2023 IRISH STATUTORY ACCOUNTS

MALLINCKRODT PLC

Directors' Report and Consolidated Financial Statements
For the Fiscal Year Ended December 29, 2023

MALLINCKRODT PLC

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DIRECTORS' REPORT

For the Fiscal Year Ended December 29, 2023

(dollars in millions, except share data and where indicated)

Basis of Presentation

The directors present their report on the audited consolidated financial statements for the fiscal year ended December 29, 2023, beginning on page 54, and audited parent company financial statements for the fiscal year ended December 29, 2023, beginning on page 119.

The directors have elected to prepare the Irish statutory Mallinckrodt plc consolidated financial statements in accordance with Section 279 of the Irish Companies Act 2014, which provides that a true and fair view of the assets and liabilities, financial position and profit or loss may be given by preparing the financial statements in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of Part 6 of the Irish Companies Act 2014.

The directors have elected to prepare the Mallinckrodt plc parent company financial statements in accordance with FRS 102 *The Financial Reporting Standards applicable in the United Kingdom ("U.K.") and Republic of Ireland* together with the Irish Companies Act 2014.

The accompanying financial statements reflect the consolidated financial position of the parent company ("Mallinckrodt plc" or the "Company") and its subsidiaries (Mallinckrodt plc and all its subsidiaries, hereinafter referred to as "Mallinckrodt," the "Group," "us," "we," or "our") as an independent, publicly-traded company.

Fiscal Year

We report our results based on a "52-53 week" year ending on the last Friday of December. Fiscal 2023 and 2022 consisted of 52 weeks. Unless otherwise indicated, fiscal 2023 and 2022 refer to the fiscal years ended on December 29, 2023 and December 30, 2022, respectively. All references to "fiscal" year are considered to be defined as "financial" year under FRS 102.

Trademarks and Trade Names

Mallinckrodt owns or has rights to use trademarks and trade names that it uses in conjunction with the operation of its business. One of the more important trademarks that it owns or has rights to use that appears in this Directors' Report is "Mallinckrodt," which is a registered trademark or the subject of pending trademark applications in the United States ("U.S.") and other jurisdictions. Solely for convenience, we only use the ™ or ® symbols the first time any trademark or trade name is mentioned. Such references are not intended to indicate in any way that we will not assert, to the fullest extent permitted under applicable law, our rights to our trademarks and trade names. Each trademark or trade name of any other company appearing in this Directors' Report is, to our knowledge, owned by such other company.

Forward-Looking Statements

We have made forward-looking statements in this Directors' Report that are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements include, but are not limited to, information concerning the effects of the Company's emergence from bankruptcy twice in recent years, information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements and the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe," "expect," "plan," "intend," "project," "anticipate," "estimate," "predict," "potential," "continue," "may," "will," "should" or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not place undue reliance on any forward-looking statements.

The principal risks and uncertainties included in this Directors' Report could cause our results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business.

These forward-looking statements are made as of the issuance date of this Directors' Report. We expressly disclaim any obligation to update these forward-looking statements other than as required by law.

Principal Activities

Mallinckrodt plc is an Irish company maintaining its headquarters in Ireland since its spin-off in 2013. Mallinckrodt plc is the parent company of a global business consisting of multiple wholly owned subsidiaries whose principal activity is to develop, manufacture, market and distribute specialty pharmaceutical products and therapies.

As of November 14, 2023, our ordinary shares were no longer listed on any stock exchange.

Our principal executive offices are located at College Business & Technology Park, Cruiserath, Blanchardstown, Dublin 15, Ireland (telephone number: +353 1 696 0000) where our Specialty Brands global external manufacturing operations are also located. In addition, we have other locations in the U.S., most notably our corporate shared services office in Hazelwood, Missouri, our Specialty Brands commercial headquarters in Bridgewater, New Jersey, and our Specialty Generics headquarters and technical development center in Webster Groves, Missouri.

We operate our business in two reportable segments:

- *Specialty Brands* includes innovative specialty pharmaceutical brands; and
- *Specialty Generics* includes niche specialty generic drugs and active pharmaceutical ingredients ("API(s)").

Additional information about our reportable business segments is included throughout this report. The results of operations of our reportable business segments are discussed in the heading "Consolidated Results of Operations." Across all of our reportable business segments, we generated total turnover of $1,865.9 million and $1,914.3 million in fiscal 2023 and 2022, respectively.

Our Specialty Brands segment markets branded pharmaceutical products for autoimmune and rare diseases in the specialty areas of neurology, rheumatology, hepatology, nephrology, pulmonology, ophthalmology and oncology; immunotherapy and neonatal respiratory critical care therapies and gastrointestinal products. Our diversified, in-line portfolio of both marketed and development products is focused on patients with significant unmet medical needs.

Our long-term strategy is to:

- increase patient access and appropriate utilization of our existing products;
- develop innovative new therapies and next-generation devices for our products; and
- selectively acquire or license products that are strategically aligned with our product portfolio to expand the size and profitability of our Specialty Brands segment.

As a result of our emergence from the 2023 Bankruptcy Proceedings (as defined below), we had significant changes to our Board of Directors, with the majority of our non-employee directors being newly appointed to the Board of Directors in February 2024. As a result, our Board of Directors may determine, from time to time, to implement changes in our business strategy. At the direction of our Board of Directors, we are engaged in a process of evaluating the assets across our portfolio, in both our Specialty Brands and Specialty Generics segments, and pursuing divestiture opportunities, with a goal of further reducing our debt and providing a stronger base to maximize long-term shareholder value. We have engaged Lazard to assist with this process.

We promote our branded products directly to physicians in their offices, hospitals and ambulatory surgical centers (including neurologists, rheumatologists, hepatologists, nephrologists, pulmonologists, ophthalmologists, oncologists, neonatologists, surgeons and pharmacy directors) with our own direct sales force of almost 300 sales representatives as of December 29, 2023. These products are purchased by independent wholesale drug distributors, specialty pharmaceutical distributors, retail pharmacy chains and hospital procurement departments, among others, and are eventually dispensed by prescription to patients. We also contract directly with payer organizations to ensure reimbursement for our products to patients that are prescribed our products by their physicians.

Our Specialty Generics segment is focused on providing our customers high-quality specialty generic drugs and APIs. Specialty Generics include a variety of product formulations such as hydrocodone-containing tablets, oxycodone-containing tablets and several other controlled substances, for the treatment of pain. Other controlled substances products include medicines used to treat attention-deficit/hyperactivity disorder and addiction treatment medications. Our near-term pipeline in this segment includes the expected launch of several new products in the next few years, with additional products in development long-term. Within this segment, we provide bulk API products, including acetaminophen, stimulants, opioids and stearates, to a wide variety of pharmaceutical companies, many of which are direct competitors of our Specialty Generics finished dosage business. In addition, we use our APIs for internal manufacturing of our finished dosage products.

We are among the world's largest manufacturers of bulk acetaminophen and the only producer of acetaminophen in the North American and European regions with manufacturing facilities exclusively in the U.S. We manufacture controlled substances under the Drug Enforcement Administration ("“DEA"”) quota restrictions, and in calendar 2023, we estimated that we received approximately 39.0% of the total DEA quota provided to the U.S. market for the controlled substances we manufacture. We believe that our market position in the API business and allocation of quota-governed controlled substance materials from the DEA is a competitive advantage for our API business and, in turn, for our Specialty Generics segment. The strategy for our API business is based on at-scale manufacturing of high-quality product and customized product offerings, responsive technical services and timely delivery to our customers.

We supply finished dose products principally through drug distributors, specialty pharmaceutical distributors, retail pharmacy chains, food store chains with pharmacies, hospital buying groups, and direct contracts with the U.S. government. Our APIs and excipients are supplied directly to over 200 manufacturers in over 45 countries.

The Group is incorporated in Ireland where we maintain our principal executive offices and continues to be subject to the U.S. Securities and Exchange Commission ("SEC") reporting requirements.

Significant Events

2023 Bankruptcy Proceedings and Emergence from Voluntary Reorganization

On August 28, 2023 ("2023 Petition Date"), we voluntarily initiated Chapter 11 proceedings ("2023 Chapter 11 Cases") under chapter 11 of title 11 ("Chapter 11") of the United States Code ("Bankruptcy Code") in the U.S. Bankruptcy Court for the District of Delaware ("Bankruptcy Court"). On September 20, 2023, the directors of the Company initiated examinership proceedings with respect to Mallinckrodt plc by presenting a petition to the High Court of Ireland pursuant to Section 510(1)(b) of the Companies Act 2014 seeking the appointment of an examiner to Mallinckrodt plc. On October 10, 2023, the Bankruptcy Court entered an order confirming a plan of reorganization ("2023 Plan"). Subsequent to the Bankruptcy Court’s order confirming the 2023 Plan, the High Court of Ireland made an order confirming a scheme of arrangement on November 10, 2023, which is based on and consistent in all respects with the 2023 Plan ("2023 Scheme of Arrangement"). The 2023 Plan and the 2023 Scheme of Arrangement became effective on November 14, 2023, ("2023 Effective Date "), and we emerged from the 2023 Chapter 11 Cases and the Irish examinership proceedings (together, the "2023 Bankruptcy Proceedings") on that date.

On the 2023 Effective Date, pursuant to the 2023 Plan and the 2023 Scheme of Arrangement, among other things:

- We issued 18,179,718 ordinary shares to the holders of our previously outstanding first lien debt and 1,516,617 ordinary shares to the holders of our previously outstanding second lien notes;
- We issued 1,036,649 Opioid contingent value rights ("Opioid CVRs") to the Opioid Master Disbursement Trust II ("Trust");
- The opioid-related litigation settlement ("Opioid-Related Litigation Settlement") obligation agreement ("Opioid Deferred Cash Payment Agreement") and the Group's prior obligation to pay all remaining Opioid-Related Litigation Settlement payment obligations ("Opioid Deferred Cash Payment") were permanently eliminated;
- Lenders holding allowed claims under the Senior Secured Debtor-In-Possession Credit Agreement, dated as of September 8, 2023, received their pro rata share of a $50.6 million cash payment and the First-Out Takeback Term Loans (as defined below) in satisfaction thereof; and
- Principal debt outstanding was reduced by more than $1.9 billion.

For further details of the 2023 Plan, refer to Note 2 of the Notes to the Consolidated Financial Statements.

New Financing

In connection with emergence from the 2023 Bankruptcy Proceedings, we entered into a new senior secured first lien term loan facility with an aggregate principal amount of approximately $871.4 million ("Takeback Term Loans"), consisting of approximately $229.4 million of "first-out" Takeback Term Loans ("First-Out Takeback Term Loans") and approximately $642.0 million of "second-out" Takeback Term Loans ("Second-Out Takeback Term Loans"). We also issued approximately $778.6 million in aggregate principal amount of "second-out" 14.75% senior secured first lien notes due 2028 ("Takeback Notes" and, together with the Second-Out Takeback Term Loans, the "Second-Out Takeback Debt" and, together with the Takeback Term Loans, the "Takeback Debt").

2020 Bankruptcy Proceedings

On October 12, 2020, we voluntarily initiated Chapter 11 proceedings ("2020 Chapter 11 Cases"). On March 2, 2022, the Bankruptcy Court entered an order confirming a plan of reorganization ("2020 Plan"). Subsequent to the Bankruptcy Court's order confirming the 2020 Chapter 11 Cases, the High Court of Ireland made an order confirming a scheme of arrangement on April 27, 2022, which was based on and consistent in all respects with the 2020 Plan ("2020 Scheme of Arrangement"). On June 8, 2022, the Bankruptcy Court entered an order approving a minor modification to the 2020 Plan. The 2020 Plan became effective on June 16, 2022 ("2020 Effective Date "), and we emerged from the 2020 Chapter 11 Cases and the Irish examinership proceedings (together, the "2020 Bankruptcy Proceedings") on that date.

Fresh-Start Accounting

Upon emergence from both the 2020 Bankruptcy Proceedings on June 16, 2022 and the 2023 Bankruptcy Proceedings on November 14, 2023, in so far as it does not contravene any provision of Part 6 of the Irish Companies Act 2014, we adopted fresh-start accounting in accordance with ASC 852 and became a new entity for financial reporting purposes as of each of the 2020 Effective Date and the 2023 Effective Date under U.S. GAAP, but was considered the same legal entity under Irish Company Law. References to "Successor" relate to the financial position as of December 29, 2023 and results of operations of the reorganized Group subsequent to November 14, 2023, while references to "Predecessor" relate to the financial position as of December 30, 2022 and results of operations of the Company prior to, and including, November 14, 2023. All emergence-related transactions related to the 2020 Effective Date and the 2023 Effective Date were recorded as of June 16, 2022 and November 14, 2023, respectively. The combination of the Successor and Predecessor results present a true and fair view of the assets and liabilities, financial position and profit or loss. For certain disclosures, the Group elected to reflect the Successor and Predecessor separately to accurately portray the impact of fresh-start accounting. Refer to Note 3 of the Notes to the Consolidated Financial Statements for further information.

Reorganization items, net

During fiscal 2023 and 2022, we incurred a loss of $1,154.3 million and $1,505.9 million from reorganization items, net, respectively. These expenses were primarily driven by the loss on application of fresh-start accounting, in so far as it does not contravene any provision of Part 6 of Companies Act 2014, of $1,710.3 million and $2,206.4 million, respectively, partially offset by a $1,966.0 million and $943.7 million gain on settlement of liabilities subject to compromise ("LSTC") in accordance with the 2023 Plan and the 2020 Plan, respectively. Also included in reorganization items was adjustment of other claims of $1,139.5 million and $5.4 million during fiscal 2023 and 2022, respectively, and $65.7 million and $228.6 million of professional fees, respectively.

Acthar Gel

On March 1, 2024, the U.S. Food and Drug Administration ("FDA") approved the Acthar Gel Single-Dose Pre-filled SelfJect™ Injector ("SelfJect"), a new delivery device for Acthar® Gel (repository corticotropin injection) ("Acthar Gel") for appropriate patients with a range of chronic and acute inflammatory and autoimmune conditions. SelfJect is intended to provide the appropriate subcutaneous dose of Acthar Gel, as prescribed by a healthcare professional, and is designed to help give patients control of their administration. SelfJect is expected to launch in the U.S. in the second half of 2024.

StrataGraft

On January 4, 2024, we committed to a plan to cease commercialization and clinical development and wind down production of StrataGraft® (allogenic cultured keratinocytes and dermal fibroblasts in murine collagen - dsat) ("StrataGraft"). We expect to complete this process by the end of the first quarter of 2025.

The decision to discontinue StrataGraft was made following a slower-than-anticipated commercial uptake of the product and slower-than-anticipated enrollment in clinical trials. We are evaluating our next steps with respect to StrataGraft, which could include pursuing a sale, out-license or other strategic arrangement.

In connection with ceasing commercialization and clinical development and winding down production of StrataGraft, we currently expect to incur pre-tax charges of approximately $15 million, which include (i) approximately $5 million of one-time termination benefits, (ii) approximately $5 million in contract and lease termination costs, and (iii) approximately $5 million of other associated costs. We plan to recognize the majority of these charges in the first fiscal quarter of 2024, with the remaining

amount to be recognized over the course of fiscal 2024 and into the first fiscal quarter of fiscal 2025. These estimated charges are expected to be cash charges.

During the three months ended September 29, 2023, due to lower than anticipated cash flows expected from StrataGraft, we identified a triggering event with respect to the StrataGraft intangible asset within the Specialty Brands segment and assessed the recoverability of the definite-lived asset. We determined that the undiscounted cash flows related to the StrataGraft intangible asset were less than its net book value, which resulted in a full impairment charge of $50.1 million for the difference between the fair value of the StrataGraft intangible asset and its net book value.

Generics IPR&D

During the three months ended September 29, 2023, the FDA approved the abbreviated new drug applications for certain of our Specialty Generics in-process research and development ("IPR&D") assets. Upon approval, we transferred a total of $26.0 million of asset value from non-amortizable indefinite-lived IPR&D rights to amortizable, finite-lived completed technology with amortization commencing upon the first commercial shipment of the respective products.

Additionally, during the three months ended September 29, 2023, we decided we will no longer pursue further development of certain of our Specialty Generics IPR&D assets. As a result, we recognized a full impairment on the respective assets of $85.8 million.

Likely Future Developments

Specialty Brands

Turnover of Acthar Gel for fiscal 2023 decreased $90.7 million or 17.6%, to $425.3 million driven primarily by continued scrutiny on overall specialty pharmaceutical spending, as well as slower than expected returning patient volumes, impacted primarily by affordability. Competition intensified with the commercial launch of a purified cortrophin gel product in 2022 and this competitive pressure continued to negatively impact turnover of Acthar Gel in 2023. The ongoing competition is expected to continue to have an adverse effect on our financial condition, results of operations and cash flows. We continue to differentiate Acthar Gel through pre-clinical studies and through product enhancements, including the development of the Acthar Gel delivery device and its Supplemental New Drug Application submission, which was approved by the FDA on March 1, 2024. We anticipate a launch in the second half of 2024. This product is expected to create an easier and more patient-friendly application for single unit dosage indications.

Turnover of Amitiza® (lubiprostone) ("Amitiza") for fiscal 2023 decreased $81.6 million or 51.5%, to $77.0 million driven primarily by a decline in royalties associated with loss of U.S. exclusivity. Additional generic competitors entered the market in fiscal 2023, resulting in the elimination of U.S. royalties under our agreement with Par Pharmaceuticals, Inc. et al.

Turnover of INOmax® (nitric oxide) gas, for inhalation ("INOmax") for fiscal 2023 decreased $36.5 million or 10.7%, to $303.2 million driven primarily by continued competition from alternative nitric oxide products, which could continue to adversely affect our ability to successfully maximize the value of INOmax and have an adverse effect on our financial condition, results of operations and cash flows. We received FDA approval of our 510(k) for INOmax Evolve our next-generation nitric oxide delivery system. We expect the platform to be available in U.S. hospitals in the first half of 2024. We intend to vigorously enforce our intellectual property rights relating to our nitric oxide products against any additional parties that may seek to market an alternative version of our INOmax product and/or our next generation delivery systems.

Turnover of Therakos® photopheresis ("Therakos") for fiscal 2023 increase $19.0 million or 7.9%, to $259.1 million driven primarily by stabilization in the use of the platform for treatment of graft-versus-host disease ("GvHD"), which is a non-promoted use in the U.S. market, and to a lesser extent the impact of competitive oral therapies for GvHD.

Specialty Generics

Turnover of Specialty Generics for fiscal 2023 increased $132.1 million or 20.5%, to $776.9 million driven primarily by an increase in generics turnover of $123.8 million and an increase in API turnover of $8.3 million.

Key Performance Indicators

The financial measures discussed below are considered "non-U.S. GAAP" financial measures. The Group has provided these adjusted financial measures because they are used by management, along with financial measures in accordance with U.S. GAAP, to evaluate the Group's operating performance. In addition, management believes that these non-U.S. GAAP financial

measures will be used by certain investors to measure the Group's operating results. Management believes that presenting these non-U.S. GAAP financial measures provides useful information about the Group's performance across reporting periods on a consistent basis by excluding items which may be favorable or unfavorable that the Group does not believe are indicative of its core operating performance. These adjusted measures are also utilized in the determination of management incentive compensation.

These non-U.S. GAAP financial measures should be considered supplemental to and not a substitute for financial information prepared in accordance with U.S. GAAP or FRS 102. The Group's definition of these non-U.S. GAAP financial measures may differ from similarly titled measures used by others.

We calculate our key performance indicators based upon results from ordinary activities as they reflect the ongoing operating performance of the Group and provide the best insight into current and future performance.

Adjusted gross profit, adjusted selling, general and administrative ("SG&A") expenses, adjusted research and development ("R&D") expense and adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") represent amounts prepared in accordance with U.S. GAAP and adjusted for certain items that management believes are not reflective of the operational performance of the business. Adjustments to U.S. GAAP amounts include, as applicable to each measure, interest expense, net; taxation; depreciation; amortization; restructuring charges, net; non-restructuring impairment charges; discontinued operations; changes in fair value of contingent consideration obligations; changes in fair value of derivative assets and liabilities; significant legal and environmental charges; divestitures; liabilities management and separation costs, gains on debt extinguishment, net; unrealized gain or loss on equity investment; reorganization items, net; share-based compensation; fresh-start stock-related expenses and other items identified by the Group. A reconciliation of these historical adjusted financial measures to the most directly comparable U.S. GAAP, as required under Irish Companies Act 2014, financial measures is included in the following table:

(in millions)	**Fiscal Year**					
	2023			**2022**		
	Gross Profit	**SG&A**	**Adjusted EBITDA**	**Gross Profit**	**SG&A**	**Adjusted EBITDA**
U.S. GAAP	$ 631.8	$ 512.4	$ (1,651.0)	$ 610.0	$ 554.3	$ (1,381.7)
Adjustments:						
Interest expense, net	—	—	519.9	—	—	428.4
Income taxes	—	—	(295.1)	—	—	(650.8)
Depreciation [1]	41.5	(6.8)	50.3	54.5	11.3	68.8
Amortization	465.8	—	465.8	598.9	1.6	600.5
Restructuring charges, net	—	—	0.9			20.7
Non-restructuring impairment charge [2]	67.9	—	162.4	—	—	—
Income from discontinued operations	—	—	—	—	—	(1.1)
Change in contingent consideration fair value	—	7.6	(7.6)	—	0.5	0.5
Change in derivative assets and liabilities fair value	—	—	8.4	—	—	—
Liabilities management and separation costs [3]	—	—	159.1	—	(30.2)	30.2
Unrealized (gains) losses on equity investment	—	—	(3.4)	—	—	13.0
Reorganization items, net	(22.7)	—	1,154.3	—	—	1,505.9
Share-based compensation	—	(8.5)	8.9	0.1	2.7	3.1
Gain on debt extinguishment at par	—	—	—	—	—	(21.4)
Fresh-start impact on debt extinguishment	—	—	—	—	—	22.4
Bad debt expense - customer bankruptcy	—	—	—	—	(6.4)	6.4
Fresh-start stocks-related expense [4]	(1.0)	—	(1.0)	30.0	—	30.0
As adjusted:	$ 1,183.3	$ 504.7	$ 571.9	$ 1,293.5	$ 533.8	$ 674.9

(1) Includes $4.2 million and $0.8 million of accelerated depreciation in cost of sales and SG&A, respectively, related to restructuring charges incurred during fiscal 2023. Includes $0.8 million and $0.2 million of accelerated depreciation in cost of sales and SG&A, respectively, related to restructuring charges incurred during fiscal 2022.

(2) Includes $135.9 million impairment charges on intangible assets, and $26.5 million of impairment charges on StrataGraft assets during fiscal 2023.

(3) Fiscal 2023 represents costs primarily related to expenses incurred related to professional fees and costs incurred as the Group explores potential sales of non-core assets to enable further deleveraging post-emergence from the 2023 Bankruptcy Proceedings, professional fees incurred by the Group (including where the Group is responsible for the fees of third parties) in connection with its evaluation of its financial situation and related discussions with its stakeholders prior to the commencement of the 2023 Chapter 11 Cases, in addition to professional fees and costs incurred as the Group explores potential sales of non-core assets to enable further deleveraging post-emergence from the 2020 Bankruptcy Proceedings. As of the 2023 Petition Date, professional fees directly related to the 2023 Bankruptcy Proceedings that were previously reflected as liabilities management and separation costs were classified on a go-forward basis as reorganization items, net. Fiscal 2022 represents costs included in SG&A expenses, primarily related to expenses incurred related to severance for the former Chief Executive Officer ("CEO") and certain former executives and

directors' and officers' insurance policies, in addition to professional fees and costs incurred as we explore potential sales of non-core assets to enable further deleveraging post-emergence from the 2020 Bankruptcy Proceedings.

(4) Includes $1.0 million of fresh-start stocks-related gain during fiscal 2023 and $30.0 million of fresh-start stocks-related expense primarily related to a change in accounting estimate during fiscal 2022.

Further information regarding non-U.S. GAAP financial measures can be found on the Investor Relations page of the Group's website.

Consolidated Results of Operations

Loss after taxation of $1,651.0 million and $1,381.7 million for fiscal 2023 and 2022, respectively, were recorded to profit and loss account. No profits were distributed as dividends during fiscal 2023 and 2022. Refer to Note 28 of the Notes to the Consolidated Financial Statements for further information.

The following table presents the consolidated profit and loss account for fiscal 2023 and 2022 as reported in the Group's 2023 Consolidated Financial Statements. All discussions below are comparative between fiscal 2023 and 2022.

(in millions)	Fiscal Year							
	2023				2022			
	Ordinary Activities		Discontinued Operations	Total Group	Ordinary Activities		Discontinued Operations	Total Group
Turnover	$ 1,865.9	100.0 %	$ —	$ 1,865.9	1,914.3	100.0 %	$ —	$ 1,914.3
Cost of sales	1,212.8	65.0	—	1,212.8	1,304.3	68.1	—	1,304.3
Gross profit	653.1	35.0	—	653.1	610.0	31.9	—	610.0
Distribution and administrative expenses	512.4	27.5	—	512.4	524.1	27.4	—	524.1
Research and development costs	113.0	6.1	—	113.0	129.7	6.8	—	129.7
Restructuring charges, net	0.9	—	—	0.9	20.7	1.1	—	20.7
Non-restructuring impairment charges	138.5	7.4	—	138.5	—	—	—	—
Liabilities management and separation costs	159.1	8.5	—	159.1	30.2	1.6	—	30.2
Profit on disposal of operations	—	—	—	—	—	—	(1.1)	(1.1)
Operating (loss) profit	(270.8)	(14.5)	—	(270.8)	(94.7)	(4.9)	1.1	(93.6)
Interest payable and similar expenses	(535.5)	(28.7)	—	(535.5)	(432.9)	(22.6)	—	(432.9)
Interest receivable and similar income	15.6	0.8	—	15.6	4.5	0.2	—	4.5
Other expense, net	(1.1)	(0.1)	—	(1.1)	(4.6)	(0.2)	—	(4.6)
Reorganization items, net	(1,154.3)	(61.9)	—	(1,154.3)	(1,505.9)	(78.7)	—	(1,505.9)
(Loss) profit before taxation	(1,946.1)	(104.3)	—	(1,946.1)	(2,033.6)	(106.2)	1.1	(2,032.5)
Taxation credit	(295.1)	(15.8)	—	(295.1)	(650.8)	(34.0)	—	(650.8)
(Loss) profit after taxation	$ (1,651.0)	(88.5)	$ —	$ (1,651.0)	$ (1,382.8)	(72.2)	$ 1.1	$ (1,381.7)

Turnover. Turnover in fiscal 2023 decreased $48.4 million, or 2.5%, to $1,865.9 million driven by a decrease in our Specialty Brands segment including a decrease in turnover of Acthar Gel, Amitiza, and INOmax, as previously discussed.

Turnover generated by our businesses in the U.S. was $1,661.7 million and $1,712.5 million in fiscal 2023 and 2022, respectively. Our non-U.S. businesses generated turnover of $204.2 million and $201.8 million in fiscal 2023 and 2022, respectively, which represented approximately 10.9% and 10.5% of our turnover in fiscal 2023 and 2022, respectively.

Gross profit. Gross profit for fiscal 2023 increased $43.1 million, or 7.1%, to $653.1 million driven by cost containment measures and a change in product mix, offset by the decrease in turnover. The increase was also partially offset by a $13.6 million increase in amortization expense for the Amitiza intangible asset resulting from a change in amortization method during fiscal 2022 as discussed further in Note 15 of the Notes to the Consolidated Financial Statements.

Distribution and administrative expenses. D&A expenses for fiscal 2023 decreased $11.7 million, or 2.2% to $512.4 million. As a percentage of turnover, D&A expenses were 27.5% for fiscal 2023, compared to 27.4%, for fiscal 2022. Fiscal 2022 included $17.9 million of foreign currency remeasurement losses. Fiscal 2023 had a $7.5 million gain related to the change in the fair value of our contingent consideration liability, compared to a $0.5 million loss during fiscal 2022. These decreases were partially offset by increased employee compensation costs during fiscal 2023 related to the key employee retention program.

