Nuvo Pharmaceuticals® Announces First Quarter 2020 Results

• Q1 2020 Adjusted Total Revenue - $18.9 million •
• Q1 2020 Adjusted EBITDA - $8.0 million •
• Blexten Canadian Prescriptions Increased 54% Year-Over-Year •
• Cambia Canadian Prescriptions Increased 30% Year-Over-Year •

Virtual Annual & Special Meeting of Shareholders - Monday, May 11 at 9:00 a.m. ET

Mississauga, Ontario, Canada – May 11, 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 months ended March 31, 2020. For further details on the results, please refer to Nuvo's Management, Discussion and Analysis (MD&A) and Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2020 which are available on the Company's website (www.nuvopharmaceuticals.com). All figures are in Canadian dollars, unless otherwise noted.

Q1 2020 Financial Highlights

- For the three months ended March 31, 2020, adjusted total revenue[(1)] was $18.9 million, an increase of 11% compared to $17.1 million for the three months ended March 31, 2019.
- The Company's Commercial Business segment includes the promoted products – Blexten® and Cambia®. Revenue related to these products was $6.0 million, an increase of 94% compared to revenue of $3.1 million for the three months ended March 31, 2019. Canadian prescriptions of Blexten and Cambia increased by 54% and 30% respectively compared to the three months ended March 31, 2019.
- For the three months ended March 31, 2020, adjusted EBITDA[(1)] was $8.0 million, an increase of 53% compared to $5.2 million for the three months ended March 31, 2019.
- Principal loan repayments of $11.5 million (US$8.7 million) were made in the three months ended March 31, 2020.

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

Business Update

- In March 2020, Nuvo Pharmaceuticals (Ireland) DAC (Nuvo Ireland) received notice from Takeda Pharmaceutical Co., Ltd. (Takeda), that Japan's Ministry of Health, Labor and Welfare (the MHLW) approved Cabpirin tablets, a combination of vonoprazan fumarate and aspirin. Takeda holds a non-exclusive license to Nuvo Ireland's Japanese patent no. 4756823 which covers the Cabpirin formulation. The MHLW approval triggered two milestone payments due to Nuvo Ireland of $2.8 million (US$2.0 million) each. Nuvo Ireland is contractually entitled to receive the first $2.8 million (US$2.0 million) milestone payment no later than May 29, 2020 and the second milestone payment is to be received no later than May 31, 2022, provided the licensed intellectual property remains valid and enforceable. Nuvo Ireland is entitled

to retain 50% of all royalty and milestone revenues generated from the Yosprala™ intellectual property with the remaining 50% to be paid to the estate of POZEN, Inc.

- In March 2020, Dr. Reddy's Laboratories Inc. (DRL) launched its generic version of Vimovo® in the United States. As a result of an entry of a generic version of Vimovo in the U.S., Nuvo Ireland's US$7.5 million annual minimum royalty from its partner has ceased. The royalty rate for 2020 will be calculated as 10% of net U.S. sales of Vimovo, subject to certain step-down provisions upon achievement of generic market share thresholds.

- In February 2020, Aralez Pharmaceuticals Canada, Inc. (Aralez Canada) received a Notice of Compliance from Health Canada for Suvexx™ indicated for the acute treatment of migraine with or without aura in adults. Suvexx is a patent protected, fixed dose combination of naproxen sodium and sumatriptan. Aralez Canada anticipates launching Suvexx into the approximately $130 million Canadian prescription acute migraine market in Q3 2020.

- 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 overseeing regulatory authority. Gebro Pharma is currently preparing for the commercial launch of Pennsaid 2% in Switzerland anticipated in Q4 2020.

- In January 2020, the Company repaid the outstanding balance of $4.5 million (US$3.5 million) of the original US$6.0 million Bridge Loan (coupon interest rate of 12.5% per annum) to Deerfield Management Company, L.P. (Deerfield), ahead of its June 2020 maturity date. The Company also made a $7.0 million (US$5.2 million) principal payment applied to the Company's debt owed to Deerfield. Since January 1, 2020, the Company has repaid $11.5 million (US$8.7 million) of debt. The Company's remaining loans, aggregating a cash principal value of $152.2 million (US$107.3 million), carry coupon interest rates of 3.5% per annum.

"The COVID-19 pandemic has been the overriding focus of the world over the last couple of months. During this time, Nuvo continues to operate as an essential business. We have made necessary changes so we can continue to operate and supply our healthcare products to global partners, wholesalers, pharmacies, and ultimately patients, while ensuring our employees remain safe and healthy," said Jesse Ledger, Nuvo's President & CEO. "Despite the challenges presented by the COVID-19 pandemic, we are making progress in achieving a number of anticipated milestones in the second quarter, including the launch of Resultz in Germany and the submission of the Blexten pediatric dossier to Health Canada, and we continue to prepare for the Canadian commercial launches of Suvexx and Neovisc Plus and Neovisc One later this year. Furthermore, Blexten and Cambia continued their strong performance in the first quarter."

First Quarter 2020 Financial Results

Total revenue is comprised of product sales, license revenue and contract revenue. Total revenue was $24.4 million for the three months ended March 31, 2020 compared to $14.6 million for the three months ended March 31, 2019. The significant increase in total revenue for the current quarter was the result of an increase in the Company's license revenue and product sales, partially offset by a decrease in contract revenue.

