



# Investor Presentation

November 8, 2018

[nuvopharmaceuticals.com](http://nuvopharmaceuticals.com)  
TSX: NRI / OTCQX: NRIFF  
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 2018 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 2017 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.

2

# 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

**A globally focused, Canadian headquartered healthcare company with a portfolio of commercial products & pharmaceutical manufacturing capabilities**

- 4 commercial products: Pennsaid® 2%, Pennsaid, Resultz®, HLT Patch
- Cash flow positive and track record of profitability
- Strong IP and long-term partner relationships
- FDA licensed manufacturing facility

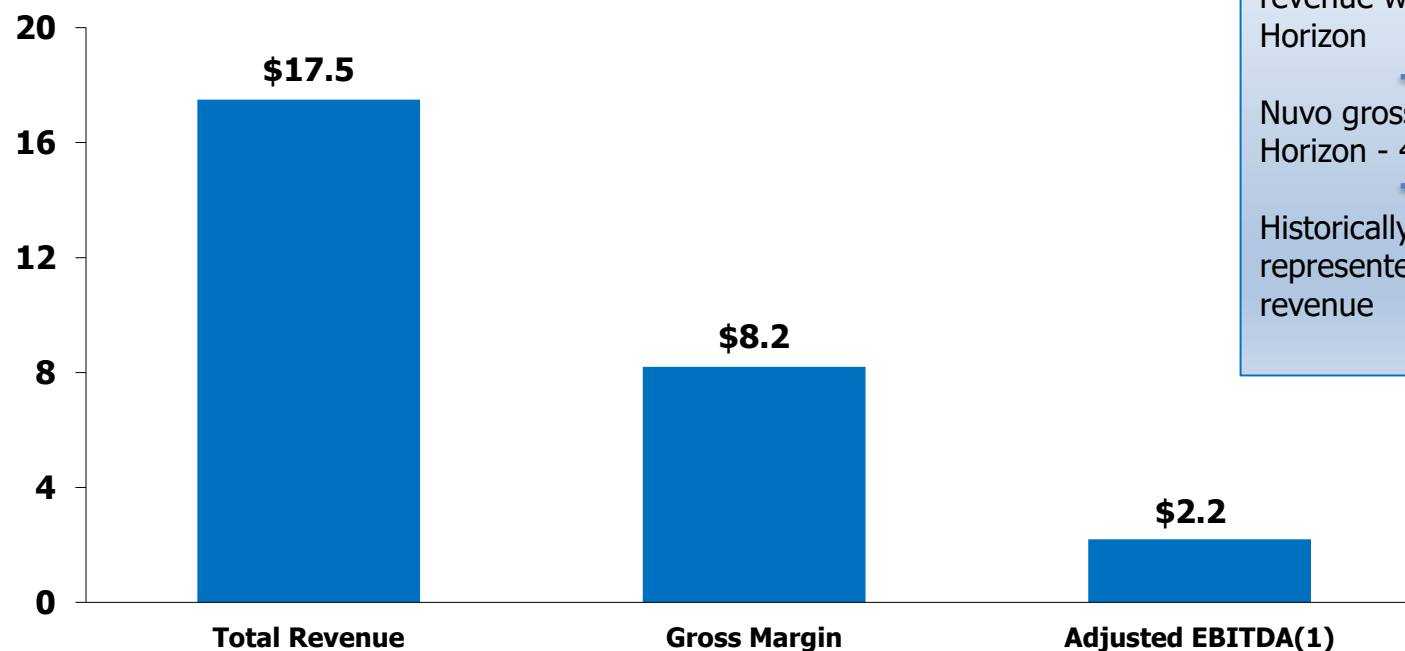
## **Focused future revenue growth strategy in two areas:**

- Out-license existing products in international markets
- Growth through product and company acquisitions

# 2017 Financial Performance

(Twelve Months Ended December 31)

