# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

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# FORM 8-K

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**CURRENT REPORT**
**Pursuant to Section 13 or 15(d)**
**of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **November 8, 2017**

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# AVADEL PHARMACEUTICALS PLC

(Exact name of registrant as specified in its charter)

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| **Ireland** | **000-28508** | **98-1341933** |
|---|---|---|
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

| **Block 10-1**<br>**Blanchardstown Corporate Park, Ballycoolin**<br>**Dublin 15, Ireland**<br>(Address of Principal Executive Offices) | **Not Applicable**<br>(Zip Code) |
|---|---|

Registrant's telephone number, including area code: **+353 1 485 1200**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

**Item 2.02 Results of Operations and Financial Condition.**

On November 8, 2017, Avadel Pharmaceuticals plc (the "Company") issued a press release announcing its earnings for the third quarter ended September 30, 2017. That press release is attached as Exhibit 99.1 and is incorporated herein by reference.

The information responsive to this Item 2.02 of this Form 8-K, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 (the "Securities Act") or the Exchange Act, except as may be expressly set forth by specific reference in such a filing.

**Item 7.01 Regulation FD Disclosure.**

On November 8, 2017, the Company posted to its website a set of presentation materials in conjunction with its earnings call and webcast to assist participants with understanding the Company's financial results for the quarter ended September 30, 2017. A copy of this presentation is attached hereto as Exhibit 99.2.

The information responsive to this Item 7.01 of this Form 8-K, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as may be expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

99.1 Press release dated November 8, 2017, issued by Avadel Pharmaceuticals plc *

99.2 Presentation materials dated November 8, 2017*

* This information shall be deemed to be "furnished" and not filed herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**AVADEL PHARMACEUTICALS PLC**

By: /s/ Phillandas T. Thompson
Phillandas T. Thompson
Senior Vice President, General Counsel and Corporate Secretary

Date: November 8, 2017

**Exhibit Index**

99.1 Press release dated November 8, 2017, issued by Avadel Pharmaceuticals plc*

99.2 Presentation materials dated November 8, 2017*

# Avadel Pharmaceuticals Reports Third Quarter 2017 Results

***Total Revenues for the Third Quarter Were $39.7 million***

***Full Year Revenue Guidance of $165-$175 million Unchanged***

***Acquired License for Noctiva™***

**Dublin, Ireland – November 8, 2017** - Avadel Pharmaceuticals plc (NASDAQ: AVDL) today announced its financial results for the third quarter ended September 30, 2017.

**Highlights Include:**

- Total revenues for the third quarter 2017 were $39.7 million, compared to $32.1 million in the third quarter 2016.
- GAAP net income for the third quarter of 2017 was $21.7 million, or $0.52 per diluted share, compared to GAAP net loss of $20.0 million, or $0.48 per diluted share, in the third quarter of 2016.
- Adjusted net income for the third quarter of 2017 was $3.7 million, or $0.09 per diluted share, compared to an adjusted net loss of $3.5 million, or $0.08 per diluted share, in the third quarter of 2016. [(1)]
- On September 1, 2017, the Company acquired the commercial license for Noctiva™, the first and only product approved by the U.S. Food & Drug Administration (FDA) for the treatment of nocturia due to nocturnal polyuria in adults.
- Cash and marketable securities at September 30, 2017 were $115.6 million, down from $173.8 million at June 30, 2017, largely as a result of cash used for the Noctiva license acquisition.
- Cash used for share repurchases totaled $16.7 million for the nine months ended September 30, 2017.

Mike Anderson, Avadel's Chief Executive Officer, said, "The third quarter of 2017 was another strong quarter for Avadel. Operationally, the Company continues to execute. We have generated $30 million in operating cash flow year-to-date, and we have maintained our full year revenue guidance of $165-$175 million. Our strong financial performance over the last few years has allowed us to invest in the development and acquisition of proprietary specialty products that will provide the Company with long-term growth opportunities."

Mr. Anderson continued, "In early September, we took another step forward in the continued pursuit of becoming a fully integrated specialty pharmaceutical company when we acquired the license to commercialize Noctiva. Noctiva is the first and only product approved by the FDA for the treatment of nocturia, and aligns with our mission to offer patients differentiated specialty products that are safe and effective. We also believe Noctiva is an excellent strategic growth opportunity for Avadel, as it is the only available FDA approved product for this indication and has excellent patent protection through 2030 with the potential to deliver meaningful shareholder value."

**Third Quarter 2017 Results**

Revenues during the third quarter of 2017 were $39.7 million, compared to $32.1 million during the same period last year. The increase in revenues was due to Akovaz®, which was not fully launched in the third quarter of 2016. However, this increase was partially offset by a decline in Bloxiverz® revenues, primarily as a result of additional competition to neostigmine in the form of an alternative molecule, sugammadex, and continued pricing pressure due to four competing neostigmine products. On a GAAP basis, net income was $21.7 million during the third quarter of 2017, or $0.52 per diluted share, compared to a net loss of $20.0 million, or $0.48 per diluted share, for the same period last year. This increase in net income on a year-over-year basis was attributed to $9.9 million of gains related to changes in the fair value of related party contingent consideration for the third of quarter 2017, compared to $20.8 million of

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[1]Non-GAAP financial measure: Descriptions of Avadel's non-GAAP financial measures are included under the caption Non-GAAP Disclosures and Adjustments included within this press release and reconciliations of such non-GAAP financial measures to their most closely applicable GAAP financial measures are found in the Supplemental Information section herein.

expense in the same period last year. Changes in the fair value of related party contingent consideration are non-cash items, and do not reflect the cash amount paid to related parties. Cash payments can be found in the Consolidated Statement of Cash Flows.

Research and development expenses totaled $8.1 million for the third quarter of 2017, flat compared to the same period last year. Sequentially, research and development expenses were up from $6.8 million in the second quarter of 2017 as a result of increased spend on the REST-ON clinical trial. Research and development expenses are expected to increase in the fourth quarter of 2017 as the Company continues to open clinical sites in the United States and looks to add sites in new countries.

Selling, general and administrative expenses were $11.6 million in the third quarter of 2017, compared to $12.7 million in the same period last year. This decrease was largely due to a lower in stock based compensation expense period over period, partially offset by higher payroll and benefit costs as the Company continues to hire new employees to support future growth of the business.

Adjusted net income for the third quarter of 2017 was $3.7 million, or $0.09 per diluted share, compared to an adjusted net loss of $3.5 million, or $0.08 per diluted share, in the same period last year.[(1)] The increase in adjusted net income is largely attributable to an increase in revenues from Akovaz® and a lower adjusted effective tax rate of 58% compared to 283% in the prior year period. Please see the Supplemental Information section within this document for a reconciliation of adjusted net income and adjusted diluted EPS to the respective GAAP amounts.

