



(Nasdaq: INSY)

# Q2'18 Supplementary Earnings Slides

August 8<sup>th</sup>, 2018



This presentation contains both historical information and forward-looking statements. Forward-looking statements are based on management's current expectations and assumptions as of the date of this presentation, and actual results may differ materially from those in these forward-looking statements as a result of various factors, including many which are beyond INSYS' control.

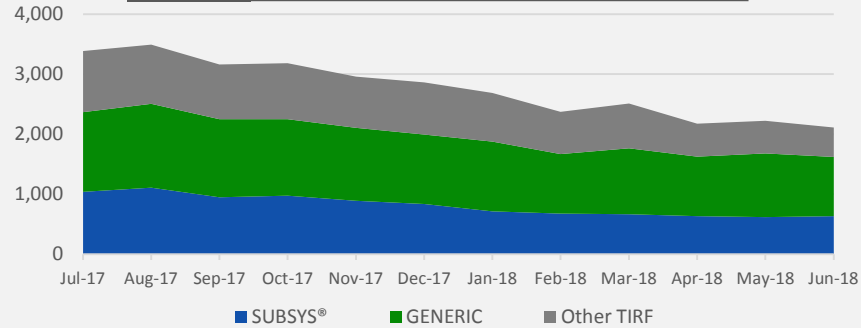
Such factors include, but are not limited to, risks regarding: INSYS' ability to commercialize products successfully; INSYS' ability to successfully manage its commercial relationships and sales infrastructure; INSYS' ability to obtain anticipated governmental or regulatory approvals; INSYS' failure to finalize documents with the DOJ and OIG or to comply with post-approval regulatory and governmental requirements; the actual sales potential and opportunity of identified markets; INSYS' ability to manage and resolve, under acceptable terms and conditions, its ongoing legal proceedings and litigation, including various governmental investigations; and INSYS' ability to realize the expectations of its pipeline and product candidate plans and timelines. For a further description of these and other risks facing INSYS, please see the risk factors described in the company's filings with the United States Securities and Exchange Commission, including those factors discussed under the caption "Risk Factors" in those filings.

All the information included herein is dated information concerning the company. The company disclaims and does not undertake any obligation to update or revise any forward-looking statements or historical information contained herein.

# Recent Operational Highlights

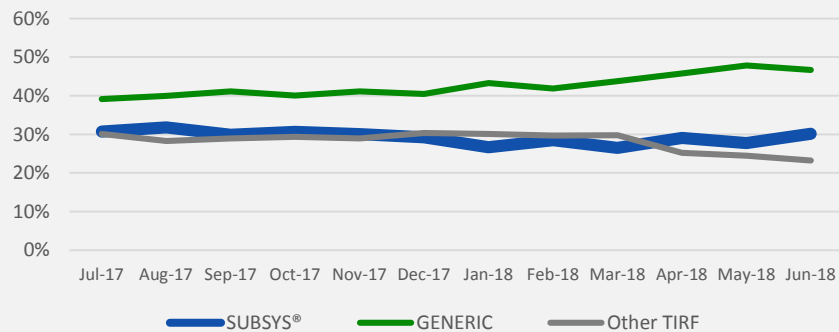
- Reached agreement in principle to settle Department of Justice investigation
  - Provisional financial settlement terms are consistent with previous public statement and disclosures
  - \$150 million over five years, with potential for contingency-based payments ranging from \$0 to \$75 million
- Continued execution of strategy to transform INSYS into leader in pharmaceutical cannabinoids and spray technology
- Execution on product pipeline:
  - Continued enrolling Phase 2 clinical trial of CBD oral solution as potential treatment for childhood *absence* epilepsy
  - Initiated Phase 3 clinical trial of CBD oral solution as potential treatment for infantile spasms
  - Commenced enrolling Phase 2 clinical trial of CBD oral solution as potential treatment for Prader-Willi syndrome
  - Reported encouraging results from PK study of epinephrine nasal spray as potential treatment for anaphylaxis
- Established collaboration partnership with UC San Diego's Center for Medicinal Cannabis Research (CMCR) to study CBD oral solution in various disease states, starting with autism
- Announced exclusive licensing partnership with Lunatus to commercialize SUBSYS® in the Middle East
- Investments in unique manufacturing facility at Round Rock, Texas driving better yields and shorter cycle times