CDN\$ Millions



## Highlights

Nuvo records Pennsaid 2% U.S. revenue when product is shipped to Horizon

Nuvo gross margin on sales to Horizon - 40% to 58%

Historically, Horizon product has represented over 80% of Nuvo revenue

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

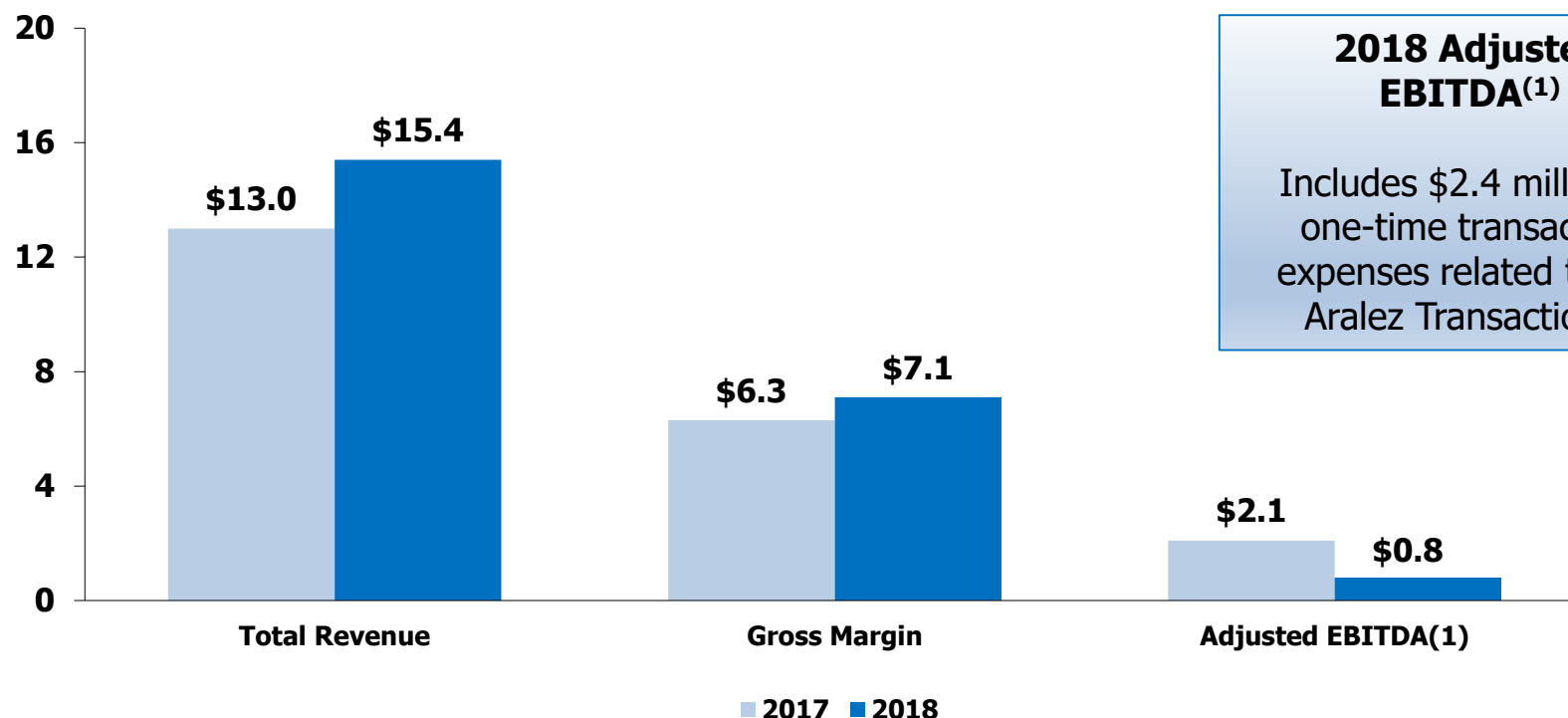
6

# 2018 Financial Performance

(Nine Months Ended September 30)

