



# Investor Presentation

March 13, 2017

[nuvopharmaceuticals.com](http://nuvopharmaceuticals.com)

TSX: NRI

Nuvo Pharmaceuticals™ Inc.



# Safe Harbour

Certain information to be discussed during this corporate update contains forward-looking statements within the meaning of applicable securities laws including, among others, statements concerning the Company's 2017 objectives, the Company's strategies to achieve those objectives, as well as statements with respect to Management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts.

Such forward-looking statements reflect Management's current beliefs as of the date hereof and are based on information currently available to Management.

These statements are not guarantees of future performance and are based on the Company's estimates and assumptions and are subject to risks and uncertainties, including those described in the Company's Management Discussion and Analysis regarding the 2016 annual audited financial statements and news releases, which could cause the Company's actual results to differ materially from the forward-looking statements to be discussed during this presentation.

Although the forward-looking information discussed during this presentation is based upon what Management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements.

Except as required by applicable law, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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# Non-IFRS Measures

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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 from continuing operations before net interest income, plus taxes, depreciation, amortization and stock based compensation. 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.

# Nuvo Pharmaceuticals



# Nuvo Pharmaceuticals Highlights

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- Growing revenue and EBITDA healthcare company
  - 3 commercial products: Pennsaid 2%, Pennsaid, HLT Patch
  - Cash flow positive and profitable
  - 2016 revenue grew 32% over 2015
- Future revenue growth from Pennsaid 2% out-licensing in major markets (i.e. Europe, Latin America, Asia)
- Strong barriers to entry: long-life IP and long-term contracts
- FDA licensed manufacturing facility located in Québec
- Strong balance sheet with \$17.6 million of cash and short-term investments and no debt (December 31, 2016)
- M&A plan to acquire accretive products and businesses

# Pennsaid 2% FDA Approved and Selling in the U.S.

## Topical and Transdermal Drug Delivery



Follow-on product to Pennsaid,  
contains 2% diclofenac sodium

<b>Market</b>	<ul style="list-style-type: none"> <li>27M U.S. patients with osteoarthritis</li> <li>Targeting U.S. NSAID market</li> </ul>
<b>Indication</b>	<ul style="list-style-type: none"> <li>Treating the pain of osteoarthritis of the knee</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Low systemic exposure to minimize side effects</li> <li>Only twice per day dosed topical NSAID in U.S.</li> <li>Metered dose dispenser</li> </ul>
<b>U.S. Commercial Status</b>	<ul style="list-style-type: none"> <li>U.S. rights sold to Horizon Pharma in October 2014 for US\$45 million</li> <li>Nuvo is Horizon's exclusive long-term manufacturer to 2029</li> </ul>
<b>Intellectual Property</b>	<ul style="list-style-type: none"> <li>Multiple patents listed in the FDA Orange Book continuing to 2030</li> </ul>

