

Assertio Holdings, Inc.

Q4 2022 Financial Results

About This Presentation

Statements in this communication that are not statements of historical fact are forward-looking statements that reflect Assertio's current expectations, assumptions and estimates of future performance and economic conditions. These forward-looking statements are made in reliance on the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements relate to, among other things, future events or the future performance or operations of Assertio, including our ability to realize the benefits from our operating model, successfully acquire and integrate new assets and explore new business development initiatives, as well as the cost and outcomes of clinical studies. All statements other than historical facts may be forward-looking statements and can be identified by words such as "anticipate," "believe," "could," "design," "estimate," "expect," "forecast," "goal," "guidance," "imply," "intend," "may", "objective," "opportunity," "outlook," "plan," "position," "potential," "predict," "project," "prospective," "pursue," "seek," "should," "strategy," "target," "would," "will," "aim" or other similar expressions that convey the uncertainty of future events or outcomes and are used to identify forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of Assertio, including the risks described in Assertio's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission ("SEC") and in other filings Assertio makes with the SEC from time to time. Investors and potential investors are urged not to place undue reliance on forward-looking statements in this communication, which speak only as of this date. While Assertio may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to update or revise any forward-looking-statements contained in this press release, whether as a result of new information or future events, except as may be required by applicable law. Nothing contained herein constitutes or will be deemed to constitute a forecast, projection or estimate of the future financial performance or expected results of Assertio.

This presentation contains non-GAAP financial measures. Please refer to the appendix to this presentation for an explanation of these non-GAAP financial measures and for tables that reconcile the non-GAAP figures to their GAAP equivalent.

This presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. This presentation should be read in conjunction with the Form 10- and Form 8-K on file with the Securities and Exchange Commission on the date of this presentation.

Q4 2022 Financial Results - Overview

($ in 000's)	Q4 2022	Q3 2022	Var Q4 vs. Q3	Var %	Q4 2021	Var Q4 '22 vs. '21	Var %
Net Product Sales (GAAP)	$ 49,866	$ 34,279	$ 15,587	45%	$ 32,152	$ 17,714	55%
Adjusted EBITDA (Non-GAAP) [1]	$ 33,377	$ 21,442	$ 11,935	56%	$ 17,827	$ 15,550	87%
Adjusted EPS (Non-GAAP)	$ 0.32	$ 0.22	$ 0.10	45%	$ 0.21	$ 0.11	52%

($ in 000's)	Full Year 2022	Full Year 2021	Var '22 vs. '21	Var %
Net Product Sales	$ 155,122	$ 109,420	$ 45,702	42%
Adjusted EBITDA	$ 101,595	$ 48,831	$ 52,764	108%

Q4 Net Product Sales:

- Q4 2022 net product sales are higher than Q3 2022 primarily due Indocin which benefited from a volume mix shift to more profitable channels and a return to normal customer inventory levels after a reduction in Q3 2022.
- Increase in Q4 2022 net product sales from Q4 2021 is primarily due to higher Indocin net sales and the addition of Otrexup and Sympazan partially offset by Zipsor loss of exclusivity and discontinuation of Solumatrix.
- Full year 2022 net product sales are $45.7 million higher than 2021 due to higher Indocin net sales and the addition of Otrexup and Sympazan partially offset by Zipsor loss of exclusivity and discontinuation of Solumatrix.

Q4 Adjusted EBITDA and Adjusted EPS:

- Q4 2022 Adjusted EBITDA of $33.4 million is higher than Q3 primarily due to higher net product sales partially offset by the addition of promotional spending on Sympazan and sample cost for Otrexup as well as new personnel in Q4.
- Q4 2022 Adjusted EPS of $0.32 reflects the diluted impact of the convertible notes as required under the if-converted method calculation.
- Full year 2022 Adjusted EBIDTA is $52.8 million higher than 2021 due a combination of higher net products sales and lower operating expenses.

