Nuvo Pharmaceuticals™ Announces 2018 Third Quarter Results

- Nuvo to Host Conference Call/Audio Webcast November 8th at 8:30 a.m. ET -

Mississauga, Ontario, Canada – November 8, 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 its financial and operational results for the third quarter ended September 30, 2018. For further details on the results, please refer to Nuvo's Management, Discussion and Analysis (MD&A) and Condensed Consolidated Interim Financial Statements which are available on the Company's website (www.nuvopharmaceuticals.com). All figures are in Canadian dollars, unless otherwise noted.

Third Quarter 2018 Highlights and Business Update

- On July 26, 2018, the Company's wholly owned subsidiary Nuvo Pharmaceuticals (Ireland) DAC (Nuvo Ireland) signed a license and supply agreement with Fagron Belgium NV (Fagron) granting Fagron the rights to commercialize Resultz® in Belgium, the Netherlands and Luxembourg (the Territory) as a class one medical device for the human treatment of head lice infestation. Resultz is cleared for marketing in the Territory. Pursuant to the license agreement, Nuvo Ireland received upfront consideration and will receive royalties on net sales of Resultz in the Territory. Nuvo will also earn revenue from Fagron pursuant to the exclusive supply agreement.

- On September 19, 2018, the Company announced the entering into of definitive, binding purchase agreements with Aralez Pharmaceuticals Inc. (Aralez) to acquire a portfolio of revenue-generating products, as well as the associated personnel and infrastructure to continue the products' management and growth (the Aralez Transaction). Upon closing, the Company would pay Aralez US$110 million in cash (less the US$4.4 million deposit previously paid), with funding provided by certain funds managed by Deerfield Management Company, L.P. (Deerfield). 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 (the Ontario Court) and 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 U.S. Court). The Aralez Transaction is subject to a specified sale process in accordance with certain bidding procedures that were approved by the Ontario Court and the U.S Court. Such sale process allows other bidders to submit superior offers for the assets to be acquired by Nuvo that Nuvo will have the opportunity to match or exceed in an auction process. If another bidder wins the auction with a superior bid, Nuvo may be entitled to receive expense reimbursement and break-fees in the amount of approximately US$4.6 million, plus the return of its US$4.4 million cash deposit. If Nuvo is the successful bidder in the sale process, closing of the Aralez Transaction will be subject to certain conditions, including approval of the Aralez Transaction by the Ontario Court and the U.S. Court, as well as approval by the Toronto Stock Exchange. There can be no assurance that Nuvo will ultimately be the successful bidder or that the Aralez Transaction will be successfully completed. The definitive purchase agreements and binding commitment letter for the funding to be provided by Deerfield can be found under Nuvo's profile at www.sedar.com.

- On October 24, 2018, the Company's licensee in Switzerland, Gebro Pharma AG (Gebro), submitted its marketing authorization application for Pennsaid® 2% to Swissmedic, the overseeing Swiss regulatory authority. This submission is the first European market where Pennsaid 2% has been submitted for

registration and marks another step in the Company's plans to expand the commercialization of Pennsaid 2% internationally.

Third Quarter Financial Summary

- Total revenue was $5.1 million for the three months ended September 30, 2018 compared to $3.0 million for the three months ended September 30, 2017.

- Adjusted EBITDA[(1)] was $(1.6) million for the three months ended September 30, 2018 (including $2.4 million of transaction expenses related to the Aralez Transaction) compared to Adjusted EBITDA of $(0.1) million for the three months ended September 30, 2017.

- Net loss was $2.4 million for the three months ended September 30, 2018 compared to a net loss of $0.2 million for the three months ended September 30, 2017. Net loss for the three months ended September 30, 2018 was inclusive of non-cash amortization expense of $0.5 million related to the Resultz patents and $2.4 million of transaction expenses related to the Aralez Transaction.

- Cash was $4.1 million as at September 30, 2018 compared to $6.7 million as at June 30, 2018. Cash was affected in the quarter by a US$4.4 million ($5.7 million) deposit paid in connection with the Aralez transaction.

[(1)] Adjusted EBITDA is a non-International Financial Reporting Standards (IFRS) financial measure defined by the Company below.

