



Q4 and Full Year 2019 Earnings

March 12, 2020
Nasdaq: BDSI

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This presentation and any statements of employees, representatives, and partners of BioDelivery Sciences International, Inc. (“BDSI”) related thereto contain, or may contain, among other things, certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve significant risks and uncertainties. Such statements may include, without limitation, statements with respect to BDSI’s plans, objectives, projections, expectations and intentions and other statements identified by words such as “projects,” “may,” “will,” “could,” “would,” “should,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “potential” or similar expressions. These statements are based upon the current beliefs and expectations of BDSI’s management and are subject to significant risks and uncertainties, including those detailed in BDSI’s filings with the Securities and Exchange Commission. Actual results (including, without limitation, the continued growth in BELBUCA net sales and total company net revenue in 2020 may differ materially from those set forth or implied in the forward-looking statements. These forward-looking statements involve certain risks and uncertainties that are subject to change based on various factors (many of which are beyond BDSI’s control) including the risk that the current coronavirus pandemic impacts on our supply chain, commercial partners, patients and their physicians and the healthcare facilities in which they work, and our personnel are greater than we anticipate, as well as those set forth in our 2019 annual report on Form 10-K filed with the US Securities and Exchange Commission and subsequent filings. BDSI undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future presentations or otherwise, except as required by applicable law.

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 United States, or 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.

Non-GAAP net income adjusts for one-time and non-cash charges by excluding the following from GAAP net income: stock-based compensation expense, amortization of intangible assets, amortization of certain warrant discount costs, and the financial impact of certain one-time items that are non-recurring, including our debt refinancing in May 2019 and the discontinuation of marketing of BUNAVAIL.

EBITDA excludes net interest, including both interest expenses and interest income, provision for (benefit from) income taxes and depreciation and amortization.

The Company’s management and board of directors utilize these non-GAAP financial measures to evaluate the Company’s performance. The Company provides these non-GAAP measures of the Company’s performance to investors because management believes that these non-GAAP financial measures, when viewed with the Company’s results under GAAP and the accompanying reconciliations, are useful in identifying underlying trends in ongoing operations. However, non-GAAP net income and EBITDA are not measures of financial performance under GAAP and, accordingly, should not be considered as alternatives to GAAP measures as indicators of operating performance. Further, non-GAAP net income and EBITDA should not be considered measures of our liquidity.

A reconciliation of certain GAAP to non-GAAP financial measures has been provided in the tables included in the appendix of this presentation.

Strong Company Performance for Q4 and Full Year 2019



Total Company net revenue of \$111.4 M representing growth of 100% versus 2018



Q4 BELBUCA[®] and Symproic[®] prescription growth of 71% and 36%, respectively, YoY



Reported positive results from Phase I respiratory drive study

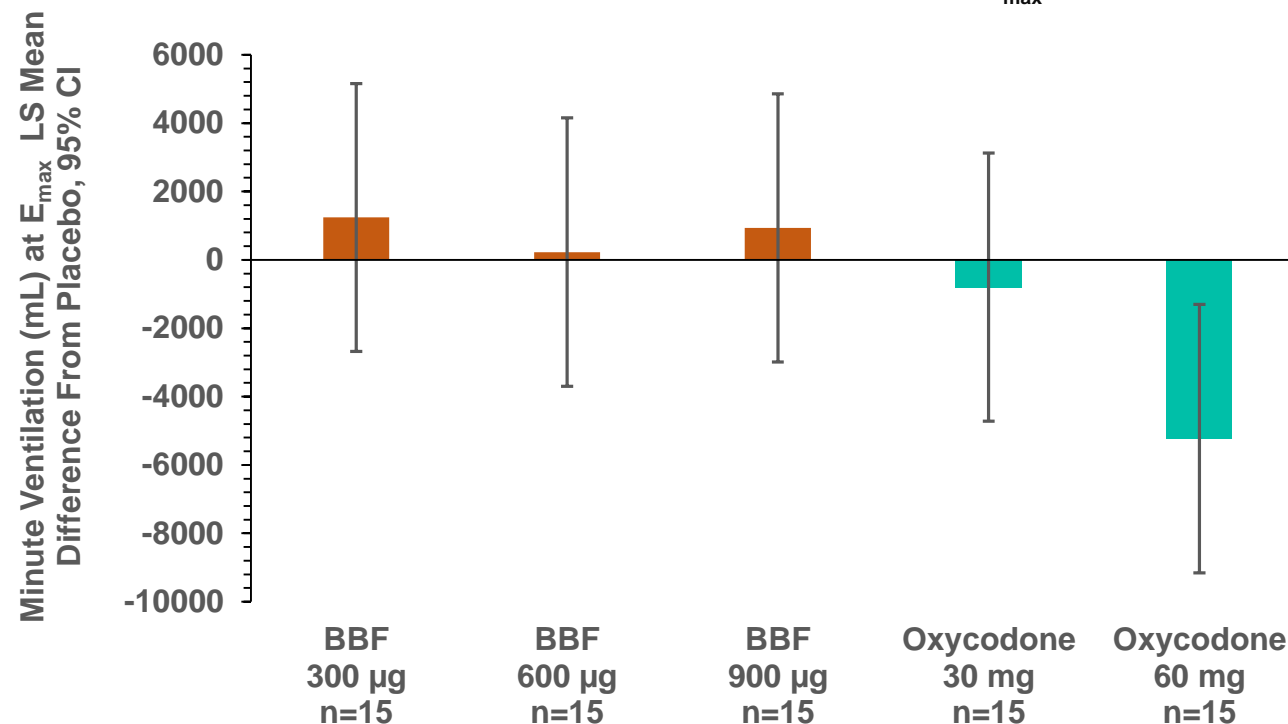
Positive Data from Recent Respiratory Drive Study

Presented at American Academy of Pain Medicine's 36th Annual Meeting


Highlights

- Subjects (n=19) treated at multiple dose levels with BELBUCA, oral Oxycodone, and placebo
- BELBUCA found to have a comparable effect on respiratory drive to placebo at all doses tested
- Effect of Oxycodone resulted in a dose-dependent decrease in respiratory drive compared to placebo

Effect of Each Drug Treatment on Respiratory Drive as Measured by Minute Ventilation LS Mean Difference from Placebo at E_{max}