**2017 Guidance**

The Company reiterated its full year revenue guidance of between $165 and $175 million. During the fourth quarter of 2017, the Company expects to spend approximately $15 million on launch preparation costs for Noctiva, and between $8 to $10 million in research and development costs, principally associated the REST-ON clinical trial. For the full year, research and development costs are now expected to be in the range of $30 to $35 million and selling, general & administrative costs are expected to be in the range of $60 to $65 million, inclusive of the Noctiva launch preparation costs. As a result of the Noctiva costs, the Company slightly lowered its full year adjusted diluted EPS guidance to $0.25 to $0.35, down from $0.30 to $0.45.

**Conference Call**

A conference call to discuss these results has been scheduled for Wednesday, November 8, 2017 at 10:00 a.m. EDT. A question and answer period will follow management's prepared remarks. To access the conference call, investors are invited to dial (844) 388-0559 (U.S. and Canada) or (216) 562-0393 (International). The conference ID number is 6289129. A live audio webcast can be accessed by visiting the Investors section of the Company's website, www.avadel.com. A replay of the webcast will be archived on Avadel's website for 90 days following the event.

**About Avadel Pharmaceuticals plc:**

Avadel Pharmaceuticals plc (NASDAQ: AVDL) is a specialty pharmaceutical company that seeks to develop differentiated pharmaceutical products that are safe, effective and easy to take through formulation development, by utilizing its proprietary drug delivery technology and in-licensing / acquiring new products; ultimately, helping patients adhere to their prescribed medical treatment and see better results. The Company is headquartered in Dublin, Ireland with operations in St. Louis, Missouri, United States and Lyon, France. For more information, please visit www.avadel.com.

**About Noctiva™**

Noctiva is the first and only formulation of desmopressin acetate, a vasopressin analog, approved by the FDA for the treatment of nocturia due to nocturnal polyuria in adults who awaken at least two times per night to void. It is a proprietary low-dose formulation of desmopressin acetate administered through a patent-protected preservative-free intranasal delivery system. Noctiva is dosed as a single spray in one nostril 30 minutes before bedtime, and is approved in two

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dosage forms of 0.83 mcg and 1.66 mcg. Noctiva is expected to become available to patients in the second quarter of 2018. (Full Prescribing Information available here).

**Important Safety Information and Indication for Noctiva (desmopressin acetate)**

**WARNING: HYPONATREMIA**

- **NOCTIVA can cause hyponatremia. Severe hyponatremia can be life-threatening, leading to seizures, coma, respiratory arrest, or death.**
- **NOCTIVA is contraindicated in patients at increased risk of severe hyponatremia, such as patients with excessive fluid intake, illnesses that can cause fluid or electrolyte imbalances, and in those using loop diuretics or systemic or inhaled glucocorticoids.**
- **Ensure serum sodium concentrations are normal before starting or resuming NOCTIVA. Measure serum sodium within seven days and approximately one month after initiating therapy or increasing the dose, and periodically during treatment. More frequently monitor serum sodium in patients 65 years of age and older and in patients at increased risk of hyponatremia.**
- **If hyponatremia occurs, NOCTIVA may need to be temporarily or permanently discontinued.**

***Safe Harbor:*** *This press release 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 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 (ii) 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, 2016, 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.*

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[1]Non-GAAP financial measure: Descriptions of Avadel's non-GAAP financial measures are included under the caption Non-GAAP Disclosures and Adjustments included within this press release and reconciliations of such non-GAAP financial measures to their most closely applicable GAAP financial measures are found in the Supplemental Information section herein.

*Except as may be required by law, we disclaim any obligation to publicly update any forward-looking statements to reflect events after the date of this press release.*

**Non-GAAP Disclosures and Adjustments**

Avadel discloses certain non-GAAP financial measures, including adjusted net income and loss and adjusted net income and loss per diluted share, as management believes that a comparison of its current and historical results would be difficult if the disclosures were limited to financial measures prepared only in accordance with generally accepted accounting principles (GAAP) in the U.S. In addition to reporting its financial results in accordance with GAAP, Avadel reports certain non-GAAP results that exclude, if any, fair value remeasurements of its contingent consideration, impairment of intangible assets, amortization of intangible assets, restructuring costs, foreign exchange gains and losses on assets and liabilities denominated in foreign currencies, but includes the operating cash flows plus any unpaid accrued amounts associated with the contingent consideration, in order to supplement investors' and other readers' understanding and assessment of the Company's financial performance. The Company's management uses these non-GAAP measures internally for forecasting, budgeting and measuring its operating performance. Investors and other readers should review the related GAAP financial measures and the reconciliation of non-GAAP measures to their most closely applicable GAAP measure set forth below and should consider non-GAAP measures only as a supplement to, not as a substitute for or as a superior measure to, measures of financial performance prepared in accordance with GAAP. The table provided within the following “Supplemental Information” section reconciles GAAP net income and loss and diluted earnings or loss per share to the corresponding adjusted amounts.

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**AVADEL PHARMACEUTICALS PLC**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)**
*(In thousands, except per share data)*

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Revenues: | | | | |
| Product sales and services | $ 39,147 | $ 31,340 | $ 138,009 | $ 104,858 |
| License and research revenue | 528 | 747 | 484 | 2,303 |
| Total | 39,675 | 32,087 | 138,493 | 107,161 |
| Operating expenses: | | | | |
| Cost of products and services sold | 3,790 | 2,844 | 12,253 | 10,657 |
| Research and development expenses | 8,095 | 8,143 | 22,093 | 21,135 |
| Selling, general and administrative expenses | 11,563 | 12,740 | 35,804 | 33,491 |
| Intangible asset amortization | 564 | 3,702 | 1,692 | 10,918 |
| (Gain)/loss - changes in fair value of related party contingent consideration | (9,906) | 20,848 | (30,107) | 52,989 |
| Restructuring (income) costs | (549) | — | 3,173 | — |
| Total operating expenses | 13,557 | 48,277 | 44,908 | 129,190 |
| Operating income (loss) | 26,118 | (16,190) | 93,585 | (22,029) |
| Investment income, net | 1,110 | 490 | 2,689 | 1,080 |
| Interest expense, net | (263) | (264) | (789) | (702) |
| Other income (expense) - changes in fair value of related party payable | 768 | (1,828) | 2,988 | (6,135) |
| Foreign exchange gain (loss) | (133) | 1,249 | (127) | (12) |
| Income (loss) before income taxes | 27,600 | (16,543) | 98,346 | (27,798) |
| Income tax provision | 5,921 | 3,451 | 21,830 | 18,212 |
| Net income (loss) | $ 21,679 | $ (19,994) | $ 76,516 | $ (46,010) |
| | | | | |
| Net income (loss) per share - basic | $ 0.54 | $ (0.48) | $ 1.87 | $ (1.12) |
| Net income (loss) per share - diluted | 0.52 | (0.48) | 1.81 | (1.12) |
| | | | | |
| Weighted average number of shares outstanding - basic | 40,061 | 41,241 | 40,839 | 41,241 |
| Weighted average number of shares outstanding - diluted | 41,339 | 41,241 | 42,194 | 41,241 |

