

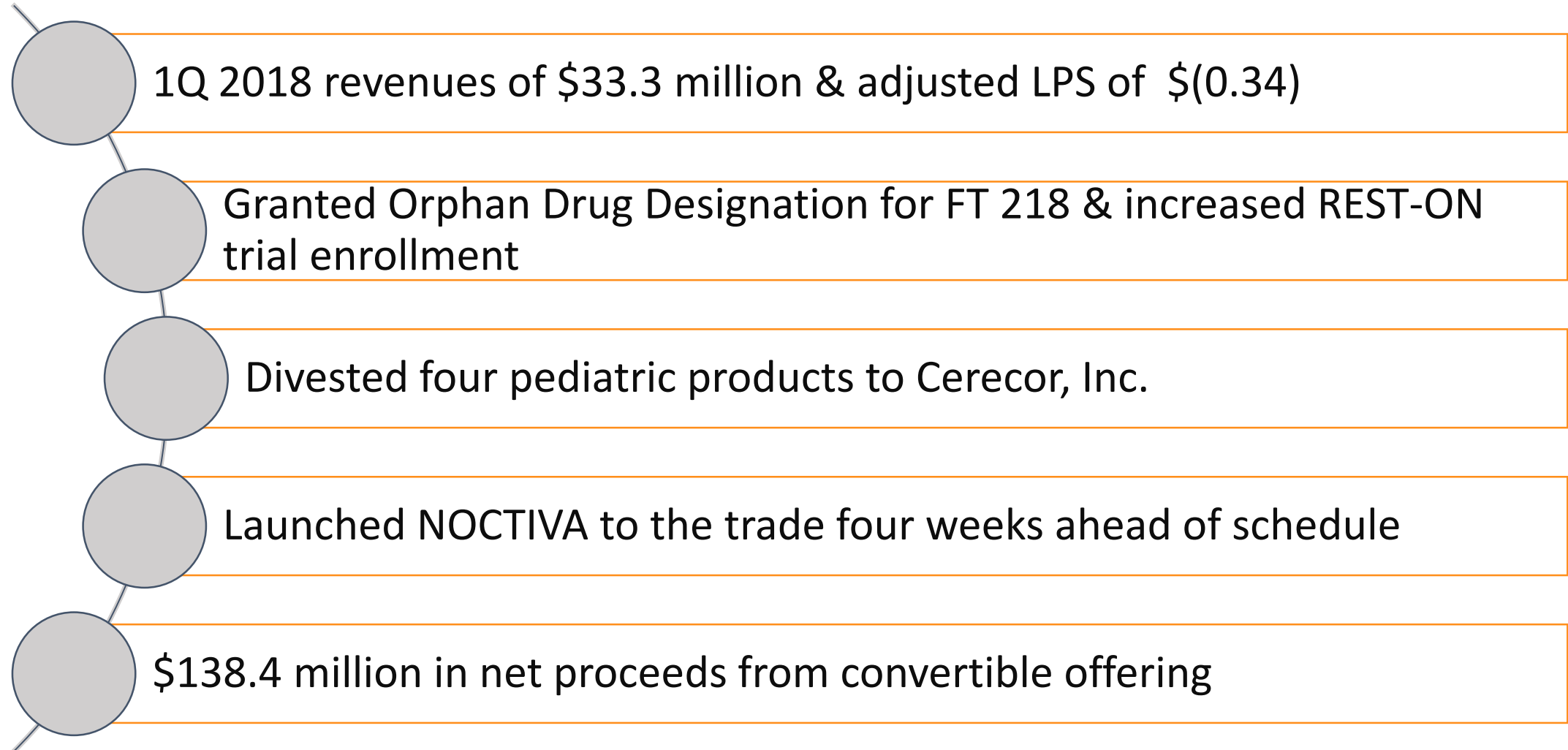


First Quarter 2018 Earnings Conference Call

May 2, 2018

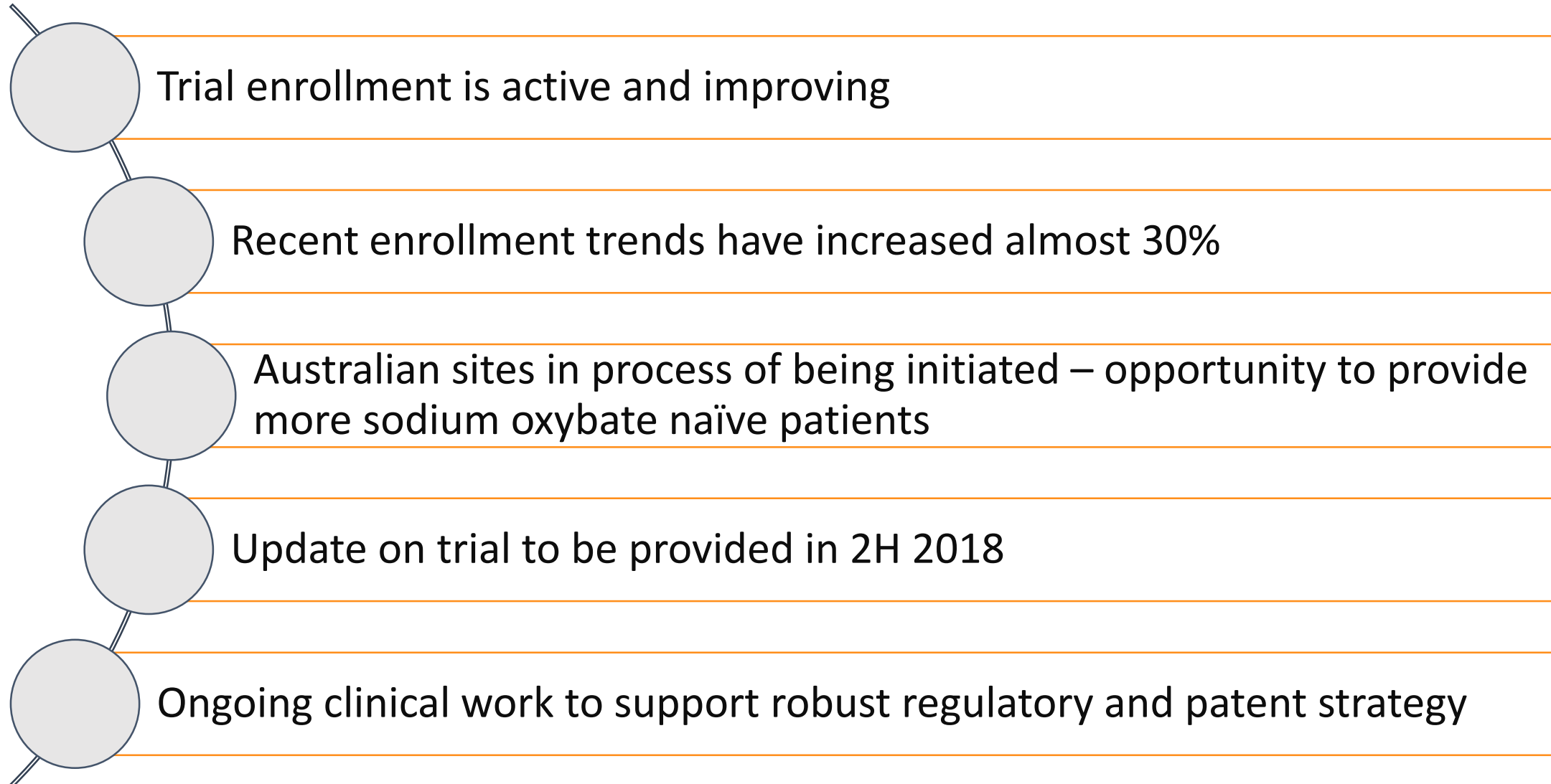
This presentation may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words “will,” “may,” “believe,” “expect,” “anticipate,” “estimate,” “project” and similar expressions, and the negatives thereof, identify forward-looking statements, each of which speaks only as of the date the statement is made. Although we believe that our forward-looking statements are based on reasonable assumptions within the bounds of our knowledge of our business and operations, our business is subject to significant risks and as a result there can be no assurance that actual results of our research, development and commercialization activities and our results of operations will not differ materially from the results contemplated in such forward-looking statements. These risks include: (i) risks relating to our exchangeable senior notes including use of the net proceeds from the offering of the notes and other future events related to the notes; (ii) risks relating to the divestiture of our former pediatric business including whether such divestiture will be accretive to our operating income and cash flow; (iii) risks