## Total Revenue Increased 18% Year-Over-Year

CDN\$ Millions



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

(2) See slide 16 for the description of the Aralez Transaction

# Our Lead Product: Pennsaid 2% FDA Approved and Selling in the U.S.

## Topical and Transdermal Drug Delivery



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

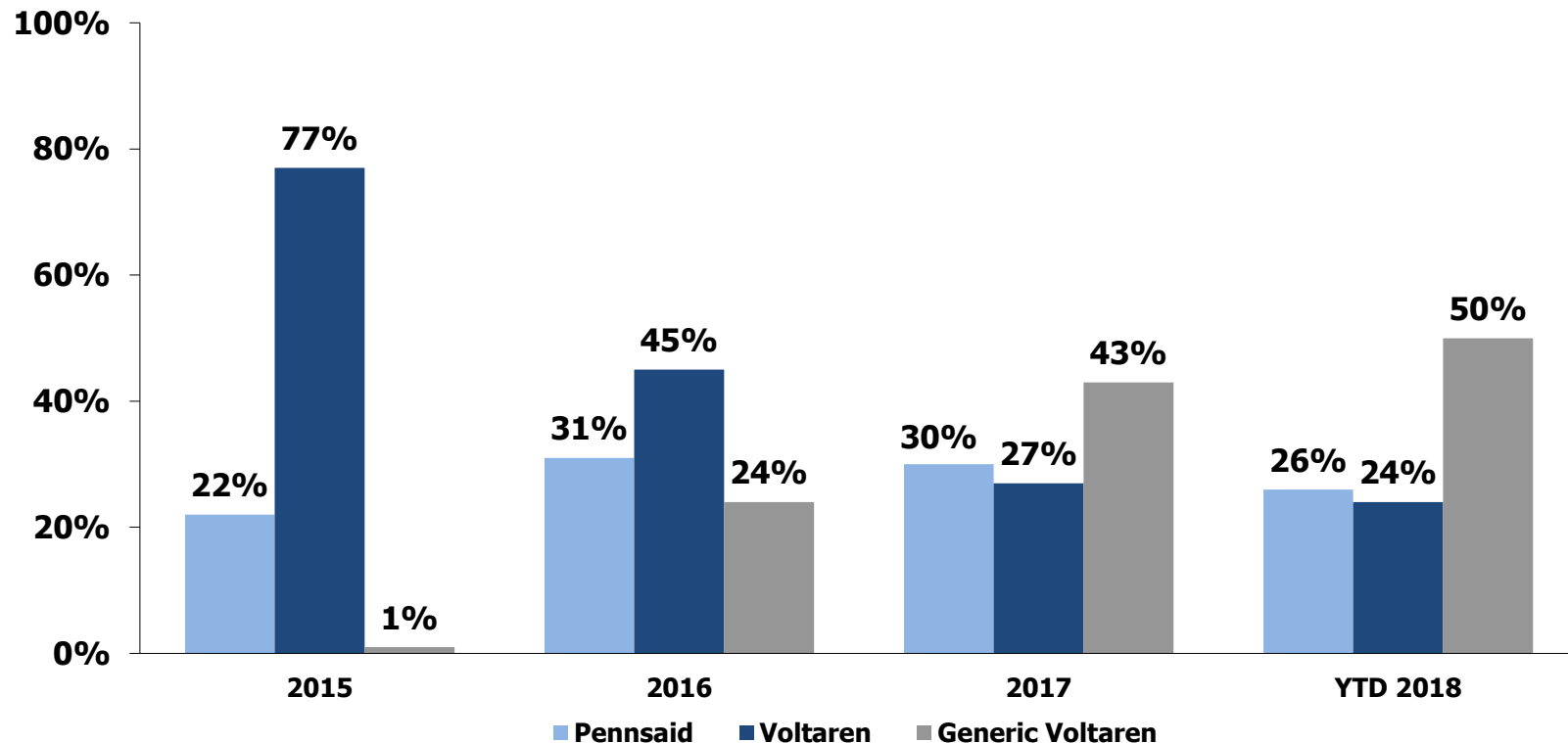
<b>Market</b>	<ul style="list-style-type: none"> <li>27 million U.S. patients with osteoarthritis</li> <li>Targeting U.S. NSAID market</li> </ul>
<b>Indication</b>	<ul style="list-style-type: none"> <li>Treating the pain of osteoarthritis of the knee</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: 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 for US\$45.0 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> <li>All generics have settled with Horizon, except Actavis (first generic filer) with the earliest entry date being October 2027</li> <li>Recent court decision blocks Actavis until at least 2027</li> </ul>



# Pennsaid 2% U.S. Business Landscape

- Sold in the U.S. by Horizon Pharma (NASDAQ:HZNP), a US\$3.0 billion market cap U.S. biopharmaceutical company utilizing its Primary Care sales force
- Pennsaid 2% is Horizon's top-selling Primary Care product
- 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
  - No sales force promoting it
  - Total sales of branded and generic versions have plateaued