**AVADEL PHARMACEUTICALS PLC**
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**
*(In thousands, except per share data)*

| | September 30, 2017 | December 31, 2016 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 37,449 | $ 39,215 |
| Marketable securities | 78,161 | 114,980 |
| Accounts receivable | 24,080 | 17,839 |
| Inventories, net | 5,870 | 3,258 |
| Prepaid expenses and other current assets | 3,373 | 5,894 |
| Total current assets | 148,933 | 181,186 |
| Property and equipment, net | 3,180 | 3,320 |
| Goodwill | 18,491 | 18,491 |
| Intangible assets, net | 94,256 | 22,837 |
| Research and development tax credit receivable | 3,547 | 1,775 |
| Income tax deferred charge | — | 10,342 |
| Other | 9,020 | 7,531 |
| Total assets | $ 277,427 | $ 245,482 |
| | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Current portion of long-term debt | $ 301 | $ 268 |
| Current portion of long-term related party payable | 30,986 | 34,177 |
| Accounts payable | 8,564 | 7,105 |
| Deferred revenue | 1,927 | 2,223 |
| Accrued expenses | 47,997 | 17,222 |
| Income taxes | 7,026 | 1,200 |
| Other | 507 | 226 |
| Total current liabilities | 97,308 | 62,421 |
| Long-term debt, less current portion | 614 | 547 |
| Long-term related party payable, less current portion | 76,131 | 135,170 |
| Other | 6,911 | 5,275 |
| Total liabilities | 180,964 | 203,413 |
| | | |
| Shareholders' equity: | | |
| Preferred shares, $0.01 nominal value; 50,000 shares authorized; none issued or outstanding at September 30, 2017 and December 31, 2016, respectively | — | — |
| Ordinary shares, nominal value of $0.01; 500,000 shares authorized; 41,435 and 41,371 issued and outstanding at September 30, 2017 and December 31, 2016, respectively | 414 | 414 |
| Treasury shares, at cost, 1,673 and 0 shares held at September 30, 2017 and December 31, 2016, respectively | (17,506) | — |
| Additional paid-in capital | 391,416 | 385,020 |
| Accumulated deficit | (254,440) | (319,800) |
| Accumulated other comprehensive loss | (23,421) | (23,565) |
| Total shareholders' equity | 96,463 | 42,069 |
| Total liabilities and shareholders' equity | $ 277,427 | $ 245,482 |

**AVADEL PHARMACEUTICALS PLC**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
*(In thousands)*

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2017** | **2016** |
| **Cash flows from operating activities:** | | |
| Net income (loss) | 76,516 | (46,010) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 2,664 | 11,555 |
| Loss on disposal of property and equipment | — | 110 |
| Loss (gain) on sale of marketable securities | (550) | 666 |
| Foreign exchange loss | 127 | 12 |
| Grants recognized in research and development expenses | — | (70) |
| Remeasurement of related party acquisition-related contingent consideration | (30,107) | 52,989 |
| Remeasurement of related party financing-related contingent consideration | (2,988) | 6,135 |
| Change in deferred tax and income tax deferred charge | 322 | (5,680) |
| Stock-based compensation expense | 6,019 | 10,541 |
| Increase (decrease) in cash from: | | |
| Accounts receivable | (6,240) | (7,594) |
| Inventories | (2,612) | 2,080 |
| Prepaid expenses and other current assets | 1,924 | 671 |
| Research and development tax credit receivable | (1,576) | (1,794) |
| Accounts payable & other current liabilities | 804 | 1,291 |
| Deferred revenue | (283) | (2,198) |
| Accrued expenses | 9,324 | 2,700 |
| Accrued income taxes | 5,826 | — |
| Earn-out payments for related party contingent consideration in excess of acquisition-date fair value | (24,729) | (14,486) |
| Royalty payments for related party payable in excess of original fair value | (3,446) | (1,790) |
| Other long-term assets and liabilities | (517) | 2,032 |
| Net cash provided by operating activities | 30,478 | 11,160 |
| **Cash flows from investing activities:** | | |
| Purchases of property and equipment | (533) | (1,000) |
| Acquisitions of businesses | — | 628 |
| Purchase of intangible assets | (52,139) | — |
| Proceeds from sales of marketable securities | 153,398 | 46,483 |
| Purchases of marketable securities | (115,893) | (96,199) |
| Net cash used in investing activities | (15,167) | (50,088) |
| **Cash flows from financing activities:** | | |
| Earn-out payments for related party contingent consideration | (961) | (6,834) |
| Royalty payments for related party payable | — | (1,117) |
| Reimbursement of loans | — | (61) |
| Cash proceeds from issuance of ordinary shares and warrants | 376 | — |
| Share repurchases | (16,707) | — |
| Net cash used in financing activities | (17,292) | (8,012) |
| Effect of foreign currency exchange rate changes on cash and cash equivalents | 215 | 656 |
| Net decrease in cash and cash equivalents | (1,766) | (46,284) |
| Cash and cash equivalents at January 1, | 39,215 | 65,064 |
| Cash and cash equivalents at September 30, | $ 37,449 | $ 18,780 |

**AVADEL PHARMACEUTICALS PLC**
**UNAUDITED SUPPLEMENTAL INFORMATION**
*(In thousands, except per share data)*

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| **Revenues by Product:** | **2017** | **2016** | **2017** | **2016** |
| Bloxiverz | $ 9,920 | $ 15,591 | $ 37,541 | $ 65,958 |
| Vazculep | 9,573 | 9,340 | 29,906 | 29,167 |
| Akovaz | 18,561 | 5,568 | 65,110 | 5,568 |
| Other | 1,093 | 841 | 5,452 | 4,165 |
| Total product sales and services | 39,147 | 31,340 | 138,009 | 104,858 |
| License and research revenue | 528 | 747 | 484 | 2,303 |
| Total revenues | $ 39,675 | $ 32,087 | $ 138,493 | $ 107,161 |

