

VIA U.S. REGISTERED MAIL & ELECTRONIC MAIL

April 22, 2024

c/o Mr. Matthew Kreps
Assertio Holdings, Inc.
100 South Saunders Road, Suite 300
Lake Forest, IL 60045
Attn: Board of Directors – All Members
investor@assertiotx.com

Re: Assertio Holdings, Inc. (“**Assertio**” or the “**Company**”)

Dear Assertio Board of Directors (the “**Board**”):

The Buxton Helmsley Group, Inc. (“**BHG**” or “**we**”), a New York City-based investment fund manager, has begun accumulating the Company’s common stock. Shortly, and at the appropriate time, BHG may make the necessary regulatory filings with the U.S. Securities and Exchange Commission (the “**SEC**”) as to our beneficial interests in the Company, pursuant to applicable obligations under Section 13(d) of the Securities and Exchange Act of 1934.

With this letter and, depending on the Company’s response, we hope to avoid the need for aggressive public action. **We request a written response to this letter within ten (10) business days. If the Board should wish to meet with BHG prior to a written response, we are – of course – willing to do so, but we would also expect that meeting to take place within ten (10) business days. Depending on the outcome of any such meeting, BHG likely will still expect a written response to this letter (there would be limited avenues for BHG to no longer require the below-requested information, as part of our due diligence process).**

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I. BHG’S LONGSTANDING TRACK RECORD OF INVESTOR ADVOCACY.

If the Company is not aware, it should first note BHG’s involvement leading up to the bankruptcy filings of Endo International plc. (formerly, NASDAQ: ENDP) and Mallinckrodt plc. (formerly, NYSE: MNK) (specifically, leading up to Mallinckrodt’s second bankruptcy filing on August 28, 2023). In both instances, the companies filed for bankruptcy protection just over a quarter after BHG had gone public with specifically identified apparent violations of accounting standards and securities laws. Due to conflicting accounting and financial statements made by the companies – between statements made as part of and outside of filings with the SEC – BHG determined that the companies had implicated themselves in apparent accounting and securities fraud schemes.

THE BUXTON HELMSLEY GROUP, INC.

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Indeed, the *day after* BHG went public with its findings of an apparent ongoing, repeat accounting and securities fraud scheme occurring at Mallinckrodt, class-action securities fraud investigations were announced by several law firms, and certain class-action lawsuits are still pending. In the case of Endo International, within five days of BHG going public concerning Endo's apparent accounting discrepancies and refusal to answer BHG's questions, *The Wall Street Journal* reported that the company was under siege by first-lien creditors. BHG was forced to take that public action after Endo's management backed out of its own proposed conference call with BHG.

Thus, BHG has a well-established track record of uncovering, identifying, and successfully arguing apparent accounting standards and securities law violations. In many cases, BHG needs to act publicly to protect its investment when companies are not forthcoming in response to BHG's questions. Most recently, at Fossil Group, Inc., the company did not answer BHG's due diligence questions with the necessary transparency that investors like BHG expect of fiduciaries. BHG was eventually forced to nominate directors at Fossil after its board and CFO continued to dodge BHG's questions. In the days after BHG's initial proxy filing, there were two discussions between BHG and Fossil's board, followed by Fossil's long-time Chairman and CEO being separated from his leadership posts. Less than two weeks thereafter, Fossil's board also opted to avert BHG's imminent proxy contest by granting BHG representation on Fossil's board. During the course of BHG's public engagement, many shareholders contacted BHG after our being forced to go public, appalled by the inappropriate response to those reasonable due diligence questions posed by BHG, which any educated shareholder (just like those who contacted BHG) would understand why are being asked. There are major negative inferences with a lack of transparency by issuers.

II. DUE DILIGENCE QUESTIONS FOR ASSERTIO.

Given our financial interest in the Company, we have a few questions we request answers to. Many of these questions should not be difficult to answer. Accordingly, we encourage the Company to be forthright in its answers. We hope the Company will agree with us that investors deserve direct answers.

