



August 8, 2018

# Forward-Looking Statements



"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995. The statements that are not historical facts contained in this release are forward-looking statements that involve risks and uncertainties including, but not limited to, the commercialization of Gralise, CAMBIA, and Zipsor, royalties associated with Collegium's commercialization of NUCYNTA and NUCYNTA ER, regulatory approval and clinical development of Cosyntropin, Depomed's financial outlook for 2018 and expectations regarding financial results and potential business opportunities and other risks detailed in the Company's Securities and Exchange Commission filings, including the Company's most recent Annual Report on Form 10-K and most recent Quarterly Report on Form 10-Q. The inclusion of forward-looking statements should not be regarded as a representation that any of the Company's plans or objectives will be achieved. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Depomed undertakes no duty or obligation to update any forward-looking statements contained in this presentation as a result of new information, future events or changes in its expectations except as may be required by law.

This presentation contains non-GAAP financial measures, including EBITDA, adjusted EBITDA and other financial measures labeled as "non-GAAP." Please refer to Depomed's August 8, 2018 earnings release on the Depomed website for an explanation of these non-GAAP financial measures and for tables that reconcile the non-GAAP figures to their GAAP equivalent.



# Second-Quarter 2018 Highlights



- Raised full-year guidance range for non-GAAP earnings and adjusted EBITDA and lowered full-year guidance range for neurology franchise net sales
  - Raised non-GAAP earnings and adjusted EBITDA<sup>(1)</sup> range to \$145 million to \$155 million from \$125 million to \$135 million
  - Lowered full-year neurology net sales guidance range to \$105 million to \$110 million from \$120 million to \$125 million
- Confirms regulatory plan to file for FDA approval of cosyntropin depot by year end
- Announced agreement with PDL BioPharma to monetize royalty stream
  - Company to receive \$20 million in cash
- The Company recognized a \$5.0 million payment from Ironwood Pharmaceuticals related to the initiation of a Phase 3 clinical trial
- Company remains on-track to transition to new corporate headquarters in Lake Forest, Illinois and expects name change to Assertio Therapeutics, Inc. mid-August
- On July 9, 2018, the Company announced it is currently engaged in confidential settlement discussions with Purdue Pharma L.P. in connection with ongoing patent infringement litigation

(1) All non-GAAP measures included in this earnings release are reconciled to the corresponding GAAP measures in the schedules to this earnings release.



## A Clear Strategy for Growth



## Execution of Three-Pillar Growth Strategy Transforms Company



## **MAINTAIN**

a Strong/Profitable NUCYNTA® Franchise

Commercialization agreement with Collegium Pharmaceutical



### **GROW**

Neurology Business

- ✓ Amends agreement for CAMBIA® line extension
- ✓ New co-promotion agreement for Zipsor<sup>®</sup>
- ✓ Strengthens commercial strategy



## **BUILD**

a New
Orphan/Specialty
Business

- ✓ Cosyntropin opportunity
- ✓ Began enrollment in new clinical trial to treat rare pediatric disorder



## NUCYNTA® Commercialization Agreement with Collegium





- Related to second-quarter 2018 activity, the Company received \$33.75 million in cash and recognized \$31.2 million in revenue
- For the first four years of the agreement, Depomed expects to receive a minimum annual royalty of \$135 million (\$132 million prorated for 2018)
- Under the agreement, Collegium began paying royalties to Depomed in the first quarter of 2018

Collegium and
Depomed Share
a Commitment to
Putting the
Patient First



# **Growing** Our Neurology Business





- Q2 '18 stabilized core neurology brands with positive sequential total prescription growth for the franchise; but more work to do with Gralise
- Co-promotion with Allegis Pharmaceuticals and Zipsor began in June
  - Added approximately 30 new sales reps that focus exclusively on primary care physicians in targeted geographic regions
- Q1 '18 amended existing agreement for CAMBIA® line extension