| | GAAP to Non-GAAP adjustments for the three-months ended September 30, 2017 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | *Exclude* | | | | *Include* | | |
| | GAAP | Intangible asset amortization | Foreign exchange (gain)/loss | Restructuring impacts | Contingent related party payable fair value adjustment | Contingent related party payable paid/accrued | Total adjustments | Adjusted GAAP |
| Revenues: | | | | | | | | |
| Product sales and services | $ 39,147 | $ — | $ — | $ — | $ — | $ — | $ — | $ 39,147 |
| License and research revenue | 528 | — | — | — | — | — | — | 528 |
| Total | 39,675 | — | — | — | — | — | — | 39,675 |
| Operating expenses: | | | | | | | | |
| Cost of products and services sold | 3,790 | — | — | — | — | — | — | 3,790 |
| Research and development | 8,095 | — | — | — | — | — | — | 8,095 |
| Selling, general and administrative | 11,563 | — | — | — | — | — | — | 11,563 |
| Intangible asset amortization | 564 | (564) | — | — | — | — | (564) | — |
| Changes in fair value of related party contingent consideration | (9,906) | — | — | — | 9,906 | 7,264 | 17,170 | 7,264 |
| Restructuring costs | (549) | — | — | 549 | — | — | 549 | — |
| Total | 13,557 | (564) | — | 549 | 9,906 | 7,264 | 17,155 | 30,712 |
| Operating income (loss) | 26,118 | 564 | — | (549) | (9,906) | (7,264) | (17,155) | 8,963 |
| Investment and other income | 1,110 | — | — | — | — | — | — | 1,110 |
| Interest expense | (263) | — | — | — | — | — | — | (263) |
| Other expense - changes in fair value of related party payable | 768 | — | — | — | (768) | (963) | (1,731) | (963) |
| Foreign exchange gain | (133) | — | 133 | — | — | — | 133 | — |
| Income (loss) before income taxes | 27,600 | 564 | 133 | (549) | (10,674) | (8,227) | (18,753) | 8,847 |
| Income tax provision (benefit) | 5,921 | 201 | — | — | (507) | (515) | (821) | 5,100 |
| Net income (loss) | $ 21,679 | $ 363 | $ 133 | $ (549) | $ (10,167) | $ (7,712) | $ (17,932) | $ 3,747 |
| | | | | | | | | |
| Net income (loss) per share - diluted[1] | 0.52 | $ 0.01 | $ — | $ (0.01) | $ (0.25) | $ (0.19) | $ (0.43) | $ 0.09 |
| Weighted average number of shares outstanding - diluted | 41,339 | 41,339 | 41,339 | 41,339 | 41,339 | 41,339 | 41,339 | 41,339 |

[1] Net income (loss) per share - diluted is calculated by dividing Net income (loss) by the Weighted average number of shares outstanding - diluted. Note, when recalculated using this method, the balances in the Total adjustment and Adjusted GAAP columns may not cross-foot as a result of rounding to full precision.

| | | GAAP to Non-GAAP adjustments for the three-months ended September 30, 2016 | | | | | |
|---|---|---|---|---|---|---|---|
| | | *Exclude* | | | *Include* | | |
| | GAAP | Intangible asset amortization | Foreign exchange (gain)/loss | Contingent related party payable fair value adjustment | Contingent related party payable paid/accrued | Total adjustments | Adjusted GAAP |
| Revenues: | | | | | | | |
| Product sales and services | $ 31,340 | $ — | $ — | $ — | $ — | $ — | $ 31,340 |
| License and research revenue | 747 | — | — | — | — | — | 747 |
| Total | 32,087 | — | — | — | — | — | 32,087 |
| Operating expenses: | | | | | | | |
| Cost of products and services sold | 2,844 | — | — | — | — | — | 2,844 |
| Research and development | 8,143 | — | — | — | — | — | 8,143 |
| Selling, general and administrative | 12,740 | — | — | — | — | — | 12,740 |
| Intangible asset amortization | 3,702 | (3,702) | — | — | — | (3,702) | — |
| Changes in fair value of related party contingent consideration | 20,848 | — | — | (20,848) | 5,884 | (14,964) | 5,884 |
| Restructuring costs | — | — | — | — | — | — | — |
| Total | 48,277 | (3,702) | — | (20,848) | 5,884 | (18,666) | 29,611 |
| Operating income (loss) | (16,190) | 3,702 | — | 20,848 | (5,884) | 18,666 | 2,476 |
| Investment and other income | 490 | — | — | — | — | — | 490 |
| Interest expense | (264) | — | — | — | — | — | (264) |
| Other expense - changes in fair value of related party payable | (1,828) | — | — | 1,828 | (785) | 1,043 | (785) |
| Foreign exchange gain | 1,249 | — | (1,249) | — | — | (1,249) | — |
| Income (loss) before income taxes | (16,543) | 3,702 | (1,249) | 22,676 | (6,669) | 18,460 | 1,917 |
| Income tax provision (benefit) | 3,451 | 1,329 | — | 1,021 | (385) | 1,965 | 5,416 |
| Net income (loss) | $ (19,994) | $ 2,373 | $ (1,249) | $ 21,655 | $ (6,284) | $ 16,495 | $ (3,499) |
| | | | | | | | |
| Net income (loss) per share - diluted[(1)] | (0.48) | $ 0.06 | $ (0.03) | $ 0.53 | $ (0.15) | $ 0.40 | $ (0.08) |
| Weighted average number of shares outstanding - diluted | 41,241 | 41,241 | 41,241 | 41,241 | 41,241 | 41,241 | 41,241 |

(1) Net income (loss) per share - diluted is calculated by dividing Net income (loss) by the Weighted average number of shares outstanding - diluted. Note, when recalculated using this method, the balances in the Total adjustment and Adjusted GAAP columns may not cross-foot as a result of rounding to full precision.