1. The Company is subject to Regulation S-X of the Securities Act of 1933, as amended ("**Regulation S-X**"). Pursuant to Regulation S-X § 210.5-02(14), in combination with the Generally Accepted Accounting Principles ("**GAAP**") codified at ASC 360, the Company is bound to disclose all accumulated depreciation of property, plant, and equipment assets within each periodic report filed with the SEC. **Has the Company disclosed all material accumulated depreciation of such assets within its historical periodic filings with the SEC (to ensure that the "property and equipment, net" line item is truly "net" of depreciation, representative of the *present* fair value of those assets, and not an unrealistic excess amount of the *historical* cost basis)?** The answer to this question should be an unqualified "Yes". We are already aware the Company has claimed compliance with accounting standards and securities laws, so we are asking these questions to ensure that such claimed compliance is truly the reality.
2. Regulation S-X § 210.5-02(16), in combination with GAAP ASC 350, requires the Company to similarly disclose accumulated depreciation of indefinite-lived assets. **Has the Company disclosed all accumulated depreciation of such assets within its historical periodic filings with the SEC (to ensure that the "intangible assets, net" line item is truly "net" of depreciation, representative of the *present* fair value of those assets, and not an unrealistic excess amount of the *historical* cost basis)?** As with Item No. 1, the answer to this question should be an unqualified "Yes".
3. **Does the Company agree that it has charged off any material excess carrying values of assets (any carrying values exceeding the true, fair value of assets)?** The answer to this question should also be an unqualified "Yes" (given the Company's obligations under GAAP ASC 350/360 and Regulation S-X).

4. The Company, within its financial reporting for Q3 and Q4 2023, disclosed very significant (purportedly sudden) depreciation of intangible assets. The Company stated each quarter's depreciation reporting was due to Assertio's equity "market capitalization declin[ing] [] below the book value of [Assertio's] equity, which management determined represented an indicator of impairment with respect to [Assertio's] long-lived assets."
 - a. **How did the Company know that the decline in market capitalization was not due to a fear of public market participants as to a possible lack of adequate insurance coverage over opioid-related claims asserted against the Company?**
 - b. **What underlying triggering events did the Company believe the market was responding to, as part of Assertio's equity market capitalization declining, which would have substantiated such a sizable write-down of asset value?**
 - c. **If (i) public market participants fear further depreciation being reported due to the Company already reporting depreciation quarter-after-quarter due to a depressed price-to-book ratio; and if (ii) that market fear of possible continued depreciation/loss reporting causes continued pressure on the Company's stock, and therefore the stock's price-to-book ratio remains heavily suppressed; then (iii) will the Company continue recording depreciation/losses (this leadership, therefore, essentially conceding that its valuation inputs and depreciation forecasting have been woefully inaccurate, and continue to be woefully inaccurate)?**
 - d. **Why did the Company revert to its prior asset-related forecasts (for means of valuation inputs) being woefully inaccurate quarter-after-quarter (causing back-to-back depreciation reporting in the hundreds of millions of dollars), rather than defending its forecasts, while also capitalizing on Assertio's equity interests trading at such a discount to certified net asset value (likely, through a share repurchase program)?**
 - e. **Why did the Company not explain its forecasts (whether in a press release, on a conference call, or otherwise) and the reasons for them being realistic, to attempt to persuade public market participants that they are incorrect in their pessimistic valuations of the Company's equity?**
 - f. **Is it safe to assume that Assertio's Board and management believe that public market participants are more accurate in forecasting cash flows for the Company's assets than themselves, despite this Board and management having unfettered access to Company data (which public market participants do not have access to)?**
 - g. **Why would public market participants ever believe the Company's own valuations if the Company does not defend them and instead concedes as to the ongoing woeful inaccuracy of those valuations (not to mention, then-apparent woeful inaccuracy in assigning an initial purchase price for the assets), quarter-after-quarter? It is likely that the Company's market capitalization will continue on a downward spiral when a management constantly concedes it cannot maintain a long-term forecast as short a time as quarter-to-quarter, and constantly concedes woeful inaccuracy in valuations. With regard to woeful inaccuracy by management in assigning initial purchase prices for assets, we note that BWS Financial dropped its analyst coverage, indicating, "we have reservations on management's due diligence in conducting future transactions".**
 - h. **Regarding the Company's 2023 acquisition of Spectrum, we assume the Board voted to approve that material transaction?**
 - i. **Does the Company believe any assets have a fair market value materially above book value (given the preclusion of accruing market value gains under GAAP ASC 350/360)?**
5. The Company, in its April 2024 presentation titled "Profitable Growth and Cash Flows from Commercial Pharmaceutical Assets", states that it is "well-funded" and expects to produce positive