Strong Company Performance for Q4 and Full Year 2019



Total Company net revenue of \$111.4 M representing growth of 100% versus 2018

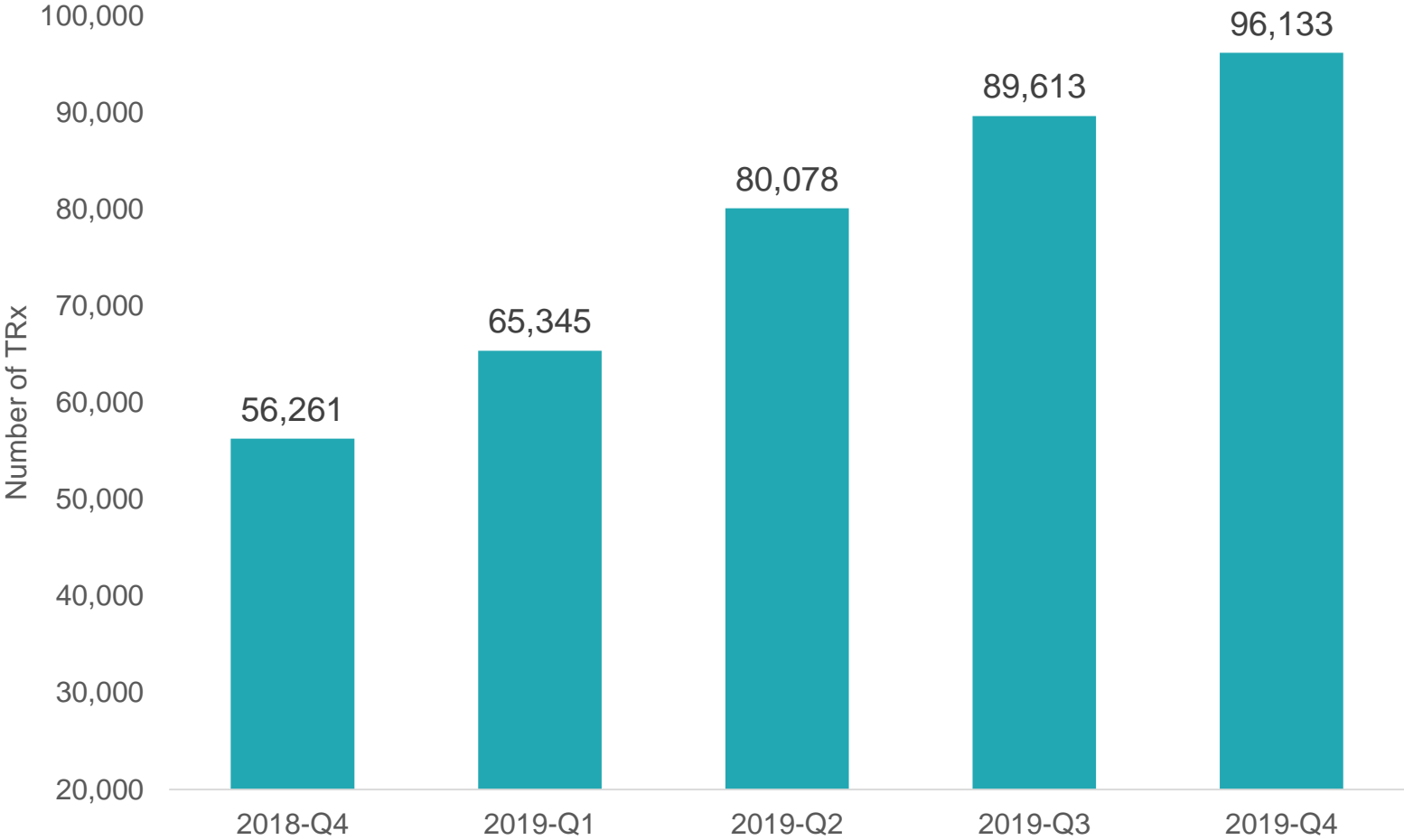


Q4 BELBUCA[®] and Symproic[®] prescription growth of 71% and 36%, respectively, YoY



Reported positive results from Phase I respiratory drive study

Significant Double-digit YoY Growth in BELBUCA TRx

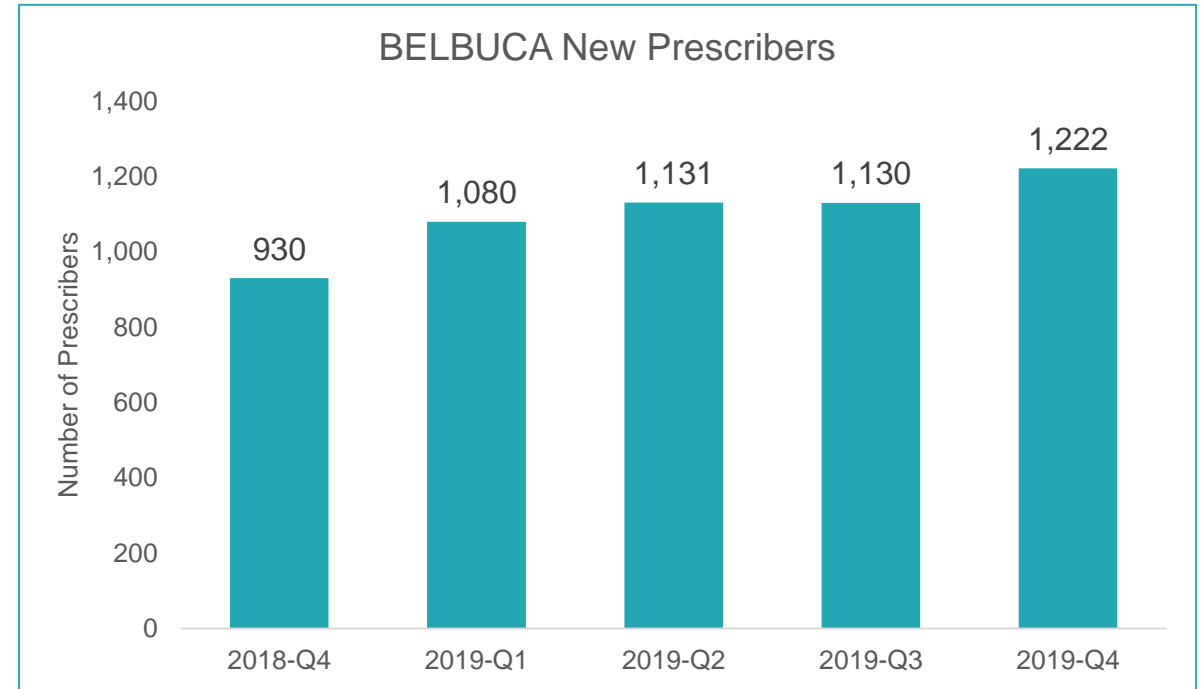
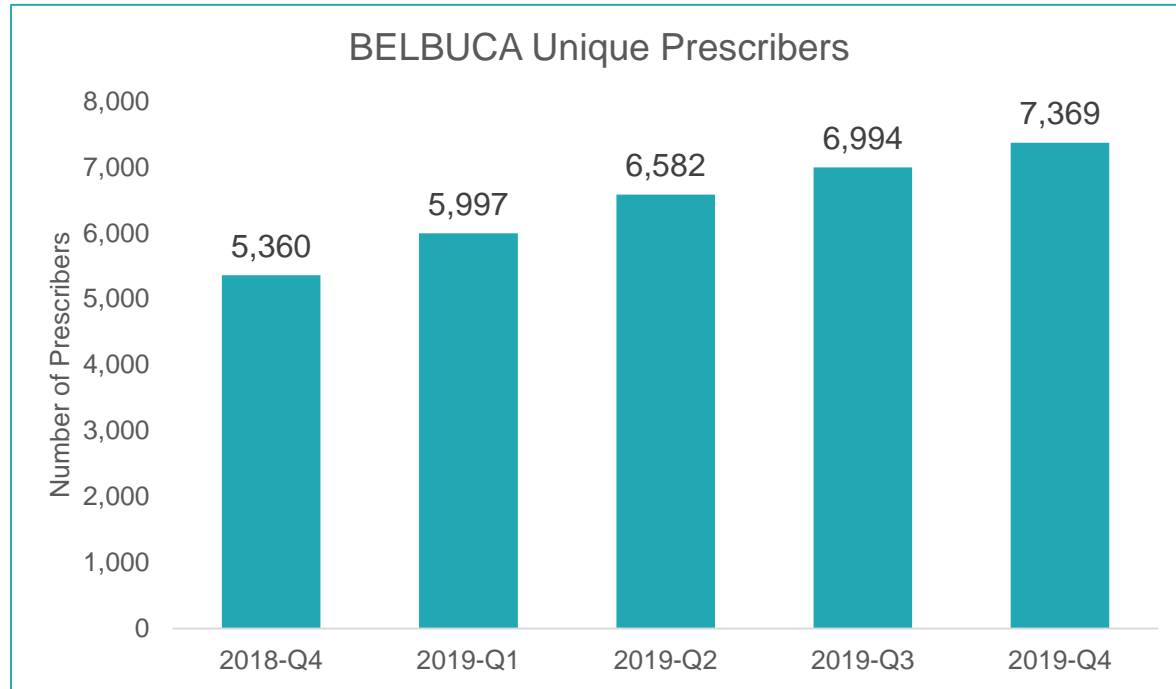


