



Nuvo Pharmaceuticals™ Announces Repayment of Bridge Loan and Entitlement to Receive 2019 Vimovo U.S. Annual Minimum Royalty

Mississauga, Ontario, Canada – January 7, 2020 – Nuvo Pharmaceuticals Inc. (Nuvo or the Company) (TSX:NRI; OTCQX:NRIF), a Canadian focused healthcare company with global reach and a diversified portfolio of commercial products, today announced the Company will repay its Bridge Loan to Deerfield Management Company, L.P. (Deerfield) during the second week of January and will receive the full US\$7.5 million annual minimum royalty payment due from the 2019 sales of Vimovo in the U.S. The Company has received US\$5.6 million to-date.

Bridge Loan to Deerfield

The US\$6.0 million Bridge Loan was one component of the financing provided by Deerfield in support of the acquisition of Aralez Pharmaceuticals Canada, the U.S. and International rights to Vimovo and other related assets as announced on December 31, 2018. The Company will repay its Bridge Loan (12.5% per annum) during the second week of January, ahead of its June 2020 maturity date. The Company's remaining loans, US\$52.5 million and US\$60.0 million carry coupon interest rates of 3.5% per annum.

In June 2019, the Company announced its intention to reduce annual operating expenses by approximately \$7.0 million due to identified synergies and the implementation of organizational changes. The Company began to realize these synergies during the second half of 2019.

In June 2019, Deerfield and certain of its affiliated funds, as lenders, and the Company agreed to an amendment to its financing agreement to provide, among other things, for a payment deferral mechanism in the event that Vimovo U.S. market exclusivity is lost. The amendment will allow Nuvo the option to defer a portion of the mandatory minimum quarterly prepayments by the difference between one quarter of the existing US\$7.5 million annual minimum royalty due from Vimovo sales in the U.S. and the actual amount of royalties received in the applicable quarter in the event Vimovo U.S. market exclusivity is lost earlier than May 2022. The amount of any deferred prepayment would, until repaid in accordance with the amendment, be subject to an interest rate of 12.5% per annum.

Vimovo U.S. Royalty

As of December 31, 2019, no generic version of Vimovo had been launched in the U.S. during 2019 and, as of the end of business on January 6, 2020, the U.S. Food and Drug Administration (FDA) had not granted final approval for a generic version of Vimovo. As a result, the Company is entitled to the US\$7.5 million annual minimum royalty due from the 2019 sales of Vimovo in the U.S., as per the agreement with its U.S. commercial partner.

The Company had previously disclosed its assumption that a generic version of Vimovo would be launched in the U.S. during the second half of 2019. The Company anticipates a generic version of Vimovo will launch in the U.S. during 2020. Upon launch of a generic version of Vimovo in the U.S., Nuvo Pharmaceuticals (Ireland) DAC's (Nuvo Ireland) US\$7.5 million annual minimum royalty from its partner ceases. The royalty rate for 2020 would be calculated as 10% of net sales of Vimovo in the U.S., subject to certain step-down provisions upon achievement of generic market share thresholds. A launch of a generic version of Vimovo in the U.S. does not impact Nuvo Ireland's global Vimovo business in markets outside of the U.S. Nuvo Ireland will continue to receive royalty payments from its global partner, Grunenthal GmbH on global net sales of Vimovo.

Any launch of a generic version of Vimovo in the U.S. is considered "at risk" as Nuvo Ireland continues to hold U.S. Patent Nos. 8,858,996 and 9,161,920 (the '996 and '920 patents) covering Vimovo in the U.S. The '996 and '920 patents are currently the subject of patent infringement litigation against Dr. Reddy's Laboratories Inc. The parties have mutually agreed on a pretrial litigation schedule with the U.S. District Court of New Jersey through to mid-2021. The term of the

'996 and '920 patents extends to May 31, 2022. Nuvo Ireland, with its commercial partner, continue to work together to vigorously defend these patents.

About Nuvo Pharmaceuticals Inc.

Nuvo (TSX: NRI; OTCQX: NRIFF) is a Canadian focused, healthcare company with global reach and a diversified portfolio of commercial products. The Company targets several therapeutic areas, including pain, allergy and dermatology. The Company's strategy is to in-license and acquire growth-oriented, complementary products for Canadian and international markets. Nuvo's head office is located in Mississauga, Ontario, Canada, the international operations are located in Dublin, Ireland and the U.S. Food and Drug Administration (FDA), Health Canada and E.U. approved 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 FDA. For additional information, please visit www.nuvopharmaceuticals.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.

Forward-looking statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. 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. 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 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 28, 2019 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. When relying on forward-looking statements to make decisions, the Company cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties. 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.