"We continue to focus on revenue diversification and growth," said Jesse Ledger, Nuvo's President and CEO. "Our recent acquisition of Resultz will further contribute to revenue growth and diversification, as we expand this business into available markets such as the transaction recently announced with Fagron. We continue to remain focused on maximizing existing asset opportunities such as Resultz and Pennsaid 2% while pursuing new opportunities like the Aralez Transaction. While our short-term goal is to complete the Aralez Transaction, we never lose sight of our first priority, which is to increase shareholder value."

Growth Strategy

The Company's focus, in the short-term, is to maximize the value of Pennsaid 2% and Resultz through out-licensing to commercial partners in international markets, identifying new opportunities to acquire additional, revenue generating or late-stage products or businesses to further diversify the Company's existing product portfolio and revenue streams and to better utilize the Company's manufacturing facility in Varennes, Québec.

The Aralez Transaction

On October 10, 2018, the Ontario Court approved the bankruptcy claim proceedings and bidding procedures for Aralez. These approvals secured the Company's position as the "stalking horse" bidder in the Aralez Transaction and provide definitive timelines for completion of the sale process. If a competing bidder submits a superior offer to the Company's "stalking horse" bid, an auction will take place on November 29, 2018 in New York City at which time Nuvo will have the opportunity to increase its bid. The successful bidder will be notified on December 3, 2018 and a sale hearing to approve the final sale would be held on December 4, 2018. If the Company succeeds in the process, closing would be anticipated prior to the end of December 2018. If another bidder wins the auction with a superior bid, the Company may be entitled to receive expense reimbursement and break-fees in the amount of approximately US$4.6 million, plus the return of its US$4.4 million cash deposit.

Table of Selected Financial Results
For further details on the results, please refer to Nuvo's MD&A and the Condensed Consolidated Interim Financial Statements which are available on the Company's website (www.nuvopharmaceuticals.com).

	Three months ended			Nine months ended		
	September 30, 2018	September 30, 2017	Change	**September 30, 2018**	September 30, 2017	Change
(*in thousands, except gross margin*)	**$**	$	$	**$**	$	$
Product Sales	**4,456**	2,700	1,756	**13,560**	12,139	1,421
Other Revenue	**629**	256	373	**1,831**	899	932
Total Operating Expenses	**7,186**	3,052	4,134	**16,730**	11,015	5,715
Gross Margin % on Product Sales	**51%**	40%	11%	**53%**	52%	1%
Net Income (Loss)	**(2,407)**	(226)	(2,181)	**(1,522)**	1,767	(3,289)
Adjusted EBITDA	**(1,624)**	(51)	(1,573)	**789**	2,133	(1,344)

Total revenue, consisting of product sales, license and contract revenue for the three months ended September 30, 2018 was $5.1 million compared to $3.0 million for the three months ended September 30, 2017. The increase in total revenue was primarily related to an increase in Pennsaid 2% product sales to the Company's U.S. partner, Horizon Pharma plc and royalty revenue from Resultz net sales in select international markets. Total revenue for the nine months ended September 30, 2018 was $15.4 million compared to $13.0 million for the comparative nine-month period.

Total operating expenses for the three months ended September 30, 2018 were $7.2 million compared to $3.1 million for the three months ended September 30, 2017. The increase in operating expenses was primarily attributable to an increase in cost of goods sold (COGS), general and administrative (G&A) expenses, including $2.4 million of transaction costs incurred in the quarter relating to the Aralez Transaction and amortization of intangibles. Total operating expenses for the nine months ended September 30, 2018 were $16.7 million, an increase from $11.0 million for the nine months ended September 30, 2017.

COGS for the three and nine months ended September 30, 2018 was $2.2 million and $6.4 million compared to $1.6 million and $5.8 million for the three and nine months ended September 30, 2017. Gross margin on product sales was $2.3 million or 51% and $7.1 million or 53% for the three and nine months ended September 30, 2018 compared to a gross margin of $1.1 million or 40% and $6.3 million or 52% for the three and nine months ended September 30, 2017.