# Pennsaid 2% Maintains Market Share Despite Entry of Generic Voltaren



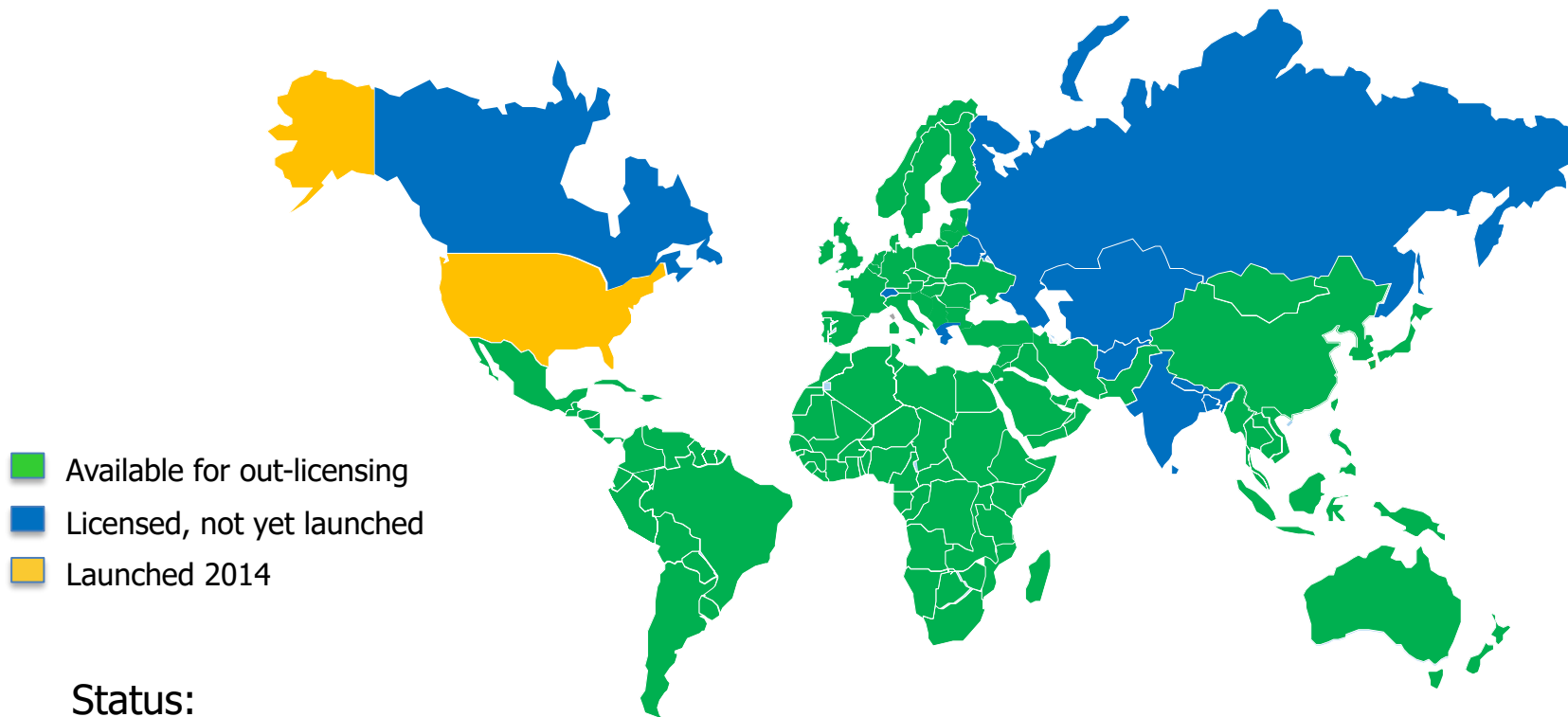
Source: IMS Health  
Percentage based on # of TRx per patient days of treatment

Horizon launched Pennsaid 2% January 1, 2015

10

# Pennsaid 2%

## International Out-Licensing Opportunities



### Status:

- E.U. and Switzerland regulatory submissions Q4 2018
- Canada and Australia regulatory strategy under review
- Most other jurisdictions will base approval on existing U.S. FDA approval for treating osteoarthritis of the knee