# Commercial Partners Sell Our Approved Products

Pennsaid / Pennsaid 2%

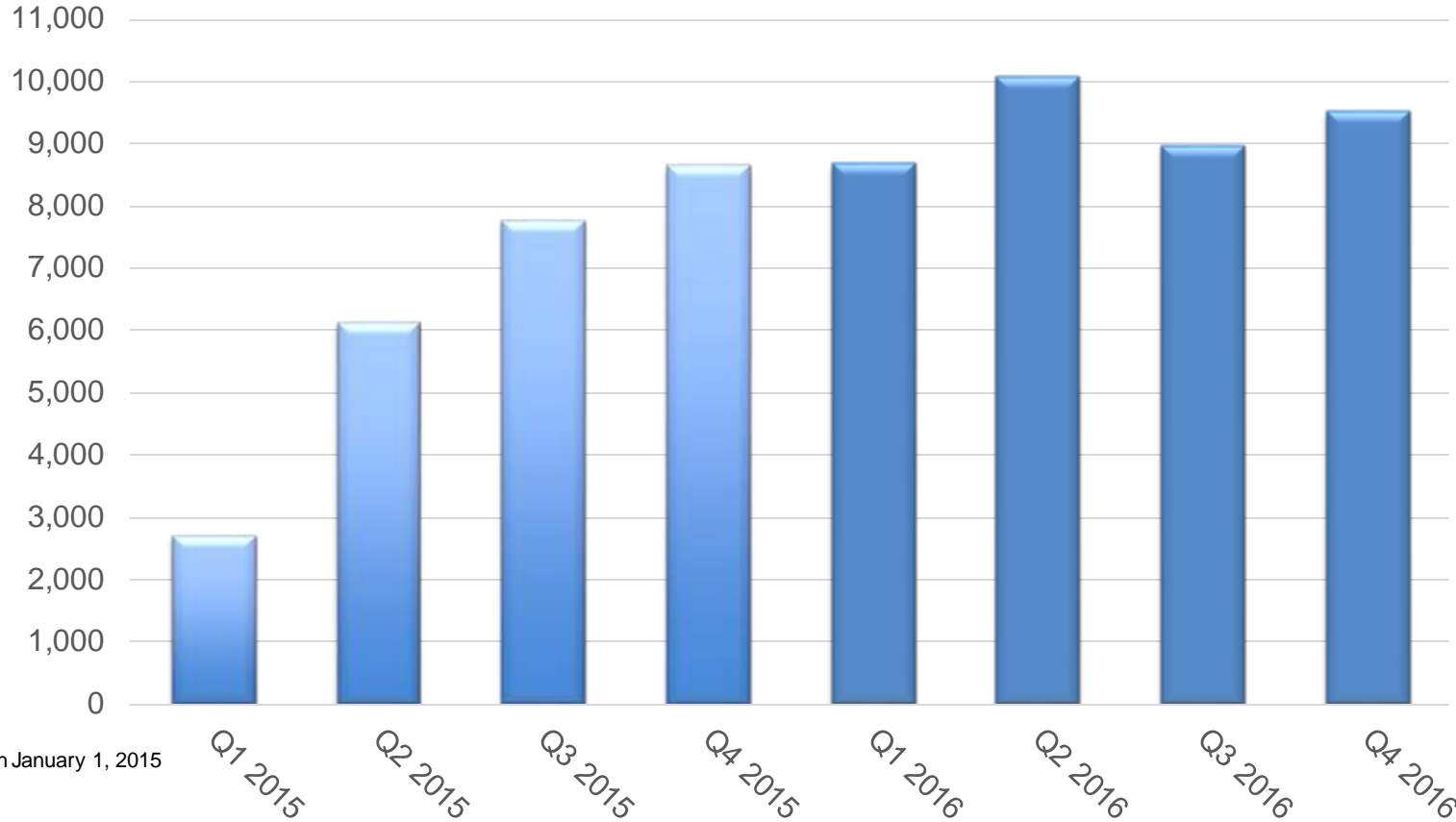


HLT Patch



# Pennsaid 2% U.S. Average Total Bottles Dispensed Weekly Per Quarter

Average Total Bottles/Week



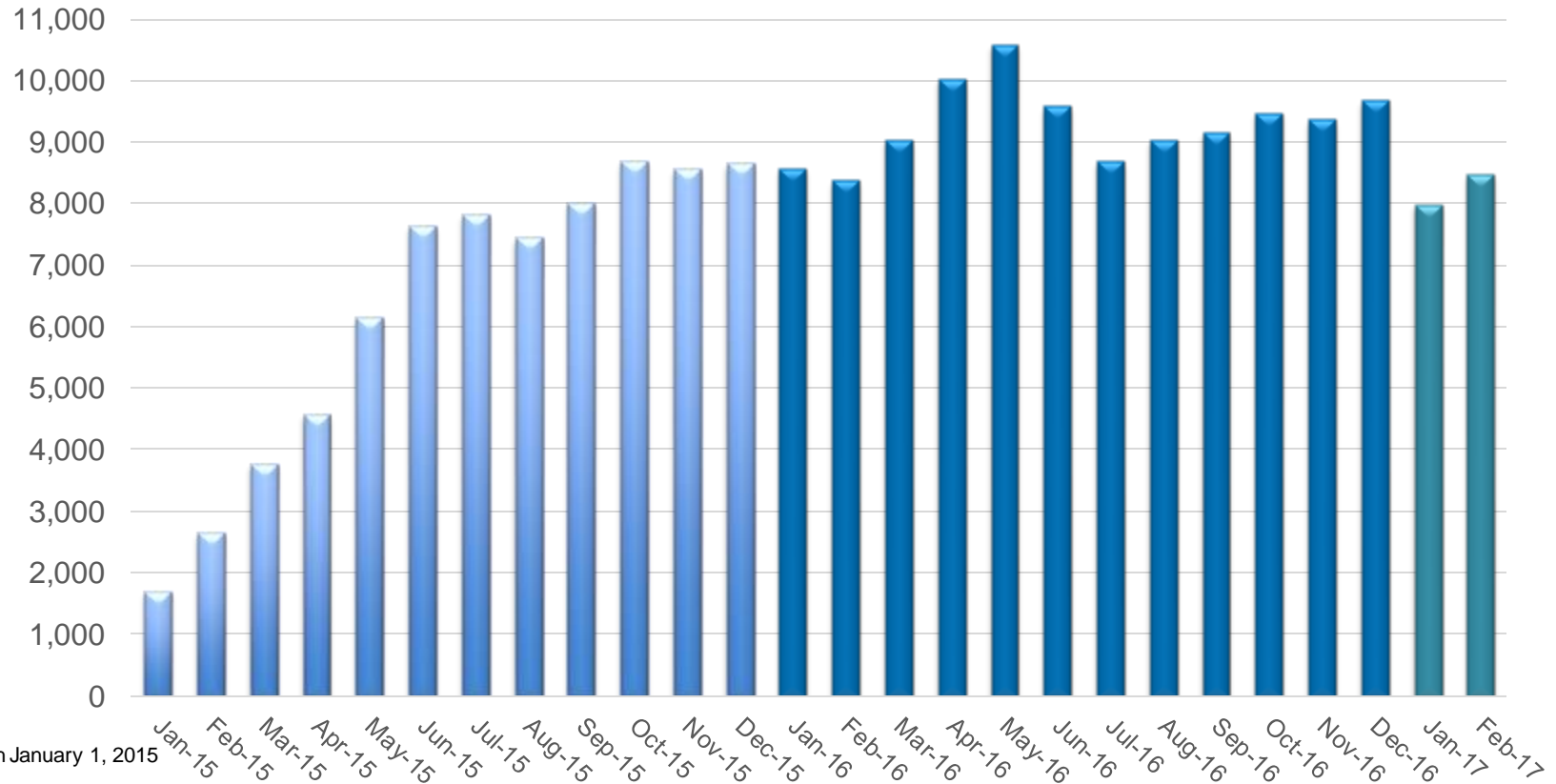
Horizon launch January 1, 2015

Source: IMS Health