- free cash flow over 2024. That being said, at a time when the Company's stock is trading well below certified net asset value on Assertio's books. **Why has the Company not engaged in share repurchases amid consistently positive free cash flow the past few years, continued expectations of positive free cash flow for 2024, and being so "well-funded"? Why would the Company not take up such an opportunity to concretely defend its valuations (through share repurchases) and stem the market's pessimism?**
6. It was also stated in the Company presentation referenced in Item No. 5 that revenue declines are expected for 2024. **Can you elaborate as to the principal reasoning for this forecasted decline in revenue? Does the Company expect this negative trend in revenues to continue past 2024?**
 7. Regarding the Company's opioid-related litigation:
 - a. **Have the Company's insurers been covering defense costs related to the pending opioid-related litigation?**
 - b. **Have any claims asserted to date been deemed by the Company's insurers to fall outside the scope of coverage?**
 - c. **Does the Company believe it has any liability in the pending opioid-related claims?** We will, of course, be alarmed if this is anything other than an unqualified "No".
 - d. **Does the Company believe it has effective insurance coverage for these matters?**
 - e. **The Company does not appear to have accrued any loss reserves related to the opioid-related litigation. This is, again, because the Company vehemently denies the asserted allegations, correct?** We assume the Company would have accrued loss reserves on some level if it believed the claims asserted had any merit. In accordance with GAAP ASC 450-20, we would expect the Company could "reasonably estimate" an appropriate loss reserve, on some level, if there were any believed level of merit to the asserted claims. Accountants are supposed to be conservative—not optimistic—when it comes to these areas of a balance sheet, both in terms of determining whether there is a probability of liability and the amount thereof.
 - f. **Does the Board agree they have no fiduciary duty to contingent claimants until such claimants have concrete claims against the Company's capital structure (through a settlement or full adjudication/verdict on the allegations)?**
 8. **Why has not a single director or officer purchased a single share (personally) of the Company's stock for nearly three years? Is this because the Board is aware of still-unreported depreciation?** If this Board and management are confident in their collective leadership abilities, actually believe the balance sheet values they are certifying in the Company's SEC filings, have disclosed all asset value depreciation to date, and are forecasting both positive EBITDA and free cash flow (with even further profit optimizations supposedly in the pipeline), we would expect the very opposite.
 9. **At the time the Company engaged in the issuance of its 6.500% Senior Convertible Notes due 2027, why did the Company not instead obtain a revolving credit facility that was secured by accounts receivable and inventory assets? Why has the Company still not proactively secured further liquidity (even if it does not immediately tap that liquidity) through such a revolving credit facility?** The Company currently has significant net asset equity (even after the recent depreciation reported for Q3 and Q4 2024), with a debt-to-capitalization ratio of only ~52%, making it unfathomable that the Company would not have willing lenders for such a secured revolving credit facility. Investors certainly are at more ease (resulting in better valuations of traded securities) when a company has the mindset of proactively securing more liquidity than required as a precaution, given that it will not be as easy to secure when that company could truly *need* it.
 10. The Company's recent proxy filing with the SEC (dated April 9, 2024), on page 28, states:

“Both NEOs [Non-Employee Officers] and non-employee directors have five years from commencement of their service to meet their respective Guidelines. As of January 1, 2023, all of our NEOs and all non-employee directors were in compliance with achieving the Guidelines within the aforementioned timeframe. However, due to the significant drop in the Company’s stock price during the second half of 2023 and the corresponding decrease in the value of their stock holdings, on April 8, 2024, the Board adopted retention mechanisms such that any participant who is not currently in compliance with the Guidelines is expected to become compliant in a timely manner.” (emphasis added)

With respect to the underlined sentence, can you please explain the adopted “retention mechanisms” that are referred to (and how they are expected to cause “compliance in a timely manner”)? Also with respect to the underlined sentence, can you please elaborate as to what timeframe is considered a “timely manner”?