relating to our license agreement with Serenity Pharmaceuticals, LLC including that our internal analyses may overstate the market opportunity in the United States for the drug desmopressin acetate (the “Drug”) or we may not effectively exploit such market opportunity, that significant safety or drug interaction problems could arise with respect to the Drug, that we may not successfully increase awareness of nocturia and the potential benefits of the Drug, and that the need for management to focus attention on the development and commercialization of the Drug could cause our ongoing business operations to suffer; and (iv) the other risks, uncertainties and contingencies described in the Company’s filings with the U.S. Securities and Exchange Commission, including our annual report on Form 10-K for the year ended December 31, 2017, in particular disclosures that may be set forth in particular under the captions “Forward-Looking Statements” and “Risk Factors,” including without limitation: our dependence on a small number of products and customers for the majority of our revenues; the possibility that our Bloxiverz®, Vazculep® and Akovaz® products, which are not patent protected, could face substantial competition resulting in a loss of market share or forcing us to reduce the prices we charge for those products; the possibility that we could fail to successfully complete the research and development for pipeline products we are evaluating for potential application to the FDA pursuant to our “unapproved-to-approved” strategy, or that competitors could complete the development of such products and apply for FDA approval of such products before us; the possibility that our products may not reach the commercial market or gain market acceptance; our need to invest substantial sums in research and development in order to remain competitive; our dependence on certain single providers for development of several of our drug delivery platforms and products; our dependence on a limited number of suppliers to manufacture our products and to deliver certain raw materials used in our products; the possibility that our competitors may develop and market technologies or products that are more effective or safer than ours, or obtain regulatory approval and market such technologies or products before we do; the challenges in protecting the intellectual property underlying our drug delivery platforms and other products; and our dependence on key personnel to execute our business plan.