# Pennsaid 2% U.S. Average Total Bottles Dispensed Weekly Per Month

Average Total Bottles/Week



Source: IMS Health

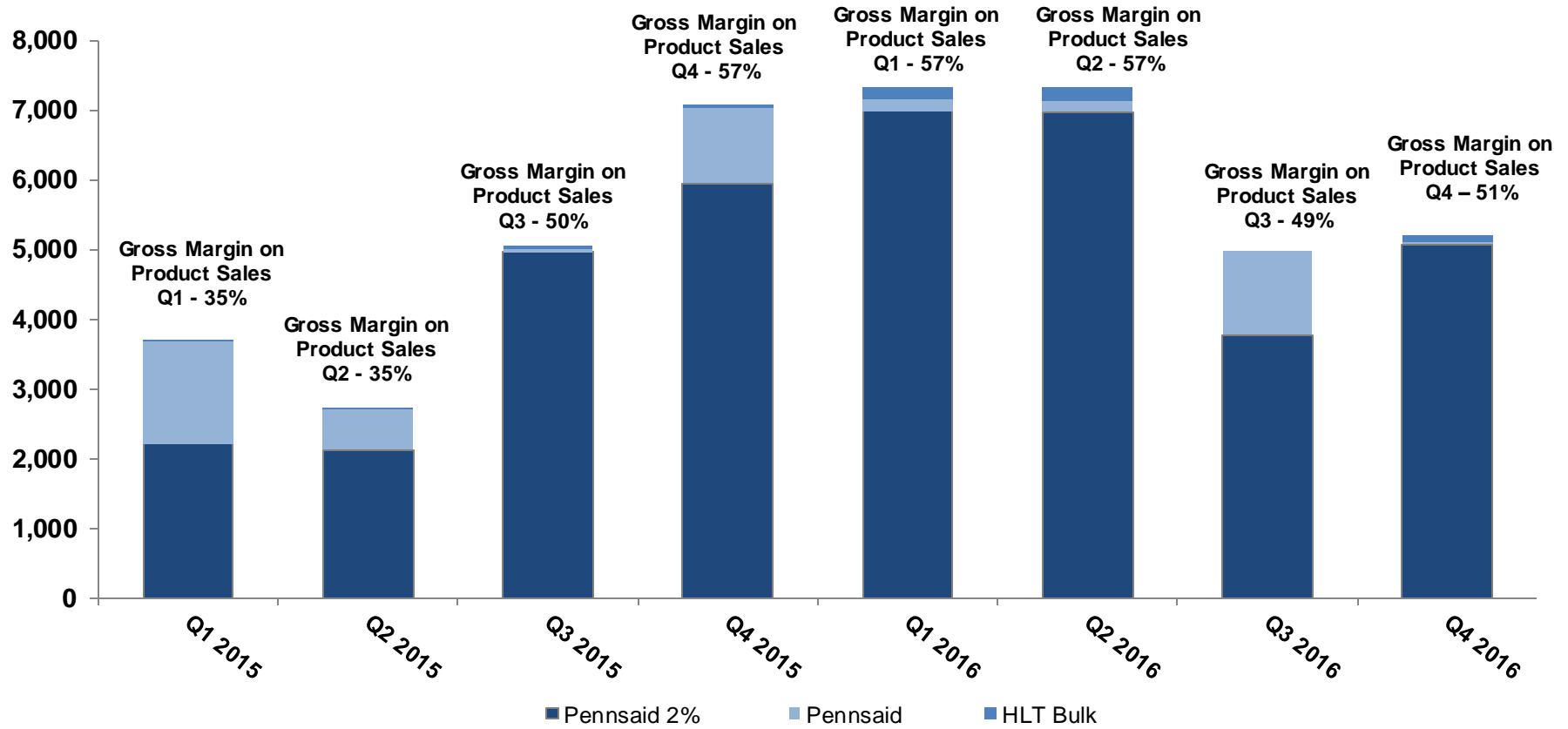
# Pennsaid 2% Projected U.S. Growth

- Sold in U.S. by Horizon Pharma (NASDAQ:HZNP), a US\$2.7 billion market cap U.S. biopharmaceutical company utilizing their Primary Care and Rheumatology sales forces
- Horizon's largest and fastest growing Primary Care product
  - Horizon has publicly stated its belief that Pennsaid 2% will continue to grow
- Pennsaid 2% is the only 2X per day topical NSAID available in the U.S.
- Only topical NSAID competitor in the U.S. is Voltaren Gel
  - Requires 4X per day dosing
  - Went generic in 2016
  - Total sales of branded and generic versions are declining
  - No sales force promoting it