Growth Metrics

- +71% Q4 2019 vs Q4 2018**
- +7% Q4 2019 vs Q3 2019**

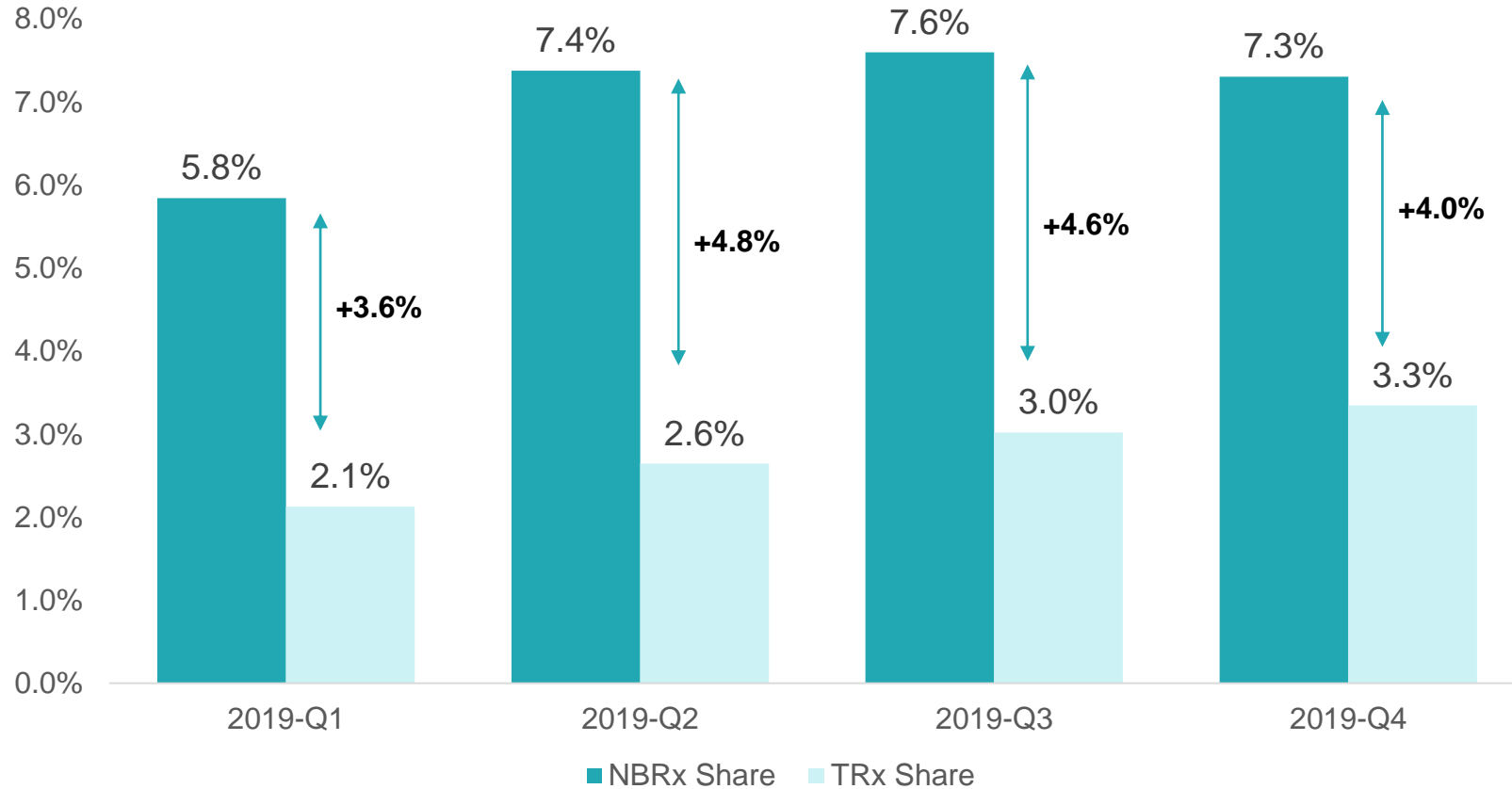
Source: Symphony Retail Vantage Data
TRx = Total Retail Prescriptions

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



Unique prescribers increased 37% YoY in Q4 2019

BELBUCA NBRx Share Well Above TRx - Indicative of Future Growth Potential

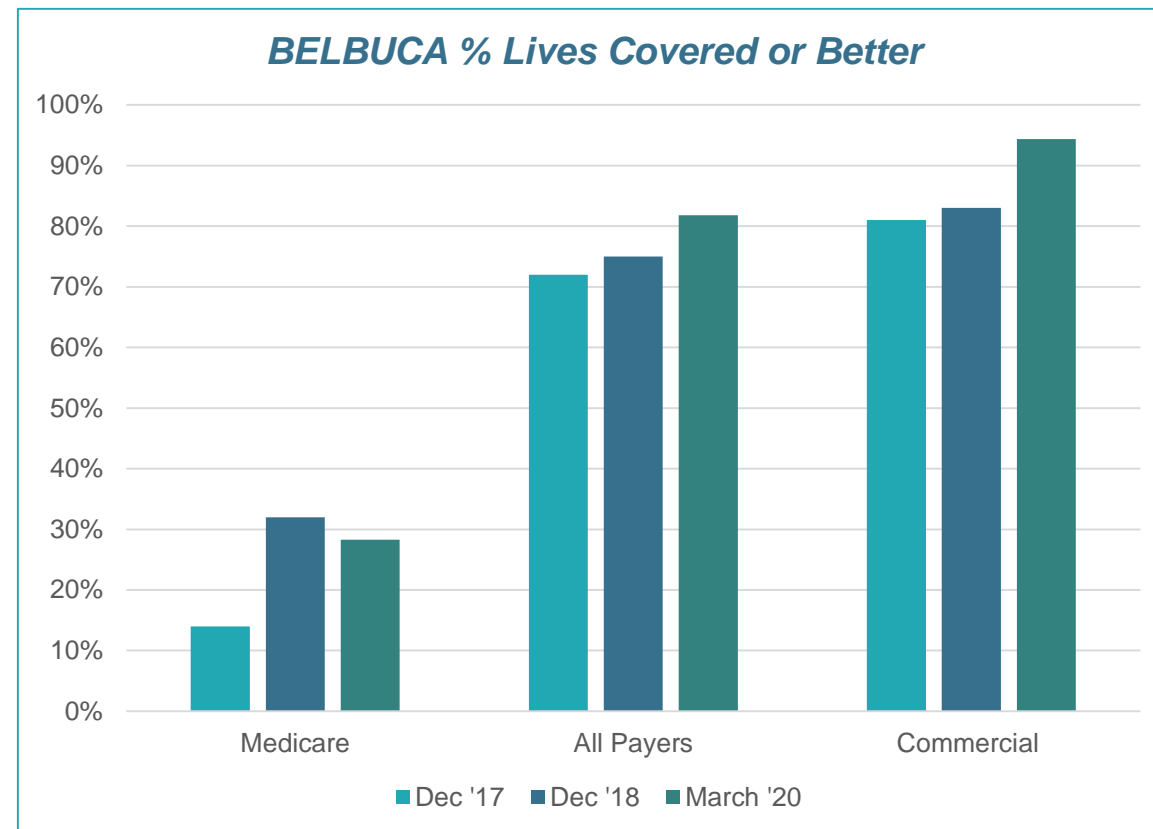
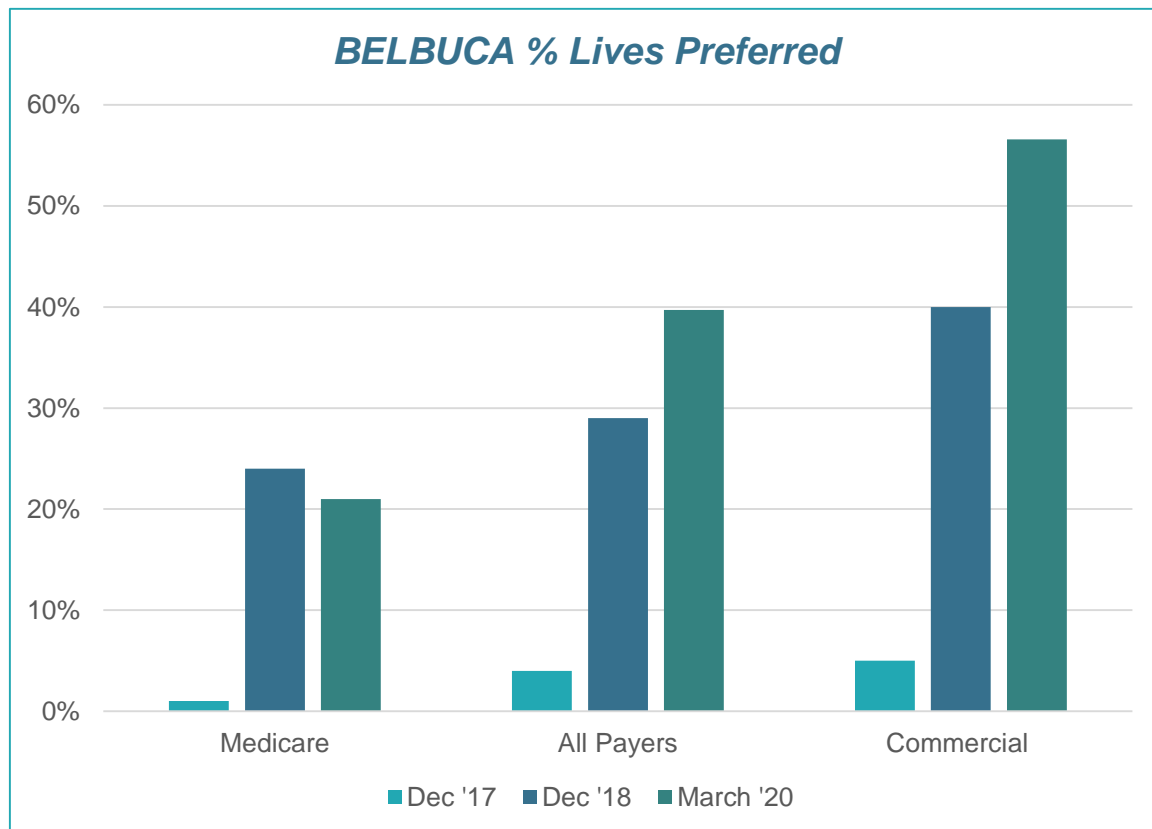


