

Q2 2019 Earnings Call

August 8, 2019

*A Rapidly Growing Commercial-stage
Pharmaceutical Company Dedicated To Patients
Living With Chronic Conditions*



August 2019 | Nasdaq: BDSI

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Non-GAAP Financial Measures

This presentation includes information about certain financial measures that are not prepared in accordance with generally accepted accounting principles in the U.S. (GAAP), including non-GAAP net income and EBITDA. These non-GAAP measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similar measures presented by other companies. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in BDSI’s Quarterly Report on Form 10-Q filed with the SEC on August 8, 2019.

Raising 2019 Net Sales Expectations

Very strong performance in 2Q and raising 2019 net sales expectations

Strong year-over-year growth above 100% through organic and portfolio expansion

Robust BELBUCA® launch with sustained momentum into 2020

- Growth driven through breadth and depth of prescribing
- Increasing support from policy makers and prescribers
- A differentiated Schedule III molecule

Marching rapidly towards positive operating cash flow with acceleration in 2020

<u>Previous 2019 Expectations</u>			<u>Revised 2019 Expectations</u>	
BELBUCA	\$83-88 MM	➔	BELBUCA	\$90-93 MM
Total	\$92-100 MM		Total	\$101-105 MM

HHS Task Force Recommendations

Encouraged more coverage and reimbursement for buprenorphine for chronic pain

Encouraged primary use of buprenorphine for chronic pain

Emphasized buprenorphine's differentiation

- Reduced potential for respiratory depression
- DEA scheduling of opioids and the reduced potential for abuse of a C-III agent versus a C-II opioid

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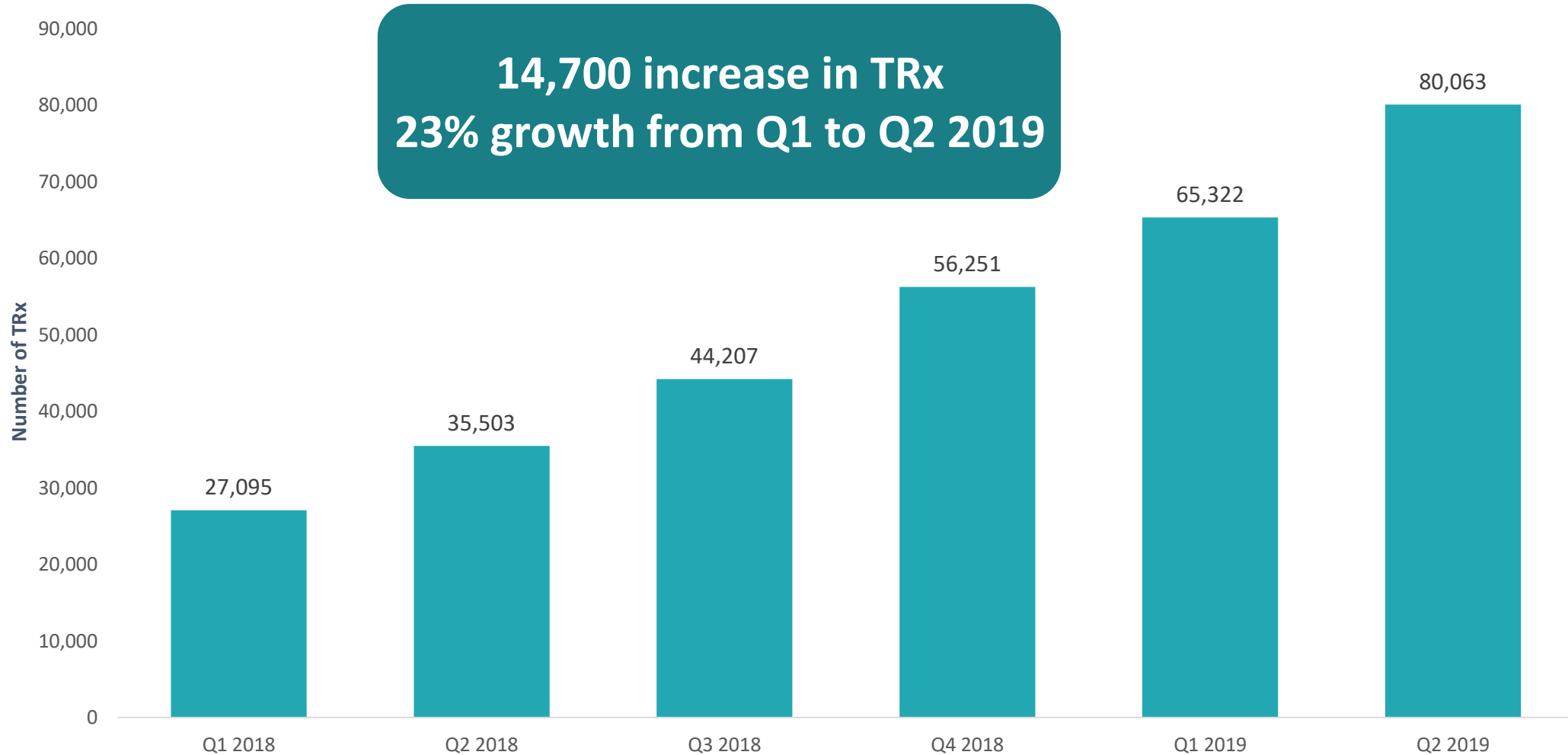
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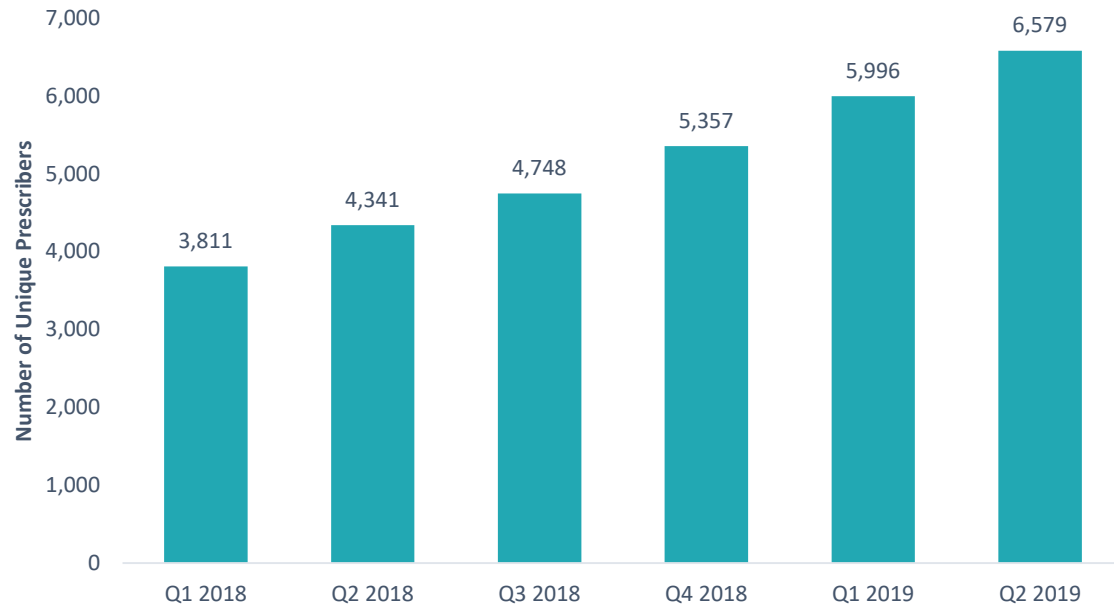
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Total	\$92-100 MM		Total	\$101-105 MM

