

Nuvo Pharma completes acquisition of Aralez Pharma

01 January 2019 | News

Nuvo satisfied the purchase price through funding provided by certain funds managed by Deerfield, a leading, global, healthcare-specialized investor



Nuvo Pharmaceuticals Inc. a globally focused, Canadian healthcare company with a portfolio of commercial products today announced that it has closed the previously announced acquisition of a portfolio of more than 20 revenue-generating products from Aralez Pharmaceuticals Inc. (Aralez).

Key Benefits of the Transaction:

- Immediately and significantly accretive to revenue and adjusted EBITDA
- Revenue diversification from product sales and royalty revenues
- Provides Canadian platform with national sales infrastructure and an ability to launch and commercialize additional products
- Significant cash flow from U.S. and international royalties of global Vimovo[®] sales
- Low-cost financing from Deerfield Management Company, L.P. (Deerfield)
- Existing commercial infrastructure remains in place to ensure a smooth transition

Products Acquired From Aralez

Nuvo has acquired Aralez's Canadian specialty-pharmaceutical business, which was formerly known as Tribute Pharmaceuticals Canada Inc. This is a growing business that includes: Cambia[®], Blexten[™], Suvexx[™] (sold as Treximet[®] in the U.S.), as well as the Canadian distribution rights to Resultz[®], and will create a platform for Nuvo to acquire and launch additional commercial products in Canada. Nuvo has also acquired the worldwide rights and royalties from licensees for Vimovo, Yosprala[®] and global, ex-U.S. product rights to MT400 (to be sold as Suvexx in Canada once registered and approved) which is currently commercialized in the U.S. as Treximet.

Transaction and Financing Terms

The aggregate purchase price paid by Nuvo to Aralez at closing was US\$110 million (less a US\$4.4 million deposit previously paid and subject to certain working capital and indebtedness adjustments). Nuvo satisfied the purchase price through funding provided by certain funds managed by Deerfield, a leading, global, healthcare-specialized investor. The transaction

was approved by the Courts supervising Aralez's restructuring proceeds in both Canada and the United States.

The funding arrangements with Deerfield include a 6-year, 3.5% p.a. interest amortizing loan in the principal amount of US\$60 million, an 18-month 12.5% p.a. bridge loan in the principal amount of US\$6.0 million, the issuance by Nuvo to Deerfield of 6-year, 3.5% p.a. interest, senior secured convertible notes in the principal amount of US\$52.5 million, initially convertible into 19,444,444 common shares of the Company at a conversion price of US\$2.70 (the Notes) and approximately 25,555,556 million common share purchase warrants, each such warrant initially exercisable for one common share of the Company for a period of six years from the date of issuance at an exercise price of \$3.53 per share (the Warrants).

The issuance of common shares of the Company upon the conversion of the Notes and the exercise of the Warrants is subject to shareholder approval under the rules of the Toronto Stock Exchange (TSX). The Company intends to seek such shareholder approval on a post-closing basis (either by way of written consent or at a meeting of shareholders).