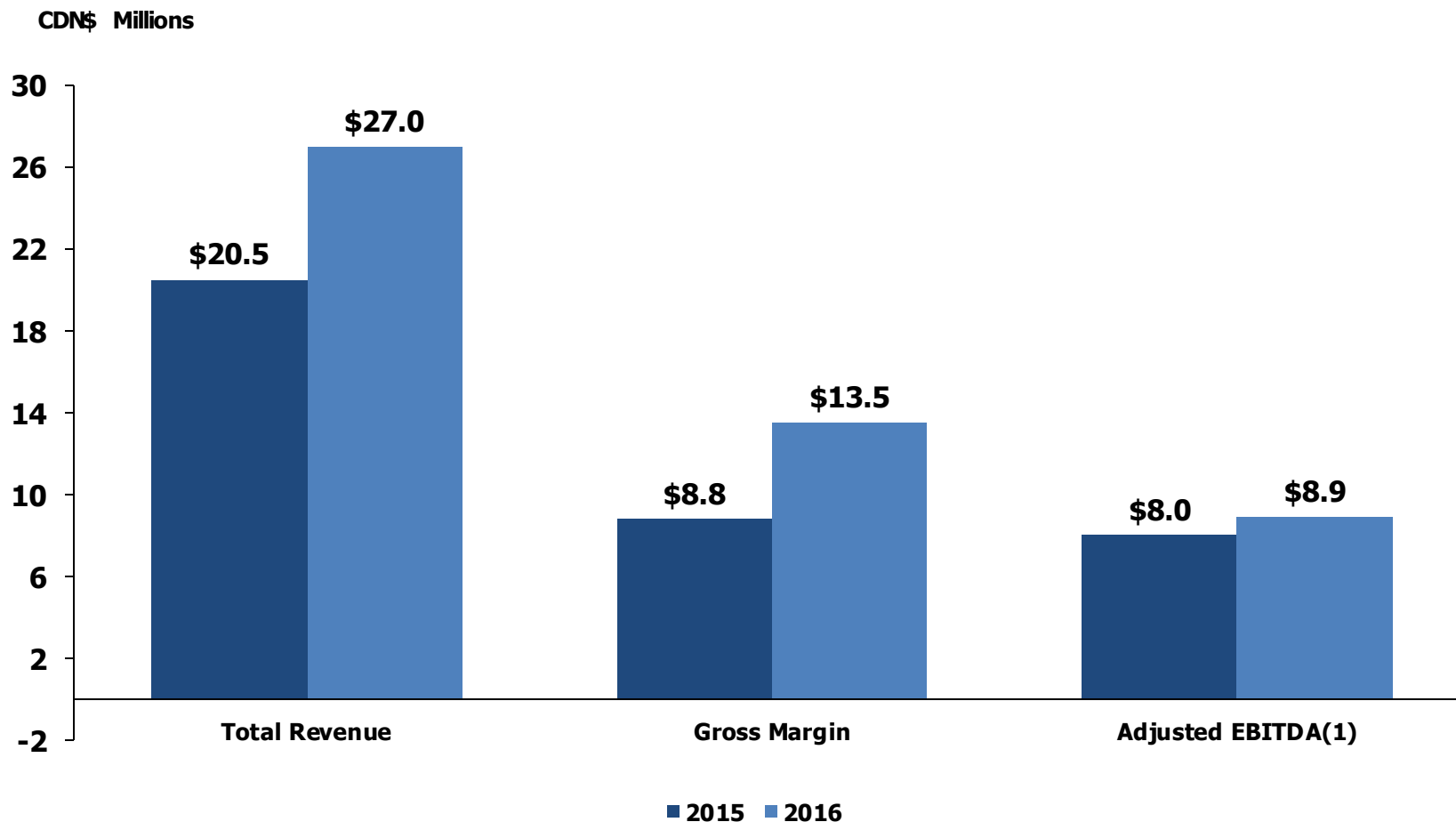
# Product Sales

## Gross Margin Contribution

CDN\$ Thousands



# 2016 Performance vs 2015 (January 1 to December 31)



(1) Adjusted EBITDA is a non- GAAP measure defined on slide 3

# Nuvo Pharmaceuticals Strategy to Increase and Diversify Revenue Streams

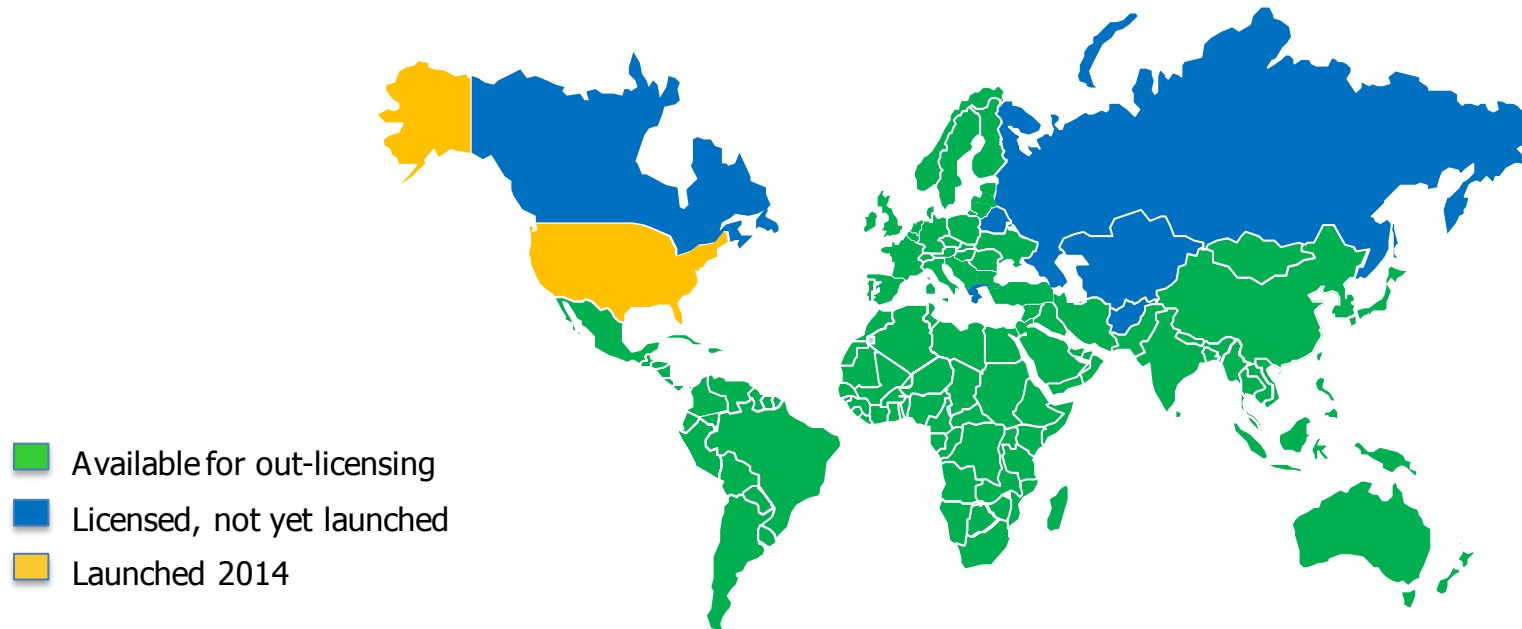
- Most of Nuvo's revenue is being generated by Pennsaid 2% in the U.S.
- Create a global Pennsaid 2% franchise by out-licensing to strong commercial partners throughout the world
- Acquire complementary strategic assets through M&A to increase sales and profitability



