Nuvo Pharmaceuticals® Announces 2019 and Fourth Quarter Results

• Fiscal Year 2019 Adjusted Total Revenue - $74.7 million •
• Fiscal Year 2019 Adjusted EBITDA - $27.2 million •
• Blexten Canadian Prescriptions Increased 61% Year-Over-Year •
• Cambia Canadian Prescriptions Increased 28% Year-Over-Year •

Nuvo to Host Conference Call/Audio Webcast February 25th at 8:30 a.m. ET

Mississauga, Ontario, Canada – February 25, 2020 – Nuvo Pharmaceuticals Inc. (Nuvo or the Company) (TSX:NRI; OTCQX:NRIFF), 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 twelve months ended December 31, 2019. For further details on the results, please refer to Nuvo's Management, Discussion and Analysis (MD&A) and Consolidated Financial Statements which are available on the Company's website (www.nuvopharmaceuticals.com). All figures are in Canadian dollars, unless otherwise noted.

2019 Highlights

- Adjusted total revenue[(1)] was $74.7 million for the year ended December 31, 2019 compared to $20.5 million for the year ended December 31, 2018. Adjusted total revenue for the three months ended December 31, 2019 was $19.6 million compared to $4.8 million for the three months ended December 31, 2018.

- Adjusted EBITDA[(1)] was $27.2 million for the year ended December 31, 2019 compared to $(3.1) million for the year ended December 31, 2018. Adjusted EBITDA for the three months ended December 31, 2019 was $8.6 million compared to $(4.5) million for the three months ended December 31, 2018.

- Cash and cash equivalents were $23.0 million as at December 31, 2019 compared to $28.1 million as at December 31, 2018.

- Canadian prescriptions of Blexten® increased by 61% for the year ended December 31, 2019 compared to the year ended December 31, 2018. For the three months ended December 31, 2019, Canadian prescriptions of Blexten increased by 51% compared to the comparative period in 2018.

- Canadian prescriptions of Cambia® increased by 28% for the year ended December 31, 2019 compared to the year ended December 31, 2018. For the three months ended December 31, 2019, Canadian prescriptions of Cambia increased by 23% compared to the comparative period in 2018.

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

Business Update

- In January 2020, the Company was informed by its licensee in Switzerland and Lichtenstein, Gebro Pharma AG (Gebro Pharma) that the marketing authorization for Pennsaid® 2% was issued by Swissmedic. The Company and Gebro Pharma are finalizing commercialization plans and anticipate the commercial launch of Pennsaid 2% in Switzerland before the end of 2020.

- In January 2020, the Company repaid its US$6.0 million Bridge Loan (12.5% per annum) to Deerfield Management Company, L.P. (Deerfield), 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.

"2019 was a transformational year for Nuvo as we integrated the Aralez Canada business with Nuvo. We delivered record high financial results while identifying synergies and implementing organizational changes that resulted in operational savings during the second half of the year. We advanced our product pipeline with regulatory submissions and approval in Canada and global territories," said Jesse Ledger, Nuvo's President & CEO. "We are well positioned to build on our achievements of 2019 and 2020 is off to a solid start. Pennsaid 2% received approval in Switzerland and we are working with our partner, Gebro Pharma towards a launch before the end of the year. We anticipate receiving a review decision from Health Canada for Suvexx in the first quarter, with a target of marketing this clinically differentiated acute migraine treatment into the $130 million Canadian acute migraine market in the third quarter of this year."

2019 and Fourth Quarter Financial Results

Total revenue is comprised of product sales, license revenue and contract revenue. Total revenue was $69.5 million for the year ended December 31, 2019 compared to $20.0 million for the year ended December 31, 2018. The significant increase in total revenue for the current year was primarily attributable to incremental revenue resulting from the Aralez Transaction. Total revenue for the three months ended December 31, 2019 was $19.6 million compared to $4.6 million for the three months ended December 31, 2018.

Adjusted total revenue increased to $74.7 million for the year ended December 31, 2019 compared to $20.5 million for the year ended December 31, 2018. The $54.2 million increase in adjusted total revenue in the current year was primarily attributable to the addition of revenue related to the Aralez Transaction, which provided an incremental $35.6 million of total revenue contributed from the Commercial Business segment and $18.8 million attributable to earned Vimovo royalties. Adjusted total revenue increased to $19.6 million for the three months ended December 31, 2019 compared to $4.8 million for the three months ended December 31, 2018.