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

Q4 2022 Financial Results - SG&A Summary

($ in 000's)	Q4 2022	Q3 2022	Var Q4 vs. Q3	Var %	Q4 2021	Var Q4 '22 vs. '21	Var %
Adjusted SG&A (Non-GAAP)	$ 11,122	$ 9,303	$ 1,819	20%	$ 10,114	$ 1,008	10%

($ in 000's)	Full Year 2022	Full Year 2021	Var '22 vs. '21	Var %
Adjusted SG&A	$ 38,495	$ 48,133	$ (9,638)	-20%
Legal matters				
Legal Reserve		$ (10,580)		
Ins. Proceeds	$ 2,000	$ 5,000		
Adjusted SG&A excl. legal matters	$ 40,495	$ 42,553	$ (2,058)	-5%

- Q4 2022 Adjusted SG&A expenses were approximately $1.8 million higher than Q3 2022 primarily due to additional promotional spend for both Sympazan and Otrexup along with higher personnel costs due to added headcount.
- Full year 2022 Adjusted SG&A expenses were approximately $9.6 million lower than 2021 primarily driven by impact of legal reserves and settlements as well as cost savings from our non personal commercial platform.

Q4 2022 Financial Results - Cash Balance & Debt

($ in 000's)	Q4 2022	Q3 2022	Q4 vs. Q3 $ Change	% Change	Q4 2021	21 vs 22 $ Change	% Change
Cash and cash equivalents	$ 64,941	$ 64,826	$ 115	0%	$ 36,810	$ 28,131	76%
Senior secured debt [1]	$ -	$ -	$ -	0%	$ 70,750	$ (70,750)	-100%
Convertible debt [2]	$ 70,000	$ 70,000	$ -	0%	$ -	$ 70,000	100%
Net debt [3]	$ 5,059	$ 5,174	$ (115)	-2%	$ 33,940		

	2022	2021
Full Year Adjusted EBITDA	$ 101,595	$ 48,831
Net Debt to Adjusted EBITDA Ratio	0.05	0.70

- During Q3 2022, the 13% Sr. secured debt with a January 2024 maturity was replaced with $70 million of 6.5% convertible debt, maturing in September 2027.
- The cash balance reflects slight increase versus the prior quarter, despite making $25 million in final purchase price payments for Otrexup and Sympazan in Q4 2022.
- Operating cash flow in the fourth quarter was $26.7 million representing the seventh consecutive quarter of positive operating cash flows. Full year 2022 operating cash flow was $78.6 million.

(1) Represents the 13% Series A-1 and A-2 Senior Secured Notes that were paid off in Q3 2022.
(2) Represents the $70M principal of the 6.5% Convertible Senior Notes due 2027.
(3) Net debt reflects the Senior secured and Convertible debt (principal only) less cash and cash equivalents.

2023 Guidance

	2023 Full Year Guidance
Net Product Sales	$150.0 - $160.0 Million
Adjusted EBITDA (Non-GAAP)	$85.0 - $93.0 Million

2023 Guidance reflects the following factors:

- Net Sales:
  - Cambia loss of exclusivity on January 1, 2023
  - Addition of Sympazan (partially offsets Cambia loss of exclusivity)
  - Indocin net sales growth driven by the new commercial and channel strategies
    - Higher net pricing on Indocin driven by a volume shift to more profitable channels less the one-time channel inventory benefit in Q4 2022
- EBITDA guidance reflects a step up in operating expenses versus 2022 related to Indocin clinical expenses, additional costs for Sympazan, Otrexup samples and the annualization of related employee costs.

Supplemental Information

Note Regarding Use of GAAP and Non-GAAP Measures

Non-GAAP Financial Measures
To supplement the Company's financial results presented on a U.S. generally accepted accounting principles ("GAAP") basis, the Company has included information about non-GAAP measures of EBITDA, adjusted EBITDA, adjusted earnings, and adjusted earnings per share as useful operating metrics. The Company believes that the presentation of these non-GAAP financial measures, when viewed with results under GAAP and the accompanying reconciliation, provides supplementary information to analysts, investors, lenders, and the Company's management in assessing the Company's performance and results from period to period. The Company uses these non-GAAP measures internally to understand, manage and evaluate the Company's performance. 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.