Research and development costs. R&D expenses for fiscal 2023 decreased $16.7 million, or 12.9%, to $113.0 million. As a percentage of turnover, R&D expenses were 6.1% and 6.8% for fiscal 2023 and 2022, respectively. These decreases were driven by cost containment initiatives coupled with the completion of certain development programs. We continue to focus current R&D activities on performing clinical studies and publishing clinical and non-clinical experiences and evidence that support health economic activities and patient outcomes.

Restructuring and related charges, net. During fiscal 2023 and 2022, we recognized $1.7 million and $21.7 million of restructuring and related charges, net, respectively. These charges were primarily related to employee severance and benefits. Included in these charges was $0.8 million and $1.0 million of accelerated depreciation during fiscal 2023 and 2022, respectively.

Non-restructuring impairment charges. During fiscal 2023, we incurred $138.5 million of non-restructuring impairment charges, respectively. The impairment charges resulted from the full impairment of certain of our Specialty Generics IPR&D assets of $85.8 million, full impairment of our StrataGraft intangible asset of $50.1 million and the full impairment of the StrataGraft long-lived assets of $2.6 million.

Liabilities management and separation costs. Liabilities management and separation costs for fiscal 2023 increased $128.9 million, or 426.8% to $159.1 million. The increase was primarily driven by primarily related to professional fees incurred by us (including where we are responsible for the fees of third parties) in connection with the evaluation of our financial situation and related discussions with our stakeholders prior to the commencement of the 2023 Bankruptcy Proceedings. Comparatively, we incurred $30.2 million of liabilities management and separation costs during fiscal 2022 related to the severance for the former CEO and certain former executives, expense associated with the directors' and officers' insurance policies and professional fees and costs incurred as we explored potential sales of non-core assets to enable further deleveraging post-emergence from the 2020 Bankruptcy Proceedings.

Profit on disposal of operations. We recorded income of $1.1 million on discontinued operations, net of income taxes, during fiscal 2022. The income during fiscal 2022 primarily related to the recognition of a taxation credit related to the releases of tax and interest on unrecognized tax benefits due to lapses of certain statute of limitations related to the Nuclear Imaging business that we divested in 2017.

Interest payable and similar expenses and interest receivable and similar income, net. During fiscal 2023 and fiscal 2022, interest payable and similar expenses and interest receivable and similar income, net were $519.9 million and $428.4 million, respectively. During fiscal 2023, interest payable and similar expenses included $115.1 million and $61.0 million of accretion expense associated with our settlement obligations and debt, respectively, compared to $87.5 million and $51.7 million during fiscal 2022. Fiscal 2023 also reflects increased interest rates on our variable interest rate debt as compared to fiscal 2022. Interest expense during fiscal 2022 included cash adequate protection payments of $28.8 million on certain of our predecessor senior secured debt instruments. The increase in our interest income of $11.1 million was primarily driven by higher interest earned on our money market funds during fiscal 2023.

Other expense, net. During fiscal 2023 and 2022, we recorded other expense, net of $1.1 million and $4.6 million, respectively. We recognized a $3.4 million unrealized gain and a $13.0 million unrealized loss on our equity investments for fiscal 2023 and 2022, respectively. Fiscal 2023 also included an $8.4 million unrealized loss related to the changes in fair value of the interest rate cap as discussed further in Note 26 of the Notes to the Consolidated Financial Statements.

Reorganization items, net. During fiscal 2023, we recorded a loss of $1,154.3 million in reorganization items, net driven primarily by a loss of $1,710.3 million on fresh-start adjustment as a result of the emergence from the 2023 Bankruptcy Proceedings and $1,139.5 million of adjustments of claims to their estimated allowed claim amount during the 2023 Bankruptcy Proceedings partially offset by a gain on the settlement of LSTC of $1,966.0 million. During fiscal 2022, we recorded a loss of $1,505.9 million in reorganization items, net driven primarily by the loss on fresh-start adjustments of $2,206.4 million and professional fees and lender fees of $228.6 million, partially offset by a gain on adjustments to LSTC of $943.7 million.

Taxation. During fiscal 2023, we recognized a taxation credit of $295.1 million on a loss from ordinary activities before taxation of $1,946.1 million. This resulted in an effective tax rate of 15.2%. The income tax credit was comprised of $39.9 million of current tax charge and $335.0 million of deferred tax credit.

Our effective tax rate for fiscal 2023 was impacted by $224.0 million of tax credit associated with impacts on emergence and $1,173.0 million of loss on reorganization items, net, $44.7 million of tax credit related to legal entity reorganizations, $31.3 million of tax credit associated with $135.9 million of non-restructuring charges related to the impairment of certain of our Specialty Generics IPR&D assets and the full impairment of our StrataGraft intangible asset, $21.8 million of tax credit associated with $157.7 million of liabilities management and separation costs, offset by $26.7 million tax charge on the loss of $479.5 million predominately associated with pretax earnings in various jurisdictions net of valuation allowances.

During fiscal 2022, we recognized a taxation credit of $650.8 million on a loss from ordinary activities before taxation of $2,033.6 million. This resulted in an effective tax rate of 32.0%. The fiscal 2022 taxation credit was comprised of $51.0 million of current taxation credit and $599.8 million of deferred taxation credit.

Our effective tax rate for fiscal 2022 was impacted by $577.5 million of taxation credit associated with valuation allowance and $31.6 million of taxation credit associated with emergence further detailed in Note 9 of the Notes to Consolidated Financial Statements. Additional impacts include $44.0 million of taxation credit associated with $318.7 million of intangible asset amortization expense, $19.1 million of taxation credit associated with $87.5 million of accretion expense related to our settlement obligations, $12.7 million of taxation credit associated with $51.7 million of accretion expense related to our debt and $8.7 million of taxation credit associated with $1,505.9 million of reorganization items, net, offset with $4.7 million of withholding taxation charge associated with a Swiss distribution. The remaining $38.1 million of taxation charge is predominately associated with pretax earnings in various jurisdictions.

Financial Position

Our financial position is set out on page 59. As of December 29, 2023 and December 30, 2022 we had total assets of $3,270.3 million and $5,532.0 million, respectively, and total liabilities of $2,598.3 million and $4,399.9 million, respectively. As of December 29, 2023 and December 30, 2022 we had net current assets of $1,602.2 million and $1,359.9 million, respectively. During fiscal 2023, we incurred a loss after taxation of $1,651.0 million.

Principal Risks and Uncertainties

You should carefully consider the risks described below in addition to all other information provided to you in this Directors' Report and accompanying financial statements. Our competitive position, business, financial condition, results of operations and cash flows could be affected by the factors set forth below, any one of which could cause our actual results to vary materially from recent results or from our anticipated future results. The risks and uncertainties described below are those that we currently believe may materially affect the Group.

We operate in a rapidly changing environment that involves a number of risks, some of which are beyond our control. The following discussion highlights some of these risks and others are discussed elsewhere in this Directors' Report. These and other risks could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

Risks Related to Our Emergence from Bankruptcy

We have emerged from bankruptcy twice in recent years, which could adversely affect our business and relationships.

Our having twice filed for bankruptcy in recent years, notwithstanding our emergence from the 2020 Bankruptcy Proceedings and the 2023 Bankruptcy Proceedings, could adversely affect our business and relationships with customers, vendors, contractors, employees or suppliers. Due to uncertainties, many risks associated with the bankruptcy exist, including the following:

- our ability to attract, motivate, and/or retain key executives and employees may be adversely affected;
- our employees may be more easily attracted to other employment opportunities;
- competitors may take business away from us, and our ability to retain customers may be negatively impacted;
- suppliers may not be willing to do business with us at all or on acceptable terms; and
- appeals from orders of the bankruptcy court may increase our liabilities.

The occurrence of one or more of these events could have a material and adverse effect on our operations, financial condition and reputation and we cannot assure you that having been subject to bankruptcy proceedings will not adversely affect our operations in the future.

Our actual financial results after emerging from the 2023 Bankruptcy Proceedings may not be comparable to our projections filed with the Bankruptcy Court or otherwise made public in the course of the bankruptcy proceedings.

In connection with the disclosure statements we filed with the Bankruptcy Court in each of our two bankruptcy proceedings and the hearings to consider confirmation of each of the 2020 Plan and the 2023 Plan (as well as in certain other filings), we prepared projected financial information for various reasons, including to demonstrate to the Bankruptcy Court the feasibility of each of the 2020 Plan and the 2023 Plan and our ability to continue operations upon our emergence from such bankruptcy proceedings. At the time they were prepared, the projections reflected numerous assumptions concerning our anticipated future performance with respect to then prevailing and anticipated market and economic conditions that were and remain beyond our control and that may not materialize.

Projections are inherently subject to substantial and numerous uncertainties and to a wide variety of significant business, economic and competitive risks and the assumptions underlying the projections or valuation estimates may prove to be wrong in material respects. Actual results may vary significantly from those contemplated by the projections. Our actual financial results after emerging from the 2020 Bankruptcy Proceedings were not, in certain instances, comparable to our projections filed with the Bankruptcy Court or otherwise made public in the course of the 2020 Bankruptcy Proceedings, and our actual financial results after emerging from the 2023 Bankruptcy Proceedings may also vary from those contemplated by the projections. Such variations may be significant. The projections prepared in connection with each of the 2020 and the 2023 Bankruptcy Proceedings were prepared solely for the purposes stated therein and have not been, and will not be, updated on an ongoing basis and should not be relied upon by investors.

Our historical financial statements are not comparable to the information contained in our financial statements after the application of fresh-start accounting following emergence from the 2023 Bankruptcy Proceedings.

Upon emergence from both the 2020 Bankruptcy Proceedings on June 16, 2022 and the 2023 Bankruptcy Proceedings on November 14, 2023, we adopted fresh-start accounting in accordance with the provisions of ASC 852 and became a new entity for financial reporting purposes as of each of the 2020 Effective Date and the 2023 Effective Date. Fresh-start accounting requires that new fair values be established for our assets, liabilities, and equity as of the applicable Effective Date, in so far as it does not contravene any provision of Part 6 of Companies Act 2014. All emergence-related transactions related to the 2020 Effective Date and the 2023 Effective Date were recorded as of June 16, 2022 and November 14, 2023, respectively, subject to them complying with company law requirements in Ireland. Accordingly, the consolidated financial statements for the Successor are not comparable to the consolidated financial statements for the Predecessor periods and the consolidated financial statements for the Predecessor periods from June 17, 2022 through December 30, 2022 and December 31, 2022 through November 14, 2023 are not comparable to the consolidated financial statements for the Predecessor period prior to and including June 16, 2022. Further, the information contained in our financial statements following emergence from bankruptcy was and may continue to be different from historical trends. This will make it difficult for shareholders to assess our performance in relation to prior periods. See Note 3 to the Notes to Consolidated Financial Statements.

Following emergence from the 2023 Bankruptcy Proceedings, our Board of Directors was changed and may implement changes in our business strategy that could affect the scope and results of our operations.

Our corporate business strategy is subject to continued development, evaluation and implementation by our management and Board of Directors. Pursuant to the 2023 Plan, the composition of our Board of Directors changed significantly following our emergence from the 2023 Bankruptcy Proceedings with the resignation of all then-serving directors, other than our President and Chief Executive Officer, Sigurdur Olafsson, and the reappointment of Paul Bisaro as the Chairman of the Board. Our Board of Directors is now made up of seven directors. All directors, other than Mr. Olafsson and Mr. Bisaro, have not previously served on our Board of Directors prior to our emergence from the 2023 Bankruptcy Proceedings. The new directors have different backgrounds, experiences and perspectives from those individuals who previously served on the Board of Directors of the Group and, thus, may have different views on the issues that will determine our future, including our strategic plans and priorities. The Board of Directors may determine, from time to time, to implement changes in our business strategy, which may affect our operations and the future strategy and plans of the Group and differ materially from those of the past. For example, under the oversight of our Successor Board of Directors, we are engaged in a process of evaluating the assets across our portfolio and pursuing the divestiture opportunities. Consistent with these efforts, we have engaged an investment banker to help us, and we have adopted a transaction incentive plan that provides our Board of Directors and our senior management with incentives based on the proceeds of divestiture transactions. As a result, their interest may diverge from the interests of our other shareholders.

There is no guarantee that the strategic initiatives and plans, whether current or future, of the Board of Directors will be implemented in a timely manner or at all and, consequently, there is no guarantee that the operational and financial objectives of the Board of Directors will be achieved in a timely manner or at all.

Exercise of the Opioid CVRs pursuant to the CVR Agreement would result in either a cash payment to the Trust that could adversely affect our liquidity or an issuance of ordinary shares that could result in substantial dilution to holders of our ordinary shares.

On the 2023 Effective Date and pursuant to the 2023 Plan, we entered into a contingent value right agreement ("CVR Agreement") with the Trust. Pursuant to the terms of the CVR Agreement, we issued 1,036,649 Opioid CVRs to the Trust, which Opioid CVRs entitle the Trust to receive from the Group, when exercised, an amount in cash equal to the market price of one ordinary share less an exercise price of $99.36, subject to our right to issue new ordinary shares to the Trust in lieu of making some or all of the cash payment upon exercise in accordance with the terms of the CVR Agreement.

The Opioid CVRs are exercisable at any time for four years after the 2023 Effective Date. No assurances can be given as to when and if the Trust will exercise the Opioid CVRs, or whether we will elect to settle the Opioid CVRs in cash or ordinary shares. If we were to settle the Opioid CVRs in cash, such cash payment could adversely affect our liquidity and financial condition and the market price of the ordinary shares. Were we to elect to settle the Opioid CVRs via the issuance of ordinary shares, such equity issuance could result in substantial dilution to existing holders of our ordinary shares and cause the value of our ordinary shares to decline. The possibility of either such an occurrence may be viewed negatively by investors and have an unfavorable impact on the liquidity, market for and trading value of our ordinary shares. In addition, because our ordinary shares are not listed on any national securities exchange, the price for the ordinary shares for purposes of the payment to be made to the Trust could be determined by an appraisal process carried out by a banking institution, which would cause us to incur additional costs and may lead to a determination of the price for the ordinary shares that is unfavorable to us.

Risks Related to Our Business

Governmental investigations, inquiries, and regulatory actions and lawsuits brought against us by government agencies and private parties, in addition to future legislative actions, with respect to our historical commercialization of opioids could adversely affect our reputation, business, financial condition, results of operations and cash flows.

As a result of greater public awareness of the public health issue of opioid abuse, there has been increased scrutiny of, and investigation into, the commercial practices of opioid manufacturers by state and federal agencies. As a company that first began processing opioids in the 1890s, we understand the utility of these products and that they are safe and effective when taken as appropriately prescribed. We are deeply committed to diversion control efforts, have sophisticated systems in place to identify suspicious orders and engage in significant due diligence and ongoing monitoring of customers. However, we, along with other opioid manufacturers, have been the subject of federal and state government investigations and enforcement actions, focused on the misuse and abuse of opioid medications in the U.S. Similar investigations may be initiated in the future.

In addition, a significant number of lawsuits have been filed against us, other opioid manufacturers, distributors and others in the supply chain by cities, counties, state Attorneys General and private persons seeking to hold us and others accountable for opioid misuse and abuse. As a result of the Group's emergence from the 2020 Bankruptcy Proceedings, all opioid claims against us were deemed to have been settled, discharged, waived, released and extinguished in full on the 2020 Effective Date. We may face new opioid claims in the future, which could have a material adverse effect on our competitive position, business, financial condition and results of operations.

In connection with the 2020 Bankruptcy Proceedings, we implemented steps to comply with an Operating Injunction enjoining certain Mallinckrodt entities from engaging in certain conduct related to the manner in which they operate their opioid business. We reaffirmed these obligations in connection with the 2023 Bankruptcy Proceedings. The Operating Injunction prohibits, among other things, certain promotional activities related to opioid products and pain treatment, financial and in-kind support for third parties involved with opioids or pain treatment, and certain lobbying activities and communications related to opioids and pain treatment. The Operating Injunction also contains requirements for controlled substances suspicious order monitoring and reporting. The Operating Injunction further requires Mallinckrodt to make available certain clinical data through a third-party data archive and publicly disclose certain produced documents related to the opioid litigation. The Operating Injunction provides that Mallinckrodt must retain a monitor to evaluate and monitor compliance with the Operating Injunction for a term of five to seven years. On February 8, 2021, the Bankruptcy Court entered an order appointing R. Gil Kerlikowske to serve as monitor. The obligations imposed by the Operating Injunction would apply to the operation of Mallinckrodt's opioid business by any subsequent purchaser. The Operating Injunction imposes material

limitations on Mallinckrodt's business in addition to those imposed by otherwise applicable law. Those limitations may have an adverse financial impact on Mallinckrodt's opioid business, including but not limited to by increasing overhead costs or reducing product turnover. A violation of the Operating Injunction may also subject the Group to adverse action by the Bankruptcy Court, state and territory Attorneys General, or other enforcement authorities, as well as increased legal fees and costs associated with such actions.

In addition, legislative, regulatory or industry measures to address the misuse of prescription opioid medications may also affect our business in ways that we are not able to predict. For example, the State of New York enacted the Opioid Stewardship Act ("OSA"), which went into effect on July 1, 2018 and established an aggregate $100.0 million annual assessment on turnover of certain opioid medications in New York. Following a challenge regarding its constitutionality, the OSA was generally permitted to go into effect, though its "pass through prohibition" was invalidated on the basis that it violates the Commerce Clause. Some states have enacted opioid taxes or enacted increased licensure and registration fees. For example, New York, effective July 1, 2019, imposed an excise tax on certain opioids. Other states may consider similar legislation that could require entities to pay an assessment or tax on the turnover or distribution of opioid medications in those states and may vary in the assessment or tax amounts and the means of calculation from the OSA. If additional state or local jurisdictions successfully enact such legislation and we are not able to mitigate the impact on our business through price increases, operational changes or commercial arrangements, such legislation in the aggregate may have a material adverse effect on our business, financial condition, results of operations and cash flows. See the risk factor captioned "*Extensive laws and regulations govern the industry in which we operate, and any failure to comply with such laws and regulations, including any changes to those laws and regulations may materially adversely affect us.*" for more information.

Furthermore, in the current climate, stories regarding prescription drug abuse and the diversion of opioids and other controlled substances are frequently in the media. Unfavorable publicity regarding the use or misuse of opioid drugs, the limitations of abuse-deterrent formulations, the ability of drug abusers to discover previously unknown ways to abuse our products, public inquiries and investigations into prescription drug abuse, litigation, or regulatory activity regarding turnover, marketing, distribution or storage of opioids could have a material adverse effect on our reputation, leading to parties being unwilling to engage with us from a business perspective, and could have a material impact on the results of litigation.

Finally, various government entities, including Congress, state legislatures or other policy-making bodies have in the past and may in the future hold hearings, conduct investigations and/or issue reports calling attention to the opioid crisis, and may mention or criticize the perceived role of manufacturers, including us, in the opioid crisis. Similarly, press organizations have and likely will continue to report on these issues, and such reporting may result in adverse publicity for us, resulting in reputational harm.

The healthcare industry has been under increasing scrutiny from governments, legislative bodies and enforcement agencies related to turnover, marketing and pricing practices, and changes to, or non-compliance with, relevant policies, laws, regulations or government guidance may result in actions that could adversely affect our business.

In the U.S., over the past several years, a significant number of pharmaceutical and biotechnology companies have been subject to inquiries and investigations by various federal and state regulatory, investigative, prosecutorial and administrative entities in connection with the promotion of products for unapproved uses and other turnover, marketing and pricing practices, including the U.S. Department of Justice ("DOJ"), the Office of the Inspector General ("OIG") within the Department of Health and Human Services ("HHS"), the FDA, the Federal Trade Commission ("FTC") and various state Attorneys General offices. These investigations have alleged violations of various federal and state laws and regulations, including alleged violations of antitrust laws, the U.S. Federal Food, Drug and Cosmetic Act ("FFDCA"), the False Claims Act ("FCA"), the Prescription Drug Marketing Act, anti-kickback laws, data and patient privacy laws, export and import laws, consumer protection laws and other alleged violations in connection with the promotion of products for unapproved uses, pricing and Medicare and/or Medicaid reimbursement. The DOJ and the SEC have also increased their focus on the enforcement of the Foreign Corrupt Practices Act of 1977 ("FCPA"), particularly as it relates to the conduct of pharmaceutical companies.

Many companies, including us, have faced government investigations or lawsuits by whistleblowers who bring a "qui tam" action under the FCA on behalf of themselves and the government for a variety of alleged improper promotional and marketing activities, including providing free product to customers expecting that the customers would bill the federal programs for the product; providing consulting fees, grants, free travel and other benefits to physicians to induce them to prescribe the Group’s products; providing assistance to patients with their insurance co-insurance obligations and providing donations to third-party charities that provide patients with such assistance; and inflating prices reported to private price publication services, which are used to set drug reimbursement rates under government healthcare programs. In addition, the government and private whistleblowers have pursued FCA cases against pharmaceutical companies for causing false claims to be submitted as a result of the promotion and marketing of their products for unapproved uses or violations of the federal Anti-Kickback Statute. We have in the past been, and may in the future become, the subject of an FCA or other government investigation or whistleblower

suit and we may incur substantial legal costs (including settlement costs) and business disruption responding to any such investigation or suit, regardless of the outcome.

We are subject to various legal proceedings and claims. If we are deemed to have failed to comply with any relevant laws, regulations or government guidance, we could be subject to additional criminal and/or civil sanctions, including significant fines, damages, civil monetary penalties and exclusion from participation in government healthcare programs, including Medicare and Medicaid, actions against executives overseeing our business, consent decrees and corporate integrity agreements pursuant to which our activities would be subject to ongoing scrutiny and monitoring to ensure compliance with applicable laws and regulations and/or burdensome remediation measures. Any such fines, awards, other sanctions or required remediation could have an adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

We have various contractual and court-ordered compliance obligations that, if violated could result in monetary, injunctive or other penalties.

We have various contractual and court-ordered compliance obligations, including pursuant to the corporate integrity agreement ("CIA") and the Operating Injunction. The CIA, which was entered into with the OIG-HHS in March 2022 in concert with the 2020 Plan, has a five-year term and requires, among other things, enhancements to our compliance program, fulfillment of self-reporting, monitoring and training obligations, management certifications and resolutions from the Mallinckrodt Board of Directors and the retention of an independent review organization to conduct annual reviews of certain Group systems and transactions related to Specialty Brands government pricing and patient assistance activities. Similarly, the Operating Injunction entered by the Bankruptcy Court in connection with the 2020 Plan placed obligations on us with respect to the operation of our opioid business.

In addition, on November 30, 2023, we reached an agreement with the SEC to resolve the SEC staff's previously disclosed investigation into certain of the Group's disclosures. As part of the agreement, we consented to the entry of an SEC order ("SEC Order") that, among other things, requires us to retain a compliance consultant to review the Group's disclosure controls and procedures relating to collection and assessment of information concerning potential risks, contingencies, trends, and uncertainties, and the implementation and sufficiency of the Group's internal accounting controls related to U.S. GAAP ASC 450. Under the terms of the SEC Order, we will implement recommendations of the compliance consultant.

Compliance with our contractual and court-ordered obligations requires the expenditure of significant resources and management time. Further, the failure to comply with any of our obligations may result in adverse action by the Bankruptcy Court, one or more state Attorneys General, the SEC, or other enforcement authorities; monetary, injunctive or other penalties; exclusion from participation in federal healthcare programs, including Medicare; increased legal fees and costs; negative publicity; and/or an increased risk of future lawsuits or other actions by third parties.

We face significant competition and may not be able to compete effectively.

The industries in which we operate are highly competitive. Competition takes many forms, such as price reductions on products that are comparable to our own, development of new products with different mechanisms that obviate the need for our treatments, acquisition or in-licensing of new products that may be more cost-effective than or have performance superior to our products, the introduction of generic versions when our proprietary products lose their patent protection or market exclusivity, and technologies that are similar to our devices but may operate either more effectively or less expensively. This competition may limit the effectiveness of any price increases we initiate. Following any price increase by us, competitors may elect to maintain a lower price point that may result in a decline in our turnover volume. Our failure to compete effectively could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

As to competition for our specific products:

- Acthar Gel—Given the approval by the FDA of a competitor's purified cortrophin gel product for the treatment of certain chronic autoimmune disorders (including acute exacerbations of multiple sclerosis and rheumatoid arthritis as well as excess urinary protein due to nephrotic syndrome), we anticipate that competition will likely continue to intensify, which could have an adverse effect on our financial condition, results of operations and cash flows.
- INOmax—We have seen increased competition following the launch of a competitive nitric oxide product before the expiration of the last of the listed patents on May 3, 2026 (November 3, 2026 including pediatric exclusivity), which has had an adverse effect on our ability to successfully maximize the value of INOmax, and if it continues, could have an adverse effect on our financial condition, results of operations and cash flows.

In addition, manufacturers of generic pharmaceuticals typically invest far less in R&D than research-based pharmaceutical companies, allowing generic versions to typically be significantly less expensive than the related branded products. The generic form of a drug may also enjoy a preferred position relative to the branded version under third-party reimbursement programs, or be routinely dispensed in substitution for the branded form by pharmacies. If competitors introduce new products, delivery systems or processes with therapeutic or cost advantages, our products can be subject to progressive price reductions, decreased turnover volume or both.

Our failure to compete effectively could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

We may experience pricing pressure on certain of our products due to competitor's product entries, legal changes or changes in insurers' reimbursement practices resulting from increased public scrutiny of healthcare and pharmaceutical costs, which could reduce our future revenue and profitability.

Public and governmental scrutiny of the cost of healthcare generally and pharmaceuticals in particular, especially in connection with price increases of certain products, could affect our ability to maintain or increase the prices of one or more of our products, which could negatively impact our future revenue and profitability. Certain press reports and other commentary have criticized the increases in the price of Acthar Gel over time, including related to the period prior to our acquisition of the product. Acthar Gel represented 22.8% of our turnover for fiscal 2023. In addition, U.S. federal prosecutors have issued subpoenas to certain pharmaceutical companies seeking information about their drug pricing practices, among other issues, and in October 2020, the U.S. House of Representatives Committee on Oversight and Reform held hearings relating to drug pricing at which our former CEO testified along with executives from other major pharmaceutical companies. On December 10, 2021, the committee issued its final majority report detailing findings from the investigation. We cannot predict whether any particular legislative or regulatory changes or changes in insurers' reimbursement practices may result from any such public scrutiny, what the nature of any such changes might be or what impact they may have on us. If legislative or regulatory action were taken or insurers changed their reimbursement practices in a manner that limits our ability to maintain or increase the prices of our products, our financial condition, results of operations and cash flows could be negatively affected.

Turnover of our products are affected by, and we may be negatively impacted by any changes to, the reimbursement practices of governmental health administration authorities, private health coverage insurers and other third-party payers. In addition, reimbursement criteria or policies and the use of tender systems outside the U.S. could reduce prices for our products or reduce our market opportunities.

Turnover of our products depend, in part, on the extent to which the costs of our products are reimbursed by governmental health administration authorities, private health coverage insurers and other third-party payers. The ability of patients to obtain appropriate reimbursement for products and services from these third-party payers affects the selection of products they purchase and the prices they are willing to pay. In the U.S., there have been, and we expect there will continue to be, a number of state and federal proposals that limit the amount that third-party payers may pay to reimburse the cost of drugs, including with respect to Acthar Gel. We believe the increasing emphasis on managed care in the U.S. has and will continue to put pressure on the usage and reimbursement of Acthar Gel. Our ability to commercialize our products depends, in part, on the extent to which reimbursement for the costs of these products is available from government healthcare programs, such as Medicaid and Medicare, private health insurers and others. We cannot be certain that, over time, third-party reimbursements for our products will be adequate for us to maintain price levels sufficient for realization of an appropriate return on our investment. Furthermore, demand for new products may be limited unless we obtain reimbursement approval from governmental and private third-party payers prior to introduction. Reimbursement criteria, which vary by country, are becoming increasingly stringent and require management expertise and significant attention to obtain and maintain qualification for reimbursement.