| | GAAP to Non-GAAP adjustments for the nine-months ended September 30, 2017 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | *Exclude* | | | | | | *Include* | | |
| | **GAAP** | **Intangible asset amortization** | **Foreign exchange (gain)/loss** | **Restructuring impacts** | **Purchase accounting adjustment - FSC** | **License revenue adjustment** | **Contingent related party payable fair value adjustment** | **Contingent related party payable paid/accrued** | **Total adjustments** | **Adjusted GAAP** |
| Revenues: | | | | | | | | | | |
| Product sales and services | $ 138,009 | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ 138,009 |
| License and research revenue | 484 | — | — | — | — | 1,100 | — | — | 1,100 | 1,584 |
| Total | 138,493 | — | — | — | — | 1,100 | — | — | 1,100 | 139,593 |
| Operating expenses: | | | | | | | | | — | |
| Cost of products and services sold | 12,253 | — | — | — | (46) | — | — | — | (46) | 12,207 |
| Research and development | 22,093 | — | — | — | — | — | — | — | — | 22,093 |
| Selling, general and administrative | 35,804 | — | — | — | — | — | — | — | — | 35,804 |
| Intangible asset amortization | 1,692 | (1,692) | — | — | — | — | — | — | (1,692) | — |
| Changes in fair value of related party contingent consideration | (30,107) | — | — | — | — | — | 30,107 | 25,396 | 55,503 | 25,396 |
| Restructuring charges | 3,173 | — | — | (3,173) | — | — | — | — | (3,173) | — |
| Total | 44,908 | (1,692) | — | (3,173) | (46) | — | 30,107 | 25,396 | 50,592 | 95,500 |
| Operating income (loss) | 93,585 | 1,692 | — | 3,173 | 46 | 1,100 | (30,107) | (25,396) | (49,492) | 44,093 |
| Investment and other income | 2,689 | — | — | — | — | — | — | — | — | 2,689 |
| Interest expense | (789) | — | — | — | — | — | — | — | — | (789) |
| Other expense - changes in fair value of related party payable | 2,988 | — | — | — | — | — | (2,988) | (3,428) | (6,416) | (3,428) |
| Foreign exchange gain | (127) | — | 127 | — | — | — | — | — | 127 | — |
| Income (loss) before income taxes | 98,346 | 1,692 | 127 | 3,173 | 46 | 1,100 | (33,095) | (28,824) | (55,781) | 42,565 |
| Income tax provision (benefit) | 21,830 | 603 | — | — | 17 | — | (1,776) | (1,822) | (2,978) | 18,852 |
| Net income (loss) | $ 76,516 | $ 1,089 | $ 127 | $ 3,173 | $ 29 | $ 1,100 | $ (31,319) | $ (27,002) | $ (52,803) | $ 23,713 |
| | | | | | | | | | | |
| Net income (loss) per share - diluted[(1)] | 1.81 | $ 0.03 | $ — | $ 0.08 | $ — | $ 0.03 | $ (0.74) | $ (0.64) | $ (1.25) | $ 0.56 |
| Weighted average number of shares outstanding - diluted | 42,194 | 42,194 | 42,194 | 42,194 | 42,194 | 42,194 | 42,194 | 42,194 | 42,194 | 42,194 |

(1) Net income (loss) per share - diluted is calculated by dividing Net income (loss) by the Weighted average number of shares outstanding - diluted. Note, when recalculated using this method, the balances in the Total adjustment and Adjusted GAAP columns may not cross-foot as a result of rounding to full precision.

| | GAAP to Non-GAAP adjustments for the nine-months ended September 30, 2016 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | *Exclude* | | | | *Include* | | |
| | GAAP | Intangible asset amortization | Foreign exchange (gain)/loss | Purchase accounting adjustments - FSC | Contingent related party payable fair value adjustment | Contingent related party payable paid/accrued | Total adjustments | Adjusted GAAP |
| Revenues: | | | | | | | | |
| Product sales and services | $ 104,858 | $ — | $ — | $ — | $ — | $ — | $ — | $ 104,858 |
| License and research revenue | 2,303 | — | — | — | — | — | — | 2,303 |
| Total | 107,161 | — | — | — | — | — | — | 107,161 |
| Operating expenses: | | | | | | | | |
| Cost of products and services sold | 10,657 | — | — | (1,525) | — | — | (1,525) | 9,132 |
| Research and development | 21,135 | — | — | — | — | — | — | 21,135 |
| Selling, general and administrative | 33,491 | — | — | — | — | — | — | 33,491 |
| Intangible asset amortization | 10,918 | (10,918) | — | — | — | — | (10,918) | — |
| Changes in fair value of related party contingent consideration | 52,989 | — | — | — | (52,989) | 19,321 | (33,668) | 19,321 |
| Total | 129,190 | (10,918) | — | (1,525) | (52,989) | 19,321 | (46,111) | 83,079 |
| Operating income (loss) | (22,029) | 10,918 | — | 1,525 | 52,989 | (19,321) | 46,111 | 24,082 |
| Investment and other income | 1,080 | — | — | — | — | — | — | 1,080 |
| Interest expense | (702) | — | — | — | — | — | — | (702) |
| Other expense - changes in fair value of related party payable | (6,135) | — | — | — | 6,135 | (2,618) | 3,517 | (2,618) |
| Foreign exchange gain | (12) | — | 12 | — | — | — | 12 | — |
| Income (loss) before income taxes | (27,798) | 10,918 | 12 | 1,525 | 59,124 | (21,939) | 49,640 | 21,842 |
| Income tax provision (benefit) | 18,212 | 3,920 | — | 533 | 2,986 | (1,165) | 6,274 | 24,486 |
| Net income (loss) | $ (46,010) | $ 6,998 | $ 12 | $ 992 | $ 56,138 | $ (20,774) | $ 43,366 | $ (2,644) |
| | | | | | | | | |
| Net income (loss) per share - diluted[1] | (1.12) | $ 0.17 | $ — | $ 0.02 | $ 1.36 | $ (0.50) | $ 1.05 | $ (0.07) |
| Weighted average number of shares outstanding - diluted | 41,241 | 41,241 | 41,241 | 41,241 | 41,241 | 41,241 | 41,241 | 41,241 |

[1] Net income (loss) per share - diluted is calculated by dividing Net income (loss) by the Weighted average number of shares outstanding - diluted. Note, when recalculated using this method, the balances in the Total adjustment and Adjusted GAAP columns may not cross-foot as a result of rounding to full precision.

Avadel

THE POWER OF MEDICINE, REINVENTED

# Q3 2017
# Earnings Conference Call

*September 8, 2017*

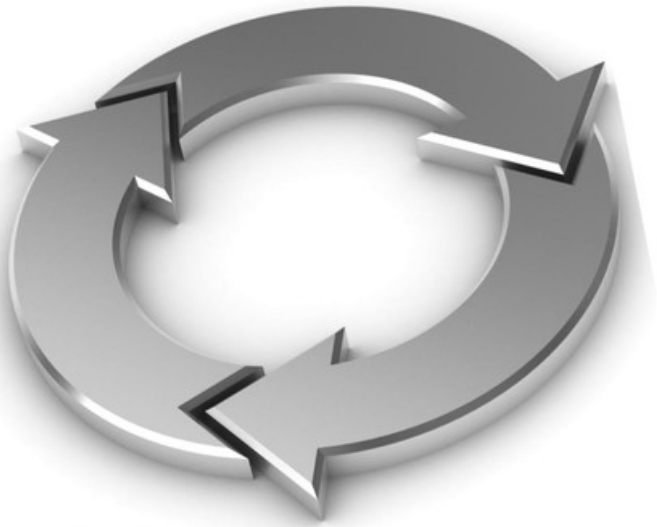
# Safe Harbor

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 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 (ii) 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, 2016, 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. Except as may be required by law, we disclaim any obligation to publicly update any forward-looking statements to reflect events after the date of this presentation.