# Pennsaid 2%

## International Out-Licensing Opportunities

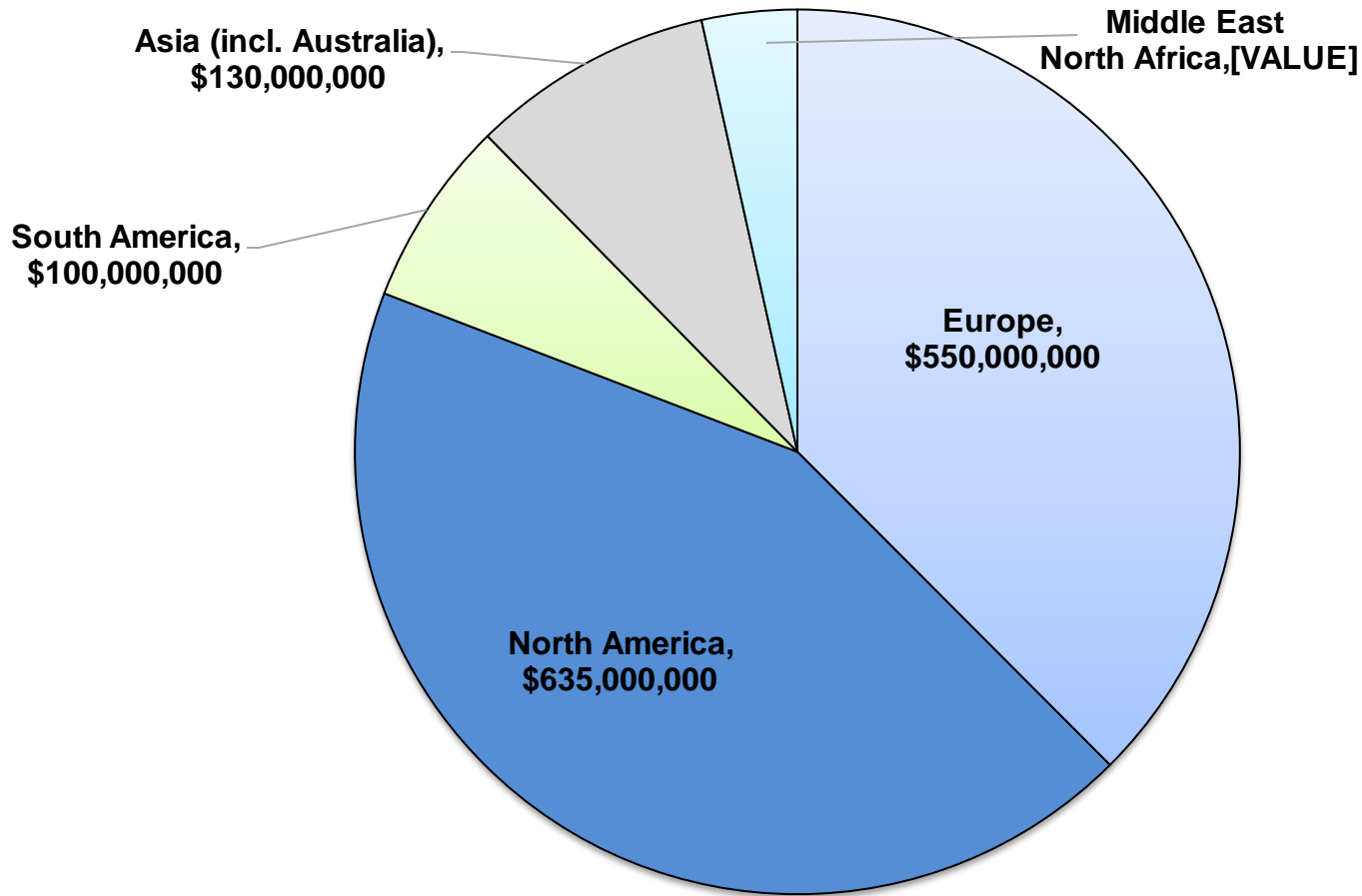
Indication | Acute pain for sprains and strains



Status | Many jurisdictions will base approval on existing U.S. FDA approval  
Phase 3 trial to support E.U., Canada and Australia approvals commenced November 2016

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# \$1.5B Global Topical Diclofenac Market (USD in 2015)



# Target Licensing Agreement Structure

- Modest upfront payments on signing/regulatory approval (e.g. received \$500,000 on Russian NovaMedica license)
- Royalties based on net sales in the territory and/or transfer pricing
- Exclusive long-term manufacturing agreement
- Licensee responsibility for obtaining and maintaining regulatory approval utilizing drug dossier provided by Nuvo





# Upcoming Pennsaid 2% Potential Milestones

Q1 – Q4 2017	International licensing transactions completed and announced
Q2 2017	Announce results for German Phase 3 trial for ankle sprains
Q2 – Q4 2017	Product acquisitions(s) completed and announced
2018/2019	Regulatory approvals obtained and revenues commence from international licensing and product acquisition transactions