For any marketed drug products which are covered in the U.S. by the federal or state healthcare programs, such as the Medicare and Medicaid programs, we have various obligations, including government price reporting and rebate requirements, which generally require medicines be offered at substantial rebates and/or discounts to the government and certain private purchasers including "covered entities" purchasing under the 340B Drug Discount Program. Some of these programs require submission of pricing data and calculation of discounts and rebates pursuant to complex statutory formulas, as well as the entry into government procurement contracts governed by the Federal Acquisition Regulations, and the guidance governing such calculations is not always clear or precise. Compliance with such requirements can require significant investment in personnel, systems and resources, but failure to properly calculate our prices, or offer required discounts or rebates could subject us to substantial penalties. One component of the rebate and discount calculations under the Medicaid and 340B programs, respectively, is the "additional rebate," a complex calculation which is based, in part, on the extent that a branded drug's price increases over time more than the rate of inflation (based on the Consumer Price Index for All Urban Consumers). Because, effective January 1, 2024, the Medicaid rebate amount is no longer capped at 100% of a drug's "average manufacturer price,"

this "additional rebate" calculation can result in an increase in Medicaid rebate liability beyond such price. In addition, this "additional rebate" calculation can result in a 340B ceiling price of one penny when such price calculates to less than $0.01. With respect to Acthar Gel, the "additional rebate" scheme, as applied to the historical pricing of Acthar Gel both before and after we acquired the medicine, has resulted in a 340B ceiling price of one penny, which has negatively impacted and is expected to continue to negatively impact our turnover of Acthar Gel. See the risk factor captioned "*We have implemented changes to our Acthar Gel patient assistance program, which may receive additional review from governmental regulators and, if challenged, could have a material adverse effect on future turnover of Acthar Gel."* for more information.

In the European Union ("E.U."), each E.U. member state can restrict the range of medicinal products for which its national health insurance system provides reimbursement and can control the prices of medicinal products for human use marketed on its territory. In many countries in the E.U., procedures to obtain price approvals, coverage and reimbursement can take considerable time after the receipt of marketing authorization. Many European countries periodically review their reimbursement of medicinal products, which could have an adverse impact on reimbursement status. In addition, we expect that legislators, policymakers and healthcare insurance funds in the E.U. member states will continue to propose and implement cost-containing measures, such as lower maximum prices, lower or lack of reimbursement coverage and incentives to use cheaper, usually generic, products as an alternative to branded products, and/or branded products available through parallel import to keep healthcare costs down. Moreover, in order to obtain reimbursement for our products in some European countries, including some E.U. member states, we may be required to compile additional data comparing the cost-effectiveness of our products to other available therapies. Health Technology Assessment ("HTA"), of medicinal products is becoming an increasingly common part of the pricing and reimbursement procedures in some E.U. member states, including those representing the larger markets. The HTA process, which is currently governed by national laws in each E.U. member state, is the procedure to assess the therapeutic, economic and societal impact of a given medicinal product in the national healthcare systems of the individual country. The outcome of an HTA will often influence the pricing and reimbursement status granted to these medicinal products by the competent authorities of individual E.U. member state. The extent to which pricing and reimbursement decisions are influenced by the HTA of the specific medicinal product currently varies between E.U. member states. The E.U. HTA Regulation (EU) 2021/2282, which was adopted in December 2021 and entered into force in January 2022, aims to harmonize the clinical benefit assessment of HTA across the E.U. and will apply from January 12, 2025. It provides for common HTA tools, methodologies and procedures and complements Directive 2011/24/EU on the application of patients' rights in cross-border healthcare under which a voluntary network of national authorities or bodies responsible for HTA in the individual E.U. member states was established.

If we are unable to obtain, then maintain favorable pricing and reimbursement status in E.U. member states that represent significant markets, our anticipated revenue from and growth prospects for our products in the E.U. could be negatively affected. We may face delays by certain European regulatory authorities in their pricing and reimbursement reviews. If we experience setbacks or unforeseen difficulties in obtaining favorable pricing and reimbursement decisions, planned launches in the affected E.U. member states would be delayed, which could negatively impact anticipated revenue from and growth prospects for any product candidate.

With regard to private payers, reimbursement of highly-specialized products, such as Acthar Gel, is typically reviewed and approved or denied on a patient-by-patient, case-by-case basis, after careful review of details regarding a patient's health and treatment history that is provided to the insurance carriers through a prior authorization submission, and appeal submission, if applicable. During this case-by-case review, the reviewer may refer to coverage guidelines issued by that carrier. These coverage guidelines are subject to on-going review by insurance carriers. Because of the large number of insurance carriers, there are a large number of guideline updates issued each year.

In addition, a number of markets outside the U.S. in which we operate have implemented or may implement tender systems in an effort to lower prices. Under such tender systems, manufacturers submit bids which establish prices for products. The company that wins the tender receives preferential reimbursement for a period of time. Accordingly, the tender system often results in companies underbidding one another by proposing low pricing in order to win the tender. Certain other countries may consider implementation of a tender system. Even if a tender system is ultimately not implemented, the anticipation of such could result in price reductions. Failing to win tenders, or the implementation of similar systems in other markets leading to price declines, could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

We are unable to predict what additional legislation or regulation or changes in third-party coverage and reimbursement policies may be enacted or issued in the future or what effect such legislation, regulation and policy changes would have on our business.

Our reporting and payment obligations under the Medicare and Medicaid rebate programs, and other governmental purchasing and rebate programs, are complex. Any determination of failure to comply with these obligations or those relating to healthcare fraud and abuse laws could have a material adverse effect on our business.

The regulations regarding reporting and payment obligations with respect to Medicare and Medicaid reimbursement programs, and rebates and other governmental programs, are complex. Because our processes for these calculations and the judgments used in making these calculations involve subjective decisions and complex methodologies, these accruals may have a higher inherent risk for material changes in estimates. In addition, they are subject to review and challenge by the applicable governmental agencies and it is possible that such reviews could result in material adjustments to amounts previously paid. See the risk factor captioned "*Turnover of our products are affected by, and we may be negatively impacted by any changes to, the reimbursement practices of governmental health administration authorities, private health coverage insurers and other third-party payers. In addition, reimbursement criteria or policies and the use of tender systems outside the U.S. could reduce prices for our products or reduce our market opportunities."*

Pricing and rebate calculations vary among products and programs. The calculations are complex and are often subject to interpretation by us, governmental or regulatory agencies and the courts. The Medicaid rebate amount will be computed each quarter based on each manufacturer's submission to the Centers for Medicare & Medicaid Services ("CMS") of its current average manufacturer prices and, in the case of innovator products, best prices for the quarter. If a manufacturer becomes aware that its Medicaid reporting for a prior period was incorrect, or has changed as a result of recalculation of the pricing data, the manufacturer is obligated to resubmit the corrected data. Such restatements and recalculations could increase our costs for complying with the laws and regulations governing the Medicaid Drug Rebate Program. Any corrections to its rebate calculations could result in an overage or underage in a manufacturer's rebate liability for past quarters, depending on the nature of the correction. Price recalculations also may affect the ceiling price at which a manufacturer is required to offer its products to covered entities under the 340B program, and may require us to issue refunds to 340B covered entities, which can be costly and burdensome. It is unclear how these restatements will impact a manufacturer's liability with respect to the Part B and Part D inflation rebates, passed as part of the Inflation Reduction Act.

Each manufacturer that participates in the Medicaid Drug Rebate Program could be held liable for errors associated with affiliates' submission of or failure to submit pricing data. Civil monetary penalties can be applied if a manufacturer is found to have made a misrepresentation in the reporting of its average sales price for each misrepresentation and for each day in which the misrepresentation was applied, or if the manufacturer is found to have charged 340B covered entities more than the statutorily mandated ceiling price. In addition to retroactive rebates and the potential for 340B program refunds, if a manufacturer is found to have knowingly submitted false average manufacturer price or best price information to the government, or to have misrepresented that information, the manufacturer may be liable for significant civil monetary penalties per item of false information. A manufacturer's failure to submit monthly/quarterly average manufacturer price and best price data on a timely basis could result in a significant civil monetary penalty per day for each day the information is late beyond the due date. Such failures also could be grounds for CMS to terminate the manufacturer's Medicaid drug rebate agreement, pursuant to which it participates in the Medicaid program, or, if the manufacturer fails to comply with 340B program requirements, the Health Resources and Services Administration ("HRSA") could decide to terminate its 340B program participation agreement. In the event that CMS terminates a manufacturer's rebate agreement or HRSA terminates its 340B program participation agreement, no federal payments would be available under Medicaid or Medicare Part B for the manufacturer's covered outpatient drugs. Finally, manufacturers that fail to offer discounts under the Medicare Part D coverage gap discount program may be liable for additional civil monetary penalties.

CMS and the OIG have pursued manufacturers that were alleged to have failed to report these data to the government in a timely manner. Governmental agencies may also make changes in program interpretations, requirements or conditions of participation, some of which may have implications for amounts previously estimated or paid. Manufacturers cannot guarantee that a submissions will not be found by CMS to be incomplete or incorrect.

Further, the Inflation Reduction Act, as noted in the Healthcare Reform section, establishes Medicare Part B and Part D inflation rebate schemes (the first Part B inflation rebate period was the first quarter of 2023; the first Part D inflation rebate period was the fourth quarter of 2022 through the third quarter of 2023) and a drug price negotiation program (with the first negotiated prices to take effect in 2026). It also makes changes to the Medicare Part D benefit, including the creation of a new manufacturer discount program in place of the current coverage gap discount program (beginning in 2025). Manufacturers may be subject to civil monetary penalties for certain violations of the negotiation and inflation rebate provisions and an excise tax during a noncompliance period under the negotiation program. Drug manufacturers may be subject to civil monetary penalties with respect to their compliance with the new Part D manufacturer drug discount program. Manufacturers thus could be subject to additional liability with respect to these programs as well.

In order to be eligible to have our products paid for with federal funds under the Medicaid and Medicare Part B programs and purchased by the Big Four agencies and certain federal grantees, we are required to participate in the Federal Supply Schedule ("FSS") pricing program, established under Section 603 of the Veterans Health Care Act of 1992. Under this program,

we are obligated to make our "covered" drugs (*i.e.*, innovator drugs and biologics) available for procurement on an FSS contract and charge a price to the Big Four agencies that is no higher than the Federal Ceiling Price ("FCP"), which is a price calculated pursuant to a statutory formula. The FSS program also allows us (but does not require us) to list certain non-covered drugs on an FSS contract at negotiated pricing, not capped at the FCP. The FCP is derived from a calculated price point called the non-federal average manufacturer price ("non-FAMP"), which we are required to calculate and report to the Department of Veterans Affairs on a quarterly and annual basis. Pursuant to applicable law, knowing provision of false information in connection with a non-FAMP filing can subject a manufacturer to significant civil monetary penalties for each item of false information. The FSS contract also contains extensive disclosure and certification requirements. In addition, Section 703 of the National Defense Authorization Act for Fiscal Year 2008, requires us to pay quarterly rebates to Department of Defense on utilization of covered drugs that are dispensed through DoD's Tricare network pharmacies to Tricare beneficiaries. The rebates are calculated as the difference between the annual non-FAMP and FCP for the calendar year that the product was dispensed. If we overcharge the government in connection with the FSS contract or Tricare Retail Pharmacy Rebate Program, whether due to a misstated FCP or otherwise, we will be required to refund the difference to the government. Failure to make necessary disclosures and/or to identify contract overcharges can result in allegations against us under the FCA and other laws and regulations. Unexpected refunds to the government, and any response to government investigation or enforcement action, would be expensive and time-consuming, and could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Any governmental agencies that have commenced, or may commence, an investigation of us relating to the turnover, marketing, pricing, quality or manufacturing of pharmaceutical products could seek to impose, based on a claim of violation of fraud and false claims laws or otherwise, civil and/or criminal sanctions, including fines, penalties and possible exclusion from federal healthcare programs including Medicare and Medicaid. Some of the applicable laws may impose liability even in the absence of specific intent to defraud. Furthermore, should there be ambiguity with regard to how to properly calculate and report payments, and even in the absence of any such ambiguity, a governmental authority may take a position contrary to a position we have taken, and may impose civil and/or criminal sanctions. For example, in May 2019, CMS issued a final decision directing the Group to revert to the original base date average manufacturer price ("AMP") used to calculate Medicaid drug rebates for Acthar Gel despite having granted Questcor Pharmaceuticals, Inc. ("Questcor") written authorizations to reset the base date AMP in 2012. In addition, from time to time, state attorneys general have brought cases against us that allege generally that we and numerous other pharmaceutical companies reported false pricing information in connection with certain drugs that are reimbursable under Medicaid, resulting in overpayment by state Medicaid programs for those drugs, and generally seek monetary damages and attorneys' fees. Any such penalties or sanctions that we might become subject to in this or other actions could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

Cost-containment efforts of our customers, purchasing groups, third-party payers and governmental organizations could materially adversely affect our business.

In an effort to reduce cost, many existing and potential customers for our products within the U.S. are members of group purchasing organization ("GPO(s)") and integrated delivery networks ("IDNs"). GPOs and IDNs negotiate pricing arrangements with healthcare product manufacturers and distributors and offer the negotiated prices to affiliated hospitals and other members. GPOs and IDNs typically award contracts on a category-by-category basis through a competitive bidding process. Bids are generally solicited from multiple manufacturers with the intention of driving down pricing. Due to the highly competitive nature of the GPO and IDN contracting processes, there is no assurance that we will be able to obtain or maintain contracts with major GPOs and IDNs across our product portfolio. Furthermore, the increasing leverage of organized buying groups may reduce market prices for our products, thereby reducing our profitability. While having a contract with a GPO or IDN for a given product can facilitate turnover to members of that GPO or IDN, having a contract is no assurance that turnover volume of those products will be maintained. GPOs and IDNs increasingly are awarding contracts to multiple suppliers for the same product category. Even when we are the sole contracted supplier of a GPO or IDN for a certain product, members of the GPO or IDN generally are free to purchase from other suppliers. Furthermore, GPO and IDN contracts typically are terminable without cause upon 60 to 90 days prior notice. Accordingly, our turnover and results of operations may be negatively affected by the loss of a contract with a GPO or IDN. In addition, although we have contracts with many major GPOs and IDNs, the members of such groups may choose to purchase from our competitors, which could result in a decline in our turnover. Distributors of our products are also forming strategic alliances and negotiating terms of sale more aggressively in an effort to increase their profitability. Failure to negotiate distribution arrangements having advantageous pricing and other terms of sale could cause us to lose market share to our competitors or result in lower pricing on volume we retain, both of which could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. Outside the U.S., we have experienced pricing pressure due to the concentration of purchasing power in centralized governmental healthcare authorities and increased efforts by such authorities to lower healthcare costs. We frequently are required to engage in competitive bidding for the turnover of our products to governmental purchasing agents. Our failure to

maintain volume and pricing with historical or anticipated levels could materially adversely affect our business, financial condition, results of operations and cash flows.

Extensive laws and regulations govern the industry in which we operate and any failure to comply with such laws and regulations, including any changes to those laws and regulations may materially adversely affect us.

The testing, development, manufacture, quality control, safety, effectiveness, approval, labeling, storage, record-keeping, reporting, import, export, marketing, turnover, promotion, and distribution of our products are subject to comprehensive government regulations that govern and influence the development, testing, manufacturing, processing, packaging, holding, record keeping, safety, efficacy, approval, advertising, promotion, turnover, distribution and import/export of our products.

Under these laws and regulations, we are subject to periodic inspection of our facilities, procedures and operations and/or the testing of our products by the FDA, the DEA and similar authorities within and outside the U.S., which conduct periodic inspections to confirm that we are in compliance with all applicable requirements. We are also required to monitor, track and (periodically) report adverse events and product quality problems associated with our products to the FDA and other regulatory authorities including the competent authorities of the E.U. member states on behalf of the European Medical Agency ("EMA") and the competent authorities of other European countries. Failure to comply with the requirements of FDA or other regulatory authorities, including a failed inspection or a failure in our adverse event reporting system, or any other unexpected or serious health or safety concerns associated with our products, including our opioid pain products and Acthar Gel, could result in adverse inspection reports, warning letters, product recalls or seizures, product liability claims, labeling changes, monetary sanctions, injunctions to halt the manufacture and distribution of products, civil or criminal sanctions, refusal of a government to grant approvals or licenses, restrictions on operations or withdrawal of existing approvals and licenses. For instance, in the E.U. the EMA's Pharmacovigilance Risk Assessment Committee may propose to the Committee for Medicinal Products for Human Use that the authorization holder be required to take specific steps or advise that the existing marketing authorization be varied, suspended or revoked. Any of these actions could cause a loss of customer confidence in our products, which could adversely affect our turnover, or otherwise have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. In addition, the requirements of regulatory authorities, including interpretative guidance, are subject to change and compliance with additional or changing requirements or interpretative guidance may subject us to further review, result in product delays or otherwise increase our costs, and thus have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

Furthermore, the FDA and various foreign regulatory authorities approve drugs and medical devices for the treatment of specific indications, and products may only be promoted or marketed for the indications for which they have been approved. For example, applicable laws in the E.U. require that promotional materials and advertising in relation to medicinal products comply with the product’s Summary of Product Characteristics ("SmPC") as approved by the competent authorities in connection with a marketing authorization approval. The SmPC is the document that provides information to physicians concerning the safe and effective use of the product. Promotional activity that does not comply with the SmPC is considered off-label and is prohibited in the E.U. However, in the U.S. the FDA does not attempt to regulate physicians' use of approved products, and physicians are free to prescribe most approved products for purposes outside the indication for which they have been approved. This practice is sometimes referred to as "off-label" use. While physicians are free to prescribe approved products for unapproved uses, it is unlawful for drug and device manufacturers to market or promote a product for an unapproved use. The laws and regulations relating to the promotion of products for unapproved uses are complex and subject to substantial interpretation by the FDA and other governmental agencies. Promotion of a product for unapproved use is prohibited; however, certain activities that we and others in the pharmaceutical industry engage in are permitted by the FDA. We have compliance programs in place, including policies, training and various forms of monitoring, designed to address these risks. Nonetheless, these programs and policies may not always protect us from conduct by individual employees that violate these laws. If the FDA or any other governmental agency initiates an enforcement action against us and it is determined that we violated prohibitions relating to the promotion of products for unapproved uses in connection with past or future activities, we could be subject to substantial civil or criminal fines or damage awards and other sanctions such as consent decrees and corporate integrity agreements pursuant to which our activities would be subject to ongoing scrutiny and monitoring to ensure compliance with applicable laws and regulations. Any such fines, awards or other sanctions could have an adverse effect on our business, financial condition, results of operations and cash flows.

Our approved products and investigational products, if successfully developed and approved, may cause undesirable side effects that limit their commercial profile; delay or prevent further development or regulatory approval; cause regulatory authorities to require labeling statements, such as boxed warnings or a REMS; or result in other negative consequences.

We may observe undesirable side effects or other potential safety issues in nonclinical studies, in clinical trials at any stage of development of our product candidates, as part of an expanded access program or in commercial use or post-approval studies

of any approved product. Clinical trials by their nature utilize a sample of the potential patient population. With a limited number of patients and limited duration of exposure, certain side effects of our product candidates, if successfully developed and approved, may only be uncovered with a larger number of patients exposed to the product. Those side effects could be serious or life-threatening. If we or others identify undesirable side effects caused by our products:

- regulatory authorities may withdraw or limit their approval of such products;
- the FDA or regulatory authorities outside the U.S. may impose a clinical hold or partial clinical hold prior to the initiation of development or during development of our product candidates which could cause us or our collaborators to have to stop, delay or restrict further development; or we or our collaborators may, even without a clinical hold, decide to interrupt, delay or halt existing non-clinical studies and clinical trials or stop development;
- we may have difficulty enrolling patients in our clinical trials and completing such trials on the timelines we expect or at all, or we may have to conduct additional non-clinical studies or clinical trials as part of a development program;
- we may not be able ultimately to demonstrate, to the satisfaction of the FDA or other regulatory authorities, that our product candidates are safe and that the benefits outweigh the safety risks, and the FDA or applicable foreign regulatory authorities may not approve the product candidate;
- regulatory authorities may require the addition of labeling statements, such as a boxed warning or additions to an existing boxed warning, or a contraindication, including as a result of inclusion in a class of drugs for a particular disease, or may require a Risk Evaluation and Mitigation Strategies ("REMS"), or modifications to an existing REMS;
- we may be required to change the way such products are distributed or administered, conduct post-approval studies or change the labeling of the products;
- we may be subject to regulatory investigations and government enforcement actions;
- we may decide to remove such products from the marketplace;
- we could be sued and held liable for injury caused to individuals exposed to or taking our products or product candidates; and
- our reputation may suffer.

We believe that any of these events could prevent us from achieving or maintaining market acceptance of the affected products, could substantially increase the risks and costs of developing our product candidates or commercializing our products, and could significantly adversely impact our ability to successfully develop, gain regulatory approval for, and commercialize our current product candidates or future products and generate revenues.

We may be unable to successfully develop, commercialize or launch new products or expand commercial opportunities for existing products or adapt to a changing technology and, as a result, our business may suffer.

Our future results of operations will depend, to a significant extent, upon our ability to successfully develop, commercialize and launch new products or expand commercial opportunities for existing products in a timely manner. There are numerous difficulties in developing, commercializing and launching new products or expanding commercial opportunities for existing products, including:

- developing, testing and manufacturing products in compliance with regulatory and quality standards in a timely manner;
- our ability to successfully engage with the FDA or other regulatory authorities as part of the development and approval process and to receive requisite regulatory approvals for such products in a timely manner, or at all;
- agreement on acceptable terms with prospective clinical research organizations ("CROs") and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among CROs and trial sites;
- the availability, on commercially reasonable terms, of raw materials, including API and other key ingredients for our products;
- delay or failure in obtaining an institutional review board ("IRB") approval or the approval of other reviewing entities, including comparable foreign regulatory authorities, to conduct a clinical trial at each site;
- withdrawal of clinical trial sites from our clinical trials as a result of changing standards of care or the ineligibility of a site to participate in our clinical trials;
- delay or failure in recruiting and enrolling suitable trial patients to participate in a trial;

- clinical sites and investigators deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial;
- inability to identify and maintain a sufficient number of trial sites, many of which may already be engaged in other clinical trial programs, including some that may be for competing product candidates with the same indication;
- failure of our third-party clinical trial sites to satisfy their contractual duties or meet expected deadlines;
- ambiguous or negative interim results or results that are inconsistent with earlier results;
- feedback from the FDA or a comparable regulatory authority outside the United States, IRBs, or data safety monitoring boards, or results from earlier stage or concurrent preclinical studies and clinical trials, that might require modification to the protocol for the trial;
- decision by the FDA or a comparable regulatory authority outside the United States, an IRB or us, or a recommendation by a data safety monitoring board to suspend or terminate clinical trials at any time for safety issues or for any other reason;
- unacceptable risk-benefit profile, unforeseen safety issues or adverse side effects or adverse reactions associated with a product candidate;
- failure of a product candidate to demonstrate any or enough of a benefit;
- difficulties in manufacturing or obtaining from third parties sufficient quantities of a product candidate for use in clinical trials or commercial use that meet internal and regulatory standards
- lack of adequate funding to continue the clinical trial, including the incurrence of unforeseen costs due to enrollment delays, requirements to conduct additional clinical trials or increased expenses associated with the services of our CROs and other third parties;
- developing, commercializing and launching a new product is time-consuming, costly and subject to numerous factors, including legal actions brought by our competitors, that may delay or prevent the development, commercialization and/or launch of new products;
- multiple product launches in a short period of time may be challenging, particularly for an organization that has not launched a new product in many years, and may result in strained resources that could lead to launch delays and cost;
- other unanticipated costs;
- payment of prescription drug user fees to the FDA to defray the costs of review and approval of marketing applications for branded and generic drugs;
- experiencing delays as a result of limited resources at the FDA or other regulatory authorities;
- changing review and approval policies and standards at the FDA or other regulatory authorities;
- changing standards of care;
- potential delays in the commercialization of generic products by up to 30 months resulting from the listing of patents with the FDA;
- effective execution of the product launches in a manner that is consistent with expected timelines and anticipated costs;
- identifying appropriate partners for distribution of our products, including any future over-the-counter commercialization opportunities, and negotiating contractual arrangements in a timely manner with commercially reasonable terms; and
- changes in governmental regulations or administrative actions.

As a result of these and other difficulties, products currently in development by us may or may not receive timely regulatory approvals, or approvals at all. This risk is heightened with respect to the development of proprietary branded products due to the uncertainties, higher costs and length of time associated with R&D of such products and the inherent unproven market acceptance of such products. Moreover, the FDA regulates the facilities, processes and procedures used to manufacture and market pharmaceutical products in the U.S. Manufacturing facilities must be registered with the FDA and all products made in such facilities must be manufactured in accordance with current good manufacturing practice ("cGMP") regulations enforced by the FDA. Compliance with cGMP regulations requires the dedication of substantial resources and requires significant expenditures. Prior to approval of any product, the FDA inspects both our facilities and procedures to ensure compliance with regulatory standards, and those inspections are also conducted periodically once a product is approved. The FDA may also cause a suspension or withdrawal of product approvals if regulatory standards are not maintained. In the

event an approved manufacturing facility for a particular drug is required by the FDA to curtail or cease operations, or otherwise becomes inoperable, obtaining the required FDA authorization to manufacture at the same or a different manufacturing site could result in production delays, which could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. If we or the manufacturing facilities for our products fail to comply with applicable regulatory requirements, a regulatory authority may, among other things:

- issue warning letters or untitled letters;
- mandate modifications to promotional materials or require us to provide corrective information to healthcare practitioners;
- require us to enter into a consent decree, which can include imposition of various fines, reimbursements for inspection costs, required due dates for specific actions and penalties for noncompliance;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- suspend or withdraw regulatory approval;
- suspend any ongoing clinical trials;
- refuse to approve pending applications or supplements to applications filed by us;
- suspend or impose restrictions on operations, including costly new manufacturing requirements; or
- seize or detain products, refuse to permit the import or export of products, or require us to initiate a product recall.

The occurrence of any event or penalty described above may inhibit or preclude our ability to commercialize our products and generate revenue.

Advertising and promotion of our products is heavily scrutinized by, among others, the FDA, the DOJ, the OIG within the HHS, state attorneys general, members of Congress and the public. Failure to comply with applicable FDA requirements and restrictions in this area may subject a company to adverse publicity and enforcement action, including enforcement letters, inquiries and investigations, and civil and criminal sanctions by the FDA or other government agencies.

Furthermore, the market perception and reputation of our products are important to our business and the continued acceptance of our products. Any negative press reports or other commentary about our products, whether accurate or not, could have a material adverse effect on our business, reputation, financial condition, results of operation or cash flows or could cause the market value of our common shares and/or debt securities to decline.

With respect to generic products for which we are the first developer to have its application accepted for filing by the FDA, and which filing includes a certification that the applicable patent(s) are invalid, unenforceable and/or not infringed (known as a "Paragraph IV certification"), our ability to obtain and realize the full benefits of 180-days of market exclusivity is dependent upon a number of factors, including, being the first to file, the status of any litigation that might be brought against us as a result of our filing or our not meeting regulatory, manufacturing or quality requirements or standards. If any of our products are not approved timely, or if we are unable to obtain and realize the full benefits of the respective market exclusivity period for our products, or if our products cannot be successfully manufactured or commercialized timely, our results of operations could be materially adversely affected. In addition, we cannot guarantee that any investment we make in developing products will be recouped, even if we are successful in commercializing those products. Finally, once developed and approved, new products may fail to achieve commercial acceptance due to the price of the product, third-party reimbursement of the product and the effectiveness of turnover, marketing and distribution efforts to support the product.