# Strategy Execution

## Cash Generation

$39.7 Million Q3 Revenues
$30 Million in Operating Cash Flow YTD



## Proprietary Product Development

REST-ON Phase III Trial of FT218, Micropump® Sodium Oxybate

## Business Development

In-licensed Noctiva™ on September 1, 2017

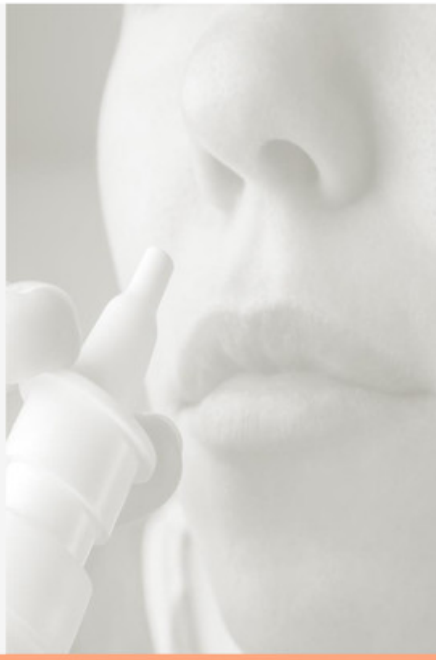
***Continued Growth Through Cash Generation, Application of Proprietary Technology and Business Development***

Noctiva is not yet available for prescription
For full prescribing and important safety information please see slide 16 in the appendix

# Noctiva™

Avadel

| | |
|---|---|
| Noctiva: | Proprietary, low-dose (7 – 27x lower than existing forms), intranasal desmopressin acetate formulation |
| Condition: | Nocturia due to nocturnal polyuria causes patients to awaken 2 or more times / night to urinate |
| Prevalence: | ~40 million U.S. patients with nocturia* |
| Diagnosed: | Independent research & claims data estimate 3 million patients diagnosed & on some form of treatment * |



***First & Only FDA Approved Product to Treat Nocturia due to Nocturnal Polyuria in Adults***

*Data on file
Noctiva is not yet available for prescription
For full prescribing and important safety information please see slide 16 of the appendix

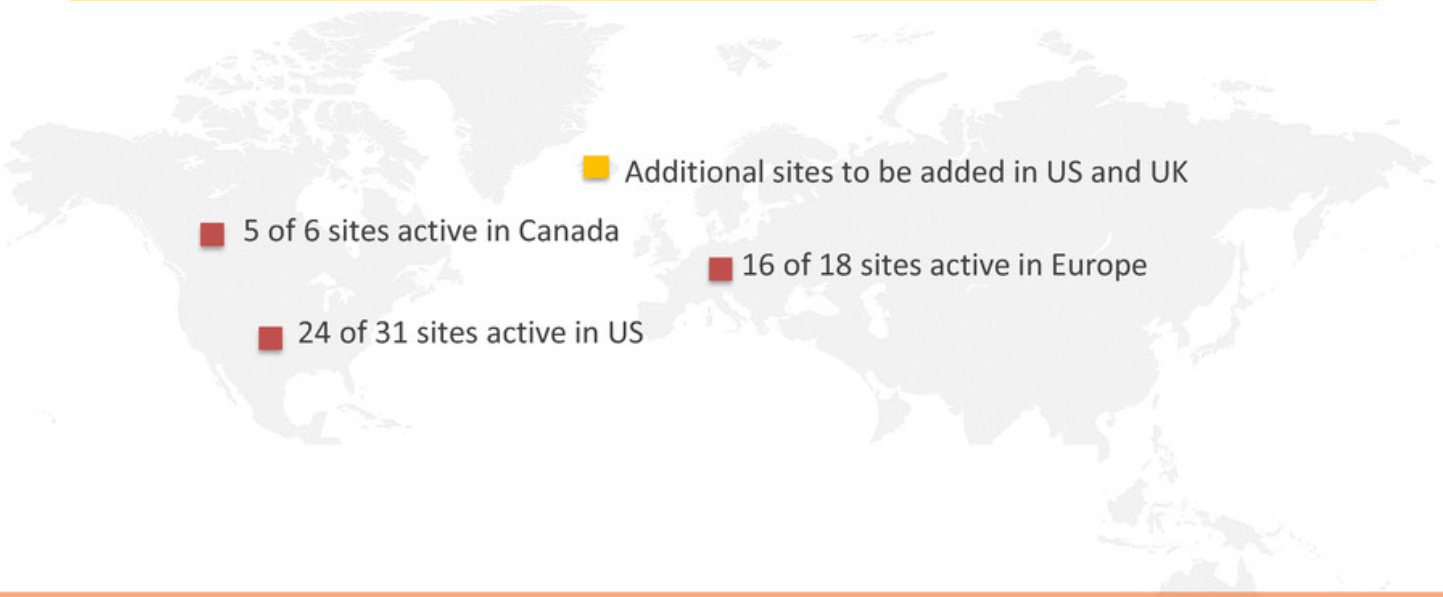
# Hospital Products

| | | | |
|---|---|---|---|
| **Bloxiverz®** | ~35% share of neostigmine market volume in Q3* | Four competing neostigmine products during the 3rd quarter | Sugammadex has taken ~ 50% neostigmine volume* |
| **Akovaz®** | ~42% share of ephedrine sulfate market volume in Q3* | Four competing neostigmine products during the 3rd quarter | More competition expected in 2018 |
| **Vazculep®** | ~40% share of 1mL vial volume 100% share of 5mL & 10mL vial volume* | Two competing 1mL formats | More competition expected in 2018 |
| AV001** | Undisclosed sterile injectable product | Market value ~$30 - $40 million | Filing mid-2018 |

***Hospital Products Accounted for $38 Million of 3Q 2017 Revenues***

*Based on IMS data
For full prescribing information for Bloxiverz, Vazculep and Akovaz, please see slide 17 of the appendix
**AV001 is part of Avadel's Unapproved Marketed Drug (UMD) strategy, for which it takes currently unapproved products through the FDA approval process

