



August 6, 2025

NET DEBT LEVERAGE RATIO (NON-GAAP FINANCIAL MEASURE)

Mallinckrodt plc and its subsidiaries (collectively, “the Company”) may from time to time reference net debt leverage ratio in its public communications, which is considered a “non-GAAP” financial measure under applicable U.S. Securities and Exchange Commission rules and regulations.

Net debt leverage ratio is a key financial measure that is used by management to assess the borrowing capacity of the company. The company has defined its net debt leverage ratio as net debt (total principal debt outstanding, excluding settlement obligation, plus finance lease liabilities less unrestricted cash) divided by adjusted earnings before interest, taxes, depreciation, and amortization (“EBITDA”) for the trailing twelve month period. Adjusted EBITDA for purposes of the net debt leverage ratio represents net loss, prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”), adjusted for interest expense, taxes, depreciation, amortization from intangible assets and right-of use asset resulting from finance leases and certain items that management believes are not reflective of the operational performance of the business and additional adjustments. These adjustments include, but are not limited to, combination, integration, and other related expenses; restructuring and related charges, net; liabilities management and separation costs; divestitures; reorganization items, net; discontinued operations; changes in fair value of contingent consideration obligations; changes in fair value of derivative assets and liabilities; unrealized gain/loss on equity investments; share-based compensation; fresh-start inventory-related expenses; recovery of bad debt; gains/losses on debt extinguishment, net; and other items identified by the company.

This adjusted measure should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP. The company's definition of this adjusted measure may differ from similarly titled measures used by others.

Because adjusted financial measures exclude the effect of items that will increase or decrease the company's reported results of operations, Mallinckrodt strongly encourages investors to review the company's consolidated financial statements and publicly filed reports in their entirety. A reconciliation of the net debt leverage ratio to GAAP net loss is included in the following table.

Business Combination with Endo

On July 31, 2025, the Company completed the Business Combination, whereby the Company acquired all of the issued and outstanding shares of Endo from Endo, certain other applicable purchaser entities, certain debtors, and certain non-debtor affiliates in exchange for a combination of cash and shares of the Company's ordinary shares in accordance with the Transaction Agreement. The preliminary consideration was approximately \$1.9 billion. In connection with the completion of the Business Combination, the Company assumed approximately \$2.5 billion of Endo's existing debt.

New Credit Agreement

On July 31, 2025, in connection with the consummation of the Transactions, ST 2020, Inc. (“Parent”), our wholly owned subsidiary and MEH, Inc. (“Borrower”), a wholly owned subsidiary of Parent, entered into a credit agreement (“New Credit Agreement”) with the lenders named therein and Wilmington Savings Fund Society, FSB, as administrative agent and collateral agent, providing for \$1,350.0 million in aggregate principal amount of senior secured credit facilities (“Facilities”), comprising (i) a \$1,200.0 million senior secured term loan facility (“Term Facility”) and (ii) a \$150.0 million senior secured revolving credit facility (“Revolving Facility”). The Borrower borrowed \$1,200.0 million under the Term Facility on August 1, 2025. The Facilities mature on August 1, 2030, unless extended pursuant to the terms of the New Credit Agreement.

Payoff of Takeback Debt and Existing ABL Facility

On August 1, 2025, in connection with the consummation of the Transactions, Mallinckrodt and its subsidiaries prepaid in full approximately \$385.5 million in outstanding aggregate principal amount of “second-out” Takeback Term Loans (“Second-Out Takeback Term Loans”), constituting all of the remaining indebtedness outstanding under the related term loan facility, together with accrued and unpaid interest thereon, as well as a payment of approximately \$10.6 million in required makewhole premium.

Also in connection with the consummation of the Transactions, on August 1, 2025, we and our subsidiaries redeemed in full approximately \$477.2 million in outstanding principal amount of “second-out” 14.75% senior secured first lien notes due 2028 (“Takeback Notes”), constituting all of the Takeback Notes outstanding under the related indenture, for a redemption price equal to such outstanding principal amount, accrued and unpaid interest thereon and approximately \$13.7 million in required makewhole premium and all amounts outstanding under the receivables financing facility due December 2027 (“Existing ABL Facility”) were repaid. As a result of such prepayment, redemption and repayment, the Takeback Term Loans and the Existing ABL Facility were terminated, the Takeback Notes were discharged and all guarantees of, and liens securing, the obligations thereunder were released.

Additional information regarding these transactions and related agreements is included in the Company’s Annual Report on Form 10-K filed with U.S. Securities and Exchange Commission (“SEC”) on March 13, 2025 and Quarterly Report on Form 10-Q to be filed with the SEC on August 6, 2025.

NET DEBT LEVERAGE RATIO:

	June 27, 2025
Total debt principal outstanding	\$ 863.6
Plus: Finance lease liabilities (undiscounted)	8.8
Less: Unrestricted cash	497.8
Net debt	\$ 374.6
	Twelve Months Ended June 27, 2025
GAAP Net (Loss) Income:	
Six months ended June 27, 2025	\$ (25.3)
Plus: Twelve months ended December 27, 2024	477.9
Less: Six months ended June 28, 2024	(108.7)
Twelve months ended June 27, 2025	561.3
<i>Trailing twelve months adjustments:</i>	
Interest expense, net	149.3
Income tax expense	139.3
Depreciation and amortization	94.8
Combination, integration, and other related expenses	43.1
Restructuring charges, net	(2.1)
Gain on divestiture	(747.7)
Liabilities management and separation costs	30.5
Reorganization items, net	1.8
Income from discontinued operations	(1.3)
Change in contingent consideration fair value	1.5
Change in derivative assets and liabilities fair value	(8.4)
Unrealized loss on equity investment	22.3
Share-based compensation	16.7
Loss on debt extinguishment, net	19.7
Fresh-start inventory-related expense	203.5
Adjusted EBITDA	\$ 524.3
Net Debt Leverage Ratio:	0.7