We may not be successful in our efforts to identify or discover additional products or product candidates beyond our existing products and product candidates at the rate we expect, or we may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

The long-term success of our business depends upon our ability to successfully develop, gain approval of and commercialize our products and on our ability to identify compounds for development and commercialization in the future and to successfully complete the non-clinical work necessary to file investigational new drug applications to pursue clinical development of such new compounds. Our programs may fail to identify or generate new compounds that meet our standards for development and commercialization, and, even if we are successful in generating or identifying such compounds, we may not be able to produce the data necessary to support a regulatory approval.

Because we have limited financial and management resources, we focus on a limited number of commercial and R&D programs. As a result, we may forego or delay pursuit of opportunities with other products or product candidates that later

prove to have greater commercial potential. We may focus our efforts and resources on potential programs or product candidates that ultimately prove to be unsuccessful and may not yield any commercially viable products. Our resource allocation decisions may cause us to fail to capitalize on other viable opportunities. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights through future collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain such sole development and commercialization rights. If any of these events occur, it may have a material adverse effect on our business.

We may not achieve the anticipated benefits of price increases enacted on our pharmaceutical products, which may adversely affect our business.

From time to time, we may initiate price increases on certain of our pharmaceutical products. There is no guarantee that our customers will be receptive to these price increases and continue to purchase the products at historical quantities. In addition, it is unclear how market participants will react to price increases, particularly in light of the scrutiny being paid to drug pricing in the U.S. If customers do not maintain or increase existing turnover volumes, we may be unable to replace lost turnover with orders from other customers, and it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

Our customer concentration may materially adversely affect our business.

We sell a significant amount of our products to a limited number of independent wholesale drug distributors, large pharmacy chains and specialty pharmaceutical distributors. In turn, these wholesale drug distributors, large pharmacy chains and specialty pharmaceutical distributors supply products to pharmacies, hospitals, governmental agencies and physicians. Turnover to one of our distributors that supplies our products to many end user customers, FFF Enterprises, Inc. for the period of April 2, 2022 through December 29, 2023 and McKesson Corporation for the period from November 15, 2023 through December 29, 2023 and previously AmerisourceBergen Corporation for the period from December 31, 2022 through November 14, 2023 and CuraScript, Inc. from January 1, 2022 through April 1, 2022 accounted for 10.0% or more of our total turnover. If we were to lose the business of this distributor, or if this distributor failed to fulfill its obligations, experienced difficulty in paying us on a timely basis, or negotiated lower pricing terms, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

Our product concentration may materially adversely affect our business.

We sell a wide variety of products including specialty branded and specialty generic pharmaceuticals, as well as API. However, a small number of relatively significant products, most notably Acthar Gel, INOmax and Therakos, represent a significant percentage of our turnover. Our ability to maintain and increase turnover from these products depends on several factors, including:

- our ability to increase market demand for products through our own marketing and support of our sales force;
- our ability to implement and maintain pricing and continue to maintain or increase market demand for these products;
- our ability to achieve hospital and other third-party payer formulary acceptance, and maintain reimbursement levels by third-party payers;
- our ability to maintain confidentiality of the proprietary know-how and trade secrets relating to Acthar Gel;
- our ability to continue to procure raw materials or finished goods, as applicable, for Acthar Gel, INOmax and Therakos from internal and third-party manufacturers in sufficient quantities and at acceptable quality and pricing levels in order to meet commercial demand;
- our ability to maintain fees and discounts payable to the wholesalers and distributors and GPOs, at commercially reasonable levels;
- whether the DOJ or other third parties seek to challenge and are successful in challenging patents or patent-related settlement agreements or our turnover and marketing practices;
- warnings or limitations that may be required to be added to FDA-approved labeling; and
- the occurrence of adverse side effects related to or emergence of new information related to the therapeutic efficacy of these products, and any resulting product liability claims or product recalls.

Moreover, turnover of Acthar Gel may also be materially impacted by the decrease in the relatively small number of prescriptions written for Acthar Gel as compared to other products in our portfolio, given Acthar Gel's use in treating rare diseases. Any disruption in our ability to generate turnover from Acthar Gel could have an adverse impact on our business, financial condition, results of operations and cash flows.

We may be unable to protect our intellectual property rights, intellectual property rights may be limited or we may be subject to claims that we infringe on the intellectual property rights of others.

We rely on a combination of patents, trademarks, trade secrets, proprietary know-how, market exclusivity gained from the regulatory approval process and other intellectual property to support our business strategy. However, our efforts to protect our intellectual property rights may not be sufficient. If we do not obtain sufficient protection for our intellectual property, or if we are unable to effectively enforce our intellectual property rights, or if there is a change in the way courts and regulators interpret the laws, rules and regulations applicable to our intellectual property, our competitiveness could be impacted, which could adversely affect our competitive position, business, financial condition, results of operations and cash flows.

Our pending patent applications may not result in the issuance of patents, or the patents issued to or licensed by us in the past or in the future may be challenged or circumvented by competitors. Existing patents may be found to be invalid or insufficiently broad to preclude our competitors from using methods or making or selling products similar or identical to those covered by our patents and patent applications. Regulatory agencies may refuse to grant us the market exclusivity that we were anticipating, or may unexpectedly grant market exclusivity rights to other parties. In addition, our ability to obtain and enforce intellectual property rights is limited by the unique laws of each country. In some countries, it may be particularly difficult to adequately obtain or enforce intellectual property rights, which could make it easier for competitors to capture market share in such countries by utilizing technologies and product features that are similar or identical to those developed or licensed by us. Competitors also may harm our turnover by designing products that mirror the capabilities of our products or technology without infringing our patents, including by coupling separate technologies to replicate what our products accomplish through a single system. Competitors may diminish the value of our trade secrets by reverse engineering or by independent invention. Additionally, current or former employees may improperly disclose such trade secrets to competitors or other third parties. We may not become aware of any such improper disclosure, and, in the event we do become aware, we may not have an adequate remedy available to us.

We operate in an industry characterized by extensive patent litigation, and we may from time to time be a party to such litigation. For example, in October 2023, we received two notifications from the Japan Patent Office that indicate that a company has filed two invalidation proceedings against two patent term extension ("PTE") registrations relating to one or more patent(s) we were previously granted that cover Amitiza and its use in Japan. While we believe that our PTE registrations are valid, and we intend to vigorously defend the PTE registrations, if we are unsuccessful, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

The pursuit of or defense against patent infringement is costly and time-consuming and we may not know the outcomes of such litigation for protracted periods of time. We may be unsuccessful in our efforts to enforce our patent or other intellectual property rights. In addition, patent litigation can result in significant damage awards, including the possibility of treble damages and injunctions. Additionally, we could be forced to stop manufacturing and selling certain products, or we may need to enter into license agreements that require us to make significant royalty or up-front payments in order to continue selling the affected products. Given the nature of our industry, we are likely to face additional claims of patent infringement in the future. A successful claim of patent or other intellectual property infringement against us could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

Specifically, we believe that the following risks could impact our existing product portfolio:

- Acthar Gel – The composition patent for Acthar Gel has expired and we have no patent-based market exclusivity with respect to any indication or condition we might target. We rely on trade secrets and proprietary know-how to protect the commercial viability and value of Acthar Gel. We currently obtain such protection, in part, through confidentiality and proprietary information agreements. These agreements may not provide meaningful protection or adequate remedies for proprietary technology in the event of unauthorized use or disclosure of confidential and proprietary information. The parties may not comply with or may breach these agreements. Furthermore, our trade secrets may otherwise become known to, or be independently developed by, competitors.
- INOmax – Certain patents related to the use of therapeutic nitric oxide for treating or preventing bronchoconstriction or reversible pulmonary vasoconstriction expired in 2013. Prior to their expiration, we depended, in part, upon these patents to provide us with exclusive marketing rights for our product for some period of time. Since then, we have obtained additional patents, which expire at various dates through 2036, including patents on methods of identifying patients at risk of serious adverse events when nitric oxide is administered to patients with particular heart conditions.

Such methods have been approved by the FDA for inclusion in the Warnings and Precautions sections of the INOmax label. Other patents are on inhaled nitric oxide gas delivery systems as well as methods of using such systems, and on use of nitric oxide gas sensors. The Paragraph IV patent litigation trial against Praxair Distribution, Inc. and Praxair, Inc. to prevent the marketing of its potential infringing nitric oxide drug product delivery system prior to the expiration of the patents covering INOmax was held in March 2017 and a decision was rendered in September 2017 that ruled five patents invalid and six patents not infringed. We appealed the decision all the way up to the U.S. Supreme Court but were unsuccessful in those efforts. As a result, a broader-scale launch of competitive nitric oxide products has taken place in the market which has adversely impacted our business and may continue to adversely affect our ability to successfully maximize the value of INOmax and could have an adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

- Therakos – Our Therakos products provide extracorporeal photopheresis ("ECP"), which is an autologous immune cell therapy that is indicated in the U.S. for skin manifestations of cutaneous T-cell lymphoma (CTCL) and is available for several additional indications in markets outside the U.S. In the ECP process, blood is drawn from the patient, separating white blood cells from plasma and red blood cells (which are immediately returned to the patient). The separated white blood cells are treated with a UVA light activated drug, UVADEX® (methoxsalen) Sterile Solution ("UVADEX"), followed by Ultraviolet-A radiation in the photopheresis instrument, prior to being returned to the patient. Patents related to the methoxsalen composition have expired. Therakos historically manufactured two photopheresis systems, the CELLEX® Photopheresis System ("CELLEX"), which is the only FDA-approved closed ECP system, and the UVAR XTS® Photopheresis System. Patents related to the CELLEX system, disposable kit and overall photopheresis method expired in 2023. We continue to pursue additional patentable enhancements to the Therakos ECP system. Recently granted patents relating to improvements to the CELLEX system, processing of blood, disposable kit and overall photopheresis method may offer additional patent protection through approximately 2037.

Clinical trials demonstrating the efficacy of Acthar Gel are limited, which could cause physicians not to prescribe Acthar Gel, or payers not to reimburse the drug, which could negatively impact our business.

Our turnover of Acthar Gel, which comprise a significant portion of our overall product portfolio, could be negatively impacted by the level of clinical data available on the product. Acthar Gel was originally approved by the FDA in 1952, prior to the enactment of the 1962 Kefauver Harris Amendment, or the "Drug Efficacy Amendment," to the FFDCA. This amendment introduced the requirement that drug manufacturers provide proof of the effectiveness (in addition to the previously required proof of safety) of their drugs in order to obtain FDA approval. As such, the FDA's original approval in 1952 was based on safety data as clinical trials evaluating efficacy were not then required. In the 1970s, the FDA reviewed the safety and efficacy of Acthar Gel during its approval of Acthar Gel for the treatment of acute exacerbations in multiple sclerosis and evaluated all other previous indications on the label through the Drug Efficacy Study Implementation ("DESI") process. In this process, the medical and scientific merits of the label and each indication on the label were evaluated based on publications, information from sponsors, and the judgment of the FDA. The label obtained after the DESI review and the addition of the multiple sclerosis indication is the Acthar Gel label that was used until the changes in 2010.

In 2010, in connection with its review of a supplemental NDA for use of Acthar Gel in treatment of infantile spasms ("IS"), the FDA again reviewed evidence of safety and efficacy of Acthar Gel, and added the IS indication to the label of approved indications while maintaining approval of Acthar Gel for treatment of acute exacerbations in multiple sclerosis ("MS") and 17 other indications. In conjunction with its decision to retain these 19 indications on a modernized Acthar Gel label, the FDA eliminated approximately 30 other indications from the label. The FDA review included a medical and scientific review of Acthar Gel and each indication and an evaluation of available clinical and non-clinical literature as of the date of the review. The FDA did not require additional clinical trials for Acthar Gel.

Accordingly, evidence of efficacy is largely based on physician's clinical experience with Acthar Gel and does not include clinical trials except for the MS and IS indications. We conducted several Phase 4 clinical trials to supplement the non-clinical evidence supporting the use of Acthar Gel. The completion of future clinical trials to provide further evidence on the efficacy of Acthar Gel in the treatment of its approved indications could take several years to complete and will require the expenditure of significant time and financial and management resources. Such clinical trials may not result in data that supports the use of Acthar Gel to treat any of its approved indications. In addition, a clinical trial to evaluate the use of Acthar Gel to treat indications not on the current Acthar Gel label may not provide a basis to pursue adding such indications to the current Acthar Gel label. Furthermore, even if prescribed by a physician, third-party payers may implement restrictions on reimbursement of Acthar Gel due, in part, to the limited clinical data of efficacy, which may negatively impact our business, financial condition, results of operations and cash flows.

Clinical studies required for our product candidates and new indications of our marketed products are expensive and time-consuming, and their outcome is highly uncertain. If any such studies are delayed or yield unfavorable results, regulatory approval for our product candidates or new indications of our marketed products may be delayed or become unobtainable.

We must conduct extensive testing of our product candidates and new indications of our marketed products before we can obtain regulatory approval to market and sell them. For example, INOmax is approved for turnover in the U.S. only for the treatment of hypoxic respiratory failure associated with pulmonary hypertension in term and near-term infants, and the Therakos systems are approved for turnover in the U.S. only for the palliative treatment of the skin manifestations of CTCL in persons who have not been responsive to other forms of treatment. In order to market these products in the U.S. for any other indications, we will need to conduct appropriate clinical trials, obtain positive results from those trials, and obtain regulatory approval for such proposed indications. Conducting such studies is a lengthy, time-consuming, and expensive process and obtaining regulatory approval is uncertain. Even well conducted studies of effective drugs will sometimes appear to be negative in either safety or efficacy results, or otherwise may not achieve approval. The regulatory review and approval process to obtain marketing approval for a new indication can take many years, often requires multiple clinical trials and requires the expenditure of substantial resources. This process can vary substantially based on the type, complexity, novelty and indication of the product candidate involved. Success in early clinical trials does not ensure that later clinical trials will be successful, and interim results of a clinical trial do not necessarily predict final results.

These tests and trials may not achieve favorable results for many reasons, including, among others, failure of the product candidate to demonstrate safety or efficacy, the development of serious or life-threatening adverse events (or side effects) caused by or connected with exposure to the product candidate (or prior or concurrent exposure to other products or product candidates), difficulty in enrolling and maintaining subjects in a clinical trial (which, for example, contributed to our discontinuance of StrataGraft), lack of sufficient supplies of the product candidate or comparator drug, lack of sufficient funding to support a trial through its conclusion (which, for example, contributed to our discontinuance of StrataGraft), and the failure of clinical investigators, trial monitors, contractors, consultants, or trial subjects to comply with the trial plan, protocol, or applicable regulations related to GLPs or GCPs. A clinical trial may fail because it did not include and retain a sufficient number of patients to detect the endpoint being measured or reach statistical significance. A clinical trial may also fail because the dose(s) of the investigational drug included in the trial were either too low or too high to determine the optimal effect of the investigational drug in the disease setting. The FDA and other regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that any data submitted is insufficient for approval and require additional studies or clinical trials or varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent regulatory approval of product candidate or a new indication for a product candidate.

We will need to reevaluate any drug candidate that does not test favorably and either conduct new studies, which are expensive and time consuming, or abandon that drug development program. The failure of clinical trials to demonstrate the safety and effectiveness of our clinical candidates for the desired indication(s) would preclude the successful development of those candidates for such indication(s), which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may incur litigation liability, including product liability losses.

We are or may become involved in various legal proceedings and government inquiries and investigations, including with respect to, but not limited to, patent infringement, product liability, personal injury, antitrust matters, securities class action lawsuits, disclosure matters, breach of contract, Medicare and Medicaid reimbursement claims, opioid related matters, promotional practices, compliance with laws relating to the manufacture and turnover of controlled substances, and matters relating to the 2020 Bankruptcy Proceedings and the 2023 Bankruptcy Proceedings (including appeals of orders issued in the 2020 Bankruptcy Proceedings and the 2023 Bankruptcy Proceedings). Such proceedings, inquiries and investigations may involve claims for, or the possibility of, fines and penalties involving substantial amounts of money or other relief, including but not limited to civil or criminal fines and penalties, changes in business practices and exclusion from participation in various government healthcare-related programs. Some of our existing legal proceedings, inquiries and investigations and related matters are described in Note 25 of the Notes to Consolidated Financial Statements. If existing or future legal proceedings, inquiries or investigations were to result in an adverse outcome, the impact could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. Even if one or more of these matters do not result in a direct adverse outcome, they could lead to distraction of management, the incurrence of additional costs and damage to our reputation, among other potential results that could have a material adverse effect on our business.

With respect to product liability and clinical trial risks, in the ordinary course of business we are subject to liability claims and lawsuits, including potential class actions, alleging that our marketed products or products in development have caused, or could cause, serious adverse events or other injury. Side effects or adverse events known or reported to be associated with, or manufacturing defects in, the products sold by us could exacerbate a patient's condition, or could result in serious injury or

impairment or even death. This could result in product liability claims against us and/or recalls of one or more of our products. In many countries, including in E.U. member states, national laws provide for strict (no-fault) liability that applies even where damages are caused both by a defect in a product and by the act or omission of a third party. Any such claim brought against us, with or without merit, could be costly to defend and could result in an increase in our insurance premiums. We retain liability for $10.0 million per claim and purchase an additional $100.0 million using a combination of primary/umbrella/excess liability policies with respect to any such claims. We believe this coverage level is adequate to address our current risk exposure related to product liability claims and lawsuits. However, some claims, such as those brought against us related to our turnover of opioids, might not be covered by our insurance policies. Moreover, where the claim is covered by our insurance, if our insurance coverage is inadequate, we would have to pay the amount of any settlement or judgment that is in excess of our policy limits. We may not be able to obtain insurance on terms acceptable to us or at all since insurance varies in cost and can be difficult to obtain. Our failure to maintain adequate insurance coverage or successfully defend against product liability claims could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our operations expose us to the risk of violations of applicable health, safety and environmental laws and regulations and related liabilities and litigation.

We are subject to numerous federal, state, local and non-U.S. environmental protection and health and safety laws and regulations governing, among other things:

- the generation, storage, use and transportation of hazardous materials;
- emissions or discharges of substances into the environment;
- investigation and remediation of hazardous substances or materials at various sites;
- chemical constituents in products and end-of-life disposal, mandatory recycling and take-back programs; and
- the health and safety of our employees.

We may not have been, or we may not at all times be, in full compliance with environmental and health and safety laws and regulations. In the event a regulatory authority concludes that we are not in full compliance with these laws, we could be fined, criminally charged or otherwise sanctioned. Environmental laws are becoming more stringent, including outside the U.S., resulting in increased costs and compliance burdens.

Certain environmental laws assess liability on current or previous owners of real property and current or previous owners or operators of facilities for the costs of investigation, removal or remediation of hazardous substances or materials at such properties or at properties at which parties have disposed of hazardous substances. Liability for investigative, removal and remediation costs under certain federal and state laws is retroactive, strict (i.e., can be imposed regardless of fault) and joint and several. In addition to cleanup actions brought by governmental authorities, private parties could bring personal injury or other claims due to the presence of, or exposure to, hazardous substances. We have received notification from the EPA and similar state environmental agencies that conditions at a number of sites where the disposal of hazardous substances has taken place requires investigation, cleanup and other possible remedial action. These agencies may require that we reimburse the government for its costs incurred at these sites or otherwise pay for the costs of investigation and cleanup of these sites, including by providing compensation for natural resource damage claims arising from such sites.

In the ordinary course of our business planning process, we take into account our known environmental matters as we plan for our future capital requirements and operating expenditures. The ultimate cost of site cleanup and timing of future cash outflows is difficult to predict, given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations, and alternative cleanup methods.

We concluded that, as of December 29, 2023, it was probable that we would incur remediation costs in the range of $17.7 million to $47.9 million. We also concluded that, as of December 29, 2023, the best estimate within this range was $36.1 million. For further information on our environmental obligations, refer to Note 25 of the Notes to Consolidated Financial Statements. Based upon information known to date, we believe our current capital and operating plans are adequate to address costs associated with the investigation, cleanup and potential remedial action for our known environmental matters.

While we have planned for future capital and operating expenditures to comply with environmental laws, our costs of complying with current or future environmental protection and health and safety laws and regulations, or our liabilities arising from past or future releases of, or exposures to, hazardous substances may exceed our estimates or could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. We may also be subject to additional environmental claims for personal injury or cost recovery actions for remediation of facilities in the future based on our past, present or future business activities.

If our business development activities or other strategic transactions are unsuccessful, it may adversely affect us.

We expect that from time to time we will evaluate potential business development opportunities to potentially grow the business through merger, acquisition, licensing agreements or other strategic transactions. We are also actively considering the divestiture of various assets across our portfolio. The process to evaluate potential business development and divestiture opportunities may be complex, time-consuming and expensive. Once a potential opportunity is identified, we may not be able to conclude negotiations of a potential transaction on terms that are satisfactory to us, which could result in a significant diversion of management and other employee time, as well as substantial out-of-pocket costs. In addition, there are a number of risks and uncertainties relating to our ability to close a potential transaction.

Once an acquisition or licensing transaction is consummated, there are further potential risks related to integration activities, including with regard to operations, personnel, technologies and products. If we are not able to successfully integrate our acquisitions in the expected time frame, we may not obtain the advantages and synergies that such acquisitions were intended to create, which may have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

In addition, we intend to continue to explore opportunities to enter into strategic collaborations with other parties, which may include other pharmaceutical companies, academic and research institutions, government agencies and other public and private research organizations. These third-party collaborators are often directly responsible for certain obligations under these types of arrangements, and we may not have the same level of decision-making capabilities for the prioritization and management of development-related activities as we would for our internal research and development activities. Failures by these partners to meet their contractual, regulatory, or other obligations to us, or any disruption in the relationships with these partners, could have a material adverse effect on our pipeline and business. In addition, these collaborative relationships for research and development could extend for many years and may give rise to disputes regarding the relative rights, obligations and revenues of us versus our partners, including the ownership of intellectual property and associated rights and obligations. These could result in the loss of intellectual property rights or other intellectual property protections, delay the development and turnover of potential products, and lead to lengthy and expensive litigation or arbitration.

Furthermore, the due diligence that we conduct in conjunction with an acquisition or other strategic collaboration may not sufficiently discover risks and contingent liabilities associated with the other party and, consequently, we may consummate an acquisition or otherwise enter into a strategic collaboration for which the risks and contingent liabilities are greater than were projected. In addition, in connection with acquisitions or other strategic collaborations, we could experience disruption in our business, technology and information systems, and our customers, licensors, suppliers and employees and may face difficulties in managing the expanded operations of a larger and more complex company. There is also a risk that key employees of companies that we acquire or key employees necessary to successfully commercialize technologies and products that we acquire or otherwise collaborate on may seek employment elsewhere, including with our competitors. Furthermore, there may be overlap between our products or customers and the companies which we acquire or enter into strategic collaborations with that may create conflicts in relationships or other commitments detrimental to the integrated businesses or impacted products. Additionally, the time between our expenditures to acquire new products, technologies or businesses and the subsequent generation of revenues from those acquired products, technologies or businesses, or the timing of revenue recognition related to licensing agreements and/or strategic collaborations, could cause fluctuations in our financial performance from period to period. Finally, if we are unable to successfully integrate products, technologies, businesses or personnel that we acquire, we could incur significant impairment charges or other adverse financial consequences. Many of these factors are outside of our control and any one of them could result in increased costs, decreases in the amount of expected turnover and diversion of management's time and energy, which could materially impact our business, financial condition, results of operations and cash flows.

Divestitures or proposed divestitures may involve the loss of revenue, and the market for the associated assets may dictate that we sell such assets for less than what we paid. In connection with divestitures, we could also reduce the benefit of shared costs across our enterprise, as well as risk the departure of key employees. Divestitures could also lead to disruption in our business, technology and information systems, and the possibility of divestitures could impact the relationships we have with our customers, licensors, suppliers and employees. In addition, in connection with any asset sales or divestitures, we may be required to provide certain representations, warranties and covenants to buyers. While we would seek to ensure the accuracy of such representations and warranties and fulfillment of any ongoing obligations, we may not be completely successful and consequently may be subject to claims by a purchaser of such assets.

If we are unable to attract and retain key scientific, technical, regulatory and commercial personnel, we may be unable to maintain or expand our business.

Because of the specialized scientific nature of our business, our ability to develop products and to compete with our current and future competitors will remain highly dependent, in large part, upon our ability to attract and retain qualified scientific,

technical, regulatory and commercial personnel. The loss of key scientific, technical, regulatory and commercial personnel, or the failure to recruit additional key scientific, technical, regulatory and commercial personnel, could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. There is intense competition for qualified personnel in our industry, and we may not be able to continue to attract and retain the qualified personnel necessary for the development or operation of our business.

Our business depends on the continued effectiveness and availability of our information technology infrastructure, and failures of this infrastructure could harm our operations.

Significant disruptions to our information technology systems or breaches of information security could adversely affect our business. To remain competitive in our industry, we must employ information technologies to support manufacturing processes, quality processes, distribution, financial reporting, as well as R&D and regulatory applications that capture, manage and analyze the large streams of data generated in our clinical trials, and it is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information. We also rely extensively on technology to allow concurrent work sharing around the world. As with all information technology, our systems are vulnerable to potential damage or interruptions from fires, blackouts, telecommunications failures and other unexpected events, as well as physical and electronic break-ins, sabotage, piracy or intentional acts of vandalism. Given the extensive reliance of our business on technology, any substantial disruption or resulting loss of data that is not avoided or corrected by our backup measures could harm our business, financial condition, results of operations and cash flows.

We also have outsourced significant elements of our operations to third parties, some of which are outside the U.S., including significant elements of our information technology infrastructure, and as a result we are managing many independent vendor relationships with third parties who may or could have access to our confidential information. The size and complexity of our information technology systems, and those of our third-party vendors with whom we contract, make such systems potentially vulnerable to service interruptions. The size and complexity of our and our vendors' systems and the large amounts of confidential information that is present on them also makes them potentially vulnerable to security breaches from inadvertent or intentional actions by our employees, partners or vendors, or from attacks by malicious third parties. We and our vendors could be susceptible to third-party attacks on our information security systems, which attacks are of ever-increasing levels of sophistication and are made by groups and individuals with a wide range of motives and expertise, including criminal groups, "hackers" and others.

Maintaining the secrecy of all of our confidential, proprietary, and/or trade secret information is important to our competitive business position. However, such information can be difficult to protect. While we have taken steps to protect such information and invested heavily in information technology, there can be no assurance that our efforts will prevent service interruptions or security breaches in our systems or the unauthorized or inadvertent wrongful use or disclosure of confidential information, including those caused by our own employees or others to whom we have granted access to our systems, that could adversely affect our business operations or result in the loss, dissemination, or misuse of critical or sensitive information. A breach of our security measures or the accidental loss, inadvertent disclosure, unapproved dissemination, misappropriation or misuse of trade secrets, proprietary information, or other confidential information, whether as a result of theft, hacking, human error, sabotage, industrial espionage, fraud, trickery or other forms of deception, or for any other cause, could enable others to produce competing products, use our proprietary technology or information, and/or adversely affect our business position. Further, any such interruption, security breach, loss or disclosure of confidential information, could result in financial, legal, business, and reputational harm to us and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Some of our products are regulated as controlled substances, the making, use, turnover, importation, exportation, and distribution of which are subject to significant regulation by the DEA and other regulatory agencies.

Some of our products are considered controlled substances under the federal Controlled Substances Act of 1970 ("CSA"). The manufacturing, shipping, distribution, import, export, packaging, storing, prescribing, dispensing, selling and use of controlled substances are subject to additional regulations, including under the CSA and DEA regulations. These regulations increase the personnel needs and the expense associated with commercialization of products. Because of their restrictive nature, these laws and regulations could also limit commercialization of our controlled substance products. Failure to comply with these laws and regulations could also result in loss of DEA registrations, disruption in manufacturing and distribution activities, consent decrees, criminal and civil penalties and state actions, among other consequences.