Largest Ever Quarter-over-Quarter Increase in BELBUCA TRx

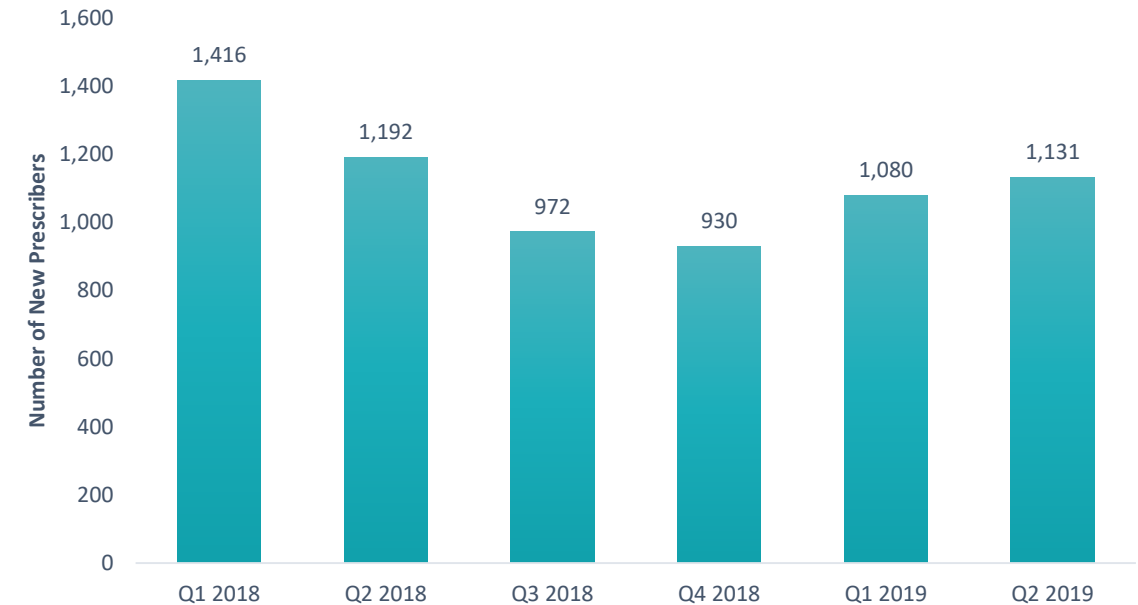


Continuously Reaching All-Time High in Unique Prescribers and Consistently Adding New Prescribers