- I. 1Q overview of strategic progress
- II. REST-ON Phase III trial
- III. NOCTIVA™ launch update
- IV. Hospital products & development update
- V. Financial Results
 - I. GAAP Results
 - II. Non-GAAP Results
 - III. Cash Flow
 - IV. 2018 Guidance



REST-ON Phase III Trial





NOCTIVA™ Launch Update



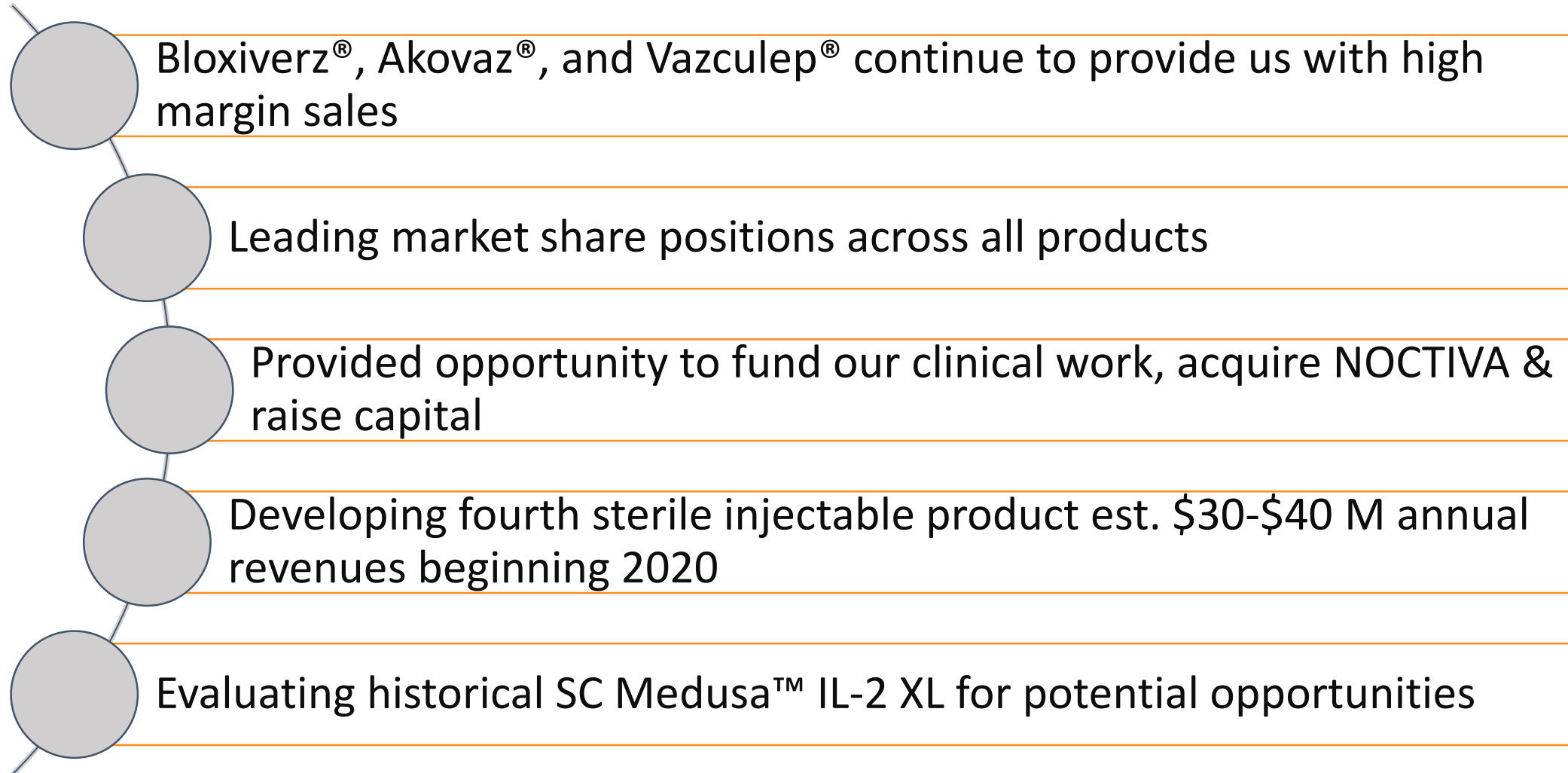
NOCTIVA™: Launch Update

- 20k sales calls and over 600,000 print & digital engagement impressions reaching over 90% of our target audience
- Exclusive partnerships with the leading clinical and scientific educational platforms
- Unique, therapeutic category for NOCTIVA in leading compendium – **NO** therapeutic equivalents
- Shipped to the trade early March – 4 wks ahead of schedule
- Estimate ~100M patients covered & have access to NOCTIVA
- Approximately 20M of covered are in a preferred brand position
- Patient access programs - designed to have patients pay no more than \$40



The collage features several key elements for the Noctiva launch:

- Website Screenshot:** Shows the URO TODAY and GU ONC TODAY portals with navigation links like Video Lectures, Clinical Trials, and Centers of Excellence. It highlights "Nature calls everyone" and "If it does, it may be nocturia".
- Product Packaging:** Displays two boxes of Noctiva (desmopressin acetate Nasal Spray) with dosages of 1.66 mcg / 0.1 mL and 0.83 mcg / 0.1 mL.
- Patient Education Graphic:** A circular graphic titled "Bedroom or Bathroom?" asking "Where do you spend more of your night?" and illustrating the impact of nocturia on sleep.
- Patient Access Program:** A section titled "PATIENTS CAN SAVE ON EVERY PRESCRIPTION*" showing a "\$40" savings and a "CLICK HERE TO GET STARTED" button. It details the Noctiva Care+ Program for Medicare Part D, underinsured, or uninsured patients.
- Patient Testimonial:** A close-up of an elderly man's face with the text: "When you wake up 2 or more times a night to urinate, you may have nocturia".



First Quarter 2018 Financial Results

A decorative graphic consisting of a short, thick yellow horizontal line.