**SUBSYS® and TIRF Market TRxs as of June 2018**



<b>Subsys</b>	<b>1,041</b>	<b>1,109</b>	<b>946</b>	<b>975</b>	<b>888</b>	<b>836</b>	<b>716</b>	<b>676</b>	<b>666</b>	<b>632</b>	<b>616</b>	<b>636</b>
Generic	1,325	1,396	1,301	1,273	1,216	1,158	1,162	994	1,099	994	1,061	986
Other TIRF	1,020	987	915	933	855	870	808	704	747	547	543	491
<b>TIRF Total</b>	<b>3,386</b>	<b>3,492</b>	<b>3,162</b>	<b>3,181</b>	<b>2,959</b>	<b>2,864</b>	<b>2,686</b>	<b>2,374</b>	<b>2,512</b>	<b>2,173</b>	<b>2,220</b>	<b>2,113</b>

**SUBSYS® TRx Market Share as of June 2018**



<b>Subsys</b>	<b>30.7%</b>	<b>31.8%</b>	<b>29.9%</b>	<b>30.7%</b>	<b>30.0%</b>	<b>29.2%</b>	<b>26.7%</b>	<b>28.5%</b>	<b>26.5%</b>	<b>29.1%</b>	<b>27.7%</b>	<b>30.1%</b>
Generic	39.1%	40.0%	41.1%	40.0%	41.1%	40.4%	43.3%	41.9%	43.8%	45.7%	47.8%	46.7%
Other TIRF	30.1%	28.3%	28.9%	29.3%	28.9%	30.4%	30.1%	29.7%	29.7%	25.2%	24.5%	24.2%
<b>TIRF Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Executing SUBSYS® Stabilization Initiatives

- Sequentially gained market share for TIRF prescriptions for the first time in seven quarters
- Positive signs from managed care wins
- Health Educator program building confidence in doctors by ensuring appropriate patients will be educated on proper usage
- Increasing awareness of breakthrough cancer pain and TIRFs with HCPs treating breakthrough cancer pain associated with bone metastasis

## SYNDROS® Brand Awareness Programs Continued

- \$1 million in quarterly net revenue, 56% sequential improvement
- Continuing HCP education programs
- Pursuing additional managed care wins

# Q2'18 Financial Highlights

	Q2'18	Q1'18	Q2'17
<b>Gross Revenue</b>	\$38.0M	\$38.5M	\$58.2M
<b>Net Revenue</b>	\$23.5M	\$23.9M	\$42.6M
<b>Gross Margin</b>	84.7%	90.8%	90.8%
<b>Sales &amp; Marketing</b>	\$9.1M	\$9.1M	\$13.3M
<b>Research &amp; Development</b>	\$16.5M	\$12.3M	\$14.1M
<b>General &amp; Administrative</b>	\$10.9M	\$9.6M	\$10.6M
<b>Legal</b>	\$11.1M	\$10.2M	\$6.5M
<b>Income Tax Expense (Benefit)</b>	\$0.1M	\$0.2M	(\$1.7M)
<b>Adjusted EBITDA*</b>	(\$22.5M)	(\$14.9M)	\$0.3M
<b>Liquidity (Cash &amp; Investments)</b>	\$123.5M	\$146.1M	\$203.0M

\*Please see a reconciliation of our GAAP to Non-GAAP financials in our quarterly press release