BELBUCA Unique Prescribers



BELBUCA New Prescribers

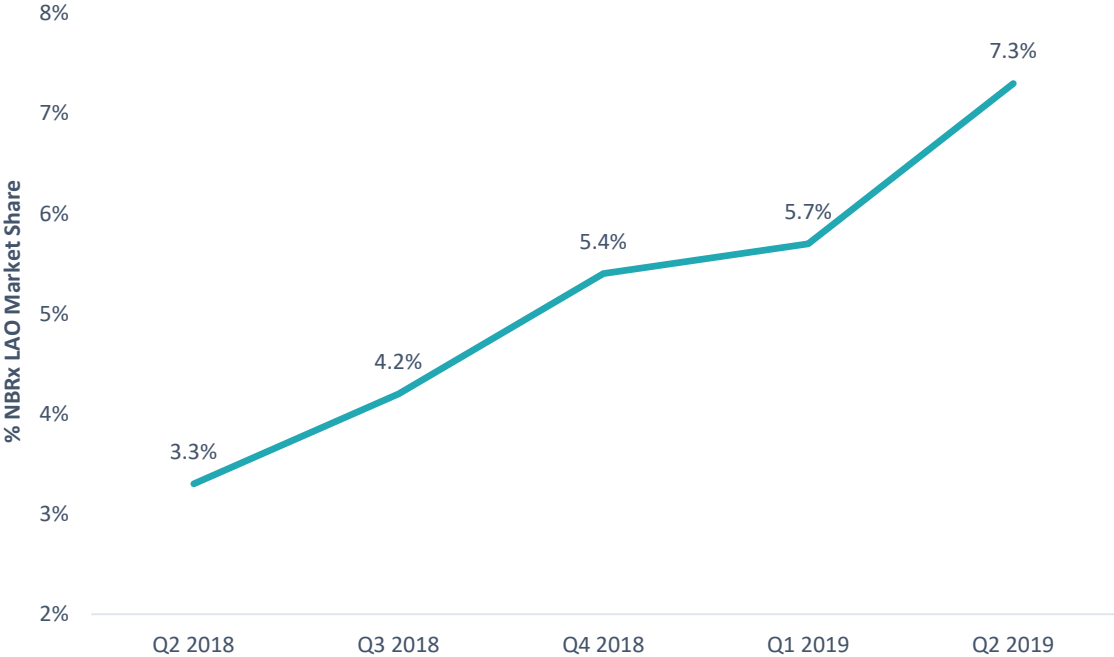


Through accelerated expansion of our prescriber base for BELBUCA, unique prescribers in Q2 2019 are up 52% YoY

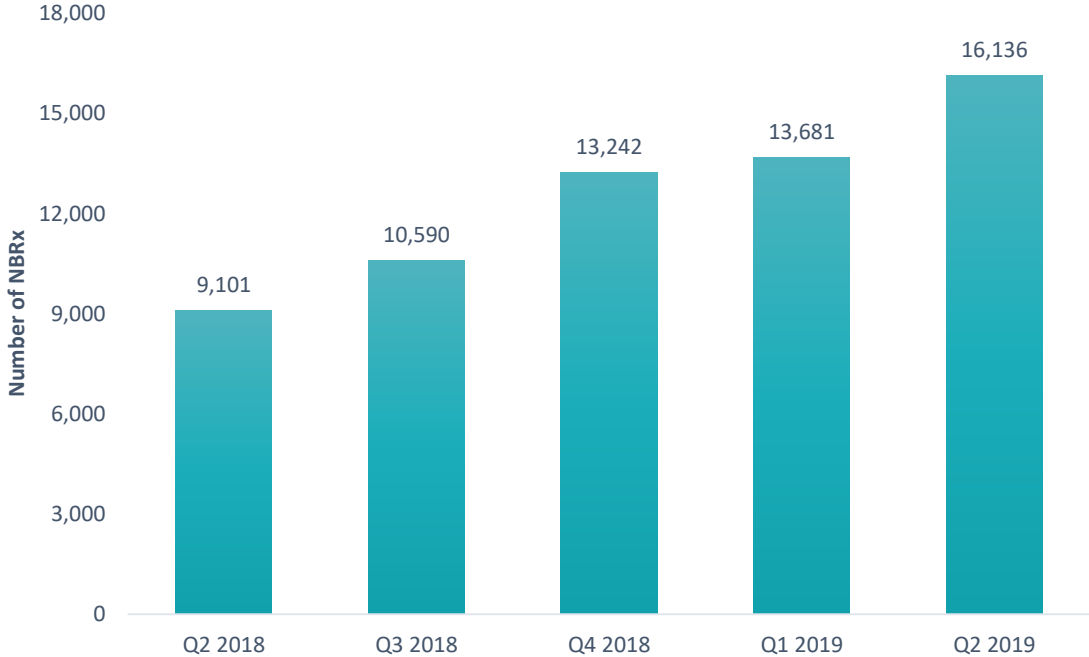
Record Level New-to-Brand BELBUCA Performance