# Cosyntropin (Synthetic ACTH Depot)





- Confirms plan to file for FDA approval of cosyntropin depot by year end
- 1st Indication (diagnostic for suspected adrenocortical insufficiency)
  - NDA filing in late 2018
  - Pediatric and adult endocrinologists commonly use exogenous ACTH to trigger the body's cortisol response
  - Helps determine if a patient's adrenal/pituitary glands are functioning properly
  - Goal is to demonstrate that the diagnostic performance of cosyntropin depot is comparable to the reference product (Cotrosyn)
- 2<sup>nd</sup> Indication (Infantile Spasms) Investigational New Drug Trial ongoing
- Diversifies portfolio with cosyntropin (Synthetic ACTH Depot)
- First of a portfolio of high-value, high-touch orphan/specialty products positioned to address the needs of patients, physicians and payors



# Headquarters Relocation and New Corporate Name



- The name change is expected to be effective mid August from "Depomed, Inc." to "Assertio Therapeutics, Inc."
- The Company's ticker symbol changes from "DEPO" to the new trading symbol "ASRT," effective on the opening of trading
- New headquarters will be fully operational mid-August
  - The company recruited new talent, including experienced pharmaceutical executives from the Chicagoland area
- Q2 2018 the Company received shareholder approval to reincorporate in Delaware and to change its name
- Q1 2018 the company began relocating corporate staff from Newark, CA to new HQ in Lake Forest, IL



# Milestones Driving Growth in 2018 and Beyond



### **First Half** 2018

- NUCYNTA® Commercialization Agreement: Closed Agreement with Collegium Pharmaceutical
- Synthetic cosyntropin (Synthetic ACTH Depot): Commenced Investigational New Drug Trial in Infantile Spasms
- Amends existing agreement for CAMBIA line extension
- Announces new co-promotion agreement for Zipsor

### Second Half 2018

- **Refinancing:** Execute Refinancing of Deerfield and Pharmakon Advisors' Secured Debt
- Synthetic cosyntropin (Synthetic ACTH Depot): Submission of NDA
- Agreement with PDL BioPharma to Monetize Royalty Stream: Company to Receive \$20 million in Cash
- **Business Development:** Execute New Opportunities Aimed at Accelerating Growth
- **Purdue Litigation**

2018: A Year of Growth and Repositioning **Setting up for a Potential Breakout 2019/2020** 



# Updated Full-Year 2018 Financial Guidance



	Prior 2018 Guidance	Current 2018 Guidance
Neurology Franchise Net Sales	\$120 to \$125 million	\$105 to \$110 million
GAAP SG&A Expense	\$123 to \$133 million	\$118 to \$128 million
GAAP R&D Expense	\$11 to \$16 million	\$9 to \$14 million
Non-GAAP SG&A Expense	\$110 to \$120 million	\$100 to \$110 million
Non-GAAP R&D Expense	\$10 to \$15 million	\$7 to \$12 million
GAAP Net Loss	(\$22) to (\$33) million	(\$8) to (\$18) million
Non-GAAP Adjusted EBITDA	\$125 to \$135 million	\$145 to \$155 million



# Depomed's Transformation is Well Underway





MAINTAIN



GROW



BUILD



RESTRUCTURE

#### **Past**

- NUCYNTA and Lazanda franchises placed Depomed with a heavy opioid concentration in a volatile market
- NUCYNTA field force needed to be downsized and retargeted with significant dislocation risk
- Promotionally-sensitive neurology products under resourced with ~ 40 person field force

No Third Pillar

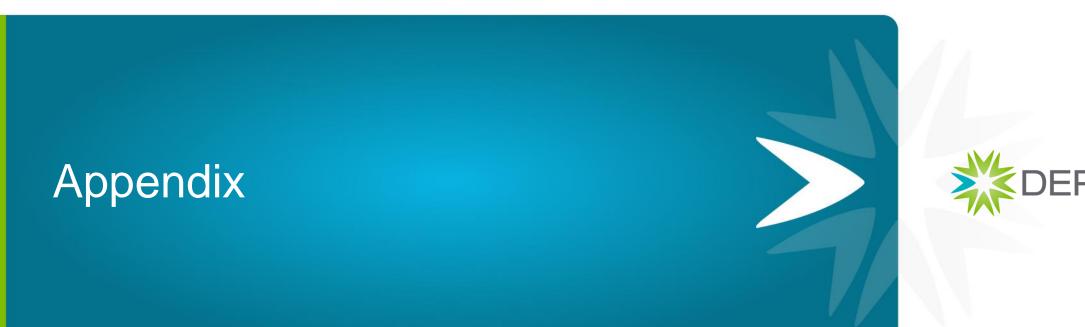
- Pain Field Force: 300 persons
- Newark, CA HQ: ~60,000 square feet with 120 people; challenging location to specialty pharmaceutical talent from Chicagoland area

