Nuvo Pharmaceuticals™ Announces 2018 First Quarter Results

- Nuvo to Host Conference Call/Audio Webcast May 10th at 7:45 a.m. ET -

Mississauga, Ontario, Canada – May 10, 2018 – Nuvo Pharmaceuticals Inc. (Nuvo or the Company) (TSX:NRI; OTCQX:NRIFF), a commercial healthcare company with a portfolio of commercial products and pharmaceutical manufacturing capabilities, today announced its financial and operational results for the first quarter ended March 31, 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.

First Quarter 2018 and Business Update

- In January 2018, the Company's wholly owned subsidiary, Nuvo Pharmaceuticals (Ireland) Limited (Nuvo Ireland) acquired the U.S. product and intellectual property rights to Resultz from Piedmont Pharmaceuticals LLC (Piedmont). Resultz was cleared as a Class 1 medical device by the U.S. Food and Drug Administration (FDA) in May 2017 and has not yet been commercially launched in the U.S. Nuvo anticipates commercializing Resultz in the U.S. through a licensing partner and is in active discussions with potential licensees.

- In March 2018, the Company held scientific advice meetings with select European Union (E.U.) regulatory agencies regarding a potential Pennsaid 2% regulatory submission for osteoarthritis and is planning on submitting its Pennsaid 2% regulatory dossier in select E.U. member countries within the next twelve months.

- In April 2018, pursuant to the Company's notice of intention to make a normal course issuer bid for a portion of its outstanding common shares, the Company purchased 164,049 common shares with available cash on hand for a total cost of $547,930 or $3.34 per share. The common shares acquired by Nuvo were cancelled upon purchase.

First Quarter Financial Summary

- Total revenue was $4.4 million for the three months ended March 31, 2018 compared to $7.0 million for the three months ended March 31, 2017.

- Adjusted EBITDA[(1)] was $0.6 million for the three months ended March 31, 2018 compared to $2.3 million for the three months ended March 31, 2017.

- Net loss was $0.2 million for the three months ended March 31, 2018 compared to net income of $2.2 million for the three months ended March 31, 2017. The net loss was inclusive of non-cash amortization expense of $0.5 million related to the Resultz patents.

- Cash and short-term investments were $6.5 million as at March 31, 2018 compared to $10.4 million as at December 31, 2017. The decrease included the US$1.5 million ($1.9 million) that was paid to Piedmont to acquire the U.S. product and intellectual property rights to Resultz and a $2.6 million investment in working capital in the quarter.

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

"Q1 marked the completion of our acquisition of the global rights to Resultz – giving Nuvo an additional, best-in-class, approved commercial stage product that we intend to out-license to commercial partners in several countries and ultimately manufacture at our manufacturing facility," said Jesse Ledger, Nuvo's President & CEO. "The Nuvo team made considerable progress during Q1 to transition the Resultz business into Nuvo operations. We are very pleased with the interactions to-date with our new license partners including Reckitt-Benckiser in the E.U. Q1 is the first quarter we earned Resultz royalty income, which came in at a level in line with our expectations."

Mr. Ledger further added, "Pennsaid 2% commercial bottle production was also in line with our expectations in Q1. We look forward to more stable commercial bottle production throughout 2018 and a return to more consistent sample production in the second half of 2018."

Growth Strategy

The Company's focus, in the short-term, is to continue 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.

Acquisition of Product and Intellectual Property Rights to Resultz

In January 2018, the Company's wholly owned subsidiary, Nuvo Ireland acquired the U.S. product and intellectual property rights to Resultz (50% isopropyl myristate, 50% cyclomethicone D5 topical solution lice and egg removal kit) from Piedmont. This follows the acquisition of the ex-U.S. Resultz product and intellectual property rights from Piedmont at the end of December 2017. These transactions were in line with our strategy to diversify our product portfolio and revenue streams. The Company believes a considerable opportunity exists to license Resultz in the U.S., Germany and Italy - three markets where Resultz has regulatory approvals. We are actively seeking commercial partners in these jurisdictions in a timely manner.

Pennsaid 2% Global Out-licensing

Nuvo management recently held scientific advice meetings with select E.U. regulatory agencies to discuss a potential pathway toward Pennsaid 2% regulatory submissions in select E.U. countries. There was a favourable response from the regulators and the Company is preparing to file a new, revised registration dossier to support an application for marketing approval in these E.U. member states within the next twelve months. While there is no guarantee that an approval will be granted, the Company is encouraged by the discussions with the regulators to-date and feels this is an important step in the right direction toward expanding the global footprint for Pennsaid 2%.