G&A expenses were $4.5 million for the three months ended September 30, 2018 compared to $1.4 million for the three months ended September 30, 2017. The increase in the current three-month period includes $2.4 million for legal and diligence transaction costs related to the Aralez Transaction, incremental costs related to the Resultz business, increased scientific and regulatory costs associated with the advancement of the Company's Pennsaid 2% European regulatory strategy and an increase in compensation costs due to increased employee headcount resulting from the strengthening of the executive and senior management team to facilitate the Company's growth strategy. G&A expenses were $8.8 million for the nine months ended September 30, 2018 compared to $4.8 million for the nine months ended September 30, 2017.

For the three and nine months ended September 30, 2018, the Company recognized non-cash costs of $0.5 million and $1.5 million in amortization related to the Resultz patents.

Net loss for the three months ended September 30, 2018 was $2.4 million compared to a net loss of $0.2 million for the three months ended September 30, 2017. In the current quarter, the decrease was primarily attributable to a $3.1 million increase in G&A expenditures, a $0.5 million increase in amortization, an increase in foreign currency loss of $0.1 million and a $0.1 million increase in the fair value remeasurement of the Company's contingent and variable consideration, offset by an increase in gross margin of $1.2 million and other revenue increase of $0.4

million. Net loss for the nine months ended September 30, 2018 was $1.5 million compared to net income of $1.8 million for the nine months ended September 30, 2017.

Adjusted EBITDA decreased to $(1.6) million for the three months ended September 30, 2018 compared to $(0.1) million for the three months ended September 30, 2017. The decrease in Adjusted EBITDA in the current quarter was primarily attributable to an increase in G&A expenses and amortization, partially offset by an increase in gross margin and other revenue. Adjusted EBITDA increased to $0.8 million for the nine months ended September 30, 2018 compared to $2.1 million for the comparative nine-month period.

Cash was $4.1 million as at September 30, 2018 compared to $6.7 million as at June 30, 2018. The decrease was primarily attributable to a deposit of US$4.4 million ($5.7 million) relating to the Aralez Transaction.

The number of common shares outstanding as at September 30, 2018 was 11,362,306.

Non-IFRS Financial Measures

Adjusted EBITDA

EBITDA is a non-IFRS financial measure. The term 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 SBC. 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.

The following is a summary of how EBITDA and Adjusted EBITDA are calculated:

	Three Months ended September 30		Nine Months ended September 30	
	2018	2017	**2018**	2017
in thousands	**$**	$	**$**	$
Net income (loss)	**(2,407)**	(226)	**(1,522)**	1,767
Add back:				
Income tax expense (recovery)	**5**	1	**(123)**	1
Net interest income	**(7)**	(46)	**(37)**	(118)
Depreciation and amortization	**635**	62	**1,860**	174
EBITDA	**(1,774)**	(209)	**178**	1,824
Add back:				
Stock-based compensation	**150**	158	**611**	309
Adjusted EBITDA	**(1,624)**	(51)	**789**	2,133

Management to Host Conference Call/Webcast

Management will host a conference call to discuss the results today (Thursday, November 8, 2018) at 8:30 a.m. ET. To participate in the conference call, please dial 1 888 390 0546 or 416 764 8688. 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 November 15, 2018 by calling 1 888 390 0541 or 416 764 8677 playback passcode 531159.

A live audio webcast of the conference call will be available through www.nuvopharmaceuticals.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 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 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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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 Aralez Transaction and the financing arrangements with Deerfield (including the satisfaction of the conditions to completion of the Aralez Transaction and the financing arrangements with Deerfield), the timeline for the closing of the Aralez Transaction, and the receipt of the Company of any expense reimbursement or break fees. 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 Aralez Transaction and the financing arrangements with Deerfield; and that the definitive agreements in respect of the Aralez Transaction and the commitment letter in respect of the financing arrangements with Deerfield 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 Aralez Transaction and the financing arrangements with Deerfield (including failure to obtain any required approvals, including the approval of the U.S. Court and the Ontario Court); the occurrence of any event, change or other circumstance that could give rise to the termination of the definitive agreements in respect of the Aralez Transaction or the commitment letter in respect of the financing arrangements with Deerfield; material adverse changes in the business or affairs of the acquired businesses or Nuvo; either party's failure to consummate the Aralez Transaction or the financing arrangements with Deerfield 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. 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 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.