NBRx share significantly higher than TRx share throughout 2019

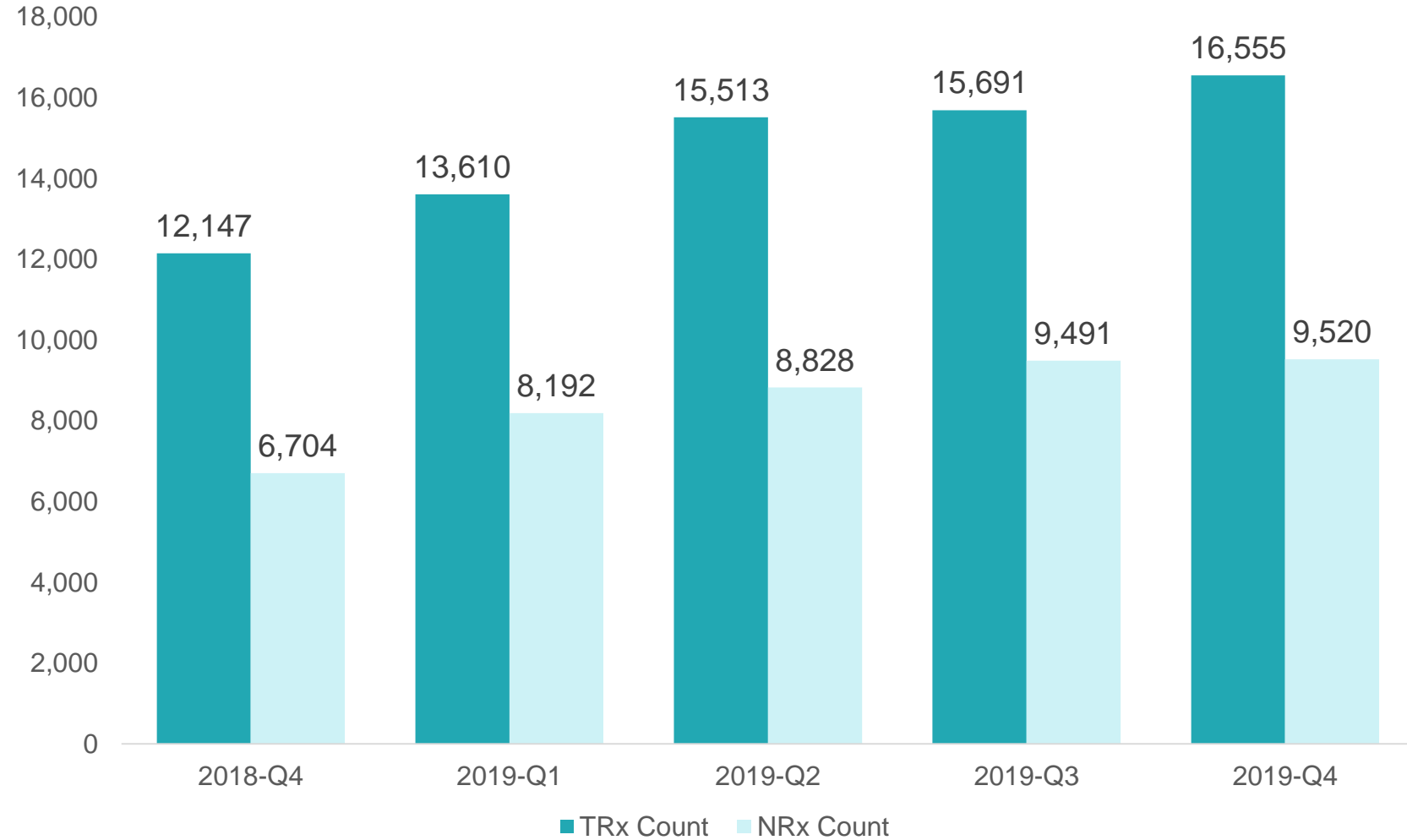
NBRx share increased by 26% YoY

TRx share increased by 57% YoY

BELBUCA Coverage Rapidly Improving with Further Opportunity in Regional and Medicare Plans