Various states also independently regulate controlled substances. Though state-controlled substances laws often mirror federal law, because states are separate jurisdictions, they may separately schedule drugs as well. While some states automatically schedule a drug when the DEA does so, in other states there must be a rulemaking or a legislative action. Many

states require separate state registrations in order to be able to obtain, manufacture, handle, distribute and dispense controlled substances for clinical trials or commercial turnover, and failure to meet applicable regulatory requirements could lead to enforcement and sanctions from the states in addition to those from the DEA or otherwise arising under federal law.

The DEA regulates the availability of controlled substances, including API, drug products under development and finished dose products. At times, the procurement and manufacturing quotas granted by the DEA may be insufficient to meet our needs.

The DEA is the U.S. federal agency responsible for domestic enforcement of the CSA. The CSA classifies drugs and other substances based on identified potential for abuse. Schedule I controlled substances, such as heroin and LSD, have a high abuse potential and have no currently accepted medical use; thus, they cannot be lawfully marketed or sold. Schedule II controlled substances include molecules such as oxycodone, oxymorphone, morphine and hydrocodone. The manufacture, storage, distribution and turnover of these controlled substances are permitted, but highly regulated. The DEA regulates the availability of API, products under development and marketed drug products that are in the Schedule II category by setting annual quotas. Every year, we must apply to the DEA for manufacturing quota to manufacture API and, starting in 2024 every quarter, we must apply to the DEA for procurement quota to manufacture finished dose products. Given that the DEA has discretion to grant or deny our manufacturing and procurement quota requests, the quota the DEA grants may be insufficient to meet our needs. In 2023, manufacturing and procurement quotas granted by the DEA were sufficient to meet our turnover and stocks requirements on most products. Over the past several years and into 2024, the DEA has steadily reduced the amount of opioid medication that may be manufactured in the U.S. as a response to the opioid crisis. These quota reductions have included oxycodone, hydrocodone, oxymorphone and hydromorphone. The DEA could take similar actions in the future. Future delay or refusal by the DEA to grant, in whole or in part, our quota requests could delay or result in stopping the manufacture of our current drug products, new product launches or the conduct of bioequivalence studies and clinical trials. Such delay or refusal also could require us to allocate drug products among our customers. These factors, along with any delay or refusal by the DEA to provide customers who purchase API from us with sufficient quota, could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. In addition, the DEA conducts periodic inspections of registered establishments that handle controlled substances and has stringent regulations on those establishments to prevent loss and diversion. Failure to maintain compliance with these regulations, particularly as manifested in loss or diversion, can result in regulatory action that could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. The DEA may seek civil penalties, refuse to renew necessary registrations or initiate proceedings to revoke those registrations. In certain circumstances, violations could lead to criminal proceedings.

The manufacture of our products is highly exacting and complex, and our business could suffer if we, or our suppliers, encounter manufacturing or supply problems.

The manufacture of our products is highly exacting and complex, due in part to strict regulatory and manufacturing requirements, as well as due to the biologic nature of some of our products, which are inherently more difficult to manufacture than chemical-based products. Problems may arise during manufacturing for a variety of reasons including equipment malfunction, failure to follow specific protocols and procedures, defective raw materials and environmental factors. If a batch of finished product fails to meet quality standards during a production run, then that entire batch of product may have to be discarded. These problems could lead to launch delays, product shortages, backorders, increased costs (including contractual damages for failure to meet supply requirements), lost revenue, damage to our reputation and customer relationships, time and expense spent investigating, correcting and preventing the root causes and, depending on the root causes, similar losses with respect to other products. If manufacturing problems are not discovered before the product is released to the market, we also could incur product recall and product liability costs. If we incur a product recall or product liability costs involving one of our products, such product could receive reduced market acceptance and thus reduced product demand and could harm our reputation and our ability to market our products in the future. Significant manufacturing problems could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

We rely on third-party manufacturers to manufacture certain components of our products and certain of our finished products. In the event that these third-party manufacturers cease to manufacture sufficient quantities of our products or components in a timely manner and on terms acceptable to us, we could be forced to locate alternate third-party manufacturers. Additionally, if our third-party manufacturers determine to no longer partner with us, experience a failure in their production process, are unable to obtain sufficient quantities of the components necessary to manufacture our products or otherwise fail to meet regulatory or quality requirements, we may be forced to delay the manufacture and turnover of our products or locate an alternative third-party manufacturer. Any failure by our third-party manufacturers to comply with cGMP or failure to scale up manufacturing processes for our investigational product candidates, including any failure to deliver sufficient quantities of our investigational product candidates in a timely manner, could lead to a delay in, or failure to obtain, regulatory approval of our

investigational products. In addition, such failure, or failures by our third-party manufacturers to comply with cGMP in manufacturing our approved products, could be the basis for the FDA or other regulatory authorities to issue a warning letter, withdraw approvals, or take other regulatory or legal action, including recall or seizure of outside supplies of our products, total or partial suspension of production, suspension of ongoing clinical trials, refusal to approve pending applications or supplemental applications, detention of product, refusal to permit the import or export of products, injunction, or imposing civil and criminal penalties. Several of our products are manufactured at a single manufacturing facility or stored at a single storage site. Loss or damage to a manufacturing facility or storage site due to a natural disaster or otherwise could adversely affect our ability to manufacture sufficient quantities of key products or otherwise deliver products to meet customer demand or contractual requirements which may result in a loss of revenue and other adverse business consequences. Furthermore, while we work closely with our suppliers to ensure the continuity of supply and to diversify our sources of components and materials, in certain instances we do acquire components and materials from a sole supplier. Although we do carry strategic stocks and maintain insurance to mitigate the potential risk related to any related supply disruption, there can be no assurance that such measures will be effective. Because of the time required to obtain regulatory approval and licensing of a manufacturing facility, an alternate third-party manufacturer may not be available on a timely basis to replace production capacity in the event we lose manufacturing capacity, experience supply challenges, or products are otherwise not available due to natural disaster, regulatory action or otherwise.

Significant manufacturing problems could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

Our global operations expose us to risks and challenges associated with conducting business internationally.

We operate globally with offices or activities in Europe, Africa, Asia, South America, Australia and North America. We face several risks inherent in conducting business internationally, including compliance with international and U.S. laws and regulations that apply to our international operations. These laws and regulations include data privacy requirements, labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, export requirements, U.S. anti-bribery laws such as the FCPA and similar local laws, regulations, industry self-regulation codes of conduct and physicians' codes of professional conduct, which also prohibit corrupt payments to governmental officials or certain payments or remunerations to customers. Given the high level of complexity of these laws, there is a risk that some provisions may be violated, inadvertently or through fraudulent or negligent behavior of individual employees, or through our failure to comply with certain formal documentation requirements or otherwise. Violations of these laws and regulations could result in fines or criminal sanctions against us, our officers or our employees, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our international expansion efforts and our ability to attract and retain employees.

In addition to the foregoing, engaging in international business inherently involves a number of other difficulties and risks, including:

- potentially longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain non-U.S. legal systems;
- potential inability to sell products into certain countries given the delay of foreign governments in responding to changes in our U.S. business licensing;
- political and economic instability;
- the unpredictability of U.S. trade policy, including Section 301 tariffs and U.S. trade relations with other countries, that may increase raw material cost or impact our ability to obtain the raw materials we need to manufacture our products and impact our ability to sell our products outside of the U.S.;
- potentially adverse tax consequences, tariffs, customs charges, bureaucratic requirements and trade barriers;
- difficulties and costs of staffing and managing our non-U.S. operations;
- exposure to global economic conditions;
- exposure to potentially unfavorable movements in foreign currency exchange rates associated with international turnover and operating expense and intercompany debt financings; and
- potential negative impact of public health epidemics on employees, our supply chain and the global economy.

These or other factors or any combination of them may have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

We have significant levels of intangible assets which utilize our future projections of cash flows in impairment testing. Should we experience unfavorable variances from these projections these assets may have an increased risk of future impairment.

Our intangible assets were $608.4 million as of December 29, 2023. At least annually, we review the carrying value of our non-amortizing intangible assets, and for amortizing intangible assets when indicators of impairment are present. Conditions that could indicate impairment and necessitate an evaluation of intangible assets include, but are not limited to, a significant adverse change in the business climate or the legal or regulatory environment.

In performing our impairment tests, we utilize our future projections of cash flows. Projections of future cash flows are inherently subjective and reflect assumptions that may or may not ultimately be realized. Significant assumptions utilized in our projections include, but are not limited to, our evaluation of the market opportunity for our products, the current and future competitive landscape and resulting impacts to product pricing, future legislative and regulatory actions or the lack thereof, planned strategic initiatives, the ability to achieve cost synergies from acquisitions, the realization of benefits associated with our existing and anticipated patents and regulatory approvals. Given the inherent subjectivity and uncertainty in projections, we could experience significant unfavorable variances in future periods or revise our projections downward. This would result in an increased risk that our intangible assets may be impaired. If an impairment were recognized, this could have a material impact to our financial condition and results of operations.

We are subject to labor and employment laws and regulations, which could increase our costs and restrict our operations in the future.

As of December 29, 2023, we employed approximately 2,800 employees worldwide. Some of our employees are represented by labor organizations and national works councils. Our management believes that our employee relations are satisfactory. However, further organizing activities or collective bargaining may increase our employment-related costs and we may be subject to work stoppages and other labor disruptions. Moreover, if we are subject to employment-related claims, such as individual and class actions relating to alleged employment discrimination, wage-hour and labor standards issues, and such actions are successful in whole or in part, this may affect our ability to compete or have a material adverse effect on our business, financial condition, results of operations and cash flows.

We face risks related to our collection and use of data, which could result in investigations, inquiries, litigation, fines, legislative and regulatory action.

We are subject to laws and regulations governing the privacy and security of health related and other personal data we collect and maintain, including the E.U. General Data Protection Regulation, Section 5 of the FTC Act, Health Insurance Portability and Accountability Act of 1996, the California Consumer Privacy Act as amended by the California Privacy Rights Act, and other state comprehensive privacy laws. Any failure by us or any of our third-party service providers to follow such laws could result in significant liability or reputational harm under such state, federal and international privacy, data protection and other laws. The landscape of federal and state laws regulating personal data is constantly evolving, and compliance with these laws requires a flexible privacy framework and substantial resources, and compliance efforts will likely be an increasing and substantial cost in the future.

We have implemented changes to our Acthar Gel patient assistance program, which may receive additional review from governmental regulators and, if challenged, could have a material adverse effect on future turnover of Acthar Gel.

We currently offer a patient assistance program ("PAP") that provides free Acthar Gel vials to certain eligible patients. Beginning January 1, 2024, we implemented changes to expand our program to eligible Medicaid beneficiaries who have been prescribed Acthar Gel for an on-label indication and meet all other PAP eligibility criteria. Our decision to expand PAP eligibility was made in response to changes in the Medicaid Drug Rebate Program's ("MDRP") unit rebate amount calculation that becomes effective in 2024 and is designed to ensure that Medicaid patients retain timely and affordable access to Acthar Gel. We provided CMS and OIG with advance notice of these changes. While we believe these changes comply with existing statutory and regulatory requirements and related guidance, including based on consultation with external advisors, it is possible that CMS, OIG or other governmental agencies could take issue with such changes. If we are unable to either expand our PAP as currently planned or find an alternative solution, we will incur additional expenses under the 2024 changes to the MDRP unit rebate amount calculation, which could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

Risks Related to Our Indebtedness and Settlement Obligation

Our substantial indebtedness and settlement obligation could adversely affect our financial condition and prevent us from fulfilling our obligations and could further adversely affect our ability to make ongoing payments in respect of the 2023 Plan.

We have substantial indebtedness and settlement obligation. As of December 29, 2023, total debt principal was $1,647.8 million, of which $6.5 million was classified as current. In addition, we have $236.1 million of remaining obligations in respect of the Acthar Gel-Related Litigation Settlement. Our substantial indebtedness could adversely affect our ability to fulfill our financial obligations (including our ability to service our indebtedness and our obligations in respect of the Acthar Gel-Related Litigation Settlement) and have a negative impact on our financing options and liquidity positions.

Our degree of debt leverage and our significant settlement obligation have significant consequences, including the following:

- making it more difficult for us to satisfy our obligations with respect to our debt and our ongoing obligations in respect of the Acthar Gel-Related Litigation Settlement;
- limiting our ability to refinance our going-forward debt obligations, or to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other corporate requirements;
- requiring us to sell assets or restructure or refinance our indebtedness and Acthar Gel-Related Litigation Settlement obligation;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, research and development, acquisitions and other general corporate purposes;
- limiting our ability to refinance our indebtedness, certain of which is subject to a significant make-whole payment requirement for prepayments during the two years following the 2023 Effective Date, or make prepayments of our ongoing obligations in respect of the Acthar Gel-Related Litigation Settlement on terms acceptable to us or at all;
- placing us at a competitive disadvantage to other less leveraged competitors;
- making us more vulnerable to economic downturns and limiting our ability to withstand competitive pressures;
- limiting our flexibility in planning for and reacting to changes, opportunities, and challenges in our business, including changes in the industry in which we compete, changes in our business and strategic opportunities, and adverse developments in our operations; and
- increasing our costs of borrowing.

If we cannot make scheduled payments on our debt or the Acthar Gel-Related Litigation Settlement obligation, we will be in default and, as a result, lenders under any of our then-outstanding indebtedness could declare essentially all outstanding principal and interest to be due and payable, our secured lenders could foreclose against the assets securing such borrowings, beneficiaries of our then-outstanding Acthar Gel-Related Litigation Settlement obligation could declare such obligations to be due and payable, and we could be forced to return to bankruptcy or into liquidation.

We may not be able to generate sufficient cash to service all of our indebtedness and settlement obligation and we may be forced to take other actions to satisfy our obligations under our indebtedness and settlement obligation, which may not be successful.

Our ability to make scheduled payments on or to refinance our going-forward debt obligations and Acthar Gel-Related Litigation Settlement obligation depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to fund our day-to-day operations or to pay the principal, premium, if any, and interest on our indebtedness and satisfy our Acthar Gel-Related Litigation Settlement obligation.

If our cash flows and capital resources are insufficient to fund our debt service obligations and other cash requirements (including our Acthar Gel-Related Litigation Settlement obligation), we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to sell assets or operations, seek additional capital or restructure or refinance our indebtedness and Acthar Gel-Related Litigation Settlement obligation. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, such alternative

actions may not allow us to meet our scheduled debt service obligations and Acthar Gel-Related Litigation Settlement obligation. The agreements governing our existing indebtedness restrict (a) our ability to dispose of assets and use the proceeds from any such dispositions (other than for repayment of indebtedness, which repayment, for two years following the 2023 Effective Date, is subject to a significant make-whole premium) and (b) our ability to raise debt capital to be used to repay our indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations or Acthar Gel-Related Litigation Settlement obligation then due.

Our inability to generate sufficient cash flows to satisfy our debt obligations and Acthar Gel-Related Litigation Settlement obligation, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations.

If we cannot make scheduled payments on our debt or the Acthar Gel-Related Litigation Settlement obligation, we will be in default and, as a result, lenders under any of our then-outstanding indebtedness could declare essentially all outstanding principal and interest to be due and payable, our secured lenders could foreclose against the assets securing such borrowings, beneficiaries of our then-outstanding Acthar Gel-Related Litigation Settlement obligation could declare such obligations to be due and payable, and we could be forced to return to bankruptcy or into liquidation.

The terms of the agreements that govern our indebtedness and settlement obligation restrict our current and future operations, particularly our ability to respond to changes or to pursue our business strategies.

The agreements that govern the terms of our existing indebtedness and settlement obligation contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including limitations or restrictions on our ability to:

- incur, assume or guarantee additional indebtedness;
- declare or pay dividends, make other distributions with respect to equity interests, or purchase or otherwise acquire or retire equity interests;
- make any principal payment on, or redeem or repurchase, subordinated, junior secured or unsecured debt and, with respect to certain of our indebtedness and the Acthar Gel-Related Litigation Settlement obligation;
- make loans, advances or other investments;
- sell or otherwise dispose of assets, including capital stock of subsidiaries;
- use the proceeds from dispositions of assets, including capital stock of subsidiaries;
- incur liens;
- enter into transactions with affiliates;
- enter into sale and lease-back transactions;
- permit the occurrence of certain change of control transactions;
- consolidate or merge with or into or sell all or substantially all of our assets to, another person or entity; and
- draw the full amount otherwise available of our receivables-based financing lending facility.

A breach of the covenants under the agreements that govern the terms of any of our indebtedness or settlement obligation could result in an event of default under the applicable indebtedness or settlement obligation. Such default may allow the creditors to accelerate the related debt or settlement obligation and may result in the acceleration of any other debt or settlement obligation to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the credit agreement that governs our receivables-based financing facility would permit the lenders under such facility to terminate all commitments to extend further credit thereunder. Furthermore, if we are unable to repay the amounts due and payable under our secured indebtedness, those creditors will be able to proceed against the collateral granted to them to secure that secured indebtedness. Additionally, if a change in control transaction were to occur, such a transaction may accelerate the maturity dates on our indebtedness. If the holders of our debt or settlement obligation accelerate the repayment of our borrowings or the payment of our settlement obligation for the above reasons, or any other, we may not have sufficient assets to repay such indebtedness or settlement obligation.

As a result of these restrictions, coupled with operating limitations imposed by the 2023 Plan and related arrangements, we may be:

- limited in how we conduct our business;

- unable to raise additional debt or equity financing to operate during general economic or business downturns;
- unable to respond to changing circumstances or to pursue our business strategies; or
- unable to compete effectively, execute our growth strategy or take advantage of new business opportunities.

These restrictions may affect our ability to operate in accordance with our plans, otherwise achieve our operational and financial objectives in a timely manner or at all, and have an adverse effect on our business, financial condition, results of operations and cash flows.

Our debt levels and settlement obligation and challenges in the commercial and credit environment may materially adversely affect our ability to issue debt on acceptable terms and our future access to capital.

Our ability to issue debt or enter into other financing arrangements on acceptable terms could be materially adversely affected by our debt levels and settlement obligation or if there is a material decline in the demand for our products or in the solvency of our customers or suppliers or other significantly unfavorable changes in economic conditions occur. In addition, volatility in the world financial markets could increase borrowing costs or affect our ability to access the capital markets, which could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

Borrowing capacity under our receivables-based financing facility may decrease, may not be extended upon maturity, or the maturity date may be accelerated.

The borrowing capacity under our receivables-based financing facility is dependent upon the level of accounts receivable securing the borrowing capacity as well as certain financial covenants. The amount of accounts receivable may decrease due to various factors such as normal business variations, business contractions, or asset divestitures, any of which may result in a decrease of the associated borrowing capacity. Failure to comply with the financial covenants may decrease our ability to borrow up to the full borrowing capacity. Further, the issuance of additional debt having a maturity date that precedes the facility's current maturity date may result in the acceleration of the existing maturity date, or, separately, we may be unable to extend the date of existing maturity date to have continued access to such borrowing capacity beyond the current maturity date. These could have a material adverse effect on our competitive position, business, financial condition, results of operations, and cash flows.

Our variable-rate indebtedness exposes us to interest rate risk, which could cause our debt service obligations to increase significantly.

Certain of our secured indebtedness, including borrowings under our senior secured term loans and our receivables-based financing facility, is subject to variable rates of interest and exposes us to interest rate risk. If interest rates increase, our debt service obligations on the variable-rate indebtedness would increase and our net loss would increase, even though the amount borrowed under the facilities remained the same. As of December 29, 2023, we had variable-rate debt consisting of $869.2 million outstanding principal amount on our senior secured term loans. An unfavorable movement in interest rates, primarily Secured Overnight Financing Rate ("SOFR"), could result in higher interest expense and cash payments for us. Although we have entered into an interest rate cap agreement, which serves to reduce the volatility on future interest expense cash outflows, we cannot provide assurance that such arrangement or any other similar arrangement that we may enter into will successfully mitigate such interest rate volatility.

Despite current and anticipated indebtedness levels, we may still be able to incur more debt. This could further exacerbate the risks described above.

We may be able to incur substantial additional indebtedness in the future. Although agreements governing our existing indebtedness and settlement obligation restrict the incurrence of additional indebtedness, these restrictions are and will be subject to a number of qualifications and exceptions and the additional indebtedness incurred in compliance with these restrictions could be substantial. If new debt is added to our current debt levels, the related risks that we now face could intensify.

We may need additional financing in the future to meet our capital needs or to make acquisitions, and such financing may not be available on favorable or acceptable terms, and may be dilutive to existing shareholders. The use of proceeds from future financings will be subject to the restrictions from our existing indebtedness.

We may need to seek additional financing for general corporate purposes. For example, we may need to increase our investment in R&D activities or need funds to make acquisitions. We may be unable to obtain any desired additional financing on terms that are favorable or acceptable to us, or at all. Depending on market conditions and subject to the restrictions from our existing indebtedness, adequate funds may not be available to us on acceptable terms and we may be unable to fund our expansion, successfully develop or enhance products, or respond to competitive pressures, any of which could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. If we raise additional funds through the issuance of equity securities, our shareholders will experience dilution of their ownership interest. In addition, even if we are able to raise such additional funds, the use of proceeds therefrom will be subject to the limitations imposed by our existing indebtedness.

Risks Related to Tax Matters

The United States could treat Mallinckrodt plc (parent corporation) as a U.S. taxpayer under Internal Revenue Code Section 7874.

Following the emergence from the 2023 Bankruptcy Proceedings, Mallinckrodt plc continues to be an Irish tax resident. The Internal Revenue Service ("IRS") may, however, assert that Mallinckrodt plc should be treated as a U.S. corporation for U.S. federal income tax purposes pursuant to Internal Revenue Code ("IRC") Section 7874. For U.S. federal income tax purposes, a corporation is generally considered to be tax resident in the jurisdiction of its organization or incorporation. Because Mallinckrodt plc is an Irish incorporated entity, it would generally be classified as a foreign corporation under these rules. IRC Section 7874 provides an exception to this general rule under which a foreign corporation may, in certain circumstances, be treated as a U.S. corporation for U.S. federal income tax purposes if the following requirements are met: (i) the foreign corporation completes the direct or indirect acquisition of substantially all of the assets held directly or indirectly by a U.S. corporation (including the indirect acquisition of assets of the U.S. corporation by acquiring the outstanding shares of the U.S. corporation), (ii) the former shareholders of the acquired U.S. corporation hold at least 80% (or 60% in certain circumstances) of the shares of the foreign acquiring corporation, and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of organization or incorporation compared to the expanded affiliated group's worldwide activities. Although it is not free from doubt, we believe that after implementation of the 2023 Plan, Mallinckrodt plc should not be treated as acquiring directly or indirectly substantially all of the properties of a U.S. corporation and, as a result, Mallinckrodt plc is not expected to be treated as a U.S. corporation or otherwise subject to the adverse tax consequences of IRC Section 7874. The law and the Treasury Regulations promulgated under IRC Section 7874 are, however, unclear and there can be no assurance that the IRS will agree with this conclusion. If it is determined that IRC Section 7874 is applicable, Mallinckrodt plc would be treated as a U.S. corporation for U.S. federal income tax purposes which could result in additional adverse tax consequences. In addition, although Mallinckrodt plc would be treated as a U.S. corporation for U.S. federal income tax purposes, it would also be considered an Irish tax resident for Irish tax and other non-U.S. tax purposes.

The IRS may interpret IRC Section 382 limitation and cancellation of debt income attribution rules differently.

In general, IRC Section 382, provides an annual limitation with respect to the ability of a corporation to utilize its tax attributes, as well as certain built-in-losses ("BILs"), against future taxable income in the event of a change in ownership. Emergence from the 2020 Bankruptcy Proceedings and the 2023 Bankruptcy Proceedings resulted in a change in ownership for purposes of IRC Section 382. Any discharge of our external or internal debt obligations as a result of the bankruptcy proceedings for an amount less than the adjusted issue price may give rise to cancellation of debt income, which must either be included in our taxable income or result in a reduction to our tax attributes. U.S. tax attributes subject to reduction include: (i) net operating loss ("NOL(s)") and NOL carryforwards; (ii) credit carryforwards (iii) capital losses and capital loss carryforwards; and (iv) the tax basis of our depreciable, amortizable and other assets. The amount of our post-ownership change annual U.S. taxable income that can be offset by the pre-ownership change U.S. NOLs and BILs generally cannot exceed an amount equal to the product of (a) the applicable federal long-term tax exempt rate in effect on the date of the ownership change and (b) the value of our U.S. affiliate stock immediately prior to implementation of each respective plan of reorganization ("Annual Limitation") (a separate Annual Limitation must be computed for both the 2020 Plan and the 2023 Plan). The Annual Limitation may also be increased or decreased during the first five years post-ownership change for certain realized built-in-gains or realized BILs, respectively. Our interpretation of the impact of the IRC's limitations on the utilization

of tax attributes after the ownership change caused by the emergence from bankruptcy may differ from the IRS's interpretation. Any additional limitations on our ability to prospectively use these tax attributes may have an adverse effect on our prospective cash flow.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

Under IRC Sections 382 and 383, if a corporation undergoes an "ownership change", generally defined as a greater than 50 percent change, determined by value in its equity ownership by certain stockholders over a rolling three-year period, the corporation's ability to use its pre-ownership change NOLs and other pre-ownership change tax attributes to offset its post-ownership change taxable income or tax liability may be limited. We may experience ownership changes in the future due to shifts in our stock ownership, some of which is outside of our control. Additionally, similar laws at the state level may apply.

A loss of a major tax dispute or a challenge to our operating structure or intercompany pricing policies could result in a higher tax rate on our worldwide earnings, which could result in a material adverse effect on our financial condition, results of operations and cash flows.

Income tax returns that we file are subject to review and examination. We recognize the benefit of income tax positions we believe are more likely than not to be sustained upon challenge by a tax authority. If any tax authority successfully challenges our operational structure, intercompany pricing or financing policies; if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure; or if we lose a material tax dispute in any country; our effective tax rate on our worldwide earnings could increase substantially and result in a material adverse effect on our financial condition.

Our status as a foreign corporation for U.S. federal tax purposes could be affected by a change in law.

We believe that, under current law, we are treated as a foreign corporation for U.S. federal tax purposes. However, changes in tax law, such as additional changes to the rules under IRC Section 7874 or the U.S. Treasury Regulations promulgated thereunder or other IRS guidance, could adversely affect our status as a foreign corporation for U.S. federal tax purposes, and any such changes could have prospective or retroactive application to us and our shareholders and affiliates. In addition, legislative proposals issued by the U.S. Department of the Treasury and Congress have aimed to expand the scope of U.S. corporate tax residence, and such proposals, if passed, could have an adverse effect on us. Although the proposals would generally apply to prospective transactions, no assurance can be given that such proposals will not be changed to apply retroactively.

Future changes to U.S. and foreign tax laws could adversely affect us.

The European Commission, U.S. Congress and Treasury Department, the Organization for Economic Co-operation and Development ("OECD"), and other government agencies in jurisdictions where we and our affiliates do business have had an extended focus on issues related to the taxation of multinational corporations, particularly payments made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As a result, the tax laws in the U.K., Ireland, E.U., Switzerland, Japan, U.S. and other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect us and our affiliates.

Recent examples include the European Commission's Anti-Tax Avoidance Directives (ATAD I and ATAD II), the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (Multilateral Instrument) and the new corporate alternative minimum tax created in the U.S. by the Inflation Reduction Act.

Additionally, on December 20, 2021, the OECD released the Global Anti-Base Erosion ("GloBE") Model Rules ("Pillar Two") providing a legislative framework for the Income Inclusion Rule and the Under-Taxed Payment Rule ("UTPR"). Pillar Two is designed to ensure that large multinational enterprise groups pay a minimum level of tax on the income arising in each of the jurisdictions where they operate, principally creating a 15% minimum global effective tax rate. On December 15, 2022, the E.U. member states unanimously adopted a directive implementing the Pillar Two global minimum tax rules. On December 20, 2022, the OECD released three guidance documents related to Pillar Two. These documents included guidance on safe harbors and penalty relief and consultation papers on the GloBE Information Return and Tax Certainty for the GloBE rules. A number of E.U. member states have transposed the directive into national legislation with the rules to be applicable for fiscal years beginning on or after December 31, 2023, with the exception of the UTPR which is to be applicable for fiscal years beginning on or after December 31, 2024. Our fiscal year end of December 29, 2023 will allow us to postpone the effective date

of these law changes by one year. We are closely monitoring developments and are evaluating the impacts these new rules will have on our tax rate, including the eligibility to qualify for the safe harbor rules.

