Miravo Healthcare™ Announces Third Quarter 2021 Results

- Q3 2021 Adjusted Total Revenue - $17.1 million -
- Q3 2021 Adjusted EBITDA - $7.0 million -
- Blexten Canadian Prescriptions Increased 16% Year-Over-Year -
- Cambia Canadian Prescriptions Increased 5% Year-Over-Year -

Miravo to Host Conference Call/Audio Webcast November 15th at 11:00 a.m. ET

Mississauga, Ontario, Canada – November 15, 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 and nine months ended September 30, 2021. For further details on the results, please refer to Miravo's Management, Discussion and Analysis (MD&A) and Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, which are available on the Company's website (www.miravohealthcare.com) and on SEDAR (www.sedar.com). All figures are in Canadian dollars, unless otherwise noted.

Key Developments

Three months ended September 30, 2021 include the following:

- Adjusted total revenue[(1)] was $17.1 million, an increase of 3% compared to $16.7 million for the three months ended September 30, 2020.
- Adjusted EBITDA[(1)] was $7.0 million, an increase of 7% compared to $6.6 million for the three months ended September 30, 2020.
- Revenue related to Blexten®, Cambia® and Suvexx® was $8.1 million, an increase of 24% compared to revenue of $6.5 million for the three months ended September 30, 2020. Total Canadian prescriptions of Blexten and Cambia increased by 16% and 5% respectively compared to the three months ended September 30, 2020.
- The Company repaid $3.7 million (US$2.9 million) of the Amortization Loan to Deerfield Management Company, L.P. (Deerfield).
- As at September 30, 2021, cash and cash equivalents were $28.4 million.

Nine months ended September 30, 2021 include the following:

- Adjusted total revenue[(1)] was $51.6 million, a decrease of 4% compared to $53.6 million for the nine months ended September 30, 2020.
- Adjusted EBITDA[(1)] was $18.8 million, a decrease of 15% compared to $22.2 million for the nine months ended September 30, 2020.

- Revenue related to Blexten, Cambia and Suvexx was $23.5 million, an increase of 26% compared to revenue of $18.7 million for the nine months ended September 30, 2020. Canadian prescriptions of Blexten and Cambia increased by 22% and 10% respectively compared to the nine months ended September 30, 2020.

- The Company repaid $10.3 million (US$8.3 million) of the Amortization Loan to Deerfield.

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

Business Update

- In October 2021, Resultz was commercially launched in the U.S. market by The Mentholatum Company, Resultz is marketed in the U.S. under the brand name Mentholatum Kids Headlice Removal Kit. The Company's Irish subsidiary, Nuvo Pharmaceuticals (Ireland) DAC (Miravo Ireland) receives revenue from the supply of finished product to The Mentholatum Company.

- In September 2021, Miravo Ireland's distribution partner for Suvexx in South Korea, SK Chemicals Co., Ltd. (SK Chemicals), filed the Suvexx marketing authorization application with the Ministry of Food and Drug Safety (the MFDS) in South Korea. In July 2021, Miravo Ireland entered into an exclusive license and supply agreement with SK Chemicals for the exclusive right to commercialize Suvexx in the Republic of South Korea. Miravo Ireland will receive up to €1.1 million in upfront consideration, regulatory and sales-based milestone payments, as well as royalties on net sales of Suvexx in South Korea and revenue pursuant to the supply of product.

- In August 2021, Miravo announced Health Canada issued a Notice of Compliance (NOC) in relation to the Company's Supplement to New Drug Submission for the pediatric use of Blexten. The pediatric use expands the label for use in children as young as 4 years old and includes the two new dosage formats; a 2.5mg/mL oral solution and a 10mg Quick Melt tablet. Upon commercial launch, which is anticipated for Q1 2022, the pediatric formats will be available to patients with a prescription from their healthcare provider.

"We are encouraged by the strength of our key promoted brands, Blexten, Cambia and Suvexx, which continued their year-over-year gains in prescription and revenue growth despite the fact that many prescribers have not yet resumed seeing patients in-person at pre-COVID-19 pandemic levels. We anticipate that the gradual return of in-person, patient-physician visits, over the coming quarters, will provide enhanced opportunities for patient education and new prescription growth," said Jesse Ledger, Miravo's President & CEO. "We continued to execute on our plans to expand and diversify our revenue base during the quarter, with the Health Canada approval of the pediatric form of Blexten, as well as the submission of a marketing authorization application for Suvexx in South Korea by our partner SK Chemicals."

Third Quarter 2021 Financial Results

Adjusted total revenue was $17.1 million and $51.6 million for the three and nine months ended September 30, 2021 compared to $16.7 million and $53.6 million for the three and nine months ended September 30, 2020. The $0.4 million increase in adjusted total revenue in the current quarter was primarily attributable to an increase of $1.8 million in the Commercial Business segment and an increase of $0.4 million of revenue from the Licensing and Royalty Business segment, offset by a decrease of $1.8 million of revenue in the Production and Service Business segment.

Revenue attributable to the Commercial Business segment increased during the three months ended September 30, 2021 due to a $1.8 million increase in sales of the Company's promoted products (Blexten, Cambia, Suvexx and Neovisc®). In the current quarter, revenue from the Company's mature products was consistent with the three months ended September 30, 2020.

The Production and Service Business segment revenue decreased during the three months ended September 30, 2021, primarily due to a decrease in Pennsaid® 2% product sales, slightly offset by an increase in sales of Pennsaid.