# REST-ON Progress




*Sodium Oxybate Naïve Criterion Remains High Hurdle During Screening Process*

For more details on our clinical trial, please visit www.rethinknarcolepsy.com

# Non-GAAP Financial Results

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

| (in $000s, except for per share amounts) | Three Months Ended | | |
|---|---|---|---|
| | 09/30/17 | 06/30/17 | 09/30/16 |
| **Sales** | **$ 39,675** | **$ 47,411** | **$ 32,087** |
| Cost of products and services sold | 3,790 | 4,561 | 2,844 |
| Research and development expenses | 8,095 | 6,792 | 8,143 |
| Selling, general and admin expenses | 11,563 | 12,429 | 12,740 |
| Intangible asset amortization | — | — | — |
| Restructuring costs | — | — | — |
| Operating Expenses | 23,448 | 23,782 | 23,727 |
| Contingent consideration payments and accruals | 7,264 | 8,516 | 5,884 |
| **Operating income (loss)** | **8,963** | **15,113** | **2,476** |
| Interest and other expense (net) | 847 | 264 | 226 |
| Other expense - contingent consideration payments and accruals | (963) | (1,166) | (785) |
| **Income (loss) before income taxes** | **8,847** | **14,211** | **1,917** |
| Income tax provision | 5,100 | 6,046 | 5,416 |
| **Net income (loss)** | **$ 3,747** | **$ 8,165** | **$ (3,499)** |
| **Diluted earnings (loss) per share** | **$ 0.09** | **$ 0.19** | **$ (0.08)** |

# GAAP Financial Results

| (in $000s, except for per share amounts) | Three Months Ended | | |
|---|---|---|---|
| | 09/30/17 | 06/30/17 | 09/30/16 |
| **Sales** | **$ 39,675** | **$ 46,311** | **$ 32,087** |
| Cost of products and services sold | 3,790 | 4,561 | 2,844 |
| Research and development expenses | 8,095 | 6,792 | 8,143 |
| Selling, general and admin expenses | 11,563 | 12,429 | 12,740 |
| Intangible asset amortization | 564 | 564 | 3,702 |
| Restructuring costs | (549) | 1,069 | — |
| Operating Expenses | 23,463 | 25,415 | 27,429 |
| (Gain)/loss - changes in fair value of related party contingent consideration | (9,906) | (13,230) | 20,848 |
| **Operating income (loss)** | **26,118** | **34,126** | **(16,190)** |
| Interest and other expense (net) | 714 | 501 | 1,475 |
| Other income (expense) - changes in fair value of related party payable | 768 | 1,670 | (1,828) |
| **Income (loss) before income taxes** | **27,600** | **36,297** | **(16,543)** |
| Income tax provision | 5,921 | 7,370 | 3,451 |
| **Net income (loss)** | **$ 21,679** | **$ 28,927** | **$ (19,994)** |
| **Diluted earnings (loss) per share** | **$ 0.52** | **$ 0.68** | **$ (0.48)** |

# Revenues (GAAP)

| (in $000's) | Q3 2017 | Q2 2017 | Q3 2016 | Q3 2017 vs. Q2 2017 | Q3 2017 vs. Q3 2016 |
|---|---|---|---|---|---|
| Bloxiverz | $ 9,920 | $ 13,719 | $ 15,591 | $ (3,799) | $ (5,671) |
| Vazculep | 9,573 | 10,154 | 9,340 | (581) | 233 |
| Akovaz | 18,561 | 20,912 | 5,568 | (2,351) | 12,993 |
| Other | 1,093 | 2,320 | 841 | (1,227) | 252 |
| **Total product sales and services** | 39,147 | 47,105 | 31,340 | (7,958) | 7,807 |
| **License and research revenue** | 528 | 794 | 747 | (266) | (219) |
| **Total revenues** | $ 39,675 | $ 47,899 | $ 32,087 | $ (8,224) | $ 7,588 |

# Cash Flow Summary

| (in $000's) | Nine Months Ended September 30, | |
|---|---|---|
| **Total Cash and Marketable Securities** | **2017** | **2016** |
| **Beginning Balance** | 154,195 | 144,802 |
| Operating Cash Flows (excl tax and earnout payments) | 73,258 | 49,636 |
| Earnout/Royalty Payments | (29,136) | (24,227) |
| Income Taxes | (14,605) | (22,200) |
| Acquisition of Noctiva Asset | (52,139) | — |
| Share Repurchases | (16,707) | — |
| Capital Spending | (533) | (1,000) |
| Other | 1,277 | 2,656 |
| **Change in Total** | (38,585) | 4,865 |
| **Ending Balance** | 115,610 | 149,667 |

# 2017 Non - GAAP Guidance

| | 2017 Guidance | |
|---|---|---|
| | Updated | Previous |
| Sales | $165M - $175M | $165M - $175M |
| R&D Expense | $30M - $35M | $30M - $40M |
| Income Tax Rate | 55% - 65% | 60% - 70% |
| Diluted EPS (Adjusted) | $0.25 - $0.35 | $0.30 - $0.45 |

# APPENDIX

# GAAP to NON-GAAP Reconciliations

Avadel

| (in $000s, except for per share amounts) | GAAP | GAAP to Non-GAAP adjustments for the three-months ended September 30, 2017 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Exclude | | | | Include | | |
| | | Intangible asset amortization | Foreign exchange (gain)/loss | Restructuring impacts | Contingent related party payable fair value adjustment | Contingent related party payable paid/accrued | Total adjustments | Adjusted GAAP |
| Revenues: | | | | | | | | |
| Product sales and services | 39,147 | — | — | — | — | — | — | 39,147 |
| License and research revenue | 528 | — | — | — | — | — | — | 528 |
| Total | 39,675 | — | — | — | — | — | — | 39,675 |
| Operating expenses: | | | | | | | | |
| Cost of products and services sold | 3,790 | — | — | — | — | — | — | 3,790 |
| Research and development | 8,095 | — | — | — | — | — | — | 8,095 |
| Selling, general and administrative | 11,563 | — | — | — | — | — | — | 11,563 |
| Intangible asset amortization | 564 | (564) | — | — | — | — | (564) | — |
| Changes in fair value of related party contingent consideration | (9,906) | — | — | — | 9,906 | 7,264 | 17,170 | 7,264 |
| Restructuring costs | (549) | — | — | 549 | — | — | 549 | — |
| Total | 13,557 | (564) | — | 549 | 9,906 | 7,264 | 17,155 | 30,712 |
| Operating income (loss) | 26,118 | 564 | — | (549) | (9,906) | (7,264) | (17,155) | 8,963 |
| Investment and other income | 1,110 | — | — | — | — | — | — | 1,110 |
| Interest expense | (263) | — | — | — | — | — | — | (263) |
| Other expense - changes in fair value of related party payable | 768 | — | — | — | (768) | (963) | (1,731) | (963) |
| Foreign exchange gain | (133) | — | 133 | — | — | — | 133 | — |
| Income (loss) before income taxes | 27,600 | 564 | 133 | (549) | (10,674) | (8,227) | (18,753) | 8,847 |
| Income tax provision (benefit) | 5,921 | 201 | — | — | (507) | (515) | (821) | 5,100 |
| Net income (loss) | 21,679 | 363 | 133 | (549) | (10,167) | (7,712) | (17,932) | 3,747 |
| *Net income (loss) per share - diluted[1]* | *0.52* | *0.01* | *—* | *(0.01)* | *(0.25)* | *(0.19)* | *(0.43)* | *0.09* |
| Weighted average number of shares outstanding - diluted | 41,339 | 41,339 | 41,339 | 41,339 | 41,339 | 41,339 | 41,339 | 41,339 |