Items of Note



- First quarter revenue was \$33.3 million – above consensus; Reiterate 2018 guidance
- Settled Deerfield warrants – we received \$2.9 M in cash & issued ~603,000 shares; over last 12 months reduced shares outstanding ~12%
- Hospital products still carry over 85% gross margins
- Cash balance almost \$200 M at March 31, 2018 following oversubscribed convertible offering of \$144 M
- New revenue recognition accounting rules did not have material impact on revenue recognized in Q1 compared to prior policies

Non-GAAP Financial Results



*Reconciliations from GAAP to Non-GAAP can be found in the appendix

(in \$000s, except for per share amounts)	Three Months Ended		
	03/31/18	12/31/17	03/31/17
Total revenues	\$ 33,293	\$ 35,094	\$ 52,507
Cost of products	6,592	4,048	3,856
Research and development expenses	9,951	11,325	7,206
Selling, general and admin expenses	24,487	23,056	11,812
Intangible asset amortization	-	-	-
Restructuring costs	-	-	-
Operating expenses	41,030	38,429	22,874
Contingent consideration payments and accruals	5,790	6,067	9,616
Operating income (loss)	(13,527)	(9,402)	20,017
Investment income and other income (expense), net	185	161	1,052
Interest expense, net	(941)	(263)	(263)
Other expense - contingent consideration payments and accruals	(797)	(832)	(1,299)
Income (loss) before income taxes	(15,080)	(10,336)	19,507
Income tax (benefit) provision	(2,082)	(381)	7,706
Net income (loss)	\$ (12,998)	\$ (9,955)	\$ 11,801
Diluted earnings (loss) per share	\$ (0.34)	\$ (0.25)	\$ 0.28
Weighted average number of shares outstanding - diluted	38,559	39,350	42,810

GAAP Financial Results



(in \$000s, except for per share amounts)	Three Months Ended		
	03/31/18	12/31/17	03/31/17
Total revenues	\$ 33,293	\$ 34,752	\$ 52,507
Cost of products	6,592	4,048	3,902
Research and development expenses	9,951	11,325	7,206
Selling, general and admin expenses	24,487	23,056	11,812
Intangible asset amortization	1,767	1,967	564
Restructuring costs	153	(631)	2,653
Operating expenses	42,950	39,765	26,137
(Gain) loss - changes in fair value of related party contingent consideration	2,968	(933)	(6,971)
Operating income (loss)	(12,625)	(4,080)	33,341
Investment income and other income (expense), net	54	(426)	821
Interest expense, net	(1,597)	(263)	(263)
Other (expense) income - changes in fair value of related party payable	(395)	(917)	550
Income (loss) before income taxes	(14,563)	(5,686)	34,449
Income tax (benefit) provision	(2,327)	2,559	8,539
Net income (loss)	\$ (12,236)	\$ (8,245)	\$ 25,910
Diluted earnings (loss) per share	\$ (0.32)	\$ (0.21)	\$ 0.61

Cash Flow Summary



in \$000's

	Three Months ended March 31,	
	2018	2017
<u>TOTAL Cash and Marketable Securities</u>		
Beginning Balance	\$ 94,075	\$ 154,195
Operating cash flows (excl Noctiva and earnouts)	3,504	33,477
Noctiva operating spending	(14,897)	-
Earnout payments	(6,615)	(8,169)
Total Operating Cash Flows	(18,008)	25,308
Issuance of exchangeable notes, net of issuance costs	138,359	-
Share repurchases	(18,000)	-
Warrant and stock option exercises	2,911	38
Royalty payments	(402)	(444)
Other	(755)	117
Total Investing and Financing Cash Flows	122,113	(289)
Total Change in Cash and Marketable Securities	104,105	25,019
Ending Balance	\$ 198,180	\$ 179,214

2018 Guidance

Range

Total Revenue	\$105M - \$125M
Noctiva Revenues	\$10M - \$20M
R&D Expense	\$40M - \$50M
SG&A Expense	\$80M - \$90M
Income Tax Benefit	0% - 10%

2018 Guidance Reaffirmed

Question & Answer

Appendix



A short, solid yellow horizontal bar located directly beneath the "Appendix" header.