The Pillar Two rules could adversely affect us and our affiliates by increasing our effective tax rate and cash tax obligations, which could have a material adverse effect on our competitive position, business, financial condition, results of operations, and cash flows.

We may not be able to maintain a competitive worldwide effective corporate tax rate.

We cannot give any assurance as to what our effective tax rate will be in the future, because of, among other things, uncertainty regarding the tax policies of the jurisdictions where we operate. Our actual effective tax rate may vary from our expectation and that variance may be material. Additionally, the tax laws of Ireland and other jurisdictions could change in the future, and such changes could cause a material change in our effective tax rate.

Risks Related to Our Jurisdiction of Incorporation

Irish law differs from the laws in effect in the U.S. and may afford less protection to holders of our securities.

It may not be possible to enforce court judgments obtained in the U.S. against us in Ireland based on the civil liability provisions of the U.S. federal or state securities laws. In addition, there is some uncertainty as to whether the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or hear actions against us or those persons based on those laws. We have been advised the U.S. currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Ireland.

A judgment obtained against us will be enforced by the courts of Ireland if the following general requirements are met: (i) U.S. courts must have had jurisdiction in relation to the particular defendant according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule) and (ii) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where however the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that in the meantime the judgment may not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive. However, Irish courts may refuse to enforce a judgment of the U.S. courts which meets the above requirements for one of the following reasons: (i) if the judgment is not for a definite sum of money; (ii) if the judgment was obtained by fraud; (iii) the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice; (iv) the judgment is contrary to Irish public policy or involves certain U.S. laws which will not be enforced in Ireland; or (v) jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Ireland Superior Courts Rules.

As an Irish company, we are governed by the Irish Companies Act 2014, which differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including, among others, differences relating to interested director and officer transactions and shareholder lawsuits. Likewise, the duties of directors and officers of an Irish company generally are owed to the company only. Shareholders of Irish companies generally do not have a personal right of action against directors or officers of the company and may exercise such rights of action on behalf of the company only in limited circumstances. Accordingly, holders of our securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the U.S.

Irish law imposes restrictions on certain aspects of capital management.

Irish law allows our shareholders to pre-authorize shares to be issued by our Board of Directors without further shareholder approval for up to a maximum of five years. Additionally, subject to specified exceptions, including as opt-out approved by a shareholder vote, Irish law grants statutory pre-emptive rights to existing shareholders to subscribe for new issuances of shares for cash. The Group's new Memorandum and Articles of Association, adopted on November 14, 2023, ("New Articles of Association"), contain a five-year pre-authorization of the Board of Directors to issue shares and opt-out of pre-emption rights (subject to certain pre-emption rights granted to shareholders holding 1% or more of issued ordinary shares). We cannot

guarantee that renewal of the pre-authorization or opt-out from pre-emptive rights will always be sought or approved. We cannot provide assurance that these Irish legal restrictions will not interfere with our capital management.

Risks Related to Our Ordinary Shares

Our ordinary shares are not listed on any national securities exchange, and we could cease to be a reporting company in the future.

Our new ordinary shares issued following emergence from the 2023 Bankruptcy Proceedings are not listed on any national securities exchange, and we have no intention to list our ordinary shares on any national securities exchange or to have our ordinary shares quoted on the OTC market. Our ordinary shares are issued through a transfer agent and are not eligible for settlement through DTC, which ordinarily facilitates trades in listed securities in the United States. As a result, our ordinary shares are not able to be held in street name and can only be held in registered form, which means that trading in our ordinary shares requires additional administrative steps as compared to shares that are listed on a national securities exchange or quoted on the OTC market. Furthermore, because the ordinary shares will not be listed on a national securities exchange, additional transfer taxes and administrative steps will be necessary to effect the sale, transfer and settlement of shares. So long as the ordinary shares are not listed on a national securities exchange, it will be an offense for a transferee of ordinary shares to fail to comply with requirements to file an Irish stamp duty return and to pay any Irish stamp duty due with the Irish Revenue Commissioners following such transfer, and interest and penalties will accrue. The filing of such returns and payment of the stamp duty requires both the transferee and transferor to have obtained an Irish tax reference number from the Irish Revenue Commissioners and requires payment of the stamp duty from an Irish bank account with the Irish Revenue Commissioners. Until such stamp duty return has been duly filed (or duly exempted) and the related stamp duty duly paid, the transfer of shares will not be legally enforceable or effective under Irish law. Where any transfer of ordinary shares occurs at less than market value, the transferor can be liable for all of the obligations of the transferee in relation to Irish stamp duty.

Because the ordinary shares will not be listed and because of the additional administrative steps and tax ramifications related to transferring ordinary shares, we do not expect that there will be an active trading market for our ordinary shares and there may be limited liquidity for our shares, which could have a negative impact on the market price of our ordinary shares. Holders of our ordinary shares may have difficulty selling or transferring any ordinary shares that they hold, and the number of investors willing to hold or acquire ordinary shares may be reduced, the trading price of ordinary shares may be depressed, we may receive decreased news and analyst coverage and we may be limited in our ability to issue additional securities or obtain additional equity financing in the future on terms acceptable to us, or at all.

The absence of an active trading market for our ordinary shares would also impact our ability to access the capital markets and severely limit our ability to use equity to effect acquisitions or recruit employees.

If we cease to be subject to Exchange Act reporting obligations, holders of our ordinary shares would be subject to risks of an investment in a private company rather than a U.S. public reporting company.

Prior to our emergence from the 2023 Bankruptcy Proceedings, holders of a majority of our first lien and second lien debt informed us that they desire for the Group to no longer be a reporting company for purposes of the Exchange Act. We expect to consider whether and when it would be advisable to suspend our reporting obligations under the Exchange Act. To suspend reporting obligations under the Exchange Act, among other requirements, we would need to (a) not be publicly listed on a national securities exchange and (b) deregister our ordinary shares under Section 12(g) of the Exchange Act, following a determination in accordance with SEC rules that shares in the Group are held by less than 300 shareholders of record. Any decision of whether to deregister ordinary shares under the Exchange Act and suspend filing Exchange Act reports, and the manner and timing of doing so, would be made by our Board of Directors. There can be no assurance as to whether or when our Board of Directors may make such a decision or how it would be implemented. If we suspend filing reports under the Exchange Act, public information regarding the Group may not be readily available. Accordingly, the liquidity, market for and trading value of our ordinary shares and other securities may be negatively impacted.

In the event our ordinary shares are deregistered and we suspend filing reports under the Exchange Act, holders of our securities would be subject to the risks of an investment in a private company rather than a U.S. public reporting company. Upon any deregistration of the ordinary shares, our duty to file periodic reports with the SEC would be suspended, which would result in a substantial decrease in required public disclosure by us about our operations and prospects. We would also be relieved of the obligation to comply with the requirements of the proxy rules under Section 14 of the Exchange Act. The suspension of our reporting obligations under the Exchange Act would likely further reduce any trading market and liquidity for our ordinary shares and may negatively impact the value of, and ability to sell, such shares. In addition, shareholders may not

be able to rely on Rule 144 under the Securities Act of 1933, as amended, to sell their ordinary shares in the absence of current public information about the Group, which would limit the trading in the ordinary shares.

Ceasing to be a public reporting company would also impact our ability to access the capital markets and severely limit our ability to use equity to effect acquisitions or recruit employees.

The process of pursuing and potentially suspending Exchange Act reporting could also cause disruptions to our business and divert management's attention and other resources from day-to-day operations, which could have an adverse effect on our business, results of operations, and financial condition. In addition, the possibility of, or any announcement of, suspending Exchange Act reporting could have an adverse effect on our relationships with customers and third-party service providers, who may react negatively to the possibility of a lack of publicly available information about us.

In connection with our emergence from the 2023 Bankruptcy Proceedings we adopted the New Articles of Association, which contains provisions that are more similar to U.S. private companies than U.S. publicly listed companies.

In connection with our emergence from the 2023 Bankruptcy Proceedings, we adopted the New Articles of Association, which contain provisions that are different than our prior memorandum and articles of association and that may be considered more common to private companies than publicly listed companies, including with respect to nominations of directors, "drag-along" rights, "tag-along" rights, and various provisions related to potential sales of Mallinckrodt or its assets or business segments. Many of these provisions provide rights to specified groups of holders, and the interests of those holders may be different than yours.

The New Articles of Association provide that the number of directors shall be seven (7); provided that the Group may from time to time by special resolution increase or decrease the maximum number of directors. The New Articles of Association provide that the Board of Directors shall consist of the following:

- the CEO of the Group;
- one (1) director ("1L AHG Steering Committee Director") designated by the Group shareholder holding the largest number of issued ordinary shares of the Group (calculated in accordance with the terms of the New Articles of Association) from time to time selected from certain of holders of our former first lien debt, and that shareholder has the sole right to remove and replace the 1L AHG Steering Committee Director in accordance with the terms of the New Articles of Association for so long as such shareholder continues to hold at least 5% of the ordinary shares (calculated on a fully-diluted basis and excluding equity to be issued under the MIP and the Opioid CVRs);
- one (1) director ("Crossover AHG Steering Committee Director" and, together with the 1L AHG Steering Committee Director, the "Designated Directors") designated by the Ad Hoc Crossover Group Steering Committee (as defined in the 2023 Plan), which Ad Hoc Crossover Group Steering Committee shall have the sole right to remove and replace such Crossover AHG Steering Committee Director in accordance with the terms of the New Articles of Association for so long as at least one Group shareholder in the Ad Hoc Crossover Group Steering Committee holds at least 5% of the ordinary shares of the Group (calculated on a fully-diluted basis and excluding equity to be issued under the MIP and the Opioid CVRs); and
- up to four (4) directors who qualify as "independent directors" under the listing requirements of the New York Stock Exchange ("NYSE"), to be designated by a nominating and selection committee ("Nominating and Selection Committee") comprised of members of the Ad Hoc First Lien Group Steering Committee, the Ad Hoc Crossover Group Steering Committee and the Ad Hoc 2025 Noteholder Group (each as defined in the 2023 Plan).

As a result, other holders of ordinary shares do not currently have a role in the nomination or any designation of members of the Board of Directors, though holders of ordinary shares do have the right to vote on the reelection of the four independent directors. Furthermore, the interests of the groups appointing these directors may be different than yours, including because a number of the parties designating directors and members of the Nominating and Selection Committee have significant interests in the Group's debt instruments. As a result, the nominees to the Board of Directors that they designate may be more inclined to consider the interests of debt holders, which could differ from the interests of holders of ordinary shares. For example, certain members of the Nominating and Selection Committee, which is comprised of members of the Ad Hoc First Lien Group Steering Committee, the Ad Hoc Crossover Group Steering Committee and the Ad Hoc 2025 Noteholder Group, have encouraged us to seek deregistration, as well as the divestiture of assets. Certain of these holders also have the right to appoint non-voting observers to our Board of Directors, which could have the effect of influencing Board decisions.

Subject to customary exceptions, the New Articles of Association provide that if any of our shareholders owning, or group of shareholders collectively owning, more than 50% of the issued ordinary shares (excluding equity to be issued under the MIP and the Opioids CVRs) ("Selling Shareholders") agree to sell all of their ordinary shares to an unaffiliated third party, the Selling Shareholders shall, subject to Irish law, have the right to effect a sale of the Group through a process set forth in the

New Articles of Association without the approval of our other shareholders. Subject to customary exceptions, the New Articles of Association also provide that if one or more of our shareholders ("Transferring Shareholder(s)") desires to sell more than 50% of the issued ordinary shares (excluding equity to be issued under the MIP and the Opioid CVRs) to any unaffiliated third party in any transaction (or series of related transactions) (a "Tag-Along Transaction"), our other shareholders will have customary tag-along rights to participate in such Tag-Along Transaction on a pro rata basis. The New Articles of Association provide that shareholders collectively owning a majority of the ordinary shares (excluding equity to be issued under the MIP and the Opioid CVRs) shall have the right, upon reasonable notice, to require the Group to commence and effect within a reasonable time specified by such shareholder a process to effect a sale of the Group or its assets or business segments.

As a result of the various provisions in the New Articles of Association, including those discussed above, the rights of holders of ordinary shares are more similar to those customarily found in a private company rather than those found in a publicly listed company. As a result, you may have more limited rights, and you could be subject to decisions by other shareholders whose interest may be different than yours.

We are a "smaller reporting company" and will be able to avail ourselves of reduced disclosure requirements applicable to smaller reporting companies, which could make our ordinary shares less attractive to investors.

We are a "smaller reporting company," as defined in the Exchange Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "smaller reporting companies," including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our ordinary shares less attractive because we may rely on these exemptions. We may take advantage of these reporting exemptions until we are no longer a "smaller reporting company." We will remain a "smaller reporting company" until (a) the aggregate market value of our outstanding ordinary shares held by non-affiliates as of the last business day of our most recently completed second fiscal quarter is $250 million or more and we reported annual net revenues as of our most recently completed fiscal year of $100 million or more, or (b) the aggregate market value of our outstanding ordinary shares held by non-affiliates as of the last business day of our most recently completed second fiscal quarter is $700 million or more, regardless of annual revenue.

Financial Risk Management

Our operations include activities in the U.S. and countries outside of the U.S. These operations expose us to a variety of market risks, including the effects of changes in interest rates and currency exchange rates. We monitor and manage these financial exposures as an integral part of our overall risk management program. We do not utilize derivative instruments for trading or speculative purposes. We have outlined in the Risks Related to Our Business within the Principal Risks and Uncertainties above the possible impacts of price risk. Refer to Note 26 of the Notes to the Consolidated Financial Statements for details of credit risk in relation to trade debtors.

Interest Rate Risk

Our exposure to interest rate risk relates primarily to our variable-rate debt instruments, which bear interest based on SOFR plus a margin. As of December 29, 2023, our outstanding debt included $869.2 million of variable-rate debt on our senior secured term loans. Assuming a one percent increase in the applicable interest rates, in excess of applicable minimum floors, annual interest expense for fiscal 2024 would increase by approximately $8.6 million.

The remaining outstanding debt as of December 29, 2023 is fixed-rate debt. Changes in market interest rates generally affect the fair value of fixed-rate debt, but do not impact earnings or cash flows.

Currency Risk

Certain turnover and costs of our international operations are denominated in the local currency of the respective countries. As such, profits from these subsidiaries may be impacted by fluctuations in the value of these local currencies relative to the U.S. dollar. We also have significant intercompany financing arrangements that may result in gains and losses in our results of operations. In an effort to mitigate the impact of currency exchange rate effects we may hedge certain operational and intercompany transactions; however, our hedging strategies may not fully offset gains and losses recognized in our results of operations.

The consolidated profit and loss account is exposed to currency risk from intercompany financing arrangements, which primarily consist of intercompany debt and intercompany cash pooling, where the denominated currency of the transaction

differs from the functional currency of one or more of our subsidiaries. The aggregate potential unfavorable impact from a hypothetical 10.0% adverse change in foreign exchange rates was $1.3 million as of December 29, 2023, with all other variables held constant. This hypothetical loss does not reflect any hypothetical benefits that would be derived from hedging activities, including cash holdings in similar foreign currencies, that we have historically utilized to mitigate our exposure to movements in foreign exchange rates.

Non-Financial Reporting

The E.U. (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (S.I. 360/2017) (as amended) require us to disclose certain non-financial information in our Directors' Report. Information is provided on these matters across this report, as well as in our Directors' Report, including the Principal Activities section on page 5 and the Principal Risks and Uncertainties section on pages 12 to 43.

Mallinckrodt's Business Model

A description of Mallinckrodt's business model can be found under Principal Activities within this Directors' Report.

Environmental, Social and Governance ("ESG") - Our Commitment to Operating Responsibly

Mallinckrodt strives to be a force for good. Now more than ever, businesses are important contributors to solving the many challenges we face as a society. We have a commitment to do more and are taking steps to ensure we operate and grow responsibly. We believe ESG is foundational to creating long-term value for all our stakeholders, including patients, employees, customers, shareholders and our communities.

ESG Governance

Mallinckrodt's Board of Directors is responsible for incorporating ESG into its long-term strategy and risk management. At the operational level, ESG is managed by Mallinckrodt's Executive Vice President and Chief Transformation Officer who leads a cross-functional ESG Steering Committee responsible for strategy implementation, stakeholder engagement, disclosures, reporting and communications. Cross-functional working groups manage specific ESG programs and initiatives to support progress and ensure accountability. We publish an annual Sustainability Report that can be found on our website.

Environmental, Health and Safety ("EHS")

At Mallinckrodt, we are building a culture where environmental sustainability, as well as employee health and safety are promoted at every level within the organization. We believe that every employee is responsible for EHS - leading us to continuously improve our EHS performance by recognizing, evaluating and controlling risks. Some of the main features of our EHS efforts include:

- a well-established EHS management system, including internal protocols and standards adapted to meet or exceed compliance with applicable laws;
- continuous improvement to become a more sustainable and responsible business;
- an enterprise-wide EHS management software with utilized and established metrics and measures, including both lagging and leading indicators, to evaluate and project Group performance; and
- an internal and external auditing program to assure compliance.

Environmental Impact

Mallinckrodt is committed to conducting our business in a manner that minimizes the environmental impacts of our operations and promotes responsible management of resources. We seek opportunities to develop more sustainable processes and conserve resources by improving efficiencies, introducing renewable energy sources, reducing our energy and water consumption, and minimizing waste. In particular, in 2023:

- we established a robust energy and emission tracking process across all major sites to support future disclosures and reduction plans;
- our manufacturing site and office in Dublin, Ireland, continued sourcing 100% renewable electricity; and

- a cross-functional team registered to the Energize program to learn about access to renewable energy.

Also, we focused on employee participation and engagement:

- we celebrated Earth Day across our sites, with a variety of local team activities and presentations, with an emphasis around recycling and plastics; and
- four of our sites participated in the St. Louis, Missouri, Green Business Challenge, aimed at integrating sustainable practices and engaging employees.

Green House Gas Emissions

We are committed to purchasing and managing energy in the most efficient, cost effective and environmentally conscious manner possible across all our operations. The following table shows Scope 1 and Scope 2 emissions data collected for Mallinckrodt's Specialty Brands and Specialty Generics segments in 2022 and 2023:

	Fiscal 2023			Fiscal 2022		
Key Performance Indicator	**Specialty Brands**	**Specialty Generics**	**Total Group**	**Specialty Brands**	**Specialty Generics**	**Total Group**
Global Scope 1 Emissions (metric tons CO_2e)	6,648	82,404	89,052	7,188	82,363	89,551
Global Scope 2 Emissions Location-based (metric tons CO_2e)	11,467	62,480	73,947	13,062	69,285	82,347
Global Scope 2 Emissions Market-based (metric tons CO_2e)	10,781	63,382	74,163	N/A	N/A	N/A

We report GHG emissions in accordance with the Greenhouse Gas protocol methodology, based on operational control boundaries, including all Mallinckrodt sites and leased vehicles. Both Scope 1 and Scope 2 location-based emissions were re-baselined in 2022; Scope 2 market-based emissions' reporting was introduced in 2023. We will continue to monitor these indicators with the aim of reducing Mallinckrodt environmental impact.

Responsible Supply Chain

Aligned with our Supplier Code of Conduct, Mallinckrodt is committed to sourcing goods and services from suppliers that share our promise of quality, innovation, customer satisfaction, diversity and sustainability. We expect our suppliers around the globe to adhere to the same high standards and policies that we set for ourselves.

We actively participate in setting best practices as a long-standing member of the Pharmaceutical Supply Chain Initiative (PSCI), a consortium of pharmaceutical and healthcare companies that are working to improve social, environmental and economic outcomes within the supply chain. We voluntarily abide by the PSCI Principles for Responsible Supply Chain Management, which set the standard for human rights, ethics, labor, health and safety, the environment, and related management systems.

Employee Health & Safety

At Mallinckrodt, we aim to develop an injury-free workplace and build assurance that our activities do not lead to adverse safety or health impacts. Every process is designed to maintain the highest level of regulatory compliance, safety and wellness for our employees, contractors, vendors and customers. Our safety standards are continuously improving, and every human illness and injury case is investigated to identify root causes and corrective actions to prevent future injuries.

The following table sets out key performance indicators that we collected related to workplace safety of Mallinckrodt's Specialty Brands and Specialty Generics segments in 2022 and 2023:

	Fiscal 2023			Fiscal 2022		
Key performance indicators	**Specialty Brands**	**Specialty Generics**	**Total**	**Specialty Brands**	**Specialty Generics**	**Total**
Total Recordable Injury Rate (per 100 employees)	0.3	1.9	1.2	0.8	2.4	1.6
Number of Recordable Injuries*	4	27	31	9 *	31	40
Lost Time Incident Rate (per 100 employees)	0.2	0.5	0.3	0.3	1.1	0.7
Number of Lost Time Injuries	2	7	9	3	14	17
Total Number of Hours Worked	2,456,070	2,808,817	5,264,887	2,334,838	2,577,408	4,912,246

These indicators are based on the Occupational Safety and Health Administration definition and include (*) 4 COVID cases in 2022 in Specialty Brands.

Product Quality

For more than 155 years, we have held ourselves to the highest standards of quality and safety. Every facet of delivering drugs and devices to the patients is governed by our comprehensive Quality Management System, establishing the foundation for safety that supports our entire business. We are committed to communicating the Quality guiding principles to all employees and third parties, and to providing the required leadership, management, and resources to achieve our Quality objectives. Mallinckrodt's dedication to Quality reflects our personal and corporate commitment to excellence. Our Quality guiding principles are:

- Patient safety is the highest priority and is pre-eminent in every decision we make.
- Complying with applicable laws and regulations as well as internal requirements to position our Group as a model for compliance and integrity.
- Being recognized as an industry leader in providing quality products and services which meet or exceed the requirements and needs of the patients we serve.
- Continuously challenging ourselves to improve the quality management system, our quality processes and operational excellence through the review and analysis of quality objectives and results.
- Encouraging participation and promotion of quality responsibilities among all employees and third parties through education, training and coaching, supervision, and effective communication.

Social and Employee Matters

At Mallinckrodt, our mission cannot be accomplished without the dedication, collaboration and engagement of our workforce. We value our employees as our most important asset and we aim to create a culture that is inclusive and welcoming. We work hard to identify, retain and attract a diverse workforce that shares our corporate mission "Listening to Needs, Delivering Solutions" to improve the lives of underserved patients. We invest in human resources programs designed to develop capabilities to deliver on our critical business priorities. We do this by offering competitive pay and benefit programs, investing in our employees' growth and development and creating a safe and healthy work environment. We embrace diversity and empower each individual employee to bring their whole, authentic self to work. Further, we encourage and support our employees to be active members of their communities.

As of December 29, 2023, we employed a multi-national workforce of approximately 2,800 people. Our manufacturing and distribution sites located across the U.S., Ireland and Japan made up 57% of our workforce and 24% were field-based working across multiple countries engaging with healthcare professionals and facilities. The remaining 19% of our employees worked within our corporate services locations of Bridgewater, New Jersey; Hazelwood, Missouri; Webster Groves, Missouri; Washington, District of Columbia (D.C.), Staines, U.K. and Dublin, Ireland. Of our total workforce, 99% were full-time. As an equal opportunity employer, we are committed to providing a safe and welcoming work environment where all team members are treated with individual respect and dignity. We have established policies and practices to protect all employees and applicants for employment from discrimination based on race, color, religion, gender, sexual orientation, gender identity and expression, national origin, age, disability, veteran status, or genetics. Additionally, we comply with applicable state and local laws governing nondiscrimination in employment in every location in which Mallinckrodt has facilities.

Employee Benefits and Compensation

Our Total Rewards program is designed to provide benefits that emphasize holistic wellness, supporting the physical, emotional and financial well-being of our employees and their families. Our rewards programs are assessed regularly to ensure they are competitive and in line with local markets. We also offer a variety of programs and resources to help colleagues manage work-life harmony and major events in their personal lives, such as paid time off and flexible work arrangements.

For the third year in a row, Mallinckrodt was recognized in the Top 100 Companies Leading in Wellbeing index which acknowledges companies in Ireland who are leading the way for employee wellbeing. Mallinckrodt was also re-accredited with the prestigious KeepWell Mark™ 2023-2025 designation honoring employers for putting employee wellbeing at the forefront of company policy.

Mallinckrodt is committed to ensuring our pay practices are fair and equitable. Employee pay is continuously monitored to ensure internal pay equity, in line with our compensation structures and market data, which supports our efforts in attracting and retaining diverse talent.

Employee Training, Learning & Development:

Mallinckrodt is committed to a culture of continuous learning. Our talent strategies are aligned to business priorities, creating opportunities for employees to develop professional and technical skills and advance their careers. Our talent review and individual development planning processes allow us to identify and align individual employee aspirations with business needs so that professional growth and succession planning can occur. By growing our talent through development assignments, on-the-job training and other skill building opportunities, these processes have yielded positive results in the advancement of high potential and diverse talent.

Our learning platforms are designed to provide flexibility to meet the needs, interests and aspirations of all employees. We offer a wide range of individual and leadership development opportunities, inclusive of but not limited to, educational assistance program, management and leadership development programs, as well as business and technical skill building through a robust library of on-demand e-learning content, workshops and seminars, networking opportunities and professional coaching. We also invest in growing the next generation of talent through our internship programs and programs specifically aimed at advancing diverse talent.

At Mallinckrodt, we value employee feedback. We are intentional about creating a culture where employees can speak freely and are empowered to ask questions. We create opportunities to solicit feedback from employees through one-on-one sessions, focus groups and employee engagement surveys. These forums have and will continue to provide us with feedback that can be translated into actionable steps to enhance the employee experience, ensuring that our employees are engaged and feel supported both personally and professionally.

Diversity, Equity and Inclusion (“DEI”)

Mallinckrodt is committed to cultivating a workplace that celebrates diversity, fosters equity, and promotes inclusion. We embrace diversity in all its forms, valuing the unique perspectives, backgrounds, and experiences that each individual brings to our Group.

Equity and inclusion are fundamental to our operations. We are dedicated to creating a fair and inclusive environment where every employee has equal access to opportunities, resources, and pathways for growth and advancement. By nurturing an inclusive workplace, we tap into the full potential of our talent, driving collaboration and enabling us to better serve the needs of patients and communities worldwide. We recognize that a diverse and inclusive workplace doesn't happen by chance; it requires deliberate action. We support diversity, equity and inclusion ("DEI") in a variety of ways including:

- Training and Education: We offer training and education programs to raise awareness, foster understanding, and promote inclusive behaviors across all levels of the organization.
- Diversity in Leadership: We are committed to fostering diversity in leadership, providing development opportunities for underrepresented groups to grow, excel and lead within our teams.
- Community Outreach: We extend our commitment beyond our walls, collaborating with communities and organizations to promote health equity and support underserved populations.
- Employee Engagement: Our DEI Council and Business Resources Groups ("BRGs") provide a platform for our employees to connect, share experiences, and drive initiatives that promote diversity and inclusion. BRGs are voluntary, employee-led groups centered on shared interests, identities and affiliations. They provide resources for professional development, personal growth, community engagement, well-being and networking, all while fostering connectivity and enhancing our unique culture.

Our BRGs frequently host company-wide educational events to help foster a culture of belonging and inclusion. Examples from 2023 include:

- African American BRG celebrated Black History Month with an event about cultivating Black girl joy in science, technology, engineering and mathematics ("STEM") and sponsored a virtual back-to-school fundraiser supporting the Kids in Need Foundation.
- Women in Business BRG hosted webinars that explored topics impacting women such as intersectionality, healthcare inequities, and the importance of mentoring, being a role model, and sharing grace.
- Namaste Asia BRG celebrated Asian American and Pacific Islander (AAPI) Heritage Month with a webinar on advancing leaders through opportunity, employee spotlights and cultural events, as well as supported Japanese Respect for the Aged Day.
- Pride Alliance BRG marked Pride Month with a live event on transgender inclusion and raised awareness of Mallinckrodt’s inclusive benefits with employees, as well as marked Transgender Day of Visibility and National Coming Out Day.