NBRx LAO Market Share



NBRx Count



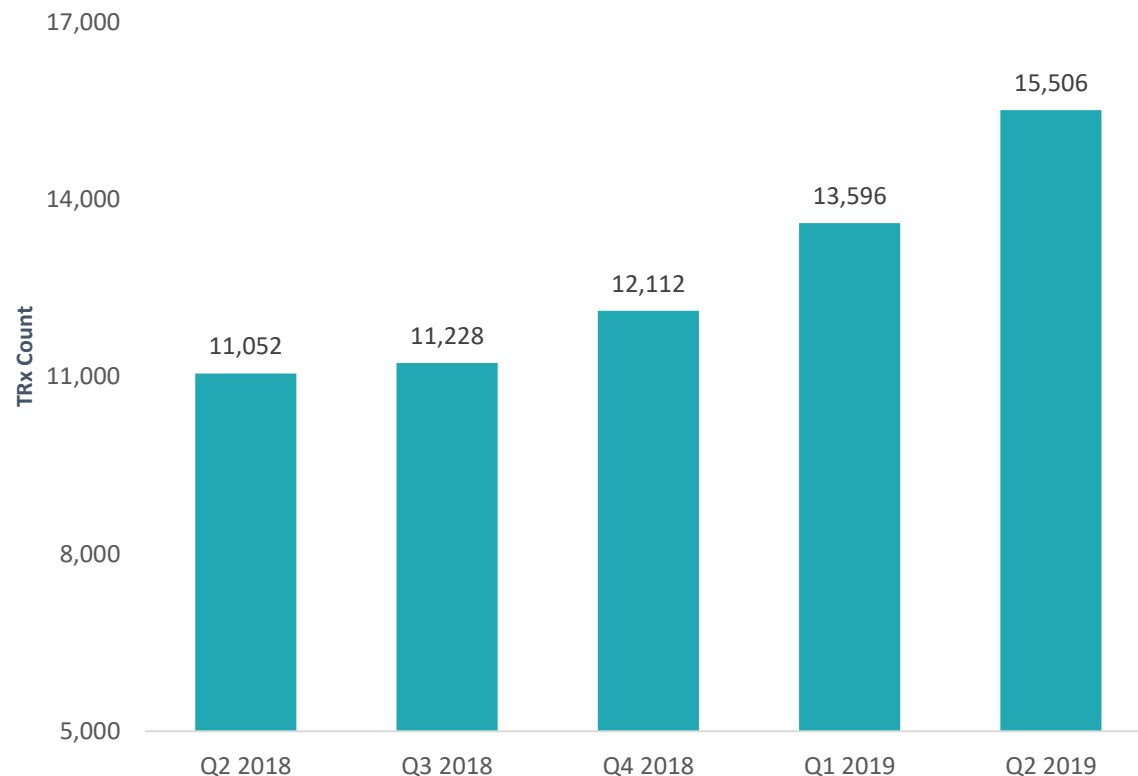
Source: IQVIA NP Market Dynamics for NBRx data
LAO: Long Acting Opioids