Adjusted total revenue increased to $18.9 million for the three months ended March 31, 2020 compared to $17.1 million for the three months ended March 31, 2019. The $1.8 million increase in adjusted total revenue in the current quarter was primarily attributable to an increase of $3.8 million of revenue contributed from the Commercial Business segment and an increase of $0.4 from the Licensing and Royalty Business segment, partially offset by a $2.5 million decrease in the Production and Service Business segment.

For the three months ended March 31, 2020, the increase in the Commercial Business segment revenue was a result of continued organic growth of its key promoted products, Blexten and Cambia, as well as an increase in sales through the latter part of the quarter as the COVID-19 pandemic progressed and wholesaler and pharmacy demand increased beyond traditional ordering patterns. The Company believes this increase in wholesaler and pharmacy demand has now ended and there will be a decline in demand before a return to more traditional buying

patterns in subsequent quarters. The COVID-19 pandemic will impact the timing of revenue in future quarters and the Company will continue to monitor market dynamics accordingly. Also, adjusted total revenue increased due to a back order of a competing generic product of Fiorinal, which the Company does not anticipate continuing beyond the first quarter. These increases were partially offset by a decrease in the product sales included in the Production and Service Business segment, as a result of a decrease in the Company's Pennsaid product sales and the absence of contract revenue relating to transition services that were included in the three months ended March 31, 2019.

Adjusted EBITDA increased to $8.0 million for the three months ended March 31, 2020 compared to $5.2 million for the three months ended March 31, 2019. The increase in the current quarter was primarily attributable to the decrease of $1.8 million in general and administrative (G&A) expenses and sales and marketing expenses (net of amortization), largely as a result of the June 2019 restructuring. Also contributing to the increase in adjusted EBITDA was the increase in gross profit of $1.0 million (net of revenue recognized upon recognition of contract assets, amounts billed to customers for existing contract assets and inventory-step up expenses). This improvement in gross profit was due to an increase in gross margin on product sales and an increase in license revenue.

Gross profit on total revenue was $18.9 million or 77% for the three months ended March 31, 2020 compared to a gross profit of $9.0 million or 62% for the three months ended March 31, 2019. The increase in gross profit for the current quarter was primarily attributable to an increase in license revenue and gross margin on product sales.

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 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 March 31, 2020	Three Months ended March 31, 2019
in thousands	**$**	$
Total revenue	**24,361**	14,550
Add:		
Amounts billed to customers for existing contract assets	**48**	2,562
Deduct:		
Revenue recognized upon recognition of a contract asset	**(5,496)**	-
Adjusted total revenue	**18,913**	17,112

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 expenses, 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 March 31, 2020	Three Months ended March 31, 2019
in thousands	**$**	$
Net income (loss)	**3,083**	(7,404)
Add back:		
Income tax expense	**1,382**	54
Net interest expense	**3,100**	1,930
Depreciation and amortization	**2,349**	2,434
EBITDA	**9,914**	(2,986)
Add back:		
Amounts billed to customers for existing contract assets	**48**	2,562
Stock-based compensation	**105**	126
Deduct:		
Revenue recognized upon recognition of a contract asset	**(5,496)**	-
Other Expenses (Income):		
Change in fair value of derivative liabilities[(1)]	**2,417**	5,213
Change in fair value of contingent and variable consideration	**2,129**	72
Loss on disposal of fixed assets	**186**	-
Foreign currency gain	**(115)**	(978)
Inventory step-up	**362**	1,215
Other gains	**(1,560)**	-
Adjusted EBITDA	**7,990**	5,224

(1) As a result of the increase in the share price in the current quarter, combined with an increase in the risk-adjusted discount rate and an increase in the volatility, the value of the Company's derivative liabilities increased and the Company recognized a net non-cash $2.4 million loss on the change in fair value of derivative liabilities for the three months ended March 31, 2020.

Virtual Annual and Special Meeting of Shareholders

Due to the coronavirus pandemic, Nuvo's 2020 Annual and Special Meeting of Shareholders (Meeting) will be held as an online meeting only. The Meeting will take place on Monday, May 11, 2020 (today) at 9:00 a.m. Registered shareholders can attend the Meeting online, vote shares electronically and submit questions during the Meeting. You will need to have your 16-digit Control Number (the Control Number) to participate in the Meeting. If you are a shareholder and do not have a Control Number or if you are not a Nuvo shareholder, you can attend the Meeting as a guest, but you will not be able to vote at the Meeting. Shareholders can vote by proxy in advance of the Meeting as in prior years or online during the Meeting.

The link to participate in the Meeting is: http://www.virtualshareholdermeeting.com/NRIFF2020. If a participant experiences any technical difficulties during the Meeting, they may call 1-800-586-1548 (Canada and US) or 1-303-562-9288 (International) for assistance.

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:

Investor Relations
Email: ir@nuvopharm.com

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, including the anticipated receipt of certain milestone and royalty payments, the anticipated launch of certain products and the potential impact of COVID-19. 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 and may prove to be incorrect. 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, the potential impact of COVID-19 on the Company's operations, business and financial results 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. 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.