Symproic Achieved All-time High TRx & NRx Volume

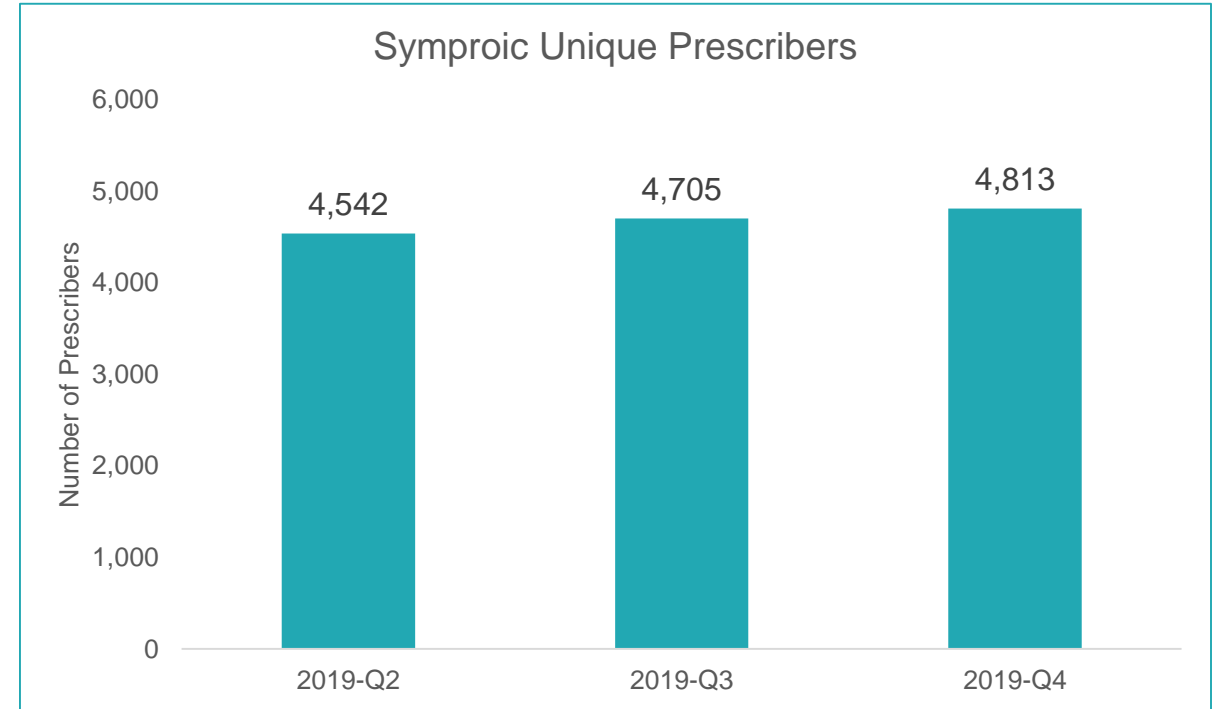
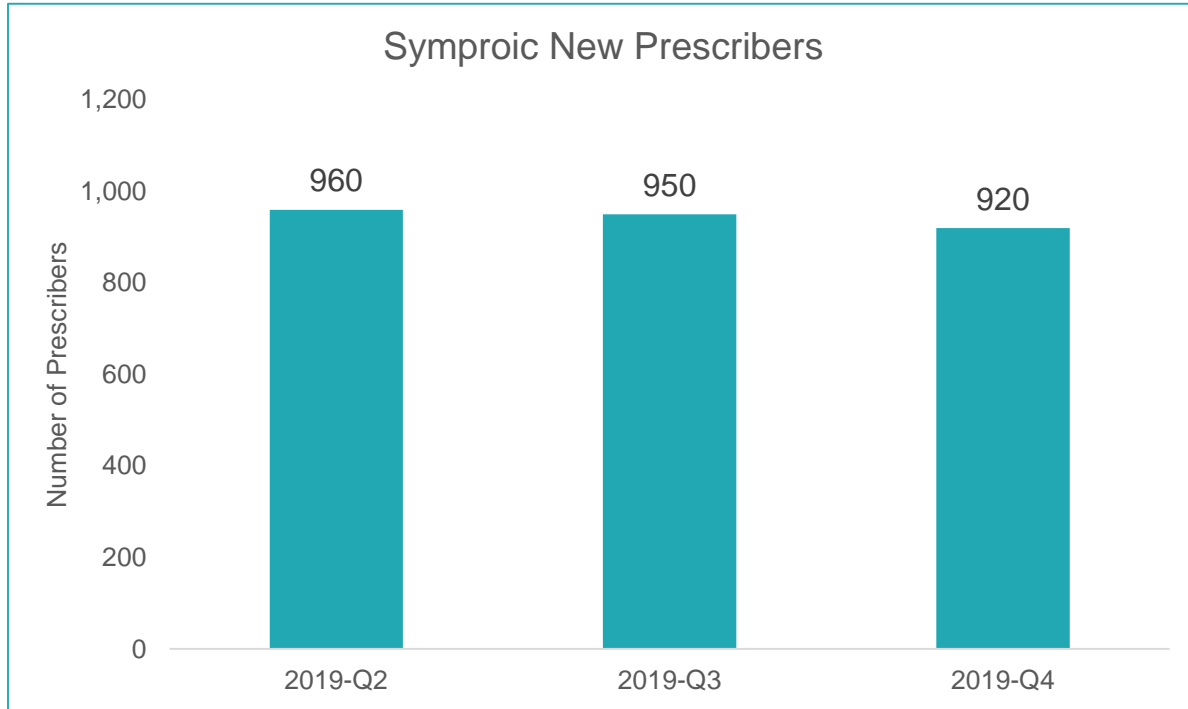


+36% TRx Growth in Q4 2019 vs prior year

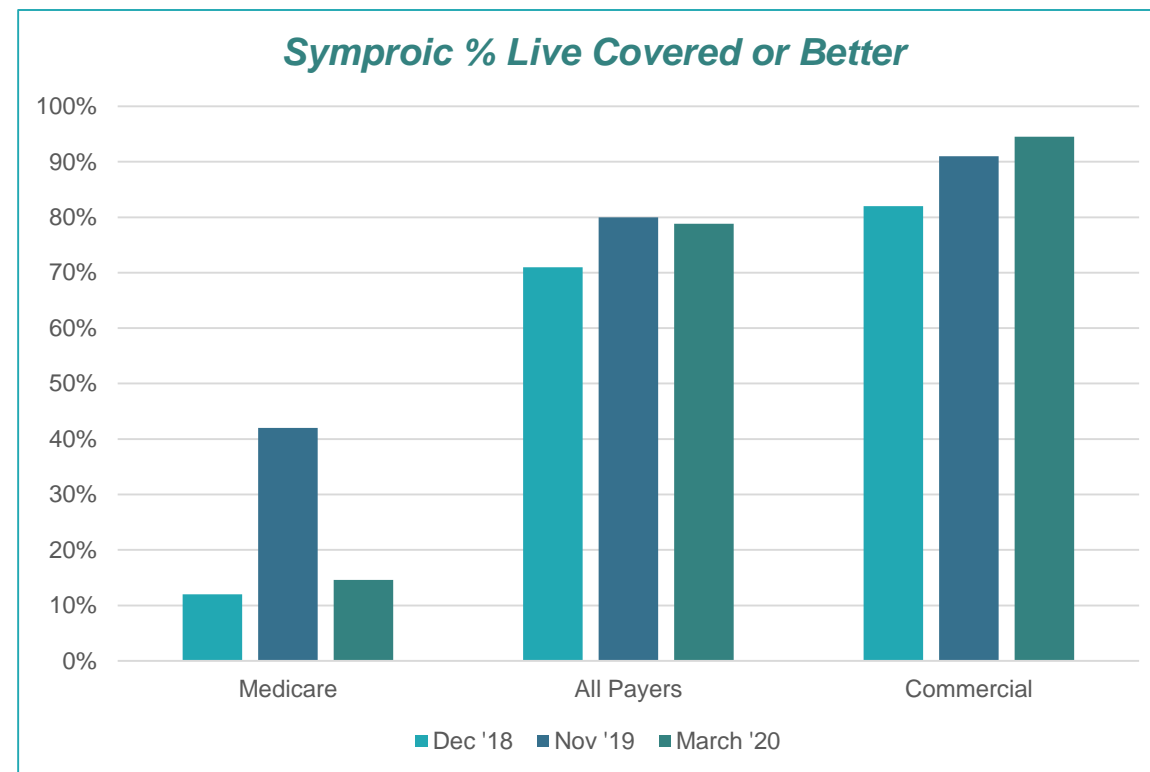
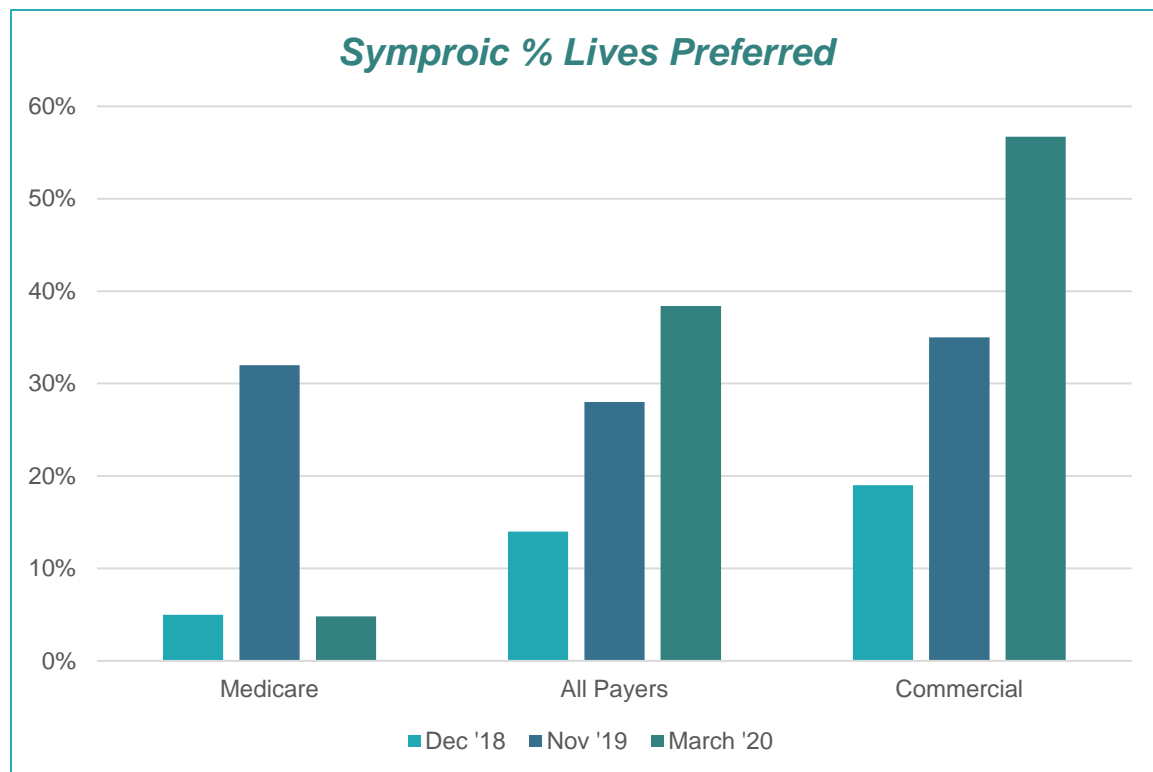
Q4 2019
12.7% NRx share
11.2% TRx share