# Q2'18 Financial Highlights

	Q2'18	Q2'17	Increase / (Decrease)
Sales & Mktg	\$9.1M	\$13.3M	(31.6%)
R&D	\$16.5M	\$14.1M	16.8%
G&A	\$10.9M	\$10.6M	2.8%
<b>Sub-Total Before Legal</b>	<b>\$36.5M</b>	<b>\$38.0M</b>	<b>(3.9%)</b>
Legal Costs	\$11.1M	\$6.5M	70.8%
Settlements	-	\$4.5M	(100.0%)
<b>Total Operating Expense</b>	<b>\$47.6M</b>	<b>\$49.0M</b>	<b>(2.9%)</b>

*\*Please see a reconciliation of our GAAP to Non-GAAP financials in our quarterly press release*

## Our Vision...

Improve the quality of patient care by building a specialty pharmaceutical company focused on *cannabinoids* and *novel drug delivery systems* that address unmet patient needs.




## Our Priorities...



**Strong Culture of Compliance**



# Deep Pipeline to Drive Long-Term Growth

Drug Candidate		Disease State	Non-Clinical	Phase 1	Phase 2	Phase 3	Submit	Approval
<b>CANNABINOIDS</b>	<b>Cannabidiol (CBD)</b> Oral Solution	(i) Childhood <i>Absence</i> Epilepsy	Ph 2 Enrolling (n=30)					
		(ii) Infantile Spasms	Ph 3 Initiated (n=190)					
		(iii) Prader-Willi Syndrome	Ph 2 Enrolling (n=66)  Fast Track Designation Granted Dec 2017					
	<b>Dronabinol</b> Inhalation	(i) Anorexia in Cancer Patients	In Dev  IND Accepted April 2018 PK Study 2H'18					
		(ii) Agitation in Alzheimer's Disease	In Dev					
<b>SPRAYS</b>	<b>Naloxone*</b> Nasal Spray	Opioid Overdose	PK Completed					
	<b>Epinephrine*</b> Nasal Spray	Anaphylaxis	PK Completed					
	<b>Buprenorphine/Naloxone</b> Sublingual Spray	Opioid Dependence	In Dev					
	<b>Buprenorphine</b> Sublingual Spray	Moderate-to-Severe Acute Pain	NDA Filed  CRL Rec'd July 2018					

\* Pursuing 505(b)2 bioequivalence approach for potential approval



## Major Clinical Milestones

### First Half 2018

- ✓ Commenced enrollment in Phase 2 clinical trial of CBD oral solution as potential treatment for Prader-Willi syndrome
- ✓ Initiated Phase 3 clinical trial of CBD oral solution as potential treatment for infantile spasms
- ✓ Commenced enrollment in Phase 2 clinical trial of CBD oral solution as potential treatment for childhood *absence* epilepsy
- ✓ Reported results from proof-of-concept study epinephrine nasal spray as potential treatment for anaphylaxis
- ✓ Continued progress on upcoming NDA for naloxone nasal spray as potential treatment for opioid overdose

### Second Half 2018

- Complete End-of-Phase 2 meeting with FDA on epinephrine nasal spray
- Report results of Phase 2 clinical trial of CBD oral solution for childhood *absence* epilepsy
- Initiate proof-of-concept study for dronabinol inhalation
- Submit NDA for naloxone nasal spray as potential treatment for opioid overdose

# Collaborative CBD Trials Under Consideration

- **Autism**

Collaborating with University of California  
San Diego School of Medicine's Center for Medicinal  
Cannabis Research



- **Childhood  
Schizophrenia /  
Early Psychosis**

Orphan Drug Designation  
Meeting with NIH for possible collaboration and  
funding

