miravo Healthcare™ Announces 2020 and Fourth Quarter Results

- Fiscal Year 2020 Adjusted Total Revenue - \$71.0 million -
- Fiscal Year 2020 Adjusted EBITDA - \$28.4 million -
- Blexten Canadian Prescriptions Increased 35% Year-Over-Year -
- Cambia Canadian Prescriptions Increased 17% Year-Over-Year -

### **Miravo to Host Conference Call/Audio Webcast March 8th at 11:00 a.m. ET**

**Mississauga, Ontario, Canada** – March 8, 2021 – Nuvo Pharmaceuticals Inc. (TSX:MRV; OTCQX:MRVFF) d/b/a Miravo Healthcare (Miravo or the Company), a Canadian-focused healthcare company with global reach and a diversified portfolio of commercial products, today announced its financial and operational results for the three months and year ended December 31, 2020. For further details on the results, please refer to Miravo's Management, Discussion and Analysis (MD&A) and Consolidated Financial Statements for the three months and year ended December 31, 2020 which are available on the Company's website ([www.miravohealthcare.com](http://www.miravohealthcare.com)). All figures are in Canadian dollars, unless otherwise noted.

### Key Developments

- For the year ended December 31, 2020, adjusted total revenue<sup>(i)</sup> was \$71.0 million, a decrease of 5% compared to \$74.7 million for the year ended December 31, 2019. For the three months ended December 31, 2020, adjusted total revenue<sup>(i)</sup> was \$17.3 million, a decrease of 12% compared to \$19.6 million for the three months ended December 31, 2019.
- For the year ended December 31, 2020, adjusted EBITDA<sup>(i)</sup> was \$28.4 million, an increase of 4% compared to \$27.2 million for the year ended December 31, 2019. For the three months ended December 31, 2020, adjusted EBITDA<sup>(i)</sup> was \$6.2 million, a decrease of 28% compared to \$8.6 million for the three months ended December 31, 2019.
- The Company's Commercial Business segment includes the promoted products - Blexten® and Cambia®. For the year ended December 31, 2020, revenue related to Blexten and Cambia was \$25.2 million, an increase of 33% compared to revenue of \$19.0 million for the year ended December 31, 2019. Revenue related to these products was \$6.6 million for the three months ended December 31, 2020, an increase of 28% compared to revenue of \$5.1 million for the three months ended December 31, 2019.
- For the year ended December 31, 2020, Canadian prescriptions of Blexten and Cambia increased by 35% and 17% compared to the year ended December 31, 2019. Canadian prescriptions of Blexten and Cambia increased by 28% and 16% for the three months ended December 31, 2020 compared to the three months ended December 31, 2019.
- During the year and three months ended December 31, 2020, the Company made principal loan repayments of \$22.4 million (US\$16.8 million) and \$3.7 million (US\$2.8 million).

<sup>(i)</sup> Non-International Financial Reporting Standards (IFRS) financial measure defined by the Company below.

### Business Update

- As a result of the COVID-19 pandemic, the Company has made changes to operations to promote a healthy and safe environment for its employees, while the business continues to supply global partners, wholesalers,

pharmacies, and ultimately patients, with our healthcare products. The Commercial Business segment had continued organic growth of its key promoted products - Blexten and Cambia. In 2020, the COVID-19 pandemic impacted and may continue to impact the timing of revenue. The Company is monitoring market dynamics accordingly.