- Veterans BRG organized employee volunteer initiatives and joined the "Greenlight a Vet" campaign to demonstrate support for veterans by illuminating green lights at our U.S.-based facilities.

We are honored to be recognized nationally for our commitment to DEI. For the seventh straight year, Mallinckrodt achieved a top score of 100 earning the coveted "Equality 100 Award" from the Human Rights Campaign Foundation's Corporate Equity Index that assesses LGBTQ+ workplace inclusion. Additionally, Forbes Magazine acknowledged us as one of the Best Employers for Veterans in 2023.

Social Impact

Mallinckrodt is committed to being a force for good. Our social impact strategy focuses on improving the health and well-being of patients, building stronger communities, and empowering our employees to dedicate their time and resources to the causes they care about most. We provide grants and charitable donations to nonprofits worldwide and support employees with their own philanthropy through volunteerism and giving programs.

Mallinckrodt provides patient-related and philanthropic support to nonprofit organizations that are aligned with our mission to address unmet needs with innovative solutions. Our patient-centric charitable contributions support initiatives and programs that have broad public benefit and advance medical care and/or patient care within the Group's therapeutic areas of focus. Our community-based investments are centered in three strategic areas: (i) improving health and wellness; (ii) advancing STEM education; and (iii) stimulating jobs and economic growth in life sciences.

Mallinckrodt continues to focus efforts on advancing health equity and improving outcomes for underrepresented communities. We collaborate with patient advocacy organizations to improve engagement with these communities and promote greater awareness of health disparities in our key therapeutic areas of focus. In 2023, Mallinckrodt continued to support:

- *NephCure Kidney International's* Health Equity and Diversity Initiative aimed at creating more equitable access to research and care for underrepresented individuals living with, or are at high risk of developing, chronic kidney diseases.
- *The Myositis Association's* Affinity Groups program to amplify patient voices, equity and access, and create safe spaces for communities that share more in common than their myositis.
- *The American Liver Foundation's* Think Liver Think Life national public health campaign that focuses on awareness and screening of liver disease.

Additionally, we supported STEM education, expanding opportunities for female and minority students, and narrowing the access gap for underrepresented groups. Examples of 2023 engagements include:

- *Students 2 Science*, a New Jersey-based nonprofit that inspires and educates students in underserved communities to pursue STEM careers. Grant funding was provided to support the growth of their out-of-school program with the Boys and Girls Club.
- *Maydm, Inc.*, a nonprofit in Madison, Wisconsin that provides girls and youth of color in grades 6-12 with skill-based training in STEM fields. Grant funding was provided to support their immersive summer STEM program.
- *South Technical High* School, a tuition-free, career and technical education school in St. Louis, Missouri. We hosted pharmacy science students for a tour and career discussions at our R&D facility.

We believe that our employees are the cornerstone of our corporate citizenship efforts, and we provide opportunities for them to embrace their passions and amplify their philanthropic impact. To encourage charitable giving, Mallinckrodt matches U.S. employee donations to eligible nonprofit organizations - up to $2,500 per employee, per calendar year. We also activate special matching opportunities during times of disaster or crisis.

Our volunteerism program provides eight hours of extra paid time off to eligible employees annually for qualified volunteer activities, in addition to time off to participate in our global month of service that is held every October. In 2023, our employees volunteered hundreds of hours on over 40 projects worldwide, supporting diverse community causes.

Compliance Matters

Compliance and ethics are the bedrock of our organization. Beginning with our Board of Directors and leadership team, and extending to every employee, Mallinckrodt's unwavering expectation is that team members act with the highest standards of integrity and ethical decision making always. Integrity & Compliance is an independent function at Mallinckrodt and our Chief Compliance Officer and the Governance and Compliance Committee of our Board of Directors oversee our Integrity & Compliance Program to ensure compliance policies and procedures meet the evolving requirements of our complex regulatory and legal landscape.

We are committed to maintaining an effective Integrity & Compliance Program based on the risks we face in our business, the pharmaceutical industry and guidance and enforcement by our regulators. We believe in continuous improvement to ensure our program aligns with industry best practices. Our global Integrity & Compliance Program is one of the key components of our commitment to the highest standards of integrity and ethical conduct, which are critical to earning and maintaining the trust and support of employees, patients, customers, healthcare professionals, shareholders and other stakeholders who rely on us every day.

In 2023, we launched a global integrity survey to listen to the voice of employees regarding our integrity culture and celebrated Compliance Week by launching new compliance resources and “I” in integrity videos. Our Code of Conduct -- Patients First, Integrity Always, the Mallinckrodt Code of Conduct -- provides a set of principles and standards to guide ethical decision making. Employees, contractors, and others with whom we do business must comply with our Code of Conduct, policies, relevant laws, regulations, and codes. Our “Speak Up” culture encourages employees and others with whom we do business to come forward if they become aware of any potential violations of law or Mallinckrodt policy, including through anonymous reports using our Integrity Hotline. We investigate all matters that come to our attention and, where appropriate, take corrective action and implement measures to prevent future violations such as impacting incentive compensation where significant misconduct is substantiated. All of our employees are required to be trained on the Mallinckrodt Code of Conduct and to certify annually both to their understanding and compliance. Our employees and officers own integrity and compliance and have a responsibility to model the principles outlined in the Code of Conduct. The Mallinckrodt Code of Conduct is available on Mallinckrodt’s website, mnk.com.

Mallinckrodt is committed to full compliance with its five-year Corporate Integrity Agreement (CIA), as well as its Opioid Product Operating Injunction for the Specialty Generics business. Detailed information about the CIA and Operating Injunction can be found on Mallinckrodt's website, mnk.com/corporate-responsibility/corporate-compliance/.

Respect for Human Rights

We are committed to conducting all of our activities in accordance with high standards of business conduct. Mallinckrodt prohibits forced child labor, human trafficking and unsafe working conditions, and condemns behaviors that do not support human dignity and respect. We expect our businesses and suppliers to pay fair wages and provide safe working environments free of all human rights violations, as highlighted in our Supplier Code of Conduct.

Since 2014, we have annually published a Conflict Minerals Report detailing the use of cassiterite, columbite-tantalite (coltan), gold, wolframite, and their derivatives, which are limited to tin, tantalum and tungsten (“3TGs”), emanating from the Democratic Republic of the Congo region and nine adjoining countries (“covered countries”), which are necessary to the functionality or production of our products. We are currently preparing a similar report for fiscal 2023, as required by the U.S. SEC. Mallinckrodt’s policy with respect to the sourcing of conflict minerals can be found on Mallinckrodt's website at mallinckrodt.com/about/partnering/suppliers/conflict-minerals-policy/.

Since fiscal 2017, we have published an annual U.K. Modern Slavery Act Disclosure which sets forth information regarding the steps we have taken to mitigate the risks associated with modern slavery in our business and supply chain.

Anti-bribery and anti-corruption

Integrity is one of Mallinckrodt’s core values. It guides every action we take. We set high expectations and standards for operating our business in a responsible, ethical manner. We are committed to compliance with all applicable global anticorruption laws, including the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA") and U.K. Bribery Act of 2010. We maintain an anti-bribery and anti-corruption policy to ensure that all of our businesses and employees are aware of their associated responsibilities.

Mallinckrodt strives to abide by the highest ethical and professional standards. We follow strict international, national and local regulations, and industry codes of conduct. Mallinckrodt voluntarily certifies to the Pharmaceutical Research and Manufacturers of America Code on Interactions with Health Care Professionals (PhRMA Code). The certification can be found on Mallinckrodt's website at mallinckrodt.com/corporate-responsibility/interactions-with-health-care-professionals.

Data Privacy

We also take a variety of steps to comply with privacy and data protection laws and regulations around the globe. Our Global Data Protection and Privacy Policy along with other privacy-related policies and procedures govern how we collect, use, share and safeguard personal information, so people can make informed decisions before providing their information to us. Employees receive periodic training and practical advice to increase their awareness about the importance of data privacy and their shared responsibility to protect personal information.

Research and Development

Specialty Brands. Our research and development ("R&D") resources are primarily devoted to our branded products. Our R&D investments center on supporting our current late-stage product development, maximizing new product launches and accelerating additional lifecycle management opportunities, inclusive of new product enhancements, line extensions and geo-expansions that provide value to patients, physicians and payers. Our strategy focuses on growth, including pipeline opportunities related to late-stage development products to meet the needs of underserved patient populations, where we execute on the development process and perform clinical trials to support regulatory approval of new products.

Data generation is an important strategic driver for our products, as they extend evidence in approved uses, label enhancements and new indications. Our data strategy is realized through investments in both clinical and health economic activities. We are committed to supporting research that helps advance the understanding and treatment of a variety of different disease states that will further the understanding and development of our currently marketed products, including Acthar Gel, INOmax, Therakos, and Terlivaz.

Specialty Generics. The R&D efforts in this segment are focused on hard-to-manufacture pharmaceuticals with difficult-to-replicate pharmacokinetic profiles and products that would benefit from our vertically integrated manufacturing capabilities. Our pipeline is focused on applying our proven capabilities to develop difficult formulations and design around competitor patents, utilizing our expertise in both our API and drug product development opportunities and to create our own intellectual property. We currently perform most of our finished dose development work at our Specialty Generics headquarters and technical development center in Webster Groves, Missouri and our API development work at the nation’s largest API manufacturing facility in St. Louis, Missouri.

Dividends

Historically, we have not made any cash dividend payments and we do not currently intend to pay dividends in the foreseeable future.

Accounting Records

The directors are responsible for ensuring that the Company and Group keep adequate accounting records and appropriate accounting systems. The measures taken by the directors to ensure compliance with the Company's and Group's obligation to keep adequate accounting records include the use of appropriate systems and procedures and the employment of competent persons. The directors have appointed a Chief Financial Officer who makes regular reports to the directors and ensures compliance with the requirements of Sections 281 to 285 of the Irish Companies Act 2014. The Group also has a Controller, who works closely with the Chief Financial Officer and who makes regular reports to the Audit Committee. In addition, the head of the Group's internal audit department makes regular reports to the Audit Committee regarding fraud and other financial-related irregularities. The Audit Committee, in turn, briefs the directors on significant financial matters arising from reports of the Chief Financial Officer, the Controller, the head of internal audit and the Company's or Group's external auditor**.**

The accounting records of Mallinckrodt plc are maintained at College Business & Technology Park, Cruiserath, Blanchardstown, Dublin 15, Ireland.

Important Events Since Year End

StrataGraft

On January 4, 2024, the Group committed to a plan to cease commercialization and clinical development and wind down production of its StrataGraft product. The decision to discontinue StrataGraft was made following a slower-than-anticipated commercial uptake of the product and slower-than-anticipated enrollment in clinical trials. The Group is evaluating its next steps with respect to StrataGraft, which could include pursuing a sale, out-license or other strategic arrangement.

Employment Agreement and Compensation

On February 2, 2024, Mallinckrodt’s indirect subsidiary ST Shared Services LLC entered into a new employment agreement with Sigurdur Olafsson pursuant to which Mr. Olafsson will continue to serve as Mallinckrodt’s President and Chief Executive Officer.

On February 2, 2024, consistent with the 2023 Plan, the Successor's Board of Directors adopted the Mallinckrodt Pharmaceuticals 2024 Stock and Incentive Plan and reserved an aggregate of 1,036,649 ordinary shares (subject to adjustment in accordance with the terms of the plan) for the issuance of equity awards thereunder to employees and directors.

On February 2, 2024, the Board of Directors adopted a Transaction Incentive Plan intended to compensate designated Mallinckrodt executive officers and members of the Mallinckrodt Board of Directors with bonus payments based on the consummation of qualifying asset sale transactions.

Acthar Gel

On March 1, 2024, the FDA approved SelfJect, a new delivery device for Acthar Gel for appropriate patients with a range of chronic and acute inflammatory and autoimmune conditions. SelfJect is intended to provide the appropriate subcutaneous dose of Acthar Gel, as prescribed by a healthcare professional, and is designed to help give patients control of their administration.

Commitments and Contingencies

Certain litigation matters occurred prior to December 29, 2023 but had subsequent updates through the date of this report. See further discussion in Note 25 of the Notes to Consolidated Financial Statements.

Directors

Directors' remuneration is set forth in Note 12 of Notes to Consolidated Financial Statements. No director or company secretary of the Group had an interest in shares required to be disclosed under Section 329 of the Irish Companies Act 2014 either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year. Note that where the aggregate interest in shares of any director or secretary (and his or her spouse (or civil partner) and children) represents less than 1% in nominal value of the Group's ordinary shares, the only interests of that director or secretary that are required to be disclosed constitute a right to subscribe for shares in the Group or that arise as a result of the exercise of such a right. Performance stock units where the director or secretary is an employee of the Group and does not make any payment to the Group in respect of the shares are not considered to be rights to subscribe for the purposes of this disclosure and no disclosure is required where they form part of an aggregate less than 1% holding.

In connection with the emergence from the 2023 Bankruptcy Proceedings, on the 2023 Effective Date, the Predecessor directors resigned from their roles as directors of the Group and a new set of directors was appointed. Set forth below are the names of the individuals serving as directors and the period in which they served:

Name	
November 15, 2023 through December 29. 2023	**December 31. 2022 through November 14, 2023**
Sigurdur Olafsson	Sigurdur Olafsson
Paul Bisaro [(1)]	Paul Bisaro
Katina Dorton [(1)]	Daniel Celentano
Abbas Hussain [(1)]	Riad El-Dada
David Stetson	Neal Goldman
Wesley Wheeler [(1)]	Karen Ling
Jon Zinman	Dr. Woodrow Myers M.D.
	Susan Silbermann
	James Sulat

(1) Appointed to the Board of Directors on February 2, 2024.

Political Donations

No political contributions that require disclosure under Irish law were made during the year.

Subsidiary Companies and Branches

Information regarding subsidiary undertakings, including information regarding branches, is provided in Note 30 of Notes to Consolidated Financial Statements.

Audit Committee

In accordance with Section 167 of the Irish Companies Act 2014, the Group has established an audit committee for the full financial year.

Disclosure of Information to Auditor

Each of the persons who is a director at the date of approval of this Directors' Report confirms that:

- so far as that director is aware, there is no relevant audit information of which the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Irish Companies Act 2014.

Directors' Compliance Statement

As required by Section 225 of the Irish Companies Act 2014, the directors acknowledge that they are responsible for securing Mallinckrodt plc's compliance with its "relevant obligations" (as defined in that legislation). The directors further confirm that a compliance policy statement has been drawn up, and that appropriate arrangements and structures have been put in place that are, in the directors' opinion, designed to secure material compliance with the relevant obligations. A review of those arrangements and structures was conducted in the financial year to which this Directors' Report relates. In discharging their responsibilities under Section 225, the directors relied on the advice of persons who the directors believe have the requisite knowledge and experience to advise Mallinckrodt plc on compliance with its relevant obligations.

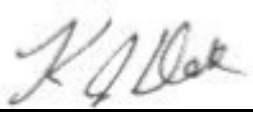
Going Concern

The directors continue to adopt the going concern basis in preparing the financial statements. For further information, refer to Note 1 of the Notes to the Consolidated Financial Statements.

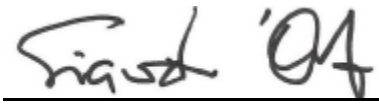
Auditor

Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Irish Companies Act 2014.

On behalf of the Directors



Katina Dorton
Director
15 April, 2024



Sigurdur Olafsson
President, Chief Executive Officer and Director
15 April, 2024

MALLINCKRODT PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and financial statements in accordance with the Irish Companies Act 2014 and the applicable regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the Irish statutory Mallinckrodt plc consolidated ("the Group") financial statements in accordance with Section 279 of the Irish Companies Act 2014, which provides that a true and fair view of the assets and liabilities, financial position and profit or loss may be given by preparing the financial statements in accordance with U.S. GAAP to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of Part 6 of the Irish Companies Act 2014.

The directors have elected to prepare the Mallinckrodt plc ("parent" or "Company") financial statements in accordance with the Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland ("FRS 102") together with the Irish Companies Act 2014. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company for the financial year, the profit or loss of the Group for the year then ended and otherwise comply with the Irish Companies Act 2014.

In preparing the Group and Company financial statements, the directors are required to:

- select suitable accounting policies for the Group and Company financial statements and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company; enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; enable them to ensure that the Group and Company financial statements and directors' report comply with the Irish Companies Act 2014; and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors are responsible for the maintenance and integrity of financial information included on the Group's website.

Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALLINCKRODT PLC

Report on the audit of the financial statements

Opinion on the financial statements of Mallinckrodt plc (the 'Group')

In our opinion the Group financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group as at 29 December 2023 and of the loss of the Group for the year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Consolidated Profit and Loss Account;
- the Consolidated Statement of Other Comprehensive Loss;
- the Consolidated Balance Sheet;
- the Consolidated Statement of Cash Flows;
- the Consolidated Statement of Changes in Equity; and
- the related notes 1 to 30, including a summary of significant accounting policies as set out in note 4.

The relevant financial reporting framework that has been applied in the preparation of the Group financial statements is the Companies Act 2014 and US Generally Accepted Accounting Principles (US GAAP), as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene Part 6 of the Companies Act 2014 ("the relevant financial reporting framework").

We have reported separately on the company financial statements of Mallinckrodt plc for the financial year ended 29 December 2023.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALLINCKRODT PLC

Report on the audit of the financial statements

Other information

The other information comprises the information included in the Director's Report and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' Report and Consolidated Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Group were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

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Deloitte.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALLINCKRODT PLC

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014 (cont/d…)

- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 also requires us to report to you if, in our opinion, the Group has not provided the information
required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended) for the financial year ended 29 December 2023.

We have nothing to report in this regard.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Howard
For and on behalf of Deloitte Ireland LLP,
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
29 Earlsfort Terrace

Date: 16 April 2024

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors, but no control procedures can provide absolute assurance in this area.

Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

MALLINCKRODT PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
(in millions, except per share data)

	Note	Fiscal Year					
		2023			2022		
		Ordinary Activities	Discontinued Operations	Total	Ordinary Activities	Discontinued Operations	Total
Turnover	5, 6	$ 1,865.9	$ —	$ 1,865.9	$ 1,914.3	$ —	$ 1,914.3
Cost of sales		1,212.8	—	1,212.8	1,304.3	—	1,304.3
Gross profit		653.1	—	653.1	610.0	—	610.0
Distribution and administrative expenses		512.4	—	512.4	524.1	—	524.1
Research and development costs		113.0	—	113.0	129.7	—	129.7
Restructuring charges, net	7	0.9	—	0.9	20.7	—	20.7
Non-restructuring impairment charges	15	138.5	—	138.5	—	—	—
Liabilities management and separation costs	6	159.1	—	159.1	30.2	—	30.2
Profit on disposal of operations		—	—	—	—	(1.1)	(1.1)
Operating (loss) profit		(270.8)	—	(270.8)	(94.7)	1.1	(93.6)
Interest payable and similar expenses	8	(535.5)	—	(535.5)	(432.9)	—	(432.9)
Interest receivable and similar income		15.6	—	15.6	4.5	—	4.5
Other expense, net		(1.1)	—	(1.1)	(4.6)	—	(4.6)
Reorganization items, net	2, 3	(1,154.3)	—	(1,154.3)	(1,505.9)	—	(1,505.9)
(Loss) profit on ordinary activities before taxation		(1,946.1)	—	(1,946.1)	(2,033.6)	1.1	(2,032.5)
Taxation credit	9	(295.1)	—	(295.1)	(650.8)	—	(650.8)
(Loss) profit after taxation		$ (1,651.0)	$ —	$ (1,651.0)	$ (1,382.8)	$ 1.1	$ (1,381.7)

MALLINCKRODT PLC
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE LOSS
(in millions)

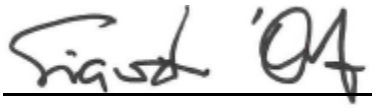
	Fiscal Year	
	2023	**2022**
Loss after taxation	$ (1,651.0)	$ (1,381.7)
Other comprehensive profit, net of taxation		
Currency translation adjustments	(0.1)	0.6
Unrecognized gain on derivatives, net of tax charge	5.7	—
Unrecognized gain on benefit plans, net of tax charge	(2.4)	8.7
Total other comprehensive profit, net of taxation	$ 3.2	$ 9.3
Comprehensive loss	(1,647.8)	(1,372.4)

MALLINCKRODT PLC
CONSOLIDATED BALANCE SHEET
(in millions)

	Note	December 29, 2023	December 30, 2022
Fixed Assets			
Intangible assets	15	$ 608.4	$ 2,843.8
Tangible assets	16	372.6	495.7
Financial assets	17	216.4	170.7
		1,197.4	3,510.2
Current Assets			
Stocks	18	408.8	364.5
Debtors	19	1,401.4	1,247.8
Cash at bank and in hand		262.7	409.5
		2,072.9	2,021.8
Creditors (amounts falling due within one year)	20	470.7	661.9
Net Current Assets		1,602.2	1,359.9
Total Assets Less Current Liabilities		2,799.6	4,870.1
Creditors (amounts falling due after one year)	21	1,970.2	3,558.0
Provisions for Liabilities	27	157.4	180.0
Net Assets		$ 672.0	$ 1,132.1
Capital and Reserves			
Called-up share capital presented as equity	28	$ 0.2	$ 0.1
Share premium account	28	1,068.3	211.7
Other reserves	28	104.8	1,990.1
Profit and loss account	28	(501.3)	(1,069.8)
Shareholders' Funds		$ 672.0	$ 1,132.1

Approved by the Board of Directors on 15 April, 2024 and signed on its behalf by:

Katina Dorton
Director



Sigurdur Olafsson
President, Chief Executive Officer and Director

MALLINCKRODT PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions)

	Fiscal Year	
	2023	**2022**
Cash Flows From Ordinary Operating Activities:		
Loss after taxation	$ (1,651.0)	$ (1,381.7)
Adjustments to reconcile net cash provided by ordinary operating activities:		
Depreciation and amortization	516.1	669.3
Share-based compensation	8.9	3.1
Deferred taxation	(335.1)	(599.4)
Non-cash impairment charges	162.4	—
Non-cash accretion expense	176.0	139.2
Other non-cash items	20.9	41.0
Reorganization items, net	1,088.6	1,277.2
Changes in assets and liabilities, net of the effects of acquisitions:		
Trade debtors	23.1	31.7
Stocks	(86.2)	(34.0)
Trade creditors	(11.4)	4.5
Accrued consulting	18.2	(90.6)
Taxation	167.6	(57.0)
Acthar Gel-Related Settlement Liability	(16.5)	—
Payment of claims	(250.0)	(629.0)
Other	(65.3)	30.5
Net cash from ordinary operating activities	(233.7)	(595.2)
Cash Flows From Ordinary Investing Activities:		
Capital expenditures	(62.4)	(62.2)
Proceeds from divestitures, net of cash	—	70.0
Other	2.1	(13.3)
Net cash from ordinary investing activities	(60.3)	(5.5)
Cash Flows From Ordinary Financing Activities:		
Issuance of external debt	380.0	650.0
Repayment of external debt	(204.8)	(954.7)
Debt financing costs	(4.1)	(24.1)
Other	(0.1)	(4.0)
Net cash from ordinary financing activities	171.0	(332.8)
Effect of currency rate changes on cash at bank and in hand	(0.3)	(5.0)
Net change in cash at bank and in hand and restricted cash	(123.3)	(938.5)
Cash at bank and in hand and restricted cash at beginning of period	466.7	1,405.2
Cash at bank and in hand and restricted cash at end of period	$ 343.4	$ 466.7
Cash at bank and in hand at end of period	262.7	409.5
Restricted Cash, current at end of period	40.8	20.6
Restricted Cash, noncurrent at end of period	39.9	36.6
Cash at bank and in hand and restricted cash at end of period	$ 343.4	$ 466.7
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest, net	$ 325.8	$ 275.6
Cash (received) paid for taxation, net	(127.7)	6.0

MALLINCKRODT PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in millions)

	Called-up Share Capital			Other Reserves				
	Number	Amount	Share Premium Account	Capital Redemption Reserve	Other	Accumulated Other Comprehensive (Loss) Profit	Profit and Loss Account	Total
Balance as of December 31, 2021	94.3	$ 18.9	$ 5.7	$ 5.3	$ 1,589.9	$ (8.3)	$ (1,309.2)	$ 302.3
Loss after taxation	—	—	—	—	—	—	(1,381.7)	(1,381.7)
Other comprehensive profit, net of tax	—	—	—	—	—	9.3	—	9.3
Cancellation of Predecessor equity	(94.3)	(18.9)	(5.7)	(5.3)	(1,591.6)	9.8	1,611.2	(0.5)
Issuance of Successor common stock	13.2	0.1	211.7	—	1,977.9	—	—	2,189.7
Issuance of Opioid Warrants	—	—	—	—	13.9	—	—	13.9
Repurchase of Opioid Warrants	—	—	—	—	(13.9)	—	9.9	(4.0)
Share-based compensation	—	—	—	—	3.1	—	—	3.1
Balance as of December 30, 2022	13.2	0.1	211.7	—	1,979.3	10.8	(1,069.8)	1,132.1
Loss after taxation	—	—	—	—	—	—	(1,651.0)	(1,651.0)
Other comprehensive profit, net of tax	—	—	—	—	—	3.2	—	3.2
Vesting of restricted shares	0.3	—	—	—	—	—	(0.1)	(0.1)
Share-based compensation	—	—	—	—	8.9	—	—	8.9
Cancellation of Predecessor equity	(13.5)	(0.1)	(211.7)	—	(1,988.2)	(10.4)	2,219.6	9.2
Issuance of Successor common stock	19.7	0.2	1,068.3	—	101.2	—	—	1,169.7
Balance as of December 29, 2023	19.7	$ 0.2	$ 1,068.3	$ —	$ 101.2	$ 3.6	$ (501.3)	$ 672.0

1. Background and Basis of Presentation

Background

Mallinckrodt plc is a public limited company incorporated in the Republic of Ireland with the registration number 522227. The business address of its registered office and principal executive offices is College Business and Technology Park, Cruiserath, Blanchardstown, Dublin 15, Ireland.

Mallinckrodt plc is a global business of multiple wholly owned subsidiaries (collectively, "Mallinckrodt" or "the Group"), whose principal activities is to develop, manufacture, market and distribute specialty pharmaceutical products and therapies. Areas of focus include autoimmune and rare diseases in specialty areas like neurology, rheumatology, hepatology, nephrology, pulmonology, ophthalmology and oncology; immunotherapy and neonatal respiratory critical care therapies; analgesics and gastrointestinal products.

The Group operates in two reportable segments, which are further described below:

- *Specialty Brands* includes innovative specialty pharmaceutical brands; and
- *Specialty Generics* includes niche specialty generic drugs and active pharmaceutical ingredients ("API(s)").

The Group continues to be subject to United States ("U.S.") Securities and Exchange Commission ("SEC") reporting requirements.

Basis of Presentation

The directors have elected to prepare the Irish statutory Mallinckrodt plc consolidated financial statements in accordance with Section 279 of the Irish Companies Act 2014, which provides that a true and fair view of the assets and liabilities, financial position and profit or loss may be given by preparing the financial statements in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP") to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of Part 6 of the Irish Companies Act 2014.

The directors have elected to prepare the Mallinckrodt plc parent company financial statements in accordance with FRS 102 *The Financial Reporting Standards applicable in the United Kingdom ("U.K.") and Republic of Ireland* together with the Irish Companies Act 2014 as they are prepared specifically to present to shareholders and file with the Companies Registration Office in Ireland. Accordingly, these consolidated financial statements represent the results and financial position of Mallinckrodt plc and include disclosures required by the Irish Companies Act 2014, in addition to those required under U.S. GAAP as well as any other adjustments required by Irish law.