#### **Present**

- Collegium agreement removes volatility and provides Depomed at least \$135M (\$132M prorated for 2018) annually for first 4 years
- Collegium is a strong and committed partner better positioned to address the opioid continuum of care
- Depomed's renewed commitment to franchise

- Slán asset transaction divests Lazanda and creates a Third Pillar new orphan / specialty business built around cosyntropin depot
- Pain Field Force eliminated
- Moving to New HQ: ~30,000 square feet with ~70 persons; location facilitates recruitment of specialty pharmaceutical talent
- Cebranopadol returned to Grünenthal







## Note Regarding Use of GAAP and Non-GAAP Financial Measures



To supplement our financial results presented on a U.S. generally accepted accounting principles (GAAP) basis, we have included information about non-GAAP revenue, non-GAAP adjusted earnings, non-GAAP adjusted earnings per share, non-GAAP adjusted EBITDA and other non-GAAP financial measures as useful operating metrics. We believe that the presentation of these non-GAAP financial measures, when viewed with our results under GAAP and the accompanying reconciliation, provides supplementary information to analysts, investors, lenders, and our management in assessing the Company's performance and results from period to period. We use these non-GAAP measures internally to understand, manage and evaluate the Company's performance, and in part, in the determination of bonuses for executive officers and employees. These non-GAAP financial measures should be considered in addition to, and not a substitute for, or superior to, net income or other financial measures calculated in accordance with GAAP. Non-GAAP financial measures used by us may be calculated differently from, and therefore may not be comparable to, non-GAAP measures used by other companies.



# Consolidated Statements of Operations (in thousands, except per share amounts) (unaudited)



	Three Months Ended					Six Months Ended					
	June 3	30,			Jun	e 30,					
	2018		2017		2018		2017				
	(unaudi	ited)			(unau	ıdited	lited)				
Revenues:											
Product sales, net	\$ 26,838	\$	100,232	\$	71,192	\$	190,517				
Commercialization agreement	31,179		-		114,979		-				
Royalties and milestones	 5,257		225		5,507		387				
Total revenues	63,274		100,457		191,678		190,904				
Costs and expenses:											
Cost of sales	2,753 19,725				14,797	37,499					
Research and development expense	2,180 5,614		5,614	3,708		10,698					
Selling, general and administrative expense	31,308		50,010		60,341		98,529				
Amortization of intangible assets	25,444		25,735		50,888		51,470				
Restructuring charges	 5,814		3,441		14,831		3,441				
Total costs and expenses	 67,499		104,525		144,565		201,637				
Income/(loss) from operations	(4,225)		(4,068)		47,113		(10,733)				
Interest and other income	67		282		296		532				
Loss on prepayment of senior notes	-		(5,364)		-		(5,364)				
Interest expense	(17,010)		(17,758)		(35,078)		(37,882)				
(Provision for)/benefit from income taxes	 120		249		445		47				
Net income/(loss)	\$ (21,048)	\$	(26,659)	\$	12,776	\$	(53,400)				
Basic net income/(loss) per share	\$ (0.33)	\$	(0.43)	\$	0.20	\$	(0.86)				
Diluted net income/(loss) per share	\$ (0.33)	\$	(0.43)	\$	0.20	\$	(0.86)				
Basic shares used in calculation	63,719		62,532		63,611		62,331				
Dilued shares used in calculation	63,719		62,532		64,107	\$	62,331				



# Consolidated Condensed Balance Sheets

(in thousands) (unaudited)



