# Miravo Healthcare™ Announces 2021 and Fourth Quarter Results

*- Blexten Canadian Prescriptions Increased 21% Year-Over-Year -*
*- Cambia Canadian Prescriptions Increased 8% Year-Over-Year -*

***Miravo to Host Conference Call/Audio Webcast March 28th at 11:00 a.m. ET***

**Mississauga, Ontario, Canada** – March 28, 2022 – Nuvo Pharmaceuticals Inc. (TSX:MRV; OTCQX:MRVFF) d/b/a Miravo Healthcare (Miravo or the Company), 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 and year ended December 31, 2021. For further details on the results, please refer to Miravo's Management, Discussion and Analysis (MD&A) and Consolidated Financial Statements for the three months and year ended December 31, 2021 which are available on the Company's website (www.miravohealthcare.com). All figures are in Canadian dollars, unless otherwise noted.

## Key Developments

**Three months ended December 31, 2021 include the following:**

- Total revenue was $17.7 million, an increase of 2% compared to $17.3 million for the three months ended December 31, 2020. Adjusted total revenue[(1)] was $17.8 million, an increase of 3% compared to $17.3 million for the three months ended December 31, 2020.
- Net loss was $5.6 million compared to net income of $2.4 million for the three months ended December 31, 2020. Adjusted EBITDA[(1)] was $3.4 million, a decrease of 46% compared to $6.2 million for the three months ended December 31, 2020.
- Revenue related to Blexten®, Cambia® and Suvexx® was $8.8 million, an increase of 30% compared to revenue of $6.8 million for the three months ended December 31, 2020. Total Canadian prescriptions of Blexten, Cambia and Suvexx increased by 20%, 3% and 80%, respectively compared to the three months ended December 31, 2020.
- The Company repaid $3.1 million (US$2.5 million) of the Amortization Loan to Deerfield Management Company, L.P. (Deerfield).
- As at December 31, 2021, cash and cash equivalents were $30.9 million.

**Year ended December 31, 2021 include the following:**

- Total revenue was $68.9 million, a decrease of 7% compared to $73.8 million for the year ended December 31, 2020. Adjusted total revenue[(1)] was $69.4 million, a decrease of 2% compared to $71.0 million for the year ended December 31, 2020.
- Net loss was $32.2 million compared to net loss of $4.1 million for the year ended December 31, 2020. Adjusted EBITDA[(1)] was $22.2 million, a decrease of 22% compared to $28.4 million for the year ended December 31, 2020.
- Revenue related to Blexten, Cambia and Suvexx was $32.3 million, an increase of 27% compared to revenue of $25.5 million for the year ended December 31, 2020. Canadian prescriptions of Blexten and Cambia increased by 21% and 8%, respectively compared to the year ended December 31, 2020.
- The Company repaid $13.4 million (US$10.8 million) of the Amortization Loan to Deerfield.

(1) Non-IFRS financial measure. These measures are not recognized under IFRS and do not have standardized meanings prescribed by IFRS. See the *Non-IFRS Measures* section for definitions, reconciliations and the basis of presentation of the Company's non-IFRS measures.

**Business Update**

- In February 2022, the United States District Court for the District of New Jersey granted a motion for summary judgment filed by Dr. Reddy's Laboratories Inc. (Dr. Reddy's). As a result, the asserted claims of Nuvo Pharmaceuticals (Ireland) DAC's (Miravo Ireland) U.S. Patent Nos. 8,858,996 (the '996 Patent) and 9,161,920 (the '920 Patent) related to Vimovo in the U.S. were found to be invalid. Miravo Ireland and its partner are not planning on appealing this decision.

- In February 2022, Blexten for pediatric use in patients 4 years of age and older* was commercially launched in Canada by. The pediatric use includes two new dosage formats; a 2.5mg/mL oral solution and a 10mg orodispersible tablet (quick melt) for the treatment of the symptoms of seasonal allergic rhinitis and chronic spontaneous urticaria (such as itchiness and hives). The pediatric formats will be available to patients with a prescription from their healthcare provider.

- In October 2021, Resultz® was commercially launched in the U.S. market by The Mentholatum Company. Resultz is marketed in the U.S. under the brand name Mentholatum Kids Headlice Removal Kit. The Company's Irish subsidiary, Miravo Ireland receives revenue from the supply of finished product to The Mentholatum Company.

* Blexten (bilastine) is indicated for the symptomatic relief of nasal and non-nasal symptoms of seasonal allergic rhinitis and chronic spontaneous urticaria (e.g. pruritus and hives) in patients 4 years of age and older with a body weight of at least 16 kg.