This release also includes estimated full-year non-GAAP adjusted EBITDA information, which the Company believes enables investors to better understand the anticipated performance of the business, but should be considered a supplement to, and not as a substitute for or superior to, financial measures calculated in accordance with GAAP. No reconciliation of estimated non-GAAP adjusted EBITDA to estimated net income is provided in this release because some of the information necessary for estimated net income such as income taxes, fair value change in contingent consideration, and stock-based compensation is not yet ascertainable or accessible and the Company is unable to quantify these amounts that would be required to be included in estimated net income without unreasonable efforts.

Specified Items
Non-GAAP measures presented within this release exclude specified items. The Company considers specified items to be significant income/expense items not indicative of current operations. Specified items include adjustments to interest expense, income tax expense (benefit), depreciation expense, amortization expense, sales reserves adjustments for products the Company is no longer selling, stock-based compensation expense, fair value adjustments to contingent consideration or derivative liability, restructuring costs, amortization of fair value inventory step-up as result of purchase accounting, transaction-related costs, gains or losses from adjustments to long-lived assets and assets not part of current operations, and gains or losses resulting from debt refinancing or extinguishment.

Statements of Comprehensive Income

ASSERTIO HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Revenues:				
Product sales, net	$ 49,866	$ 32,152	$ 155,121	$ 109,420
Royalties and milestones	487	1,188	2,403	2,579
Other revenue	—	(10)	(1,290)	(985)
Total revenues	50,353	33,330	156,234	111,014
Costs and expenses:				
Cost of sales	6,015	4,896	18,748	15,832
Selling, general and administrative expenses	13,706	11,266	46,786	52,641
Fair value of contingent consideration	11,841	2,011	18,687	3,914
Amortization of intangible assets	8,171	7,175	32,608	28,114
Restructuring charges	—	—	—	1,089
Total costs and expenses	39,733	25,348	116,829	101,590
Income from operations	10,620	7,982	39,405	9,424
Other (expense) income:				
Interest expense	(1,313)	(2,437)	(7,961)	(10,220)
Other (loss) gain	(731)	(503)	(278)	243
Total other (expense) income	(2,044)	(2,940)	(8,239)	(9,977)
Net income (loss) before income taxes	8,576	5,042	31,166	(553)
Income tax benefit (expense)	79,975	(433)	78,459	(728)
Net income (loss) and comprehensive income (loss)	$ 88,551	$ 4,609	$ 109,625	$ (1,281)
Basic net income (loss) per share	$ 1.83	$ 0.10	$ 2.33	$ (0.03)
Diluted net income (loss) per share	$ 1.34	$ 0.10	$ 2.03	$ (0.03)
Shares used in computing basic net income (loss) per share	48,300	45,017	47,004	43,169
Shares used in computing diluted net income (loss) per share	67,074	45,388	54,669	43,169

Balance Sheets

ASSERTIO HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

	December 31,	
	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 64,941	$ 36,810
Accounts receivable, net	45,357	44,361
Inventories, net	13,696	7,489
Prepaid and other current assets	8,268	14,838
Total current assets	132,262	103,498
Property and equipment, net	744	1,527
Intangible assets, net	197,996	216,054
Deferred tax asset	80,202	—
Other long-term assets	2,709	5,468
Total assets	$ 413,913	$ 326,547
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 5,991	$ 6,685
Accrued rebates, returns and discounts	49,426	52,662
Accrued liabilities	12,181	14,699
Long-term debt, current portion	470	12,174
Contingent consideration, current portion	26,300	14,500
Other current liabilities	948	34,299
Total current liabilities	95,316	135,019
Long-term debt	66,403	61,319
Contingent consideration	22,200	23,159
Other long-term liabilities	4,269	4,636
Total liabilities	188,188	224,133
Shareholders' equity:		
Common stock, $0.0001 par value, 200,000,000 shares authorized; 48,319,838 and 44,640,444 shares issued and outstanding as of December 31, 2022 and December 31, 2021, respectively	5	4
Additional paid-in capital	545,321	531,636
Accumulated deficit	(319,601)	(429,226)
Total shareholders' equity	225,725	102,414
Total liabilities and shareholders' equity	$ 413,913	$ 326,547