# Resultz Approved in U.S., Selling and Generating Royalties in Europe and Canada

**A topical treatment that effectively kills lice formulated with just two common cosmetic ingredients**



Robust Clinical Efficacy Data,  
Differentiated Product Claims

<b>Market</b>	<ul style="list-style-type: none"> <li>• 6% head lice prevalence in global population</li> <li>• Targeting traditional pesticide and homeopathic treatment options</li> </ul>
<b>Indication</b>	<ul style="list-style-type: none"> <li>• Intended to kill head lice and remove their eggs from hair with as little as a 5 minute treatment</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Pesticide free – containing 50% isopropyl myristate, 50% cyclomethicone D5 topical solution</li> <li>• Efficacious with a 5 minute treatment application</li> <li>• Clinically proven to achieve 100% effectiveness when used as directed</li> </ul>
<b>Commercial Status</b>	<ul style="list-style-type: none"> <li>• Approved and marketed in the UK, Ireland, France, Spain, Portugal, Belgium, Israel, Russia, Australia and Canada</li> <li>• Cleared in U.S.</li> <li>• Commands 15-35% market share in key markets</li> <li>• CE marked, Class 1 Medical Device – non-prescription (excl. Canada)</li> <li>• Marketed by Reckitt Benckiser, Aralez and Lapidot</li> <li>• Actively seeking partners for the U.S. and remaining global markets</li> </ul>
<b>Intellectual Property</b>	<ul style="list-style-type: none"> <li>• 40 issued patents globally</li> <li>• Patent protected through April 2023 ex-U.S. and February 2024 U.S.</li> </ul>

# Resultz – How Does It Work?

Resultz's Novel Therapeutic Approach Combats Super Lice that Are Resistant to Existing Market Leading Products



**DEHYDRATES**



**SHRINKS**



**DIES**

**Before Treatment**

A live, healthy louse



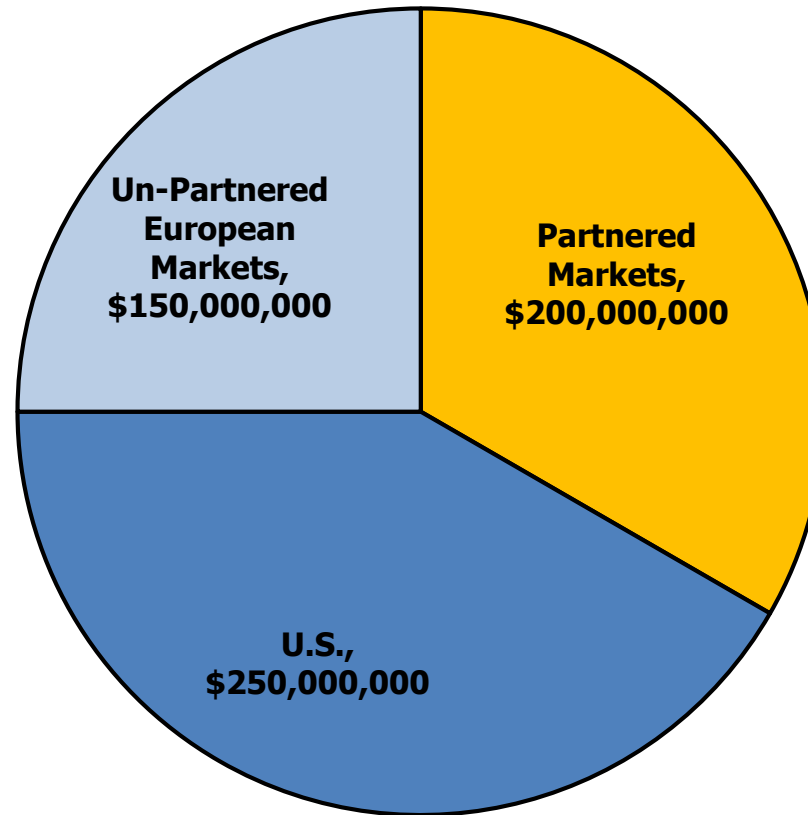
**After Treatment**

Following 5 minutes of contact with the product, their wax coat is removed and the lice quickly dehydrate and inevitably die