The increase in revenue attributable to the License and Royalty business segment during the three months ended September 30, 2021 was primarily attributable to a $0.5 million increase in royalty earned on European net sales of Vimovo, a $0.2 million increase in royalty earned from net sales of Yosprala and a $0.2 million increase from the recognition of milestones in the SK Chemicals contract. The increase in license revenue in the current three-month period was slightly offset by an unfavourable foreign exchange movement where a stronger Canadian dollar against the U.S. dollar reduced the contribution from U.S. denominated royalty streams, as well as a $0.6 million decrease in royalty earned on U.S. net sales of Vimovo due to a competitor launching a generic version of Vimovo in March 2020. The Company earned a $0.2 million and $1.0 million royalty on U.S. net sales of Vimovo during the three and nine months ended September 30, 2021 compared to $0.8 million and $4.4 million during the three and nine months ended September 30, 2020.

Adjusted EBITDA was $7.0 million and $18.8 million for the three and nine months ended September 30, 2021 compared to $6.6 million and $22.2 million for the three and nine months ended September 30, 2020. During the three months ended September 30, 2021, an increase in gross profit from the Company's Commercial Business and License and Royalty Business segments was offset by a decrease in gross profit contribution from the Production and Service Business segment, an increase in sales and marketing expenses and an increase in general and administrative expenses. During the three months ended September 30, 2021, the Company recorded $nil in government assistance resulting from the Canada Emergency Wage Subsidy (CEWS). The Company recognized $1.1 million in government assistance resulting from CEWS in the comparative three-month period.

Non-IFRS Financial Measures

The Company discloses non-IFRS measures (such as adjusted total revenue, adjusted EBITDA, adjusted EBITDA per share and cash value of loans) 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. 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. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Please see below and refer to the MD&A for a reconciliation of these measures to standardized IFRS measures.

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 September 30		Nine months ended September 30	
	2021	2020	**2021**	2020
in thousands	**$**	$	**$**	$
Total revenue	**16,989**	16,601	**51,198**	56,492
Add:				
Amounts billed to customers for existing contract assets	**141**	68	**381**	2,632
Deduct:				
Revenue recognized upon recognition of a contract asset	**-**	-	**-**	(5,496)
Adjusted total revenue	**17,130**	16,669	**51,579**	53,628

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 September 30		Nine Months ended September 30	
	2021	2020	**2021**	2020
	$	$	**$**	$
Net income (loss)	**(17,770)**	(2,832)	**(26,612)**	(6,528)
Add back:				
Income tax expense [(1)]	**811**	(7)	**2,384**	1,587
Net interest expense	**2,512**	2,904	**7,577**	9,019
Depreciation and amortization	**2,021**	2,250	**6,125**	6,965
EBITDA	**(12,426)**	2,315	**(10,526)**	11,043
Add back:				
Amounts billed to customers for existing contract assets	**141**	68	**381**	2,632
Stock-based compensation	**71**	50	**311**	208
Deduct:				
Revenue recognized upon recognition of a contract asset	**-**	-	**-**	(5,496)
Other Expenses (Income):				
Change in fair value of derivative liabilities [(2)]	**2,929**	5,240	**14,447**	11,141
Change in fair value of contingent and variable consideration	**94**	(289)	**(1,005)**	1,586
Impairment [(3)]	**14,682**	-	**14,682**	-
Foreign currency loss (gain)	**1,439**	(1,146)	**162**	1,441
Inventory step-up	**-**	358	**35**	1,059
Other losses (gains)	**110**	(31)	**284**	(1,413)
Adjusted EBITDA	**7,040**	6,565	**18,771**	22,201

(1) Income tax expense for the three and nine months ended September 30, 2021 includes $0.7 million and $2.1 million for deferred income tax due to the utilization of loss carryforwards that were previously recognized. The Company did not recognize deferred income tax expense in the comparative three and nine-month periods.

(2) The Company's derivative liabilities are measured at fair value through profit or loss at each reporting date. As a result of the increase in the share price in the current quarter and an increase in the volatility of the Company's shares, amongst other inputs, the value of the Company's derivative liabilities increased and the Company recognized losses of $2.9 million and $14.4 million on the change in fair value of derivative liabilities for the three and nine months ended September 30, 2021.

(3) During the three and nine months ended September 30, 2021, the Company recorded impairment of $14.7 million and $14.7 million of goodwill and certain intangible assets in the Commercial Business and Licensing and Royalty segments. During the three months ended September 30, 2021, the Company reviewed carrying values of certain intangible assets as it had changed its commercial expectations for certain products in response to COVID-19 trends. Additional details regarding the Company's methodology and assumptions are disclosed in Note 4, *Intangible Assets* and Note 5, *Goodwill* to the unaudited Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2021.

With respect to the above noted impairment, the Company will continue to carefully monitor the situation as it pertains to COVID-19. With the ongoing prevalence of the COVID-19 pandemic, the length and severity of impacts on the Company's business and industry in which it operates remain subject to uncertainty, and accordingly, may materially and adversely affect our commercial expectations and the assumptions used in our consideration of the impairment of goodwill and intangible assets. See "Impairment" and "Risk Factors" in the MD&A.

Management to Host Conference Call/Webcast
Management will host a conference call to discuss the results today (Monday, November 15, 2021) at 11:00 a.m. ET. To participate in the conference call, please dial (289) 536-4777 or 1 (888) 550-2239 / Conference ID: 6216508. 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 live audio webcast and replay webcast of the conference call will be available through https://onlinexperiences.com/Launch/QReg/ShowUUID=1E07F0A9-7B64-4D3F-9EAA-D9A1C0CE92B9

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.

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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. These forward-looking statements include statements regarding anticipated product launches, responses to COVID-19, milestone payments, royalties and license approvals.

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 approvals therefor, 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 denial of regulatory approvals, the delay or failure to meet anticipated product launches, the failure to meet certain milestones or collect certain royalties, 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.