Nuvo Pharmaceuticals™ Announces Signing of Definitive Agreements 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 financing commitment from Deerfield, a leading, global, healthcare-specialized investor –

Mississauga, Ontario, Canada – September 19, 2018 – Nuvo Pharmaceuticals Inc. (Nuvo or the Company) (TSX:NRI; OTCQX:NRIFF), a globally focused, healthcare company with a portfolio of commercial products and pharmaceutical manufacturing capabilities, today announced the signing of definitive, binding purchase agreements with Aralez Pharmaceuticals Inc. (Aralez) 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 or the Transaction). Upon closing of the Proposed Transaction, Nuvo would pay Aralez US$110 million in cash, which Nuvo would satisfy 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. Assuming completion of the Transaction at the beginning of 2017, 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 greater than 10x higher than that reported for fiscal 2017. All references to dollars are in Canadian dollars, unless otherwise specified. Completion of the Transaction is subject to a number of conditions set out in the definitive purchase agreements and binding commitment letter, copies of which will be filed under Nuvo's profile at www.sedar.com.

Assuming completion of the Transaction, Nuvo would acquire Aralez's Canadian specialty-pharmaceutical business, which was formerly known as Tribute Pharmaceuticals Canada Inc. (Tribute). This is a growing business that includes Cambia®, Blexten™, Suvexx™ (sold as Treximet® in the U.S.), 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 Transaction would also include the worldwide rights and royalties from licensees for Vimovo®, Yosprala® and global, ex-U.S. product rights to MT400 (to be sold as Suvexx in Canada once registered and currently commercialized in the U.S. as Treximet).

Jesse Ledger, Nuvo's President & CEO commented, "This transaction contains all of the elements we have been looking for: immediate commercial scale from a diverse product portfolio, generating positive cash flow; a highly effective commercial organization with a track record of success, providing a platform to add new business development opportunities; support from a premier healthcare-focused financial sponsor through the participation of Deerfield; and most importantly, the Transaction will accelerate our growth trajectory by substantially enhancing our top and bottom-line." Mr. Ledger continued, "Nuvo will be preserving the jobs of over 40 Canadian-based employees and we will ensure that patients and healthcare practitioners across Canada continue to receive access to and support in relation to important medicines like Blexten and Cambia."

Rationale for the Proposed Transaction:

- Immediately and significantly accretive to revenue and adjusted EBITDA
- Projected to be accretive to net income in 2019
- Establishes critical mass for Nuvo in the capital markets and as an operating company
- Revenue diversification across products and revenue types (direct revenues and royalties)
- Provides Canadian platform with national sales infrastructure and an ability to integrate more products
- Significant cash flow from royalties of global Vimovo sales
- Low-cost financing and sponsorship from Deerfield
- Existing commercial and related support infrastructure remains in place to ensure smooth transition

Financing:

Deerfield has provided a binding commitment letter to Nuvo to be the sole financier and to fund the Proposed Transaction in its entirety (the Financing). The commitment letter from Deerfield provides Nuvo with the following:

- US$52.5 million of 6-year term, 3.5% p.a. interest, senior secured convertible debentures with a conversion price of US$2.70 to fund the acquisition of the Canadian operations and working capital purposes;
- US$60 million of 6-year term, 3.5% p.a. interest, senior secured loan for an issue price of US$47.5 million to Nuvo Pharmaceuticals (Ireland) Limited to fund the acquisition of the royalty and product interests in Vimovo, Yosprala and MT400. Nuvo will make mandatory quarterly loan payments equal to the greater of US$2.5 million and 50% of excess cash flow;
- Nuvo will issue to Deerfield, for an aggregate purchase price of US$12.5 million, warrants to purchase approximately 25.6 million common shares at an exercise price of C$3.53 and with a 6-year life (the Warrants). The proceeds from the exercise of Warrants will initially be used to reduce the amount owing on the senior secured loans;
- US$3.0 million of 18-month term, 12.5% p.a. interest, senior secured loan to Nuvo for working capital purposes;
- Deerfield (and any permitted transferee) will be prohibited from converting debentures or exercising warrants if it would result in Deerfield (and its affiliates) holding more than 4.985% of the total issued securities of Nuvo; and
- There will be no changes to the Nuvo senior management team or board of directors.

The Financing is subject to certain terms and conditions. Nuvo has agreed to certain customary restrictions on the conduct of its business between now and the closing of the Transaction.

Next Steps

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

The definitive agreements in respect of the Transaction will be filed with the relevant bankruptcy courts as part of Aralez's restructuring process and are subject to court approval. As part of the restructuring process, Aralez and its subsidiaries will 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 agreements in respect of the Transaction will serve as the "stalking horse" bids in the sale process and entitle Nuvo to a customary termination fee and expense reimbursement if it is not ultimately the successful bidder in the process. It is anticipated that the sale process will be completed within the next 60 to 90 days.

If Nuvo is the successful bidder in the sale process, closing of the Transaction will be subject to certain conditions, including approval of the Transaction by the Canadian and U.S. bankruptcy courts, as well as approval by the Toronto Stock Exchange. It is not anticipated that the approval of Nuvo's shareholders will be a condition to closing the Transaction or the Financing, but Nuvo intends to seek the approval of its shareholders following closing for certain terms of the warrants and convertible debentures to be issued to Deerfield. If such shareholder approval is not obtained, the convertible debentures and the warrants would be settled solely through cash payments in accordance with their terms.

The description of the Transaction and the Financing contained in this news release are qualified in their entirety by the reference to the definitive purchase agreements and binding commitment letter, copies of which will be filed under Nuvo's profile at www.sedar.com.

Nuvo will provide further updates regarding the Transaction if and as required, but there can be no assurance that Nuvo will ultimately be the successful bidder in the process or that the Transaction as described, or otherwise, will be successfully concluded.

About Nuvo Pharmaceuticals Inc.
Nuvo (TSX: NRI; OTCQX: NRIFF) is a globally focused, healthcare company with a portfolio of commercial 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 U.S. Food and Drug Administration (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.

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 has since been renamed Assertio Therapeutics, Inc.) 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 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 U.S. by Horizon Pharma USA, Inc. and by AstraZeneca in various rest of world territories including Canada, Europe and select additional countries.

About Yosprala
Yosprala is a prescription fixed-dose combination of aspirin (acetylsalicylic acid), an antiplatelet agent, and omeprazole, a proton pump inhibitor (PPI) originally developed by Pozen, Inc. and commercialized in the U.S. by Genus Lifesciences, Inc. It is indicated for patients who require aspirin for secondary prevention of cardiovascular and cerebrovascular events and who are at risk of developing aspirin associated gastric ulcers. Yosprala is designed to support both cardio- and gastro-protection for at-risk patients through the proprietary Intelli-COAT™ system, which is formulated to sequentially deliver immediate-release omeprazole (40mg) followed by a delayed-release, enteric-coated aspirin core in either 81 mg or 325 mg dose strengths.

FOR MORE INFORMATION, PLEASE CONTACT:

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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 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 the receipt of required approvals and the satisfaction of other conditions to the Proposed Transaction and the Financing; and that the definitive agreements in respect of the Proposed Transaction and the commitment letter in respect of the Financing 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 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 definitive agreements in respect of the Proposed Transaction or the commitment letter in respect of the Financing; 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.