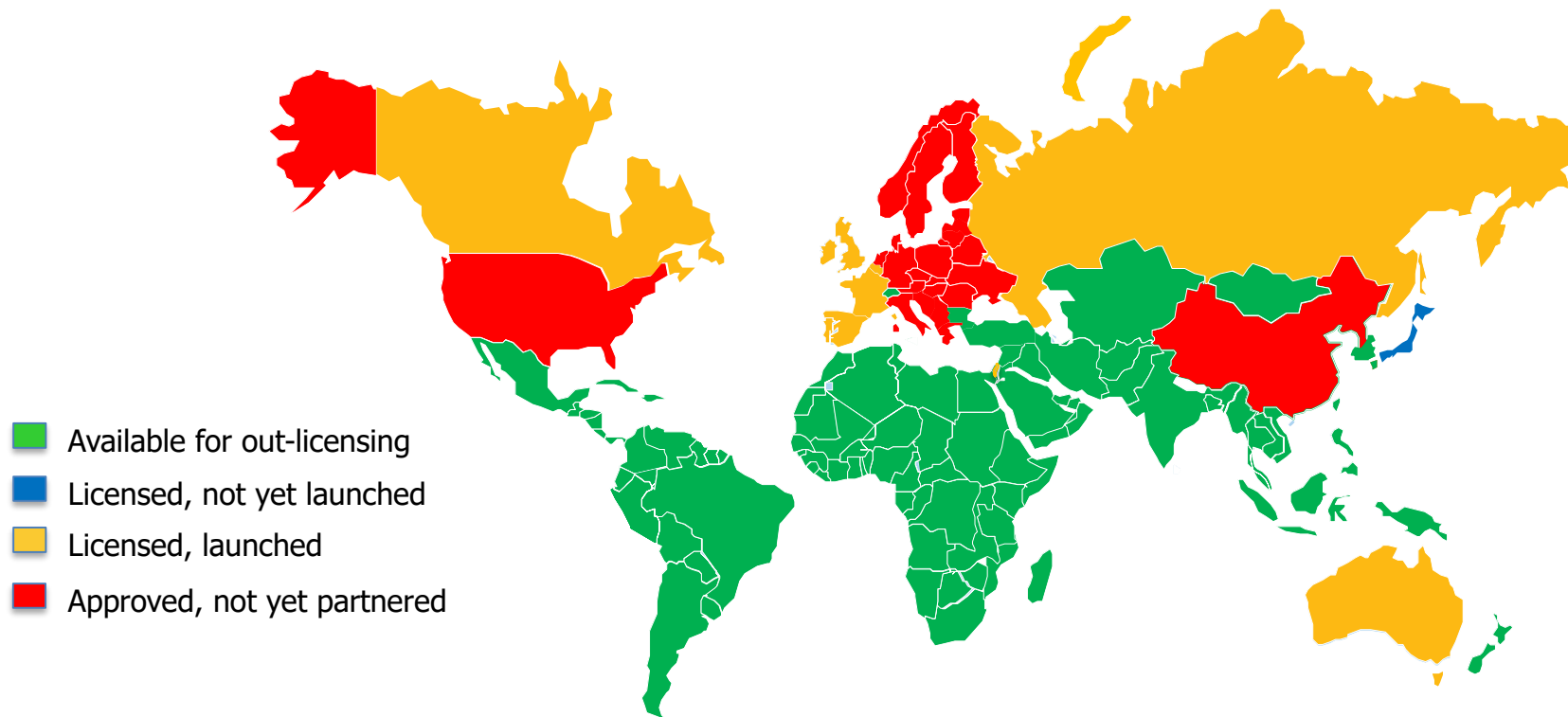
Due to a Physical Mode of Action, Super Lice CANNOT Develop Resistance to Resultz

# Estimated Head Lice Market Value in Regulated Markets (USD in 2016)



\$ figures based on retail pricing

# Resultz International Out-Licensing Opportunities



## Status:

- Approved as 510k medical device in U.S.
- Approved under CE Mark in EU member states. CE Mark can support Class 1 medical device registration in many additional regions in Latin America, Middle East, Africa and Asia Pacific