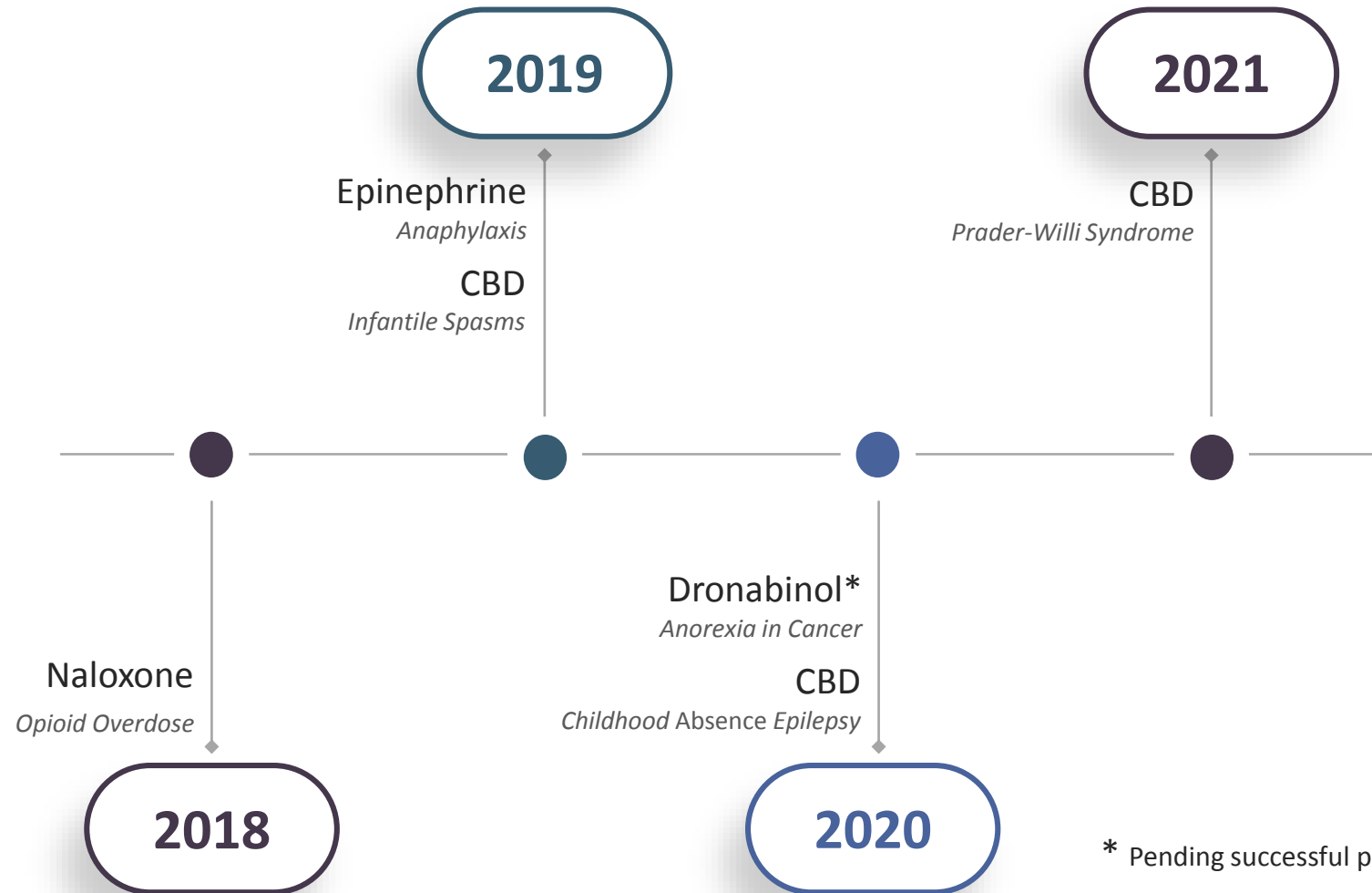


- **Addiction**

Met with NIH for possible collaboration and funding



# Projected NDA Timelines





(Nasdaq: INSY)

[www.insysrx.com](http://www.insysrx.com)

## Contact Information

Jackie Marcus or Chris Hodges

Alpha IR Group

Phone: 312-445-2870

Email: [INSY@alpha-ir.com](mailto:INSY@alpha-ir.com)