Symproic® Integration and Performance Proceeding on Plan

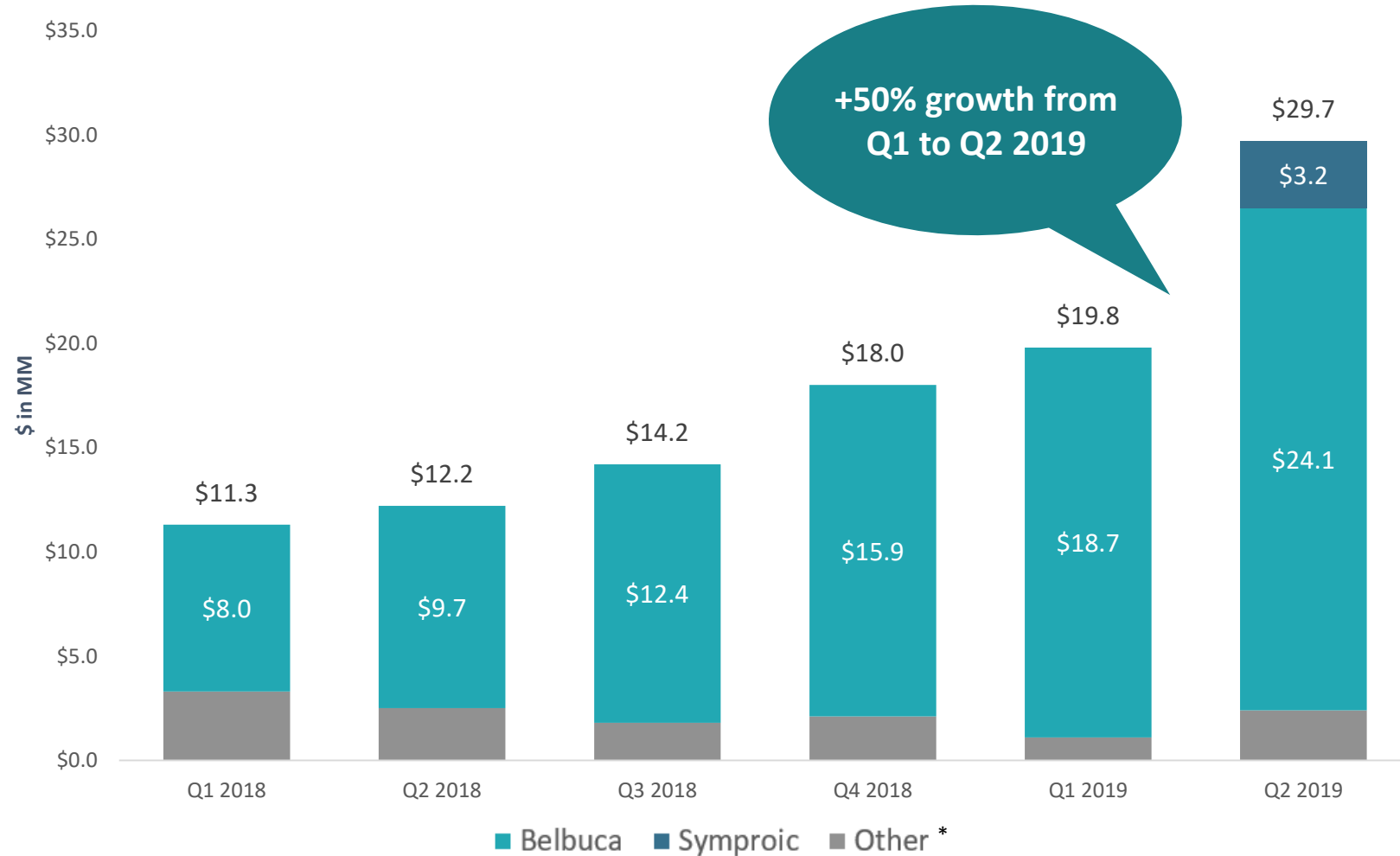
Prescriptions reached a new quarterly high with a >40% increase over prior year