Revenues by Product (GAAP)



in \$000's	<u>Q1 2018</u>	<u>Q4 2017</u>	<u>Q1 2017</u>
Bloxiverz	\$ 7,491	\$ 8,055	\$ 13,902
Vazculep	12,961	8,281	10,179
Akovaz	10,217	15,507	25,638
Noctiva	666	-	-
Other	<u>1,826</u>	<u>2,989</u>	<u>2,038</u>
Total product sales	\$ 33,161	\$ 34,832	\$ 51,757
License revenue	<u>132</u>	<u>(80)</u>	<u>750</u>
Total revenues	<u><u>\$ 33,293</u></u>	<u><u>\$ 34,752</u></u>	<u><u>\$ 52,507</u></u>



GAAP to Non-GAAP Reconciliations



GAAP to Non-GAAP adjustments for the three months ended March 31, 2018											
Exclude								Include			
GAAP	Intangible asset amortization	Foreign exchange (loss) gain	Restructuring impacts	Equity Securities unrealized gain/loss	Exchangeable Notes interest payments	Contingent related party payable fair value remeasurements	Contingent related party payable paid/accrued	Total Adjustments	Adjusted GAAP		
Product sales	\$ 33,161	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	33,161
License and research revenue	132	-	-	-	-	-	-	-	-		132
Total revenue	33,293	-	-	-	-	-	-	-	-		33,293
Cost of products	6,592	-	-	-	-	-	-	-	-		6,592
Research and development expenses	9,951	-	-	-	-	-	-	-	-		9,951
Selling, general and administrative expenses	24,487	-	-	-	-	-	-	-	-		24,487
Intangible asset amortization	1,767	(1,767)	-	-	-	-	-	(1,767)	-		-
Changes in fair value of related party contingent consideration	2,968	-	-	-	-	(2,968)	5,790	2,822	5,790		5,790
Restructuring costs	153	-	-	(153)	-	-	-	(153)	-		-
Total operating expenses	45,918	(1,767)	-	(153)	-	(2,968)	5,790	902	46,820		46,820
Operating income (loss)	(12,625)	1,767	-	153	-	2,968	(5,790)	(902)	(13,527)		(13,527)
Investment and other income (expense), net	54	-	(167)	-	298	-	-	131	185		185
Interest Expense	(1,597)	-	-	-	656	-	-	656	(941)		(941)
Other Expense - changes in fair value of related party payable	(395)	-	-	-	-	395	(797)	(402)	(797)		(797)
Income (loss) before income taxes	(14,563)	1,767	(167)	153	298	656	(6,587)	(517)	(15,080)		(15,080)
Income tax provision (benefit)	(2,327)	371	-	-	(3)	-	(246)	245	(2,082)		(2,082)
Net (loss) income	\$ (12,236)	\$ 1,396	\$ (167)	\$ 153	\$ 301	\$ 656	\$ 3,240	\$ (6,341)	\$ (762)	\$	(12,998)
Net (loss) income per share - diluted	\$ (0.32)	\$ 0.04	\$ -	\$ -	\$ 0.01	\$ 0.02	\$ 0.08	\$ (0.15)	\$ (0.02)	\$	(0.34)
Weighted average number of shares outstanding - Diluted	38,559	38,559	38,559	38,559	38,559	38,559	38,559	38,559	38,559		38,559