15

# A Transformative Transaction

## Nuvo Acquisition of Aralez Canada Assets and Vimovo U.S. Royalty Stream

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- On September 18, 2018, Nuvo signed binding agreements to acquire multiple products sold in Canada and U.S. revenue stream to Vimovo<sup>®</sup> from Aralez Pharmaceuticals Inc. for US\$110 million
- Funding to be provided by Deerfield Management Company L.P., a leading global healthcare investor
- If completed, Nuvo's proforma 2017 revenues would be approximately 4X higher and Adjusted EBITDA approximately 10X higher than Nuvo's 2017 reported results
- Aralez is in Chapter 11 bankruptcy protection in the U.S. and CCAA protection in Canada
- Nuvo may be outbid in bankruptcy auction process in which case Nuvo will receive a multi-million dollar break fee and expense reimbursement
- Sale expected to be approved by courts and completed by end of 2018

16



# Upcoming Potential Milestones

2018	<ul style="list-style-type: none"><li>• International Pennsaid 2% licensing transactions</li><li>• International Resultz licensing transactions</li><li>• Clarity on Aralez transaction (December 2018)</li><li>• Integration of additional revenue streams</li><li>• Increased capacity utilization of our manufacturing plant</li></ul>
2018 - 2019	<ul style="list-style-type: none"><li>• Regulatory approvals obtained</li><li>• Revenues commence from international licensing</li><li>• Product and business acquisition transactions</li><li>• Additional revenue streams</li><li>• Increased capacity utilization at our manufacturing plant</li></ul>

# Financial Snapshot

Stock Symbol	TSX: NRI OTCQX: NRIFF
Market Cap (November 7/2018)	\$32.2 million at \$2.83 per share
Shares Outstanding	11.4 million
52 Week Share Price Low-High	\$2.53 - \$4.13
Cash (As at September 30/18)	\$4.1 million
Debt	NIL Unused ~\$6.0 million revolving credit facility from RBC – low single digit interest rate
Headquarters	Mississauga, ON

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## **Focused future revenue growth strategy in two areas:**

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# Management Team



## John London

Executive Chairman

- Over 30 years management experience and over 12 years of pharmaceutical experience
- Former CEO Nuvo Pharmaceuticals (renamed from Nuvo Research) (2016-November 2017)
- President & Co-CEO of Nuvo Research (2009-2016), previously Nuvo's Vice-Chairman (2005-2009)
- Graduate of University of Western Ontario law school and holds a Masters of Law Degree from University College London



## Jesse Ledger

President & CEO

- Over 15 years of pharmaceutical business development experience
- Joined Nuvo April 2016 as Vice President, Business Development – appointed President & CEO November 2017
- Prior to joining Nuvo 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

- Over 6 years of pharmaceutical experience including corporate reorgs and plans of arrangement
- Prior to joining Nuvo in 2012, was auditor and consultant at PwC
- Chartered Professional holds an Honours Bachelor of Business Administration degree from the Ivey Business School at the University of Western Ontario



## Tina Loucaides

Vice President, Secretary & General Counsel

- Over 15 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



## Dr. Bernard Chiasson

Chief Scientific Officer

- 25 years of experience in pharmaceuticals and biotechnology
- Prior to joining Nuvo, was Chief Scientific Officer at Tribute Pharmaceuticals Inc.
- Trained neuroscientist and pharmacologist and holds a BSc (hons), MSc. (Physiology & Biophysics) and PhD (Neuroscience & Pharmacology) from Dalhousie University and conducted his Post-Doctoral studies at the University of Toronto

# Board of Directors



## John London

Executive Chairman

(Former CEO Nuvo Pharmaceuticals (renamed from Nuvo Research) (2016-November 2017)

President & Co-CEO of Nuvo Research (2009-2016), previously Nuvo's Vice-Chairman (2005-2009)

- Graduate of the University of Western Ontario law school and holds a Masters of Law Degree from University College London



## Dan Chicoine

Director

(Executive Chairman, Crescita Therapeutics Inc.)

- Former 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



## David Copeland

Lead Director / Chair of the Audit Committee

(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



## Robert Harris

Chair of the Transaction Committee

(Director, CannaRoyalty Corp.)

- Former Co-founder, President & CEO of Tribute Pharmaceuticals



## Anthony Dobranowski

Chair of the Compensation, Corporate Governance & Nominating Committee

(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 - Chartered Professional Accountant



## Jacques Messier

Director

(Chief Executive Officer, Toronto Humane Society)

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



To discuss opportunities contact:

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