Added 960 new prescribers by leveraging existing BELBUCA prescribers

Symproic Retail TRx Count



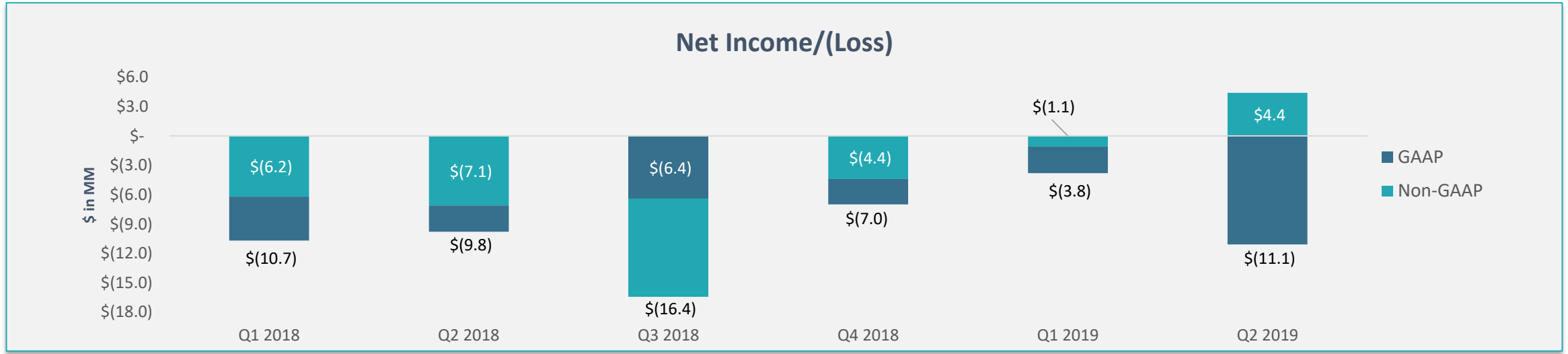
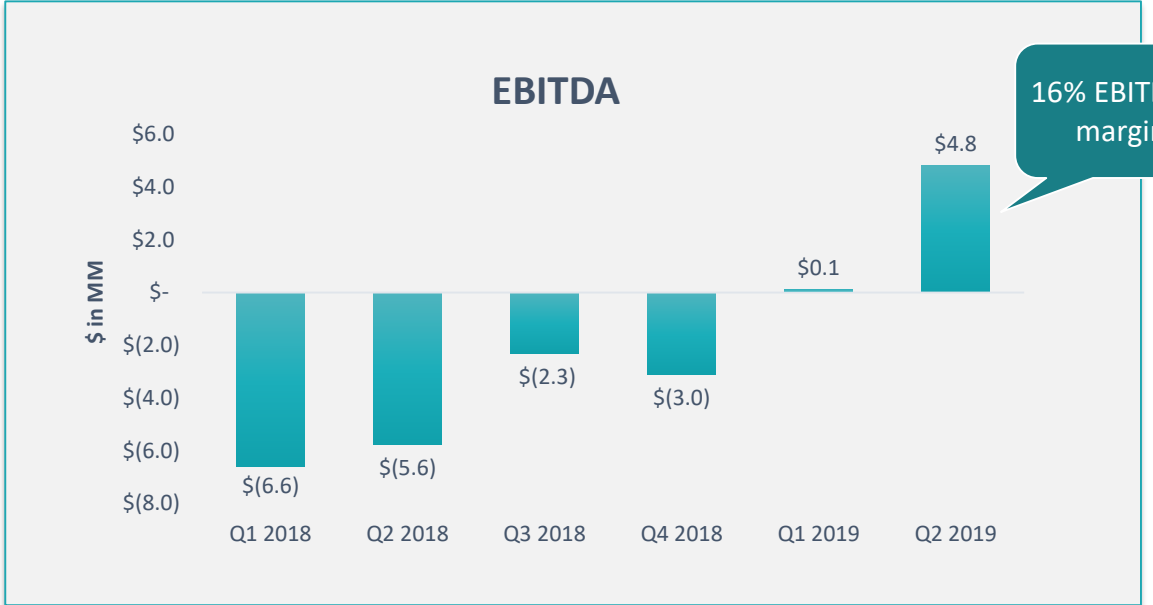
Record Level Quarterly Net Revenue