Source: Symphony Health, Quarterly total prescriptions (retail)
 NRx: New Retail Prescriptions

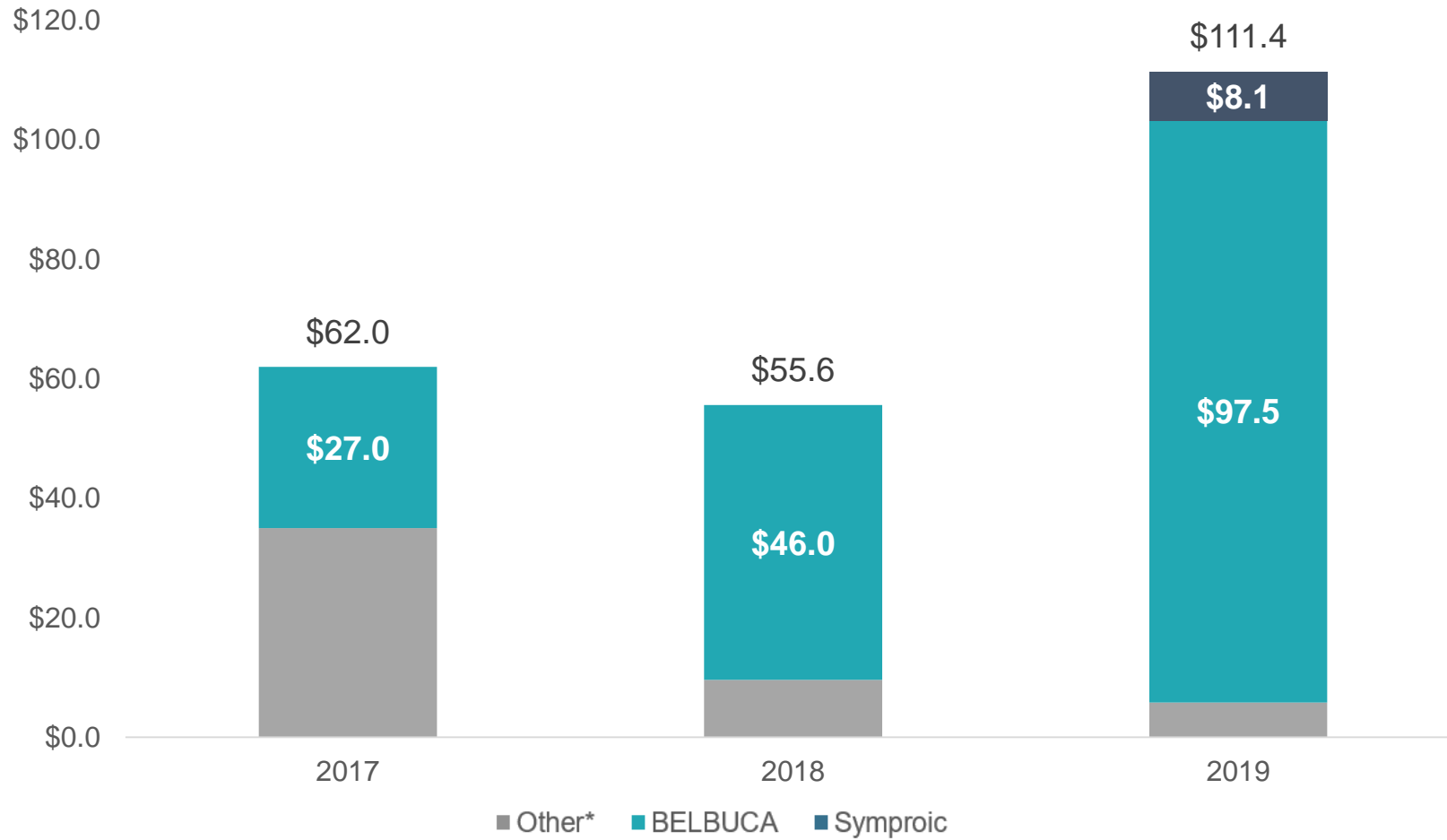
Symproic New and Unique Prescribers



Symproic Access Improved Significantly for 2020 with Further Opportunity in Commercial Preferred