Statements of Cash Flows

ASSERTIO HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Year Ended December 31,	
	2022	2021
Operating Activities		
Net income (loss)	$ 109,625	$ (1,281)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	33,396	29,077
Amortization of debt issuance costs and Royalty Rights	304	194
Gain on extinguishment of debt	(1,046)	—
Recurring fair value measurements of assets and liabilities	18,939	3,914
Stock-based compensation	7,504	3,545
Provisions for inventory and other assets	3,265	1,368
Deferred income taxes	(80,375)	—
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	(996)	(11)
Inventories	(6,593)	4,268
Prepaid and other assets	8,019	3,600
Accounts payable and other accrued liabilities	(10,208)	(28,699)
Accrued rebates, returns and discounts	(3,236)	(10,452)
Net cash provided by operating activities	78,598	5,523
Investing Activities		
Purchases of property and equipment	(274)	(53)
Purchase of Otrexup	(27,027)	(18,472)
Purchase of Sympazan	(15,372)	—
Net cash used in investing activities	(42,673)	(18,525)
Financing Activities		
Proceeds from issuance of 2027 Convertible Notes	70,000	—
Payment in connection with 2024 Senior Notes	(70,750)	(9,500)
Payment of debt issuance costs	(4,084)	—
Payment of contingent consideration	(7,845)	(4,807)
Payment of Royalty Rights	(1,297)	(968)
Payments in connection with convertible notes	—	(335)
Proceeds from issuance of common stock	7,020	44,861
Proceeds from exercise of stock options	34	193
Shares withheld for payment of employee's withholding tax liability	(872)	(418)
Net cash (used in) provided by financing activities	(7,794)	29,026
Net increase in cash and cash equivalents	28,131	16,024
Cash and cash equivalents at beginning of year	36,810	20,786
Cash and cash equivalents at end of year	$ 64,941	$ 36,810
Supplemental Disclosure of Cash Flow Information		
Net cash received for refund of income taxes	$ 6,913	$ —
Cash paid for interest	$ 7,752	$ 10,124
Supplemental Disclosure of Non-Cash Investing Activities		
Deferred payments for acquisition of Otrexup intangible assets	$ —	$ 26,021

Non-GAAP Adjusted EBITDA Reconciliation

RECONCILIATION OF GAAP NET INCOME TO NON-GAAP EBITDA and ADJUSTED EBITDA
(in thousands)
(unaudited)

	Three Months Ended December 31,		Twelve months ended December 31,		
	2022	2021	2022	2021	Financial Statement Classification
GAAP Net Income (Loss)	**$ 88,551**	**$ 4,609**	**$ 109,625**	**$ (1,281)**	
Interest expense	1,313	2,437	7,961	10,220	Interest expense
Income tax expense (benefit)	(79,975)	433	(78,459)	728	Income tax benefit (expense)
Depreciation expense	196	203	787	963	Selling, general and administrative expenses
Amortization of intangible assets	8,171	7,175	32,608	28,114	Amortization of intangible assets
EBITDA (Non-GAAP)	**18,256**	**14,857**	**72,522**	**38,744**	
Adjustments:					
Legacy product reserves[1]	—	10	1,290	985	Other revenue
Stock-based compensation	2,388	949	7,504	3,545	Selling, general and administrative expenses
Contingent consideration fair value change[2]	11,841	2,011	18,687	3,914	Fair value of contingent consideration
Restructuring cost	—	—	—	1,089	Restructuring charges
Other[3]	892	—	1,592	554	Multiple
Adjusted EBITDA (Non-GAAP)	**$ 33,377**	**$ 17,827**	**$ 101,595**	**$ 48,831**	

For additional information referencing the schedules adjusting items, refer to the quarterly results announcement Form-8K on file with the Securities and Exchange Commission on the date of this presentation.