YoY increase of 144%

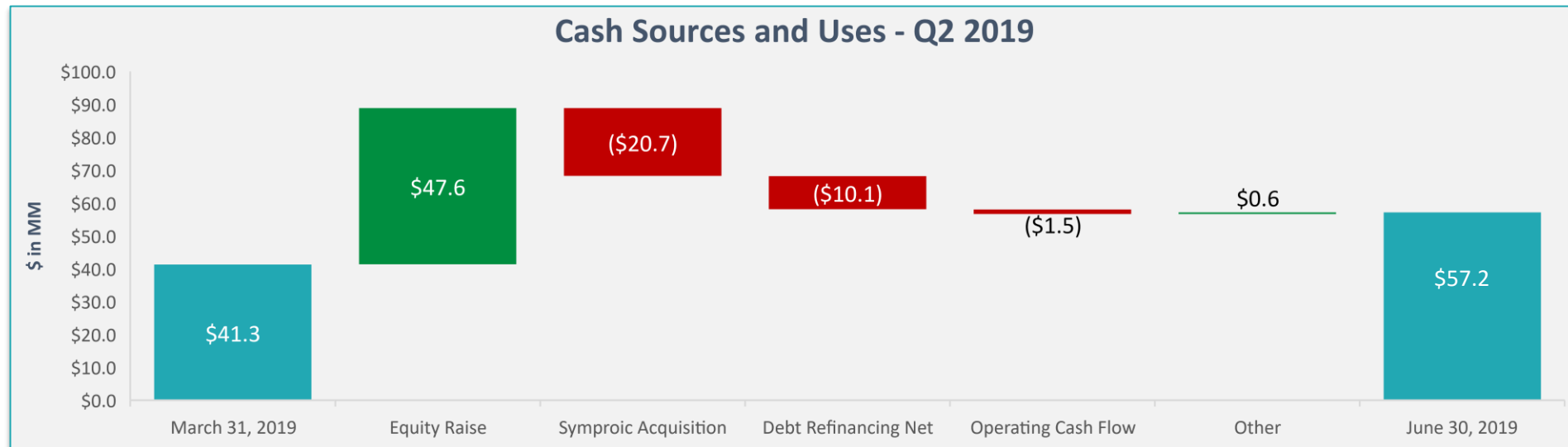
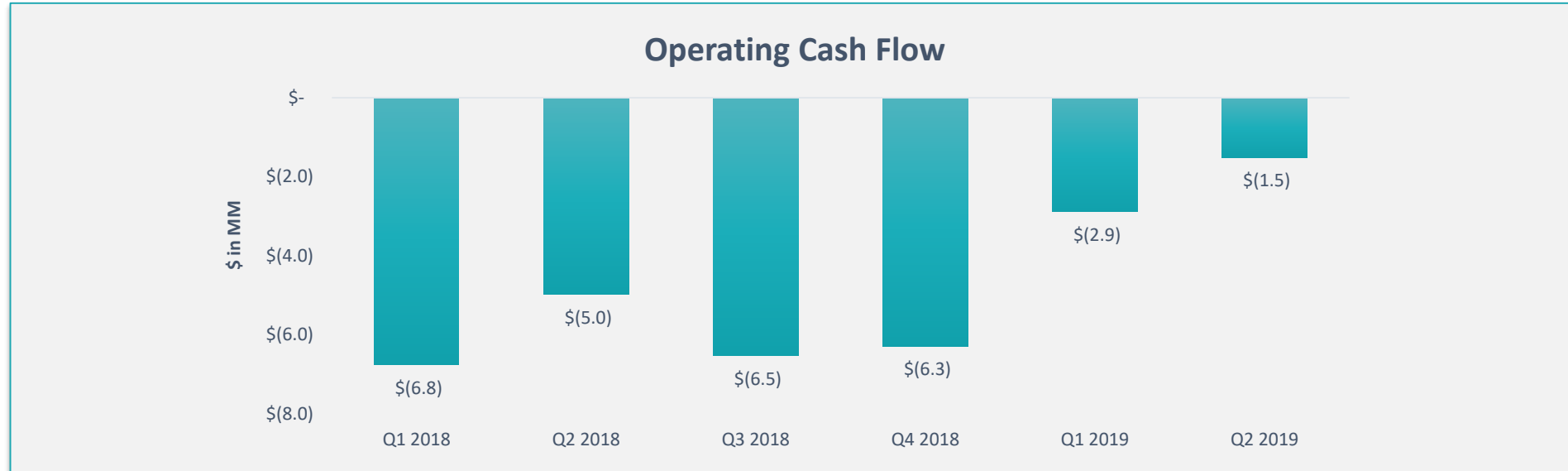
*BUNAVAIL and royalty revenues