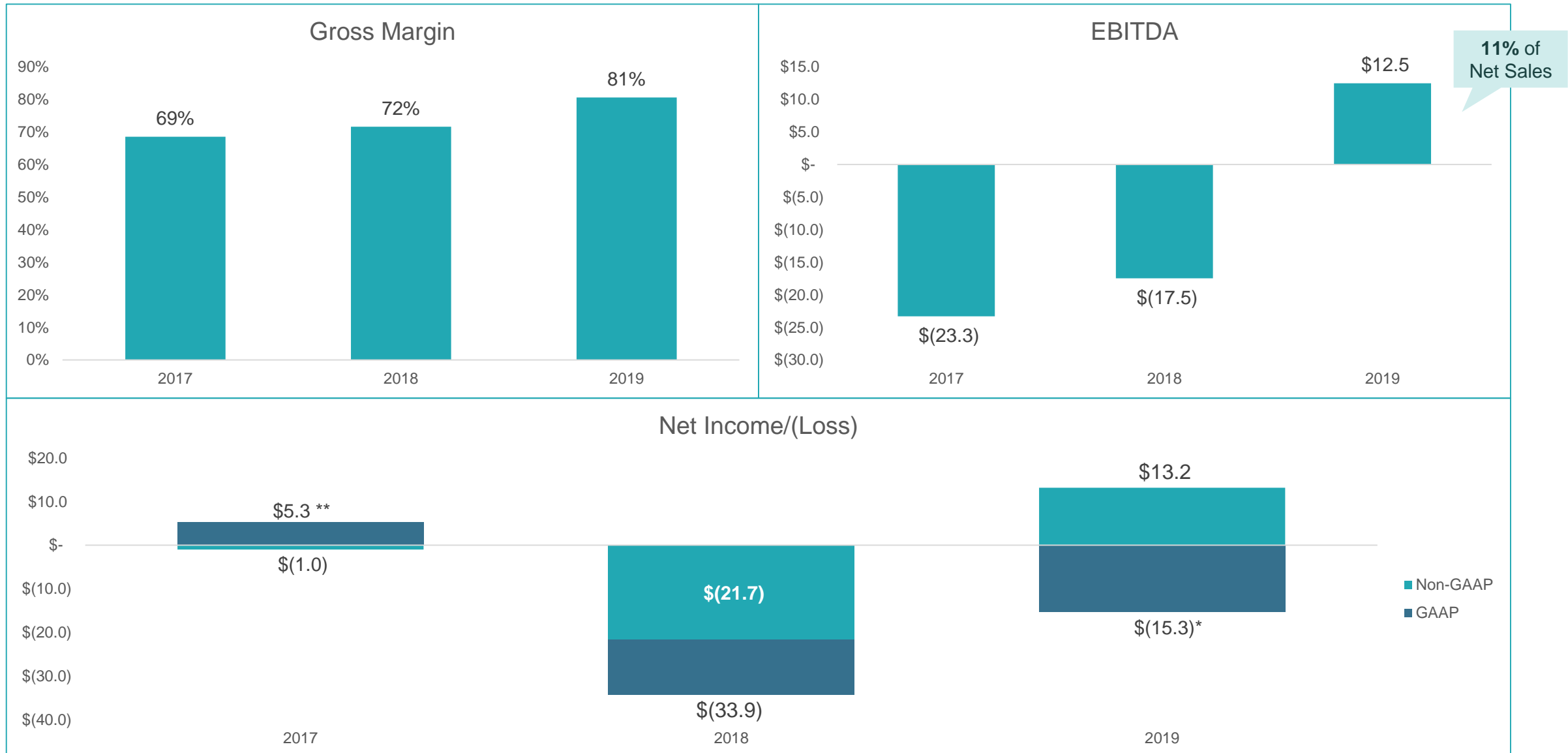
Record Level Annual Net Sales



+100% Growth in 2019 vs Prior Year

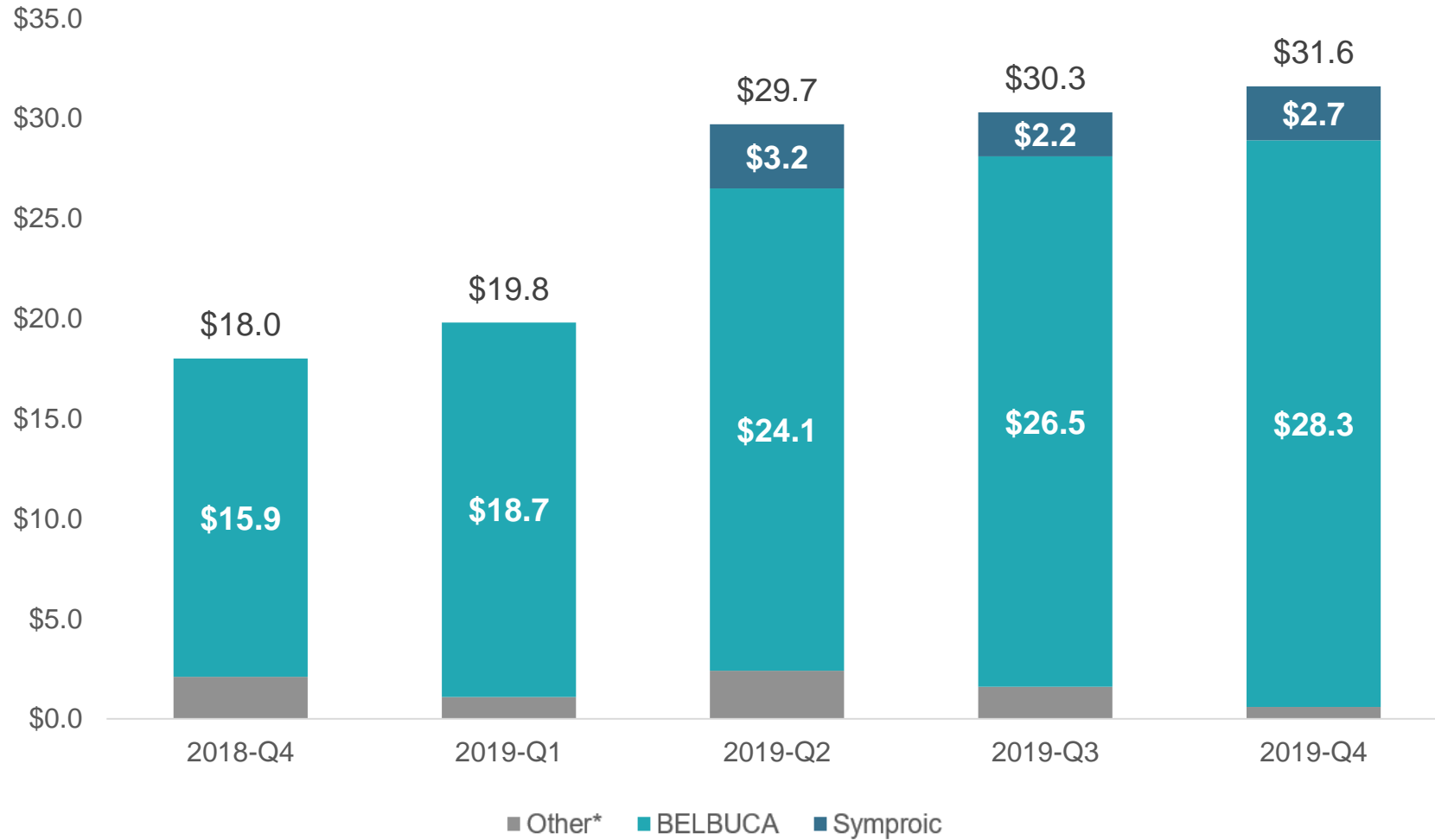
*BUNAVAIL and royalty revenues

Annual Gross Margin, EBITDA and Net Income



* 2019 GAAP Net loss includes one-time debt refinancing costs of \$11.8 M and one-time costs associated with the discontinuation of BUNAVAIL marketing of \$3.8 M
 ** 2017 GAAP Net income includes one-time financial impact of the fair value of the bargain purchase price of the BELBUCA acquisition which closed in January 2017