11. **Can you please explain how paying for analyst coverage builds long-term value for shareholders?** We would like to understand how the Company could rationalize putting hundreds of thousands of dollars for paid analyst coverage, for effective promotion of short-term “buzz” over the Company’s securities, to be in the best interest of long-term investors, when those funds could be going to share repurchases. With the trend of the Company’s stock, paid analyst coverage is clearly not even creating short-term shareholder value, nor has it over the long-term (again, a historical chart for the Company’s stock is very telling).
12. **Is the Board open to (and willing to publicly commit to, as a firm indication of dedication to shareholder interests) proactively fielding interest in a possible acquisition (partial or whole) of the Company?** We believe the Board will agree that interest in the Company should be proactively explored at a time of uncertainty in the financial markets, to protect the Company’s shareholders from a possible future incremental dissipation of leverage in such a potential transaction. We believe the Board will agree that the Company should consider fielding any possible interest only after proactively unlocking additional borrowing power over its asset equity value (and engaging in sensible, but material, repurchases of the Company’s securities), to maximize the valuations of the Company’s common stock prior to such a possible solicitation of interest in the Company.

We lastly point out that the Company, within its most recent periodic filing with the SEC (the most recent Form 10-K filing), stated:

“We believe that our existing cash will be sufficient to fund our operations and make the required payments under our debt agreements due for the next twelve months from the date of this filing.”

What steps is the Company taking to ensure long-term shareholder value, by proactively addressing its long-term indebtedness and unlocking further liquidity? With respect to the periodic filing quote above, we agree with that assessment of capital and liquidity adequacy, and expect that the Company will not cease its upholding of obligations related to long-term debt until: (a) such maturities are imminent; (b) the Company has reached out to investors, including BHG; (c) the Company has exhausted the financial resources available to it via its shareholders, including BHG; and (d) the Company has taken the steps its shareholders expect by making full good-faith efforts to preserve/maximize value throughout the entirety of the Company’s capital structure (including an attempt to sell the Company’s equity). That said, the Company has more than enough time—leading up to its nearest-maturing indebtedness (2027)—to proactively address its “required payments under [] debt agreements”, in the midst of “cash... be[ing] sufficient to fund [] operations”.

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It is not the intent of BHG, but instead its mere realistic understanding, that the answers to these questions (effective and complete answers) may require a broader disclosure than a private letter response, given the provisions of Regulation FD (codified at 17 C.F.R. § 243). We would like to avoid the private exchange of any information that would restrict our trading in the Company's securities. We, therefore, do not object and understand if the Company files this letter and the Company's response as part of a Form 8-K filing with the SEC. That said, we remain open to a discussion if the Board wants to avoid broad disclosures and to enter into an agreement with BHG, in the best interest of the Company and its shareholders.

Given that some of these questions should be easily answered (merely affirming compliance with accounting standards and securities laws, largely), we—again—expect an initial response to this letter within ten (10) business days. If certain questions require further time to respond, we request that the Company's responses be delivered to BHG on a rolling basis.

Lastly, we remind the Company of its fiduciary duty to act in the best interests of shareholders, with those duties precluding the Board from taking actions adverse to the interests of shareholders. Actions adverse to the interest of shareholders (though, affecting investors far beyond shareholders, including creditors) would include:

- (a) Adopting a so-called "poison pill" that would dilute shareholder powers, in an effort of the Board to maintain control over the Company after investors have been significantly harmed by this leadership's gross valuation failures (and continued failures), including as part of the Spectrum acquisition (such a "poison pill", suppressing the rights of the constituency this Board has a fiduciary duty to and, as a byproduct, broadly disincentivizing value-maximizing acquisition offers, entirely contrary to the Board's fiduciary duties of only acting in a way that *maximizes* value);
- (b) Delaying shareholder meetings;
- (c) Implementing "golden parachutes" that benefit Assertio's Board members and/or management; or
- (d) Taking any other action that materially affects Assertio's shareholders, without the approval of Assertio's shareholders.

If the Board should, after receipt of this letter, take any actions that we believe are materially adverse to the interest of Assertio shareholders, we are prepared to take immediate action in response. Such actions could also result in the Board being stripped of its director and officer insurance coverage, to be left personally liable for breaches of fiduciary duty and harms as a result of actions taken adverse to the interest of Assertio's shareholders.

We look forward to the Company's response, with appreciation of your time and attention.

Very Truly Yours,



Alexander E. Parker
Senior Managing Director
The Buxton Helmsley Group, Inc.