# GAAP to NON-GAAP Reconciliations

| (in $000s, except for per share amounts) | GAAP | GAAP to Non-GAAP adjustments for the three-months ended June 30, 2017 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Exclude | | | | | Include | | |
| | GAAP | Intangible asset amortization | Foreign exchange (gain)/loss | Restructuring impacts | License revenue adj. | Contingent related party payable fair value adjustment | Contingent related party payable paid/accrued | Total adjustments | Adjusted GAAP |
| Revenues: | | | | | | | | | |
| Product sales and services | $ 47,105 | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ 47,105 |
| License and research revenue | (794) | — | — | — | 1,100 | — | — | 1,100 | 306 |
| Total | 46,311 | — | — | — | 1,100 | — | — | 1,100 | 47,411 |
| Operating expenses: | | | | | | | | | |
| Cost of products and services sold | 4,561 | — | — | — | — | — | — | — | 4,561 |
| Research and development | 6,792 | — | — | — | — | — | — | — | 6,792 |
| Selling, general and administrative | 12,429 | — | — | — | — | — | — | — | 12,429 |
| Intangible asset amortization | 564 | (564) | — | — | — | — | — | (564) | — |
| Changes in fair value of related party contingent consideration | (13,230) | — | — | — | — | 13,230 | 8,516 | 21,746 | 8,516 |
| Restructuring costs | 1,069 | — | — | (1,069) | — | — | — | (1,069) | — |
| Total | 12,185 | (564) | — | (1,069) | — | 13,230 | 8,516 | 20,113 | 32,298 |
| Operating income (loss) | 34,126 | 564 | — | 1,069 | 1,100 | (13,230) | (8,516) | (19,013) | 15,113 |
| Investment and other income | 527 | — | — | — | — | — | — | — | 527 |
| Interest expense | (263) | — | — | — | — | — | — | — | (263) |
| Other expense - changes in fair value of related party payable | 1,670 | — | — | — | — | (1,670) | (1,166) | (2,836) | (1,166) |
| Foreign exchange gain | 237 | — | (237) | — | — | — | — | (237) | — |
| Income (loss) before income taxes | 36,297 | 564 | (237) | 1,069 | 1,100 | (14,900) | (9,682) | (22,086) | 14,211 |
| Income tax provision (benefit) | 7,370 | 201 | — | — | — | (909) | (616) | (1,324) | 6,046 |
| Net income (loss) | $ 28,927 | $ 363 | $ (237) | $ 1,069 | $ 1,100 | $ (13,991) | $ (9,066) | $ (20,762) | $ 8,165 |
| Net income (loss) per share - diluted[1] | 0.68 | $ 0.01 | $ (0.01) | $ 0.03 | $ 0.03 | $ (0.33) | $ (0.21) | $ (0.49) | $ 0.19 |
| Weighted average number of shares outstanding - diluted | 42,487 | 42,487 | 42,487 | 42,487 | 42,487 | 42,487 | 42,487 | 42,487 | 42,487 |

# GAAP to NON-GAAP Reconciliations

| (in $000s, except for per share amounts) | GAAP | GAAP to Non-GAAP adjustments for the three-months ended September 30, 2016 — Exclude: Intangible asset amortization | Exclude: Foreign exchange (gain)/loss | Exclude: Contingent related party payable fair value adjustment | Include: Contingent related party payable paid/accrued | Total adjustments | Adjusted GAAP |
|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | |
| Product sales and services | 31,340 | — | — | — | — | — | 31,340 |
| License and research revenue | 747 | — | — | — | — | — | 747 |
| Total | 32,087 | — | — | — | — | — | 32,087 |
| Operating expenses: | | | | | | | |
| Cost of products and services sold | 2,844 | — | — | — | — | — | 2,844 |
| Research and development | 8,143 | — | — | — | — | — | 8,143 |
| Selling, general and administrative | 12,740 | — | — | — | — | — | 12,740 |
| Intangible asset amortization | 3,702 | (3,702) | — | — | — | (3,702) | — |
| Changes in fair value of related party contingent consideration | 20,848 | — | — | (20,848) | 5,884 | (14,964) | 5,884 |
| Restructuring costs | — | — | — | — | — | — | — |
| Total | 48,277 | (3,702) | — | (20,848) | 5,884 | (18,666) | 29,611 |
| Operating income (loss) | (16,190) | 3,702 | — | 20,848 | (5,884) | 18,666 | 2,476 |
| Investment and other income | 490 | — | — | — | — | — | 490 |
| Interest expense | (264) | — | — | — | — | — | (264) |
| Other expense - changes in fair value of related party payable | (1,828) | — | — | 1,828 | (785) | 1,043 | (785) |
| Foreign exchange gain | 1,249 | — | (1,249) | — | — | (1,249) | — |
| Income (loss) before income taxes | (16,543) | 3,702 | (1,249) | 22,676 | (6,669) | 18,460 | 1,917 |
| Income tax provision (benefit) | 3,451 | 1,329 | — | 1,021 | (385) | 1,965 | 5,416 |
| Net income (loss) | (19,994) | 2,373 | (1,249) | 21,655 | (6,284) | 16,495 | (3,499) |
| *Net income (loss) per share - diluted*[1] | *(0.48)* | *0.06* | *(0.03)* | *0.53* | *(0.15)* | *0.40* | *(0.08)* |
| Weighted average number of shares outstanding - diluted | 41,241 | 41,241 | 41,241 | 41,241 | 41,241 | 41,241 | 41,241 |

# Noctiva™ (desmopressin acetate)

Avadel

## Boxed Warning

**WARNING: HYPONATREMIA**

NOCTIVA can cause hyponatremia. Severe hyponatremia can be life-threatening, leading to seizures, coma, respiratory arrest, or death.

NOCTIVA is contraindicated in patients at increased risk of severe hyponatremia, such as patients with excessive fluid intake, illnesses that can cause fluid or electrolyte imbalances, and in those using loop diuretics or systemic or inhaled Glucocorticoids.

Ensure serum sodium concentrations are normal before starting or resuming NOCTIVA. Measure serum sodium within seven days and approximately one month after initiating therapy or increasing the dose, and periodically during treatment. More frequently monitor serum sodium in patients 65 years of age and older and in patients at increased risk of hyponatremia.

If hyponatremia occurs, NOCTIVA may need to be temporarily or permanently discontinued.

# Product & Safety Information

Please click below or visit our websites for full prescribing and safety information for our marketed products

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Cefaclor
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