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		
	March 31, 2018	March 31, 2017	Change
(*from continuing operations, in thousands, except gross margin)*	**$**	$	$
Product Sales	**3,755**	6,653	(2,898)
Other Revenue	**676**	329	347
Total Operating Expenses	**4,849**	4,716	133
Gross Margin % on Product Sales	**49%**	58%	(9%)
Net Income (Loss)	**(169)**	2,196	(2,365)
Adjusted EBITDA	**558**	2,298	(1,740)

Total revenue, consisting of product sales, license revenue and contract revenue for the three months ended March 31, 2018 was $4.4 million compared to $7.0 million for the three months ended March 31, 2017. The decrease in total revenue was primarily related to a decrease in Pennsaid 2% product sales to our U.S. partner, Horizon Pharma plc. The Company's new sample production equipment is now fully operational and the Company remains confident that revenue from the physician sample format will rebound in the second half of 2018.

Total operating expenses for the three months ended March 31, 2018 were $4.8 million compared to $4.7 million for the three months ended March 31, 2017. The slight increase in operating expenses was primarily attributable to an increase in general and administrative (G&A) expenses and depreciation and amortization, partially offset by a decrease in cost of goods sold (COGS) and research and development expenses (R&D).

COGS for the three months ended March 31, 2018 was $1.9 million compared to $2.8 million for the three months ended March 31, 2017. COGS decreased in the three months ended March 31, 2018 due to decreased product sales. Gross margin on product sales was $1.8 million or 49% for the three months ended March 31, 2018 compared to a gross margin of $3.9 million or 58% for the three months ended March 31, 2017. The Company's gross margin on product sales was impacted by the volume and mix of products sold during the current and comparative quarter. The Company's gross margin was also impacted by the Canadian dollar versus the U.S. dollar, the currency in which it earns certain product revenues and sources select Pennsaid 2% and Pennsaid raw materials.

G&A expenses were $2.4 million for the three months ended March 31, 2018 compared to $1.7 million for the three months ended March 31, 2017. The increase in the current quarter was primarily related to $0.3 million in one-time costs associated with the transition and establishment of the Resultz business. Furthermore, the Company recognized $0.1 million in scientific affairs and regulatory costs primarily attributable to the advancement of the Company's Pennsaid 2% European regulatory strategy.

For the three months ended March 31, 2018, the Company recognized non-cash costs of $0.5 million in amortization for the Resultz patents.

Net loss for the three months ended March 31, 2018 was $0.2 million compared to net income of $2.2 million for the three months ended March 31, 2017. In the current quarter, the decrease was primarily attributable to a $2.0 million decrease in gross margin, a $0.5 million increase in amortization and a $0.7 million increase in G&A expenses, offset by a $0.4 million increase in license revenue, a $0.3 million decrease in R&D expenses and a $0.2 million income tax recovery.

Adjusted EBITDA decreased to $0.6 million for the three months ended March 31, 2018 compared to $2.3 million for the three months ended March 31, 2017. The decrease in Adjusted EBITDA for the current quarter was primarily related to a decrease in gross margin and an increase in G&A expenses which was largely a factor of one-time costs associated with the Company's acquisition and transition of the Resultz business, as well as increased costs incurred for the advancement of the Company's Pennsaid 2% European regulatory strategy.

Cash and short-term investments were $6.5 million as at March 31, 2018 compared to $10.4 million as at December 31, 2017. The decrease included the US$1.5 million ($1.9 million) that was paid to Piedmont to acquire the U.S. product and intellectual property rights to Resultz and an increase of $2.6 million in working capital.

The number of common shares outstanding as at March 31, 2018 was 11,597,849.

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, 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 March 31, 2018	Three Months ended March 31, 2017
in thousands	**$**	$
Net income (loss)	**(169)**	2,196
Add back:		
Income tax recovery	**(174)**	-
Net interest income	**(21)**	(38)
Depreciation and amortization	**614**	54
EBITDA	**250**	2,212
Add back:		
Stock-based compensation	**308**	86
Adjusted EBITDA	**558**	2,298

Management to Host Conference Call/Webcast
Management will host a conference call to discuss the results today (Thursday, May 10, 2018) at 7:45 a.m. ET. To participate in the conference call, please dial 1 (888) 231-8191 or (647) 427-7450, reference number 6490419. 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 May 17, 2018 by calling 1 (855) 859-2056 or (416) 849-0833, reference number 6490419.

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 global commercial 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 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. Therefore, readers should not rely on any of these forward-looking statements. Important 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.