- In February 2021, Nuvo Pharmaceuticals (Ireland) DAC trading as Miravo Healthcare (Miravo Ireland) entered into an exclusive license and supply agreement (the License Agreement) with The Mentholatum Company for the exclusive right to commercialize the Resultz<sup>®</sup> formula and technology in the United States under the Mentholatum<sup>®</sup> brand. Miravo Ireland will earn revenue from The Mentholatum Company pursuant to the License Agreement. It is anticipated that The Mentholatum Company will launch Resultz during the summer of 2021. Resultz is currently manufactured by the Company's contract manufacturing partner in Europe.
- In January 2021, the Company launched NeoVisc<sup>®</sup>+ 2 mL and NeoVisc<sup>®</sup> ONE 4 mL in Canada. Both NeoVisc+ and NeoVisc ONE were issued a Medical Device License by Health Canada in September 2020 for the treatment of pain and improvement of joint functionality in patients affected by degenerative (age-related changes) or mechanical arthropathy (related to overuse) of the knee.
- In January 2021, the Company's exclusive partner for Pennsaid<sup>®</sup> 2% in Switzerland, Gebro Pharma AG (Gebro Pharma), launched the product into the Swiss market. The Company will begin to earn royalty revenue on net sales of Pennsaid 2% in Switzerland beginning in the first quarter of 2021.
- In December 2020, Miravo Ireland entered into an exclusive license and supply agreement with Orion Corporation (Orion) for the exclusive right to package, distribute, market and sell Suvexx<sup>®</sup> in Finland, Sweden, Denmark, Norway, Poland, Hungary, Latvia, Lithuania and Estonia (the Territory). Orion will be responsible for obtaining and maintaining the marketing authorizations for Suvexx in the Territory and will also manage all Territory specific commercial activities. Miravo Ireland will receive up to €1.7 million in upfront consideration, regulatory and sales-based milestone payments, as well as royalties on net sales of Suvexx in the Territory and revenue pursuant to the supply of product. Suvexx is currently manufactured by the Company's contract manufacturing partner in the United States.
- In December 2020, Nuvo Pharmaceuticals announced it would begin doing business as (d/b/a) Miravo Healthcare. The Company did not change its legal name or those of its wholly owned subsidiaries. The corporate rebranding reflects Nuvo's evolution into a growing, multi-asset Company, which was transformed by the acquisition of the Aralez Pharmaceuticals Canada business at the end of 2018. Miravo consolidates the Nuvo and Aralez brands under one common name.
- During the year ended December 31, 2020, the Company repaid \$22.4 million (US\$16.8 million) of the Deerfield Loans - \$4.5 million (US\$3.5 million) to discharge the Bridge Loan which bore interest at 12.5% and \$17.9 million (US\$13.3 million) against the Amortization Loan which bears interest at 3.5%. As of December 31, 2020, the total remaining principal balances of the Deerfield Loans consisted of \$59.4 million (US\$46.7 million) on the Amortization Loan and \$66.8 million (US\$52.5 million) on the Convertible Loan, both of which bear interest at 3.5%.

"Over the last twelve months, we successfully grew our Canadian and global businesses. In Canada, we launched Suvexx and two line extensions of NeoVisc. Our key promoted products, Blexten and Cambia, continued to grow in total prescriptions and market share versus 2019. We filed the pediatric dossier to Health Canada for Blexten and expect a review decision by late summer 2021. Our licensees launched Resultz in Germany and Pennsaid 2% in Switzerland and we have out-licensed Suvexx in several European countries and Resultz in the U.S.," said Jesse Ledger, Miravo's President & CEO. "Despite the challenges experienced worldwide due to the Covid-19 pandemic, we have been able to adapt our business to address the changing business landscape while continuing to meet our strategic objectives and report solid financial results."

## **2020 and Fourth Quarter Financial Results**

Total revenue is comprised of product sales, license revenue and contract revenue. Total revenue was \$73.8 million for the year ended December 31, 2020 compared to \$69.5 million for the year ended December 31, 2019. Total revenue for the three months ended December 31, 2020 was \$17.3 million compared to \$19.6 million for the three months ended December 31, 2019. The decrease in revenue for the current quarter was primarily attributable to a \$1.7 million decrease related to a reduction in the U.S. Vimovo royalties, primarily as a result of the generic entry of Vimovo in March

2020 and a \$1.0 million reduction in the Company's Pennsaid product sales, partially offset by a \$0.6 million increase in the Company's Commercial Business product sales.

Adjusted total revenue was \$71.0 million for the year ended December 31, 2020 compared to \$74.7 million for the year ended December 31, 2019. The \$3.7 million decrease in adjusted total revenue in the current year was primarily attributable to a decrease of \$5.4 million of revenue in the Production and Service Business segment, combined with a decrease of \$2.2 million in the Licensing and Royalty Business segment driven by the previously mentioned reduction in U.S. Vimovo royalties during 2020, partially offset by the \$2.5 million (US\$1.8 million) Takeda milestone payment, net of withholding tax of 10%, recorded in the first half of 2020 and a \$3.9 million increase in revenue from the Commercial Business segment. The Commercial Business segment revenue had continued organic growth of its key promoted products - Blexten and Cambia. Adjusted total revenue for the three months ended December 31, 2020 decreased to \$17.3 million compared to \$19.6 million for the three months ended December 31, 2019. In 2020, the COVID-19 pandemic impacted and may continue to impact the timing of revenue. The Company is monitoring market dynamics accordingly.