"Our key promoted brands have demonstrated continued strong performance with Blexten, Cambia, Suvexx and NeoVisc® achieving year-over-year gains in prescription and revenue growth despite COVID-19 pandemic related headwinds. We are encouraged by the increasing numbers of in-person patient visits at healthcare providers and anticipate a return to pre-pandemic levels over the coming quarters," said Jesse Ledger, Miravo's President & CEO. "Our product portfolio has continued to expand with the approval and subsequent launch of the pediatric formats of Blexten in Canada; and our EU and South Korean marketing authorization applications for Suvexx continue to move through the review process in their respective territories."

**2021 and Fourth Quarter Financial Results**

Adjusted total revenue was $69.4 million for the year ended December 31, 2021 compared to $71.0 million for the year ended December 31, 2020. The $1.6 million decrease in adjusted total revenue in the current year was primarily attributable to a decrease of $6.7 million of revenue from the Licensing and Royalty Business segment and a decrease in revenue of $0.7 million in the Production and Service Business segment, slightly offset by an increase of $5.8 million in the Commercial Business segment.

Revenue attributable to the Commercial Business segment increased during the year ended December 31, 2021 due to a $7.3 million increase in sales of the Company's promoted products (Blexten, Cambia, Suvexx and Neovisc), offset by a $1.5 million decrease in sales of the Company's mature products.

The Production and Service Business segment revenue decreased during the year ended December 31, 2021, primarily due to a decrease in Pennsaid® 2% and Resultz product sales, as well as the stronger Canadian dollar against the U.S. dollar and euro, which reduced the contribution from certain U.S. and euro denominated product revenue streams, slightly offset by an increase in sales of Pennsaid.

The decrease in revenue attributable to the License and Royalty business segment during the year ended December 31, 2021 was primarily attributable to a $4.5 million reduction in U.S. Vimovo royalty revenue due to a competitor launch of a generic version of Vimovo in the U.S. during March 2020, as well as the stronger Canadian dollar against the U.S. dollar and euro, which reduced the contribution from certain U.S. and euro denominated royalty streams during the current year. In addition, in the comparative year, the Company received a $2.5 million (US $1.8 million) milestone payment, net of withholding taxes related to the use of its Yosprala intellectual property in Japan.

Adjusted total revenue for the three months ended December 31, 2021 increased to $17.8 million compared to $17.3 million for the three months ended December 31, 2020.

Adjusted EBITDA was $22.2 million for the year ended December 31, 2021 compared to $28.4 million for the year ended December 31, 2020. During the year ended December 31, 2021, a $5.5 million increase in gross profit from the Company's Commercial Business segment (net a $1.4 million decrease in inventory step-up expense) was more than offset by a $6.7 million decrease in the contribution from the Company's License and Royalty Business segment, a $1.5

million decrease in gross profit contribution from the Production and Service Business segment, a $1.9 million increase in sales and marketing expenses and a $0.1 million increase in general and administrative (G&A) expenses (net a $0.1 million increase in stock-based compensation).

Adjusted EBITDA for the three months ended December 31, 2021 was $3.4 million compared to $6.2 million for the three months ended December 31, 2020.

**Non-IFRS Measures**

The Company discloses non-IFRS financial measures (adjusted total revenue, adjusted EBITDA, and cash value of loans) and a non-IFRS ratio (adjusted EBITDA per share) that are not recognized under and do not have standardized meanings prescribed by IFRS. Accordingly, such measures are not necessarily comparable and may not have been calculated in the same way as similarly named financial measures presented by other companies. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. The Company believes that shareholders, investment analysts and other readers find such measures helpful in understanding and assessing the Company's financial performance. We utilize these measures in managing our business, including as means of performance measurement, cash management and debt compliance. Because non-IFRS financial measures and non-IFRS ratios do not have standardized meanings prescribed under IFRS, securities regulations require that such measures be clearly defined, identified, and for non-IFRS financial measures, reconciled to their nearest IFRS measure. The applicable definition, calculation and reconciliation of each such measure used in this MD&A is provided below.