Gross Margin, EBITDA and Net Income/(Loss)

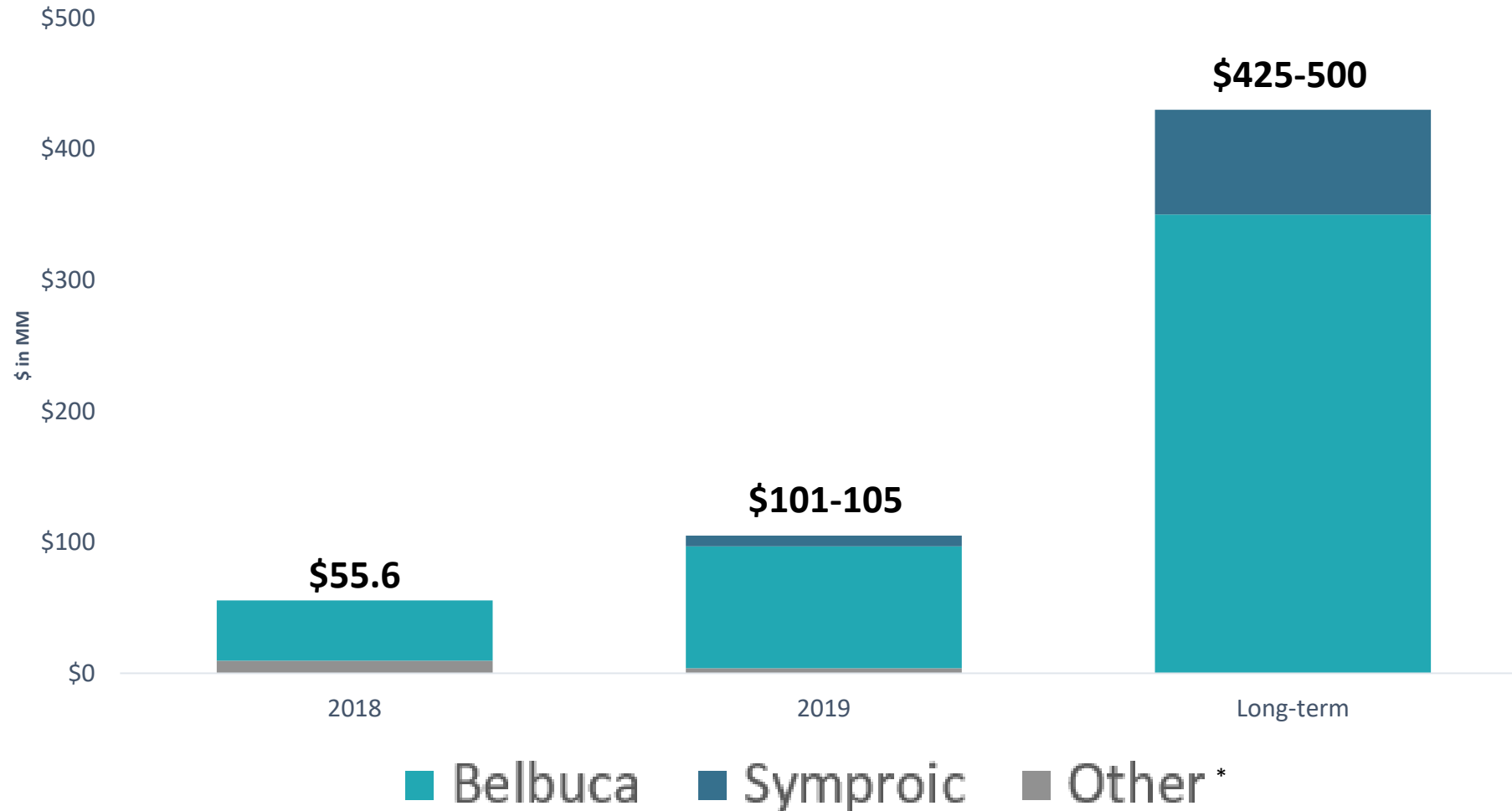


*Q2 2019 GAAP Net loss includes one-time debt refinancing costs of \$11.8 MM drives net loss in Q2 2019, despite strong sales and margin performance

Cash and Cash Flow from Operations



Robust Net Sales Growth in 2019 with Substantial Long-term Potential



*BUNAVAIL and royalty revenues

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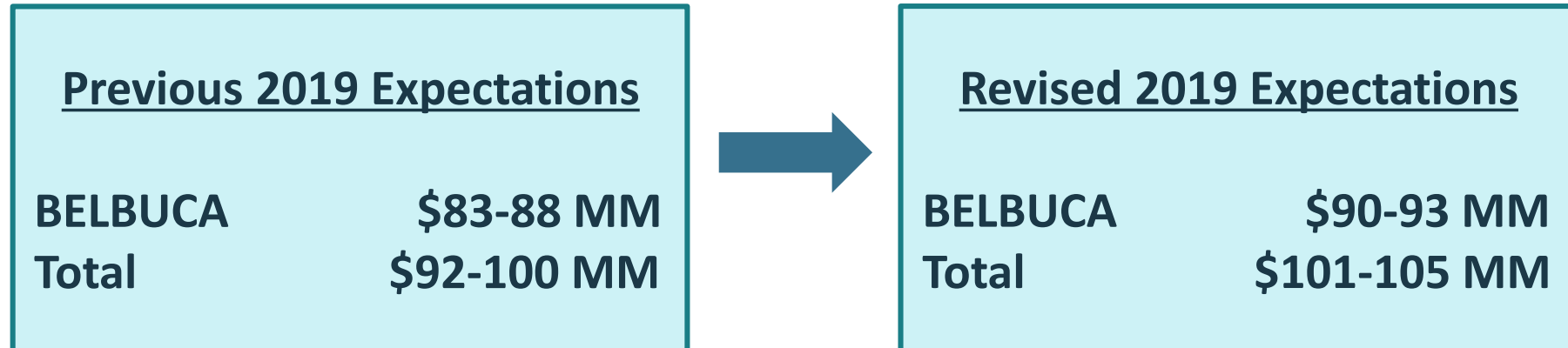
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Reconciliation of Non-GAAP Metrics Q1 2018 – Q2 2019



(U.S. DOLLARS, IN THOUSANDS)

(Unaudited)

Reconciliation of GAAP Net Income/(Loss) to EBITDA (<i>non-GAAP</i>)	QTD- Q1	QTD- Q2	QTD- Q3	QTD- Q4	QTD- Q1	QTD- Q2
	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019	6/30/2019
	2018				2019	
GAAP Net Income/(Loss)	\$ (10,709)	\$ (9,770)	\$ (6,380)	\$ (7,008)	\$ (3,833)	\$ (11,130)
Add back:						
Provision for income taxes	74	(20)	-	(40)	-	-
Net interest expense	2,512	2,525	2,569	2,600	2,561	13,929
Depreciation and amortization	1,520	1,679	1,519	1,470	1,375	1,981
EBITDA	\$ (6,603)	\$ (5,586)	\$ (2,292)	\$ (2,978)	\$ 103	\$ 4,780
 Reconciliation of GAAP Net Income/(Loss) to Non- GAAP Net Income/(Loss)						
GAAP Net Income/(Loss)	\$ (10,709)	\$ (9,770)	\$ (6,380)	\$ (7,008)	\$ (3,833)	\$ (11,130)
Non-GAAP adjustments:						
Stock-based compensation expense	2,922	1,084	891	1,045	1,142	1,569
Amortization of intangible assets	1,289	1,289	1,289	1,289	1,289	1,898
Amortization of warrant discount	269	269	269	269	269	179
Non-recurring financial impact of debt refinance	-	-	-	-	-	11,866
Beneficial conversion feature on preferred stock	-	-	(12,500)	-	-	-
Non-GAAP Net Income/(Loss)	\$ (6,229)	\$ (7,128)	\$ (16,431)	\$ (4,405)	\$ (1,133)	\$ 4,382