# Manufacturing



# Manufacturing

- Facility in Varennes Québec is FDA, Health Canada and MHRA approved
- Manufactures Pennsaid, Pennsaid 2% and HLT Patch bulk for the global market
- 26,000 square foot facility with 3 production lines, 2 compounding rooms
- Fully integrated pharmaceutical manufacturer with in-house capabilities including:
  - Quality Assurance
  - Quality Control (Including a Microbiology Laboratory)
  - Logistics & Purchasing
- Experienced management team with an average of 20 years of pharmaceutical manufacturing industry experience
- Capacity utilization of commercial bottles is 35%\*

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# Manufacturing



Manufacturing Lines • Compounding • Unit Dose Manufacturing

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# Financial Snapshot

Stock Symbol	TSX: NRI
Market Cap (March 13/17)	\$62.9 million at \$5.45 per share
Shares Outstanding	11.5 million
52 Week Share Price Low-High	\$5.00 - \$8.35
Cash & Short-Term Investments (December 31/16)	\$17.6 million
Debt	NIL
Revenue	\$20.5 million (2015) \$27.0 million (2016)
Headquarters	Mississauga, ON

# Management Team



**John London**  
Chief Executive Officer

- Over 30 years management experience and over 10 years of pharmaceutical experience
- Formerly Co-CEO of Nuvo Research since 2009, previously Nuvo's Vice-Chairman since 2005
- Graduate of the University of Western Ontario law school and holds a Masters of Law Degree from University College London



**Jesse Ledger**  
President

- Over 12 years of pharmaceutical business development
- Prior to joining Nuvo in April 2016, was Vice President, Business Development & International Business of Tribute Pharmaceuticals Canada
- Holds an honours Bachelor of Business Administration degree from Trent University



**Mary-Jane Burkett**  
Vice President & CFO

- 4 years of pharmaceutical experience
- Chartered Professional Accountant and holds an honours Bachelor of Business Administration degree from the Ivey Business School, University of Western Ontario



**Tina Loucaides**  
Vice President, Secretary & General Counsel

- Over 12 years of legal experience in the biotechnology and pharmaceuticals area
- Nuvo's General Counsel since 2008
- Graduate of Osgoode Hall Law School and holds a Bachelor degree and a Master of Science degree from the University of Toronto



**Cally Lunetta**  
Vice President,  
Manufacturing

- Over 30 years of pharmaceutical manufacturing experience
- 15 years overseeing the Nuvo manufacturing facility
- Holds a Bachelor of Science degree from McGill University

# Board of Directors



## Dan Chicoine

Chairman

(Executive Chairman & Interim CEO, Crescita Therapeutics Inc.)

- Formerly Co-CEO of Nuvo Research since 2009, and Nuvo's Chairman since 2005
- BComm from the University of Toronto and is also a Chartered Professional Accountant



## Jacques Messier

Chair of the Governance, Compensation & Nominating Committee

(Chief Executive Officer, Toronto Humane Society)

- DVM from the University of Montreal and an MBA from the University of Western Ontario



## David Copeland

Lead Director

(Former CFO of Magna International Inc. and CEO of the Cosma Group of Magna)

- BMath from the University of Waterloo and is also a Chartered Professional Accountant



## Samira Sakhia

Chair of the Audit Committee

(President, Knight Therapeutics Inc.)

- MBA and a BComm from McGill University and is also a Chartered Professional Accountant



## Anthony Dobranowski

Director

(Former Vice President of Magna, and prior to that held various executive positions (Vice Chairman, President and CFO) at Tesma International Inc., a public subsidiary of Magna)

- MBA from the University of Toronto and is also a Chartered Professional Accountant



## John London

Director and CEO

- Formerly Co-CEO of Nuvo Research since 2009, previously Nuvo's Vice-Chairman since 2005
- Graduate of the University of Western Ontario law school and holds a Masters of Law Degree from University College London



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To discuss opportunities contact:

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