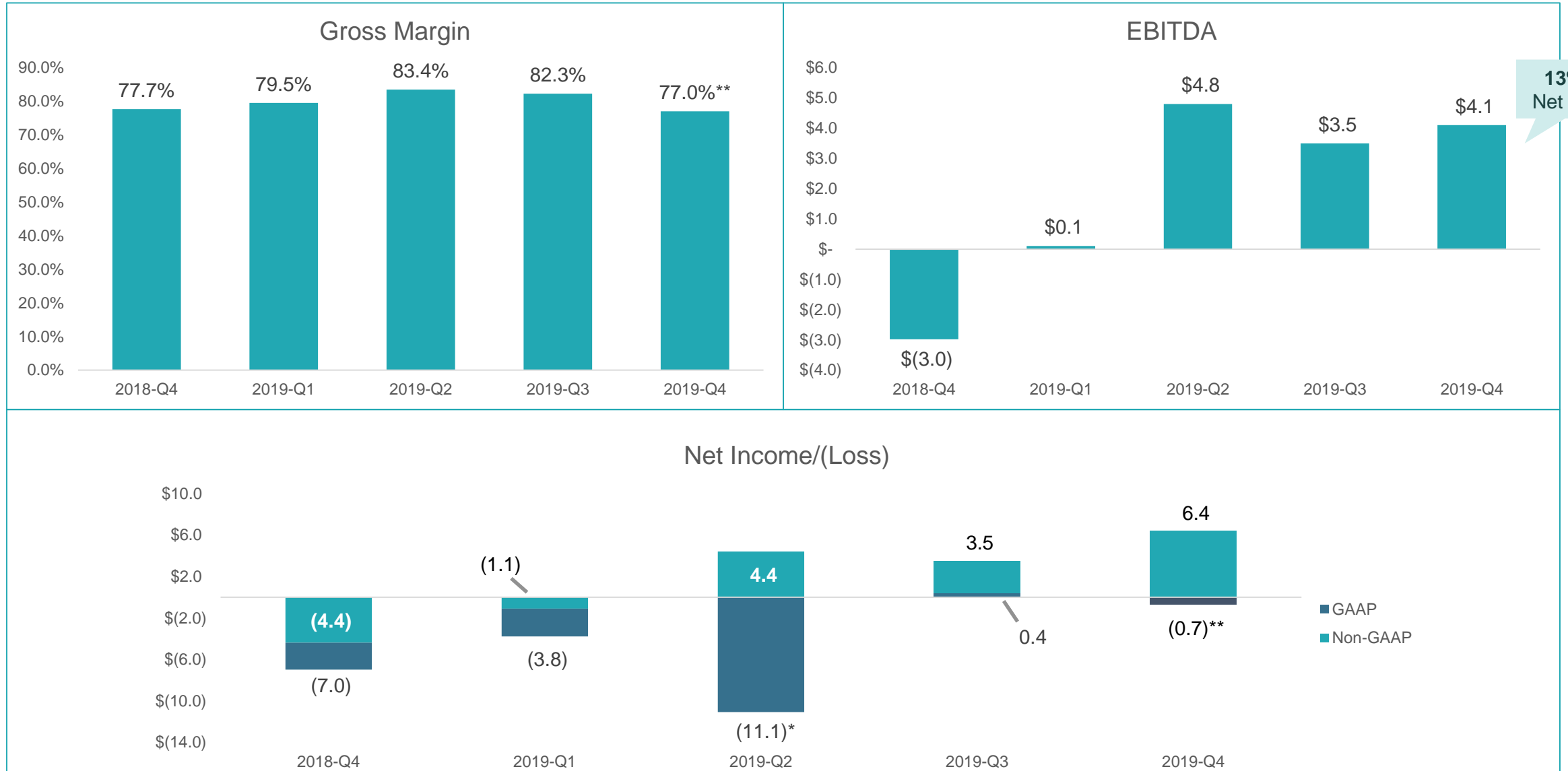
Record Level Quarterly Net Sales



+75% Growth in Q4 2019 vs Prior Year

*BUNAVAIL and royalty revenues

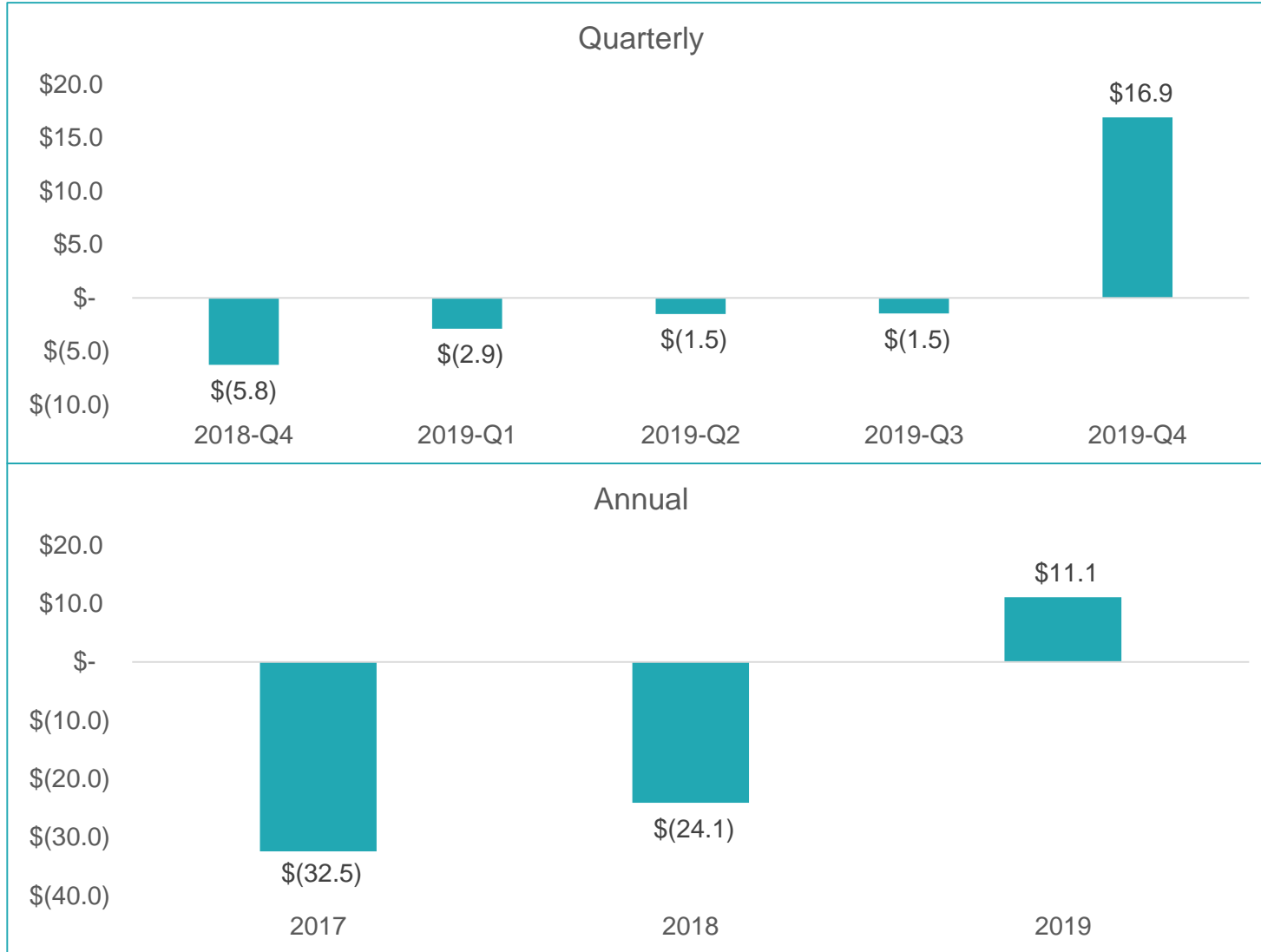
Quarterly Gross Margin, EBITDA and Net Income



*Q2 2019 GAAP Net loss includes one-time debt refinancing costs of \$11.8 M

**Q4 2019 Gross Margin and GAAP Net loss includes one-time costs associated with the discontinuation of BUNAVAIL marketing of \$3.8 M

Operating Cash Flow



At December 31, 2019
Cash and cash equivalents: \$63.9M
Long-term Debt: \$60M

Reconciliation of Quarterly Non-GAAP Metrics 2018 – 2019



RECONCILIATION OF NON-GAAP METRICS

(U.S. DOLLARS, IN THOUSANDS)

(Unaudited)

	QTD- Q1	QTD- Q2	QTD- Q3	QTD- Q4	QTD- Q1	QTD- Q2	QTD- Q3	QTD- Q4
	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019
Reconciliation of GAAP Net Income/(Loss) to EBITDA (non-GAAP)	2018				2019			
GAAP Net Income/(Loss)	\$ (10,709)	\$ (9,770)	\$ (6,380)	\$ (7,008)	\$ (3,833)	\$ (11,130)	\$ 354	\$ (696)
Add back:								
Provision for income taxes	73	(20)	-	(40)	-	-	4	1
Net interest expense	2,512	2,525	2,569	2,600	2,561	13,929	1,237	1,309
Depreciation and amortization	1,520	1,679	1,519	1,470	1,375	1,981	1,904	3,488
EBITDA	\$ (6,604)	\$ (5,586)	\$ (2,292)	\$ (2,978)	\$ 103	\$ 4,780	\$ 3,499	\$ 4,102
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)	\$ 354	\$ (696)
Non-GAAP adjustments:								
Stock-based compensation expense	2,921	1,084	891	1,045	1,142	1,569	1,267	1,438
Amortization of intangible assets	1,290	1,289	1,289	1,289	1,289	1,898	1,898	1,896
Amortization of warrant discount	269	269	269	269	269	179	-	
Non- recurring financial impact- Debt Refinance 2019						11,866		3,750
Non- recurring financial impact- Bunavail Discontinuation 2019								
Non-GAAP Net Income/(Loss)	\$ (6,229)	\$ (7,128)	\$ (3,931)	\$ (4,405)	\$ (1,133)	\$ (7,484)	\$ 3,519	\$ 6,388

Q2 2019 GAAP Net loss includes one-time debt refinancing costs of \$11.8 M

Q4 2019 GAAP Net loss includes one-time costs associated with the discontinuation of BUNAVAIL marketing of \$3.8 M

Reconciliation of Annual Non-GAAP Metrics 2017 – 2019



	Year Ended December 31,		
	2019	2018	2017
GAAP net income/(loss)	\$ (15,305)	\$ (33,867)	\$ 5,285
Add back:			
Provision for income taxes	5	13	(15,972)
Net interest expense	19,036	10,206	(18,733)
Depreciation and amortization	8,750	6,188	6,119
EBITDA	<u>\$ 12,486</u>	<u>\$ (17,460)</u>	<u>\$ (23,301)</u>
 Reconciliation of GAAP net income/(loss) to Non-GAAP net			
GAAP net income/(loss)	\$ (15,305)	\$ (33,867)	\$ 5,285
Non- GAAP Adjustments:			
Stock-based compensation expense	5,416	5,941	14,800
Amortization of intangible assets	6,983	5,157	5,425
Amortization of warrant discount	448	1,076	832
Non- recurring financial impact - Bargain Purchase 2017			(27,336)
Non- recurring financial impact- Debt Refinance 2019	11,866		
Non- recurring financial impact- Bunavail Discontinuation 2019	3,750	0	
Non-GAAP net income/(loss)	<u>\$ 13,158</u>	<u>\$ (21,693)</u>	<u>\$ (994)</u>