Non-GAAP Adjusted Earnings and EPS Reconciliation

RECONCILIATION OF GAAP NET INCOME and GAAP NET INCOME PER SHARE TO NON-GAAP ADJUSTED EARNINGS and ADJUSTED EARNINGS PER SHARE [1]
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended December 31, 2022		Three Months Ended December 31, 2021	
	Amount	Diluted EPS [2]	Amount	Diluted EPS [2]
Net income per share (GAAP)	**$ 88,551**	**$ 1.32**	**$ 4,609**	**$ 0.10**
Add: Convertible debt interest expense and fair value adjustment, net of tax [2]	1,169	0.02	—	—
Adjustments				
Amortization of intangible assets	8,171	0.12	7,175	0.16
Legacy products revenue reserves	—	—	10	—
Stock-based compensation	2,388	0.04	949	0.02
Contingent consideration fair value change	11,841	0.18	2,011	0.04
Other	640	0.01	—	—
Contingent consideration cash payable [3]	(6,854)	(0.10)	(3,669)	(0.08)
Release of deferred tax asset valuation allowance [5]	(80,375)	(1.20)	—	—
Income taxes expense, as adjusted [4]	(4,047)	(0.07)	(1,619)	(0.03)
Adjusted earnings (Non-GAAP)	**$ 21,484**	**$ 0.32**	**$ 9,466**	**$ 0.21**
Diluted shares used in calculation [2]	67,074		45,388	
Dilution effect of 2027 Convertible Notes [2]	17,094		—	

For additional information referencing the schedules adjusting items, refer to the quarterly results announcement Form-8K on file with the Securities and Exchange Commission on the date of this presentation.

Non-GAAP Adjusted Earnings and EPS Reconciliation

RECONCILIATION OF GAAP NET INCOME (LOSS) and GAAP NET INCOME (LOSS) PER SHARE TO NON-GAAP ADJUSTED EARNINGS and ADJUSTED EARNINGS PER SHARE [1]
(in thousands, except per share amounts)
(unaudited)

	Twelve Months Ended December 31, 2022		Twelve Months Ended December 31, 2021	
	Amount	Diluted EPS [2]	Amount	Diluted EPS [2]
Net income (loss) per share (GAAP)	**$ 109,625**	**$ 2.01**	**$ (1,281)**	**$ (0.03)**
Add: Convertible debt interest expense and fair value adjustment, net of tax [2]	1,560	0.02	—	—
Adjustments				
Amortization of intangible assets	32,608	0.60	28,114	0.65
Legacy products revenue reserves	1,290	0.02	985	0.02
Stock-based compensation	7,504	0.14	3,545	0.08
Contingent consideration fair value change	18,687	0.34	3,914	0.09
Restructuring charges	—	—	1,089	0.03
Other	1,340	0.03	554	0.01
Contingent consideration cash payable [3]	(16,068)	(0.29)	(8,111)	(0.19)
Release of deferred tax asset valuation allowance [5]	(80,375)	(1.47)	—	—
Income taxes expense, as adjusted [4]	(11,340)	(0.21)	(7,523)	(0.17)
Adjusted earnings (Non-GAAP)	**$ 64,831**	**$ 1.19**	**$ 21,286**	**$ 0.49**
Diluted shares used in calculation [2]	54,669		43,169	
Dilution effect of 2027 Convertible Notes [2]	6,135		—	

For additional information referencing the schedules adjusting items, refer to the quarterly results announcement Form-8K on file with the Securities and Exchange Commission on the date of this presentation.

Additional Supplemental Schedules

(in thousands) (unaudited)

Non-GAAP Adjusted SG&A Reconciliation

	Three Months Ended December 31, 2022	Three Months Ended September 30, 2022	Three Months Ended December 31, 2021
GAAP SG&A	**$ 13,706**	**$ 11,900**	**$ 11,266**
Adjustments:			
Stock-based compensation	(2,388)	(2,400)	(949)
Depreciation expense	(196)	(197)	(203)
Adjusted SG&A (Non-GAAP)	**$ 11,122**	**$ 9,303**	**$ 10,114**

	Twelve Months Ended December 31, 2022	Twelve Months Ended December 31, 2021
GAAP SG&A	**$ 46,786**	**$ 52,641**
Adjustments:		
Stock-based compensation	(7,504)	(3,545)
Depreciation expense	(787)	(963)
Adjusted SG&A (Non-GAAP)	**$ 38,495**	**$ 48,133**

Adjustments included in Adjusted SG&A are derived directly from the adjustments included in the Adjusted EBITDA reconciliation.

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