Adjusted EBITDA was \$28.4 million for the year ended December 31, 2020 compared to \$27.2 million for the year ended December 31, 2019. The increase in the current year was primarily attributable to a decrease in sales and marketing and general and administrative (G&A) expenses (net of amortization), partially offset by a decrease in gross profit of \$4.2 million (net of revenue recognized upon recognition of contract assets, amounts billed to customers for existing contract assets and inventory-step up expenses). The decline in gross profit was due to a decrease in adjusted total revenue, partially offset by an increase in gross margin percentage on product sales due to the receipt of the Canada Emergency Wage Subsidy and changes in product mix. Adjusted EBITDA for the three months ended December 31, 2020 was \$6.2 million compared to \$8.6 million for the three months ended December 31, 2019.

#### Non-IFRS Financial Measures

The Company discloses non-IFRS measures (such as adjusted total revenue, adjusted EBITDA and adjusted EBITDA per share) that do not have standardized meanings prescribed by IFRS. The Company believes that shareholders, investment analysts and other readers find such measures 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 to determine the Company's ability to generate cash from its customer contracts used to fund its operations.

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

	Three months ended December 31		Twelve months ended December 31	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Total revenue</b>	<b>17,283</b>	19,593	<b>73,775</b>	69,546
Add:				
Amounts billed to customers for existing contract assets	<b>48</b>	51	<b>2,680</b>	5,178
Deduct:				
Revenue recognized upon recognition of a contract asset	-	-	<b>(5,496)</b>	-
<b>Adjusted total revenue</b>	<b>17,331</b>	19,644	<b>70,959</b>	74,724

#### 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 EBITDA, plus amounts billed to customers for existing contract assets, inventory step-up expenses, stock-based compensation expense, Other Expenses (Income), less revenue recognized upon recognition of a contract asset and other income. Management believes adjusted EBITDA is a useful supplemental measure 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 December 31		Year ended December 31	
	2020	2019	2020	2019
in thousands	\$	\$	\$	\$
<b>Net income (loss)</b>	<b>2,399</b>	(418)	<b>(4,129)</b>	3,399
Add back:				
Income tax expense (recovery)	(435)	29	1,152	28
Net interest expense	2,422	3,142	11,441	10,305
Depreciation and amortization	2,291	2,312	9,256	9,546
<b>EBITDA</b>	<b>6,677</b>	5,065	<b>17,720</b>	23,278
Add back:				
Amounts billed to customers for existing contract assets	48	51	2,680	5,178
Stock-based compensation	53	114	261	457
Deduct:				
Revenue recognized upon recognition of a contract asset	-	-	(5,496)	-
<i>Other Expenses (Income):</i>				
Change in fair value of derivative liabilities	587	401	11,728	(31,070)
Change in fair value of contingent and variable consideration	208	1,856	1,794	1,216
Impairment	1,583	159	1,583	23,780
Foreign currency loss (gain)	(2,586)	(1,081)	(1,145)	(2,598)
Inventory step-up	352	875	1,411	4,979
Other losses (gains)	(680)	1,130	(2,093)	2,022
<b>Adjusted EBITDA</b>	<b>6,242</b>	8,570	<b>28,443</b>	27,242

### Management to Host Conference Call/Webcast

Management will host a conference call to discuss the results today (Monday, March 8, 2021) at 11:00 a.m. ET. To participate in the conference call, please dial 416 764 8688 or 1 888 390 0546. 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 midnight on March 15, 2021 by calling 416 764 8677 or 1 888 390 0541 / replay passcode: 754238#.

A live audio webcast of the conference call will be available through [www.miravohealthcare.com](http://www.miravohealthcare.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 Miravo Healthcare

Miravo is a Canadian focused, healthcare company with global reach and a diversified portfolio of commercial products. The Company's products target several therapeutic areas, including pain, allergy, neurology and dermatology. The Company's strategy is to in-license and acquire growth-oriented, complementary products for Canadian and international markets. Miravo's head office is located in Mississauga, Ontario, Canada, the international operations are located in Dublin, Ireland and the Company's 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.miravohealthcare.com](http://www.miravohealthcare.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, including the anticipated receipt of certain milestone and royalty payments, the anticipated launch of certain products and the potential impact of COVID-19. 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 and may prove to be incorrect. 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, the potential impact of COVID-19 on the Company’s operations, business and financial results and other factors, many of which are beyond the control of the Company. Additional factors that could cause the Company’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 the Company’s most recent Annual Information Form dated March 5, 2021 under the heading “Risks Factors”, and as described from time to time in the reports and disclosure documents filed by the Company with Canadian securities regulatory agencies and commissions. These and other factors should be considered carefully and readers should not place undue reliance on the Company’s forward-looking statements. 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.*