	 June 30, 2018	De	cember 31, 2017
Cash, cash equivalents and marketable securities	\$ 57,233	\$	128,089
Accounts receivable	42,149		72,482
Inventories	4,977		13,042
Property and equipment, net	11,113		13,024
Intangible assets, net	742,985		793,873
Prepaid and other assets	53,738		18,107
Total assets	\$ 912,195	\$	1,038,617
Accounts payable	\$ 3,144	\$	14,732
Income tax payable	-		126
Interest payable	12,282		13,220
Accrued liabilities	29,434		60,496
Accrued rebates, returns and discounts	80,172		135,828
Senior notes	301,581		357,220
Convertible notes	278,457		269,510
Contingent consideration liability	967		1,613
Other liabilities	14,952		16,364
Shareholders' equity	 191,206		169,508
Total liabilities and shareholders' equity	\$ 912,195	\$	1,038,617



## Reconciliation of GAAP Net Loss to Non-GAAP Adjusted EBITDA





	Three Months Ended				ded			
	June 30,							
	2018 2017			2018			2017	
	(unaudited)			(unaudited)				
GAAP net income/(loss)	\$	(21,048)	\$	(26,659)	\$	12,776	\$	(53,400)
Commercialization agreement revenues (1)		3,198		-		(49,288)		-
Commercialization agreement cost of sales (1)		-		-		6,200		-
Nucynta sales reserve (2)		-		-		(10,711)		-
Nucynta and Lazanda revenue reserves (3)		(946)		-		(540)		-
Managed care dispute reserve		-		-		-		4,742
Expenses for opioid-related litigation, investigations and regulations (4)		2,220		-		3,047		-
Intangible amortization related to product acquisitions		25,444		25,735		50,888		51,470
Contingent consideration related to product acquisitions		(260)		(863)		(462)		(5,332)
Stock-based compensation		2,970		3,403		4,946		6,959
Interest income		(70)		(56)		(164)		(260)
Interest expense		17,010		22,673		35,078		42,245
Depreciation		1,454		608		2,929		1,234
Provision for (benefit from) income taxes		(120)		(249)		(445)		(47)
Restructuring and other costs (5)		6,974		3,441		15,299		3,441
Other costs		(31)		253		178		2,529
Non-GAAP adjusted EBITDA	\$	36,795	\$	28,286	\$	69,731	\$	53,581

- (1) Adjustment for the non-cash value assigned to inventory transferred to Collegium.
- (2) Represents a \$12.5 million benefit related to the release of sales reserves for which the Company is no longer financially responsible, net of \$1.8 million in royalties payable to Grunenthal.
- (3) Removal of the impact of revenue reserve adjustment estimates consistent with opioid-related litigation and investigation expense treatment.
- (4) Legal costs/expenses related to opioid-related litigation, investigations and regulations pertaining to the Company's historical commercialization of opioid products.
- (5) Restructuring and other costs represents non-recurring costs associated with the Company's restructuring and headquarters relocation and CEO transition.



# Reconciliation of GAAP Net Income/(Loss) to Non-GAAP Adjusted Earnings (in thousands, except per share amounts) (unaudited)



	I hree Months Ended			Six Months Ended				
	June 30,							
		2018 2017		2018		2017		
		(una u	dited	)		(unaudit		)
GAAP net income/(loss)	\$	(21,048)	\$	(26,659)	\$	12,776	\$	(53,400)
Commercialization agreement revenues (1)		3,198		-		(49,288)		-
Commercialization agreement cost of sales (1)		-		-		6,200		-
Nucynta sales reserve (2)		-		-		(10,711)	\$	-
Non-cash interest expense on debt		4,537		6,124		8,947		10,774
Nucynta and Lazanda revenue reserves (3)		(946)		-		(540)		-
Managed care dispute reserve		-		-		-		4,742
Expenses for opioid-related litigation, investigations and regulations (4)		2,220		-		3,047		-
Intangible amortization related to product acquisitions		25,444		25,735		50,888		51,470
Contingent consideration related to product acquisitions		(260)		(863)		(462)		(5,332)
Stock-based compensation		2,970		3,403		4,946		6,959
Restructuring and other costs (5)		6,974		3,441		15,304		3,441
Valuation allowance on deferred tax assets		-		7,534		-		15,102
Other costs		(31)		253		178		2,529
Income tax effect of non-GAAP adjustments (6)		(8,888)		(13,519)		(16,661)		(26,403)
Non-GAAP adjusted earnings	\$	14,170	\$	5,449	\$	24,624	\$	9,882
Add interest expense of convertible debt, net of tax (7)		1,703		1,348		3,406		2,695
Numerator	\$	15,873	\$	6,797	\$	28,030	\$	12,577
Shares used in calculation <sup>(7)</sup>		82,201		81,400		82,039		81,719
Non-GAAP adjusted earnings per share	\$	0.19	\$	0.08	\$	0.34	\$	0.15

Three Months Ended

Six Months Ended

- (6) Calculated by taking the pre-tax non-GAAP adjustments and applying the statutory tax rate.
- (7) The Company uses the if-converted method to compute diluted earnings per share with respect to its convertible debt.