Adjusted EBITDA increased to $27.2 million for the year ended December 31, 2019 compared to $(3.1) million for the year ended December 31, 2018. The increase in adjusted EBITDA for the current year was primarily attributable to the increase in gross profit of $36.7 million (net of inventory step-up expense of $5.0 million) as a result of the Aralez Transaction offset by an increase in general and administrative (G&A) expenses of $1.6 million and an increase in sales and marketing expenses of $9.8 million due to expenses incurred for the commercial business segment due to the Aralez Transaction. Adjusted EBITDA increased to $8.6 million for the three months ended December 31, 2019 compared to $(4.5) million for the three months ended December 31, 2018.

Gross profit on total revenue was $43.1 million or 62% for the year ended December 31, 2019 compared to a gross profit of $11.4 million or 57% for the year ended December 31, 2018. The increase in gross profit for the current year was primarily attributable to an increase in gross margin on product sales and an increase in license revenue as a result of the Aralez Transaction. Gross profit on total revenue was $13.1 million or 67% for the three months ended December 31, 2019 compared to a gross profit of $2.4 million or 52% for the three months ended December 31, 2018.

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 (described below) 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		Year ended December 31	
	2019	2018	**2019**	2018
in thousands	**$**	$	**$**	$
Total revenue	**19,593**	4,607	**69,546**	19,998
Add:				
Amounts billed to customers for existing contract assets	**51**	146	**5,178**	475
Adjusted total revenue	**19,644**	4,753	**74,724**	20,473

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 net income before net interest expense (income), depreciation and amortization and income tax expense (recovery) (EBITDA), plus amounts billed to customers for existing contract assets, inventory step-up expense, 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	
	2019	2018	**2019**	2018
in thousands	**$**	$	**$**	$
Net income (loss)	**(456)**	(4,631)	**3,361**	(6,153)
Add back:				
Income tax expense (recovery)	**29**	(64)	**28**	(187)
Net interest expense (income)	**3,142**	5	**10,305**	(32)
Depreciation and amortization	**2,312**	633	**9,546**	2,493
EBITDA	**5,027**	(4,057)	**23,240**	(3,879)
Add back:				
Amounts billed to customers for existing contract assets	**51**	146	**5,178**	475
Stock-based compensation	**114**	184	**457**	795
Other Expenses (Income):				
Loss on disposal of contract assets	**-**	452	**-**	452
Change in fair value of derivative liabilities[(1)]	**401**	-	**(31,070)**	-
Change in fair value of contingent and variable consideration	**1,856**	(775)	**1,216**	(518)
Impairment[(2)]	**159**	-	**23,780**	-
Foreign currency loss (gain)	**(1,081)**	(478)	**(2,598)**	(429)
Inventory step-up	**875**	-	**4,979**	-
Other losses (gains)	**1,168**	-	**2,060**	-
Adjusted EBITDA	**8,570**	(4,528)	**27,242**	(3,104)

(1) As a result of the decrease in the share price in the current year, combined with a reduction in the risk-free interest rate, the value of the Company's derivative liabilities decreased and the Company recognized a net non-cash $31.1 million gain on the change in fair value of derivative liabilities for the year ended December 31, 2019.

(2) In the year ended December 31, 2019, the Company recognized a $22.4 million impairment charge related to the Vimovo contract asset. In July 2019, the Company received notice that the Court of Appeals had denied the Company's and Horizon Therapeutic pls's (Horizon) request to reconsider the May 2019 decision with respect to the validity of the Vimovo '907 patent and the '285 patent in the U.S. In October, a petition to the Supreme Court of the United States was filed to request to have the decision of the Court of Appeals reconsidered. The Supreme Court denied that petition on January 13, 2020. On February 18, 2020, Dr. Reddy's second-filed Abbreviated New Drug Application (ANDA) for Vimovo in the U.S. received FDA approval and the Company anticipates a generic version of Vimovo could launch in the U.S. during 2020. It is the Company's

understanding that Dr. Reddy's does not have the benefit of 180-days of exclusivity, and, consequently, other generic companies may obtain final FDA approval for a generic version of Vimovo and be able to market the product in the U.S. If, and when, a competitor generic version of Vimovo enters the U.S. market, Nuvo will continue to receive a 10% royalty on net sales of Vimovo by its U.S. partner, subject to a step-down provision in the event that generic competition achieves a certain market share. Nuvo's US$7.5 million minimum annual royalty due for Vimovo net sales in the U.S. will cease with the launch of a generic Vimovo in the U.S. In the year, the Company also recorded impairment of $1.4 million of certain intangible assets in the commercial and licensing and royalty segment.

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Management to Host Conference Call/Webcast

Management will host a conference call to discuss the results today (Tuesday, February 25, 2020) 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 midnight on March 3, 2020 by calling 1 888 390 0541 or 416 764 8677 playback passcode 692181#.

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 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 its 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.nuvopharmaceuticals.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. 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 February 24, 2020 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.