**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, reconciled to the to the nearest IFRS measure:

| | Three months ended December 31 | | Twelve months ended December 31 | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **$** | $ | **$** | $ |
| ***Total revenue*** | **17,709** | 17,283 | **68,907** | 73,775 |
| Add: | | | | |
| Amounts billed to customers for existing contract assets | **116** | 48 | **497** | 2,680 |
| Deduct: | | | | |
| Revenue recognized upon recognition of a contract asset | **-** | - | **-** | (5,496) |
| **Adjusted total revenue** | **17,825** | 17,331 | **69,404** | 70,959 |

**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 EBITDA, plus amounts billed to customers for existing contract assets, inventory step-up expenses, stock-based compensation expense, loss on fair value of derivative liabilities, loss on fair value of contingent and variable consideration, impairment loss, foreign currency loss, other losses less revenue recognized upon recognition of a contract asset, stock-based compensation recovery, gain on fair value of derivative liabilities, gain on fair value of contingent and variable consideration, impairment recovery, foreign currency gain 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, reconciled to the to the nearest IFRS measure:

| | Three months ended December 31 | | Year ended December 31 | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **$** | $ | **$** | $ |
| ***Net income (loss)*** | **(5,593)** | 2,399 | **(32,205)** | (4,129) |
| Add back: | | | | |
| Income tax expense (recovery)[1] | **474** | (435) | **2,858** | 1,152 |
| Net interest expense | **2,526** | 2,422 | **10,103** | 11,441 |
| Depreciation and amortization | **1,925** | 2,291 | **8,050** | 9,256 |
| **EBITDA** | **(668)** | 6,677 | **(11,194)** | 17,720 |
| Add back: | | | | |
| Amounts billed to customers for existing contract assets | **116** | 48 | **497** | 2,680 |
| Stock-based compensation | **56** | 53 | **367** | 261 |
| Deduct: | | | | |
| Revenue recognized upon recognition of a contract asset | **-** | - | **-** | (5,496) |
| Change in fair value of derivative liabilities[2] | **1,138** | 587 | **15,585** | 11,728 |
| Change in fair value of contingent and variable consideration | **(371)** | 208 | **(1,376)** | 1,794 |
| Impairment[3] | **3,246** | 1,583 | **17,928** | 1,583 |
| Foreign currency loss (gain) | **(127)** | (2,586) | **35** | (1,145) |
| Inventory step-up | **-** | 352 | **35** | 1,411 |
| Other losses (gains) | **3** | (680) | **287** | (2,093) |
| **Adjusted EBITDA** | **3,393** | 6,242 | **22,164** | 28,443 |

(1) Income tax expense for the year ended December 31, 2021 includes $2.4 million for deferred income tax due to the utilization of loss carryforwards that were previously recognized. The Company did not recognize deferred income tax expense in the comparative year.

(2) The Company's derivative liabilities are measured at fair value through profit or loss at each reporting date. As a result of the increase in the share price in the current year and an increase in the volatility of the Company's shares, amongst other inputs, the value of the Company's derivative liabilities increased, and the Company recognized net losses of $15.6 million on the change in fair value of derivative liabilities for the year ended December 31, 2021.

(3) During the year ended December 31, 2021, the Company recorded impairment of $17.9 million of goodwill and certain intangible assets in the Commercial Business and Licensing and Royalty segments. Additional details regarding the Company's methodology and assumptions are disclosed in Note 9, *Intangible Assets* and Note 10, *Goodwill* to the Consolidated Financial Statements for the year ended December 31, 2021. See *Impairment* and *Risk Factors* in the Management's, Discussion and Analysis for the year ended December 31, 2021.

**Management to Host Conference Call/Webcast**

Management will host a conference call to discuss the results today (Monday, March 28, 2022) at 11:00 a.m. ET. To participate in the conference call, please dial (289) 536-4777 or 1 (888) 550-2239 / Conference ID: 6216508. 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 live audio webcast and replay webcast of the conference call will be available through https://onlinexperiences.com/Launch/QReg/ShowUUID=4A4D2771-F21A-47AB-82F9-727FEDA78FB2

**About Miravo Healthcare**

Miravo is a Canadian-focused, healthcare company with global reach and a diversified portfolio of commercial products. The Company's products target several therapeutic areas, including pain, allergy, neurology and dermatology. The Company's strategy is to in-license and acquire growth-oriented, complementary products for Canadian and international markets. Miravo's head office is located in Mississauga, Ontario, Canada, the international operations are located in Dublin, Ireland and the Company's 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.miravohealthcare.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. These forward-looking statements include statements regarding anticipated product launches, responses to COVID-19, milestone payments, royalties and license approvals.*

*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 approvals therefor, 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 denial of regulatory approvals, the delay or failure to meet anticipated product launches, the failure to meet certain milestones or collect certain royalties, 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 the Company. Additional factors that could cause the Company'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 the Company's most recent Annual Information Form dated March 25, 2022 under the heading "Risks Factors", and as described from time to time in the reports and disclosure documents filed by the Company with Canadian securities regulatory agencies and commissions. These and other factors should be considered carefully and readers should not place undue reliance on the Company'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.*