GAAP to Non-GAAP Reconciliations



GAAP to Non-GAAP adjustments for the three months ended December 31, 2017										
Exclude								Include		
GAAP	Intangible asset amortization	Foreign exchange (gain)/loss	Restructuring impacts	U.S. Income Tax Reform	License Revenue Adjustment	Contingent related party payable fair value remeasurements		Contingent related party payable paid/accrued	Total Adjustments	Adjusted GAAP
Product sales	\$ 34,832	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 34,832
License revenue	(80)	-	-	-	-	342	-	-	342	262
Total revenue	34,752	-	-	-	-	342	-	-	342	35,094
Cost of products	4,048	-	-	-	-	-	-	-	-	4,048
Research and development expenses	11,325	-	-	-	-	-	-	-	-	11,325
Selling, general and administrative expenses	23,056	-	-	-	-	-	-	-	-	23,056
Intangible asset amortization	1,967	(1,967)	-	-	-	-	-	-	(1,967)	-
Changes in fair value of related party contingent consideration	(933)	-	-	-	-	933	-	6,067	7,000	6,067
Restructuring costs	(631)	-	-	631	-	-	-	-	631	-
Total operating expenses	38,832	(1,967)	-	631	-	933	-	6,067	5,664	44,496
Operating income (loss)	(4,080)	1,967	-	(631)	-	342	(933)	(6,067)	(5,322)	(9,402)
Investment and other income (expense), net	(426)	-	587	-	-	-	-	-	587	161
Interest Expense	(263)	-	-	-	-	-	-	-	-	(263)
Other Expense - changes in fair value of related party payable	(917)	-	-	-	-	917	-	(832)	85	(832)
Income (loss) before income taxes	(5,686)	1,967	587	(631)	-	342	(16)	(6,899)	(4,650)	(10,336)
Income tax provision (benefit)	2,559	706	-	-	(3,513)	-	307	(440)	(2,940)	(381)
Net income (loss)	<u>\$ (8,245)</u>	<u>\$ 1,261</u>	<u>\$ 587</u>	<u>\$ (631)</u>	<u>\$ 3,513</u>	<u>\$ 342</u>	<u>\$ (323)</u>	<u>\$ (6,459)</u>	<u>\$ (1,710)</u>	<u>\$ (9,955)</u>
Net income (loss) per share - diluted	\$ (0.21)	\$ 0.03	\$ 0.01	\$ (0.02)	\$ 0.09	\$ 0.01	\$ (0.01)	\$ (0.16)	\$ (0.04)	\$ (0.25)
Weighted average number of shares outstanding - Diluted	39,350	39,350	39,350	39,350	39,350	39,350	39,350	39,350	39,350	39,350

GAAP to Non-GAAP Reconciliations



GAAP to Non-GAAP adjustments for the three months ended March 31, 2017									
Exclude							Include		
	GAAP	Intangible asset amortization	Foreign exchange (loss) gain	Restructuring impacts	Purchase accounting adjustments - FSC	Contingent related party payable fair value remeasurements	Contingent related party payable paid/accrued	Total Adjustments	Adjusted GAAP
Product sales	\$ 51,757	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,757
License and research revenue	750	-	-	-	-	-	-	-	750
Total revenue	52,507	-	-	-	-	-	-	-	52,507
Cost of products	3,902	-	-	-	(46)	-	-	(46)	3,856
Research and development expenses	7,206	-	-	-	-	-	-	-	7,206
Selling, general and administrative expenses	11,812	-	-	-	-	-	-	-	11,812
Intangible asset amortization	564	(564)	-	-	-	-	-	(564)	-
Changes in fair value of related party contingent consideration	(6,971)	-	-	-	-	6,971	9,616	16,587	9,616
Restructuring costs	2,653	-	-	(2,653)	-	-	-	(2,653)	-
Total operating expenses	19,166	(564)	-	(2,653)	(46)	6,971	9,616	13,324	32,490
Operating income (loss)	33,341	564	-	2,653	46	(6,971)	(9,616)	(13,324)	20,017
Investment and other income (expense), net	821	-	231	-	-	-	-	231	1,052
Interest Expense	(263)	-	-	-	-	-	-	-	(263)
Other Expense - changes in fair value of related party payable	550	-	-	-	-	(550)	(1,299)	(1,849)	(1,299)
Income (loss) before income taxes	34,449	564	231	2,653	46	(7,521)	(10,915)	(14,942)	19,507
Income tax provision (benefit)	8,539	201	-	-	17	(360)	(691)	(833)	7,706
Net income (loss)	\$ 25,910	\$ 363	\$ 231	\$ 2,653	\$ 29	\$ (7,161)	\$ (10,224)	\$ (14,109)	\$ 11,801
Net income (loss) per share - diluted	\$ 0.61	\$ 0.01	\$ 0.01	\$ 0.06	\$ -	\$ (0.17)	\$ (0.24)	\$ (0.33)	\$ 0.28
Weighted average number of shares outstanding - Diluted	42,810	42,810	42,810	42,810	42,810	42,810	42,810	42,810	42,810