<sup>(1)</sup> Adjustment for the non-cash value assigned to inventory transferred to Collegium.

<sup>(2)</sup> Represents a \$12.5 million benefit related to the release of sales reserves for which the Company is no longer financially responsible, net of \$1.8 million in royalties payable to Grunenthal.

<sup>(3)</sup> Removal of the impact of revenue reserve adjustment estimates consistent with opioid-related litigation and investigation expense treatment.

<sup>(4)</sup> Legal costs/expenses related to opioid-related litigation, investigations and regulations pertaining to the Company's historical commercialization of opioid products.

<sup>(5)</sup> Restructuring and other costs represents non-recurring costs associated with the Company's restructuring and headquarters relocation and CEO transition.

# Reconciliation of GAAP Net Loss Per Share to Non-GAAP Adjusted Earnings Per Share (unaudited)



	Three Months Ended			Six Months Ended				
	June 30,							
		2018		2017		2018		2017
GAAP net income/(loss) per share	\$	(0.33)	\$	(0.43)	\$	0.20	\$	(0.86)
Conversion from basic shares to diluted shares		0.07		0.10		(0.05)		0.20
Commercialization agreement revenues		0.04		-		(0.60)		-
Commercialization agreement cost of sales		-		-		0.08		-
Nucynta sales reserve		-		-		(0.13)		-
Non-cash interest expense on debt		0.06		0.08		0.11		0.13
Nucynta and Lazanda revenue reserves		(0.01)		-		(0.01)		-
Managed care dispute reserve		-		-		-		0.06
Expenses for opioid-related litigation, investigations and regulations		0.03		-		0.04		-
Intangible amortization related to product acquisitions		0.31		0.32		0.62		0.63
Contingent consideration related to product acquisitions		(0.00)		(0.01)		(0.01)		(0.07)
Stock based compensation		0.04		0.04		0.06		0.09
Restructuring and other costs		0.08		0.05		0.18		0.06
Valuation allowance on deferred tax assets		-		0.09		-		0.18
Income tax effect of non-GAAP adjustments		(0.11)		(0.17)		(0.20)		(0.32)
Add interest expense of convertible debt, net of tax		0.02		0.02		0.04		0.03
Non-GAAP adjusted earnings per share	\$	0.19	\$	0.08	\$	0.34	\$	0.15



# Restated First Quarter Non-GAAP Adjusted EBITDA



(1) For a full reconciliation of GAAP Net Income/(loss) to Non-GAAP Adjusted EBITDA, as originally disclosed by the Company in its earnings release for the fiscal quarter ended March 31, 2018, please see Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 10, 2018.

(2) To ensure consistency and comparability, we have recast our previously provided Non-GAAP Adjusted EBITDA results for the fiscal quarter ended March 31, 2018 to apply our new definition of specified items to such calculation.



(in thousands) (unaudited)

## Full-Year 2018 Non-GAAP Guidance Reconciliation





#### **Full Year 2018 Guidance**

	Earn	ings <sup>(1)</sup>	R	&D	SC	3&A
	Low End	High End	Low End High End		Low End	High End
GAAP	(\$8)	(\$18)	\$9	\$14	\$118	\$128
Specified Items <sup>(2)</sup>	\$153	\$173	(\$2)	(\$2)	(\$18)	(\$18)
Non-GAAP	\$145	\$155	\$7	\$12	\$100	\$110

<sup>(1)</sup> GAAP Earnings guidance refers to GAAP Net Loss and Non-GAAP Earnings Guidance refers to Non-GAAP Adjusted EBITDA.



<sup>(2)</sup> For purposes of this forward-looking reconciliation, a description of the categories of specified items included in this reconciliation are detailed in the tables above.





August 8, 2018