The consolidated financial statements have been prepared in U.S. dollars and in accordance with U.S. GAAP. The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of turnover and expenses. Actual results may differ from those estimates. The consolidated financial statements include the accounts of Mallinckrodt plc, its wholly owned subsidiaries and entities in which they own or control more than 50.0% of the voting shares, or have the ability to control through similar rights. All intercompany balances and transactions have been eliminated in consolidation and all normal recurring adjustments necessary for a fair presentation have been included in the results reported.

The results of entities disposed of are included in the consolidated financial statements up to the date of disposal and, where appropriate, these operations have been reflected as discontinued operations. Divestitures of product lines and businesses not meeting the criteria for discontinued operations have been reflected in operating loss within ordinary activities.

Under Irish law, the Group can only pay dividends and repurchase shares out of distributable reserves. Net loss after taxation has been included in the profit and loss account and is included in distributable reserves. The format of the consolidated profit and loss account has been adapted where necessary to better reflect the nature of the business.

On August 28, 2023 ("2023 Petition Date"), the Group voluntarily initiated Chapter 11 proceedings ("2023 Chapter 11 Cases") under chapter 11 of title 11 ("Chapter 11") of the United States Code ("Bankruptcy Code") in the U.S. Bankruptcy Court for the District of Delaware ("Bankruptcy Court"). On September 20, 2023, the directors of the Company initiated examinership proceedings with respect to Mallinckrodt plc by presenting a petition to the High Court of Ireland pursuant to Section 510(1)(b) of the Companies Act 2014 seeking the appointment of an examiner to Mallinckrodt plc. On October 10,

2023, the Bankruptcy Court entered an order confirming a plan of reorganization ("2023 Plan"). Subsequent to the Bankruptcy Court's order confirming the 2023 Plan, the High Court of Ireland made an order confirming a scheme of arrangement on November 10, 2023, which is based on and consistent in all respects with the 2023 Plan ("2023 Scheme of Arrangement"). The 2023 Plan and the 2023 Scheme of Arrangement became effective on November 14, 2023, ("2023 Effective Date"), and the Group emerged from the 2023 Chapter 11 Cases and the Irish examinership proceedings (together, the "2023 Bankruptcy Proceedings") on that date. See Note 2 for further information on the 2023 Plan and emergence from the 2023 Bankruptcy Proceedings.

On October 12, 2020 ("2020 Petition Date"), the Group voluntarily initiated Chapter 11 proceedings ("2020 Chapter 11 Cases"). On March 2, 2022, the Bankruptcy Court entered an order confirming a plan of reorganization ("2020 Plan"). Subsequent to the Bankruptcy Court's order confirming the 2020 Chapter 11 Cases, the High Court of Ireland made an order confirming a scheme of arrangement on April 27, 2022, which was based on and consistent in all respects with the 2020 Plan ("2020 Scheme of Arrangement"). On June 8, 2022, the Bankruptcy Court entered an order approving a minor modification to the 2020 Plan. The 2020 Plan became effective on June 16, 2022 ("2020 Effective Date"), and the Group emerged from the 2020 Chapter 11 Cases and the Irish examinership proceedings (together, the "2020 Bankruptcy Proceedings") on that date.

Upon emergence from Chapter 11, in so far as it does not contravene any provision of Part 6 of Irish Companies Act 2014, the Group adopted fresh-start accounting in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 852 - *Reorganizations* ("ASC 852"), and became a new entity for financial reporting purposes as of the Effective Date. References to "Successor" relate to the financial position as of December 29, 2023 and results of operations of the reorganized Group subsequent to November 14, 2023, while references to "Predecessor" relate to the financial position prior to November 14, 2023 and results of operations of the Group prior to, and including, November 14, 2023. All emergence-related transactions of the Predecessor were recorded as of November 14, 2023. The combination of the Successor and Predecessor results present a true and fair view of the assets and liabilities, financial position and profit or loss. For certain disclosures, the Group elected to reflect the Successor and Predecessor separately to accurately portray the impact of fresh-start accounting within the Notes to the consolidated and Company financial statements. See Note 3 for further information.

The Group's significant accounting policies are described within Note 4. In connection with the adoption of fresh-start accounting on the 2020 Effective Date, the Group elected to make an accounting policy change as described below:

Predecessor Contingencies — Legal fees pertaining to asbestos-related matters were estimated and accrued as part of the Group's projected asbestos liability.

Successor Contingencies — Legal fees pertaining to asbestos matters are expensed as incurred.

This change in accounting policy resulted in a $22.8 million fresh-start adjustment to the asbestos-related liability and a $20.3 million adjustment to the corresponding indemnification receivable as of the 2020 Effective Date.

Also in connection with the adoption of fresh-start accounting, the Group made a change in estimate related to the Specialty Generics segment stocks turn calculation. This prospective change resulted in the discrete amortization of $0.6 million and $19.9 million of capitalized variances recognized in fiscal 2023 and fiscal 2022, respectively.

Certain prior-period amounts on the consolidated financial statements have been reclassified to conform to current-period presentation.

Going Concern

The directors have a reasonable expectation that Mallinckrodt plc and the Group have adequate resources to continue in operational existence for at least the next twelve months from the time of approving these financial statements. In arriving at this conclusion, the directors have reviewed cash flow forecasts prepared by management that took into account the current and anticipated uncertainties together with the current levels of debt and settlement obligation. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Fiscal Year

The Group reports its results based on a "52-53 week" year ending on the last Friday of December. Fiscal 2023 and fiscal 2022 both consisted of 52 weeks. Unless otherwise indicated, fiscal 2023 and 2022 refer to the Group's fiscal years ended December 29, 2023 and December 30, 2022, respectively. All references to "fiscal" year are considered to be defined as "financial" year under FRS 102.

2. Emergence from Voluntary Reorganization

During the pendency of the 2023 and 2020 Bankruptcy Proceedings, the Group and each of the respective debtors and debtors in-possession in the 2023 Chapter 11 Cases ("2023 Debtors") and the 2020 Chapter 11 Cases ("2020 Debtors") operated their businesses as debtors-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. As debtors-in-possession, the 2023 and 2020 Debtors were authorized to continue to operate as ongoing businesses, and were allowed to pay all debts and honor all obligations arising in the ordinary course of their businesses after the respective 2023 and 2020 Petition Dates. However, the 2023 and 2020 Debtors were not allowed to pay third-party claims or creditors on account of obligations arising before the respective 2023 or 2020 Petition Dates or engage in transactions outside the ordinary course of business without approval of the Bankruptcy Court.

Under the Bankruptcy Code, third-party actions to collect pre-petition indebtedness owed by the 2023 and 2020 Debtors, as well as most litigation pending against the Group as of the 2023 and 2020 Petition Dates, were subject to an automatic stay. See "*Plan of Reorganization"* below for the distributions to creditors and interest holders.

Plan of Reorganization

2023 Plan

In accordance with the 2023 Plan, the following significant transactions occurred upon the Group's emergence from the 2023 Bankruptcy Proceedings on the 2023 Effective Date:

- DIP Claims (as defined below) were converted on a dollar-for-dollar basis into First-Out Takeback Term Loans (as defined below);
- Pre-petition first lien term debt was reduced from $2,861.8 million to $1,650.0 million, which was in the form of Takeback Debt (as defined below) distributed to post-petition term lenders and pre-petition first lien creditors;
- The pre-petition first lien creditors also received 92.3% of the 2023 Debtors' reorganized equity (subject to dilution from equity reserved under the 2024 Plan (as defined below) and the Opioid CVRs (as defined below) if equity settled), plus cash in an amount sufficient to repay in full accrued and unpaid interest on the pre-petition first lien debt, and Second-Out Takeback Debt (as defined below);
- Pre-petition second lien debt was eliminated in its entirety, with pre-petition second lien creditors receiving 7.7% of the 2023 Debtors' reorganized equity (subject to dilution from equity reserved under the 2024 Plan and the Opioid CVRs, if equity settled);
- The 2023 Debtors' remaining opioid-related litigation settlement payment obligations (including the $200.0 million installment payment originally due on June 16, 2023) were permanently eliminated, subject to the Group (a) making a $250.0 million payment to the Opioid Master Disbursement Trust II ("Trust") prior to the commencement of the 2023 Chapter 11 Cases (which was made on August 24, 2023) and (b) entering into the CVR Agreement (as defined below);
- The 2023 Debtors' non-monetary obligations to the Trust were generally preserved, including the compliance-related operating injunction;
- All other claims against the 2023 Debtors (with the exception of subordinated securities claims) were treated as unimpaired, including the Debtors' settlement under the 2020 Plan with governmental entities regarding Acthar® Gel (repository corticotropin injection) ("Acthar Gel"), and the associated Corporate Integrity Agreement, and also trade liabilities; and
- All of Mallinckrodt ordinary shares were cancelled for no consideration.

Contingent Value Right Agreement

On the 2023 Effective Date and pursuant to the 2023 Plan, the Group entered into a contingent value right agreement ("CVR Agreement") with the Trust. Pursuant to the terms of the CVR Agreement, the Group issued 1,036,649 contingent value rights ("Opioid CVRs") to the Trust, which Opioid CVRs entitle the Trust to receive from the Group, when exercised, an amount in cash equal to (a) the Market Price (as defined in the CVR Agreement) of one new ordinary share of the Group (subject to adjustment as described in the CVR Agreement) at the time of exercise less (b) $99.36 (subject to adjustment as described in the CVR Agreement) ("Cash Payment"), subject to the right of the Group to, at its option but subject to certain conditions, issue new ordinary shares to the Trust in lieu of making some or all of the Cash Payment due upon exercise in accordance with the terms of the CVR Agreement. The Opioid CVRs are exercisable at any time for four years after the 2023 Effective Date.

Upon entering into the CVR Agreement the terms of the final amendment to the opioid-related litigation settlement ("Opioid-Related Litigation Settlement") obligation agreement ("Opioid Deferred Cash Payment Agreement") and the

Company's prior obligation to pay all remaining Opioid-Related Litigation Settlement payment obligations ("Opioid Deferred Cash Payment") were permanently eliminated. For further discussion of the Opioid-Related Litigation Settlement, refer to Note 25.

Registration Rights Agreement

On the 2023 Effective Date and pursuant to the 2023 Plan, the Group entered into a registration rights agreement ("Registration Rights Agreement") with certain owners of new ordinary shares (any owner of new ordinary shares, a "Company Shareholder"). Pursuant to the terms of the Registration Rights Agreement, following an initial public offering, any Company Shareholder that owns 1% or more of the new ordinary shares (calculated in accordance with the Registration Rights Agreement) shall have customary "piggyback" registration rights. In addition, 180 days following an initial public offering, any Company Shareholder owning at least 15% of the new ordinary shares (calculated in accordance with the Registration Rights Agreement) shall have the right to initiate up to three (3) demand registrations each, subject to customary exceptions.

Information Rights Deed

On the 2023 Effective Date and pursuant to the 2023 Plan, the Group entered into a deed poll ("Information Rights Deed") for the benefit of each Company Shareholder that (i) has executed and delivered to the Group a confidentiality agreement substantially in the form appended thereto (each, a "Confidentiality Agreement") and (ii) is not a person designated on the list of Group competitors maintained by the Board (such Company Shareholder, an "Information Rights Holder").

Pursuant to the terms of the Information Rights Deed, the Group will provide each Information Rights Holder with (i) quarterly unaudited financial statements within 60 days following each quarter’s end and (ii) annual audited financial statements within 120 days following each fiscal year’s end (together, the "Financial Statements"). Upon the written request of an Information Rights Holder, the Group will also provide a copy of the register of members of the Group then in effect, regular updates on any process initiated under Article 43 of the Group’s new articles of association as well as any such additional information that an Information Rights Holder may reasonably request as required for regulatory, tax or compliance purposes. In addition, the Group will schedule a teleconference with all Information Rights Holders between five (5) and twenty (20) business days after the delivery of each Financial Statement to discuss the Group’s business, financial condition and financial performance, prospects, liquidity and capital resources. The foregoing information rights are subject to customary exceptions.

New Takeback Debt

On the 2023 Effective Date and pursuant to the 2023 Plan, Mallinckrodt International Finance S.A. ("MIFSA") and Mallinckrodt CB LLC ("MCB" and, together with MIFSA, the "Issuers"), each of which is a subsidiary of the Company, (i) entered into a new senior secured first lien term loan facility with an aggregate principal amount of approximately $871.4 million ("Takeback Term Loans"), consisting of approximately $229.4 million of "first-out" Takeback Term Loans ("First-Out Takeback Term Loans") and approximately $642.0 million of "second-out" Takeback Term Loans ("Second-Out Takeback Term Loans") and (ii) issued approximately $778.6 million in aggregate principal amount of "second-out" 14.75% senior secured first lien notes due 2028 ("Takeback Notes") and, together with the Second-Out Takeback Term Loans, the "Second-Out Takeback Debt" and, together with the Takeback Term Loans, the "Takeback Debt").

All allowed claims ("DIP Claims") under the Senior Secured Debtor-In-Possession Credit Agreement, dated as of September 8, 2023 ("DIP Credit Agreement"), by and among the Group, MIFSA and MCB, as debtors and debtors-in-possession, the lenders from time to time party thereto, Acquiom Agency Services LLC and Seaport Loan Products LLC, as co-administrative agents, and Acquiom Agency Services LLC, as collateral agent, not otherwise satisfied in cash were converted on a dollar-for-dollar basis into First-Out Takeback Term Loans.

Each holder of an allowed claim related to the outstanding 10.00% first lien senior secured notes due 2025 issued by certain of the Company’s subsidiaries ("2025 First Lien Notes") pursuant to the indenture, dated as of April 7, 2020, the outstanding 11.50% first lien senior secured notes due 2028 issued by certain of the Group’s subsidiaries ("2028 First Lien Notes" and, together with the 2025 First Lien Notes, the "First Lien Notes") pursuant to the indenture, dated as of June 16, 2022, or the first lien senior secured term loans due 2027 borrowed by certain of the Group’s subsidiaries pursuant to the credit agreement, dated as of June 16, 2022, by and among the Group, certain of its subsidiaries and the lenders party thereto, Acquiom Agency Services LLC and Seaport Loan Products LLC, as co-administrative agents, and Deutsche Bank AG New York Branch, as collateral agent ("First Lien Term Loans" and, collectively with the First Lien Notes , the "First Lien Debt"), elected to receive such Takeback Debt either in the form of Second-Out Takeback Term Loans or Takeback Notes.

2020 Plan

In accordance with the effectuated 2020 Plan, the following significant transactions occurred upon the Group's emergence from the 2020 Bankruptcy Proceedings on the 2020 Effective Date:

Resolution of Opioid-Related Claims.

Pursuant to the 2020 Plan and the 2020 Scheme of Arrangement, all previous opioid claims against the Group and its subsidiaries were deemed to have been settled, discharged, waived, released and extinguished in full, and the Group and its subsidiaries ceased to have any liability or obligation with respect to such claims, which were treated in accordance with the 2020 Plan as follows:

- Opioid claims were channeled to certain trusts, which were to receive $1,725.0 million in deferred payments from the Group and certain of its subsidiaries consisting of (i) a $450.0 million payment upon the 2020 Effective Date (of which $2.6 million was prefunded); (ii) a $200.0 million payment upon each of the first and second anniversaries of the 2020 Effective Date; (iii) a $150.0 million payment upon each of the third through seventh anniversaries of the 2020 Effective Date; and (iv) a $125.0 million payment upon the eighth anniversary of the 2020 Effective Date (collectively, the "Opioid Deferred Payments") with the Group retaining an eighteen-month option to prepay outstanding Opioid Deferred Payments (other than the initial 2020 Effective Date payment) at a discount (and to prepay the Opioid Deferred Payments at their undiscounted value even after the expiration of such eighteen-month period). The Opioid Deferred Payments were unsecured and were guaranteed by the Group and its subsidiaries that were borrowers, issuers or guarantors under the First Lien Term Loans, the 2028 First Lien Notes, the 2025 First Lien Notes, the 2025 Second Lien Notes (as defined below) and the 2029 Second Lien Notes (as defined below), and certain future indebtedness (subject to certain exceptions). The Opioid Deferred Cash Payments Agreement contained affirmative and negative covenants (including an obligation to offer to pay the Opioid Deferred Payments without discount upon the occurrence of certain change of control triggering events) and events of default (subject in certain cases to customary grace and cure periods). The occurrence of an event of default under the Opioid Deferred Cash Payments Agreement could result in the required repayment of all outstanding Opioid Deferred Payments and could cause a cross-default that could result in the acceleration of certain indebtedness of Mallinckrodt and its subsidiaries. The Opioid Deferred Cash Payments Agreement was subsequently permanently eliminated as discussed above in "*2023 Plan*."
- Opioid claimants also received, in addition to other potential consideration, 3,290,675 warrants for approximately 19.99% of the Predecessor's new ordinary shares, with a nominal value $0.01 per share, after giving effect to the exercise of the warrants, but subject to dilution from equity reserved under the management incentive plan, exercisable at any time on or prior to the sixth anniversary of the 2020 Effective Date, at a strike price of $103.40 per ordinary share ("Opioid Warrants"). These Opioid Warrants were subsequently repurchased during the period June 17, 2022 through December 30, 2022 for $4.0 million.
- Pursuant to the 2020 Plan, certain subsidiaries of the Group remained subject to an agreed-upon operating injunction with respect to the operation of their opioid business. The Group reaffirmed the obligations contained in the operating injunction in connection with the 2023 Bankruptcy Proceedings.

Governmental Acthar Gel-Related Settlement

Pursuant to the 2020 Plan and the 2020 Scheme of Arrangement, on the 2020 Effective Date, all claims of the U.S. Department of Justice ("DOJ") and other governmental parties relating to Acthar Gel against the Group were deemed to have been settled, discharged, waived, released and extinguished in full, and the Group ceased to have any liability or obligation with respect to such claims, which were treated in accordance with the 2020 Plan and the terms of the settlement as summarized below:

- The Group entered into an agreement with the DOJ and other governmental parties to settle a range of litigation matters and disputes relating to Acthar Gel ("Acthar Gel-Related Settlement") including a Medicaid lawsuit with the Centers for Medicare and Medicaid Services ("CMS"), a related False Claims Act ("FCA") lawsuit in Boston, and an Eastern District of Pennsylvania ("EDPA") FCA lawsuit principally relating to interactions of Acthar Gel's previous owner (Questcor Pharmaceuticals Inc.) with an independent charitable foundation. To implement the Acthar Gel-Related Settlement, the Group entered into two settlement agreements with the U.S. and certain relators. Under the Acthar Gel-Related Settlement, which was conditioned upon the Group commencing its 2020 Chapter 11 Cases and provided for the distributions the applicable claimants received under the 2020 Plan, the Group agreed to pay $260.0 million to the DOJ and other parties over seven years and reset Acthar Gel’s Medicaid rebate calculation as of July 1, 2020, such that state Medicaid programs would receive 100% rebates on Acthar Gel Medicaid turnover, based on then-current Acthar Gel pricing. The $260.0 million in payments consists of (i) a $15.0 million payment upon the 2020 Effective Date; (ii) a $15.0 million payment upon the first anniversary of the 2020 Effective Date; (iii) a $20.0 million payment upon each of the second and third anniversaries of the 2020 Effective Date; (iv) a $32.5 million

payment upon each of the fourth and fifth anniversaries of the 2020 Effective Date; and (v) a $62.5 million payment upon the sixth and seventh anniversaries of the 2020 Effective Date. Also in connection with the Acthar Gel-Related Settlement, the Group entered into (a) separate settlement agreements with certain states, the Commonwealth of Puerto Rico, the District of Columbia and the above-noted relators, which further implement the Acthar Gel-Related Settlement, and (b) a five-year corporate integrity agreement with the Office of Inspector General of the U.S. Department of Health and Human Services ("HHS") in March 2022. As a result of these agreements, upon effectiveness of the Acthar Gel-Related Settlement in connection with the effectiveness of the 2020 Plan, the U.S. Government dropped its demand for approximately $640 million in retrospective Medicaid rebates for Acthar Gel and agreed to dismiss the FCA lawsuit in Boston and the EDPA FCA lawsuit. Similarly, state and territory Attorneys General also dropped related lawsuits. In turn, the Group dismissed its appeal of the U.S. District Court for the District of Columbia's adverse decision in the Medicaid lawsuit, which was filed in the U.S. Court of Appeals for the District of Columbia Circuit.

- Mallinckrodt entered into the Acthar Gel-Related Settlement with the DOJ and other governmental parties solely to move past these litigation matters and disputes and does not make any admission of liability or wrongdoing.
- In accordance with the effectuated Acthar Gel-Related Settlement, on June 28, 2022, the Bankruptcy Court entered an order dismissing the federal government's FCA lawsuit with prejudice, and further ordered the related state lawsuits dismissed without prejudice.
- In accordance with the effectuated Acthar Gel-Related Settlement, on July 20, 2022, the court entered an order dismissing the EDPA FCA lawsuit with prejudice.
- As of December 29, 2023, the Group has $236.1 million of remaining obligation with respect to the Acthar Gel-Related Litigation Settlement.

Satisfaction of Predecessor Term Loans and Repayment of Existing Revolver

On the 2020 Effective Date and pursuant to the 2020 Plan, the Issuers, each of which is a subsidiary of the Group, entered into a facility governing the First Lien Term Loans consisting of $1,392.9 million aggregate principal amount of 2017 replacement term loans ("2017 Replacement Term Loans") and $369.7 million aggregate principal amount of 2018 replacement term loans ("2018 Replacement Term Loans"). Pursuant to the 2020 Plan and the 2020 Scheme of Arrangement, on the 2020 Effective Date, lenders holding allowed claims in respect of the predecessor senior secured term loans due September 2024 ("2024 Term Loans") and predecessor senior secured term loans due February 2025 ("2025 Term Loans" and, together with the 2024 Term Loans, the "Predecessor Term Loans") incurred by the Issuers received their pro rata share of the 2017 Replacement Term Loans (in the case of the 2024 Term Loans) or the 2018 Replacement Term Loans (in the case of the 2025 Term Loans) and payment in cash of an exit fee equal to 1.00% of the remaining principal amount of Predecessor Term Loans held by such lenders in satisfaction thereof.

Pursuant to the 2020 Plan and the 2020 Scheme of Arrangement, on the 2020 Effective Date, lenders' allowed claims in respect of the existing $900.0 million senior secured revolving credit facility ("Predecessor Revolver") incurred by the Issuers and certain of their respective subsidiaries were paid in full in cash.

Reinstatement of 2025 First Lien Notes

Pursuant to the 2020 Plan and the 2020 Scheme of Arrangement, on the 2020 Effective Date, the Issuers' existing 2025 First Lien Notes in an aggregate principal amount of $495.0 million and the note documents relating thereto were reinstated. In addition, pursuant to the terms of the indenture governing the 2025 First Lien Notes, the Issuers, Mallinckrodt plc and the subsidiary guarantors of the 2025 First Lien Notes entered into a supplemental indenture, dated as of the 2020 Effective Date, pursuant to which certain additional assets were added to the collateral securing the 2025 First Lien Notes and the guarantees thereof.

Satisfaction of 10.00% Second Lien Senior Secured Notes due 2025

Pursuant to the 2020 Plan and the 2020 Scheme of Arrangement, on the 2020 Effective Date, lenders holding allowed claims in respect of the Issuers' existing 10.00% second lien senior secured notes due 2025 ("Predecessor 2025 Second Lien Notes") in an aggregate principal amount of $322.9 million received their pro rata share of a like aggregate principal amount of new 10.00% second lien senior secured notes due 2025 ("2025 Second Lien Notes") in satisfaction thereof.

Discharge of Mallinckrodt's Guaranteed Unsecured Notes

Pursuant to the 2020 Plan and the 2020 Scheme of Arrangement, on the 2020 Effective Date, holders of allowed claims in respect of the Issuers' 5.75% senior notes due 2022, the 5.625% senior notes due 2023 and the 5.50% senior notes due 2025 ("Predecessor Guaranteed Unsecured Notes") received their pro rata share of $375.0 million aggregate principal amount of new 10.00% second lien senior secured notes due 2029 ("2029 Second Lien Notes" and together with the 2025 Second Lien Notes,

the "Second Lien Notes") and 100% of the new 13,170,932 ordinary shares issued on the 2020 Effective Date, subject to dilution by the Opioid Warrants described above and the management incentive plan. Otherwise, pursuant to the 2020 Plan and the 2020 Scheme of Arrangement, all claims in respect of the Predecessor Guaranteed Unsecured Notes and the indentures governing them were settled, discharged, waived, released and extinguished in full.

Resolution of Other Remaining Claims

Pursuant to the 2020 Plan and the 2020 Scheme of Arrangement, on the 2020 Effective Date, certain trade claims and other general unsecured claims, including the claims of holders of the predecessor 4.75% senior notes due April 2023, against the 2020 Debtors were deemed to have been settled, discharged, waived, released and extinguished in full, and Mallinckrodt ceased to have any liability or obligation with respect to such claims, which were then treated in accordance with the 2020 Plan and the 2020 Scheme of Arrangement, which provided for the holders of such claims to share in $135.0 million in cash, plus other potential consideration, including but not limited to 35.0% of the proceeds of the sale of the StrataGraft® (allogenic cultured keratinocytes and dermal fibroblasts in murine collagen - dsat) ("StrataGraft") Priority Review Voucher ("PRV") and $20.0 million payable upon the achievement of (1) U.S. Food and Drug Administration ("FDA") approval of Terlivaz® (terlipressin) ("Terlivaz") and (2) cumulative turnover of $100.0 million of Terlivaz.

On June 30, 2022, subsequent to the 2020 Effective Date, the Group completed the sale of its PRV for $100.0 million and received net proceeds of $65.0 million as the buyer remitted the remaining $35.0 million to the General Unsecured Claims Trustee pursuant to the terms of (i) the 2020 Plan, and (ii) that certain General Unsecured Claims Trust Agreement entered into in connection with the 2020 Plan.

New Warrant Agreement and Warrant Termination Agreement

Pursuant to the 2020 Plan and the 2020 Scheme of Arrangement, on the 2020 Effective Date, Mallinckrodt entered into a warrant agreement and issued 3,290,675 Opioid Warrants to purchase ordinary shares to MNK Opioid Abatement Fund, LLC ("Initial Holder"), a wholly owned subsidiary of the Trust, a master disbursement trust established in accordance with the 2020 Plan. Each Opioid Warrant was initially exercisable for one ordinary share at an initial exercise price of $103.40 per ordinary share, subject to the cashless exercise provisions contained in the warrant agreement. The Opioid Warrants were exercisable from the date of issuance until the sixth anniversary of the 2020 Effective Date. The warrant agreement governing the Opioid Warrants contained customary anti-dilution adjustments in the event of any share dividends, share splits, distributions, issuance of additional shares or options, or certain other dilutive events.

On December 8, 2022, the Group, the Initial Holder and the Trust entered into an agreement to accelerate the expiration date of the Opioid Warrants and to terminate the warrant agreement in exchange for a payment by the Group of $4.0 million to the Initial Holder ("Warrant Termination Agreement"). At the closing of the transactions contemplated by the Warrant Termination Agreement, which also occurred on December 8, 2022, the Group and the warrant agent entered into an amendment to the warrant agreement that accelerated the expiration of the Opioid Warrants to such date. As a result of such expiration, the Opioid Warrants were cancelled and each of the warrant agreement and the registration rights agreement that were entered into on the 2020 Effective Date terminated in accordance with its terms.

Exit Financing

On the 2020 Effective Date, the Group issued $650.0 million aggregate principal amount of 2028 First Lien Notes and entered into a receivables financing facility based on a borrowing base with a maximum draw of up to $200.0 million.

Predecessor Chapter 11 Financing

The Group obtained an order of the Bankruptcy Court in the 2020 Chapter 11 Cases (in a form agreed with, among others, the agent under the predecessor senior secured credit facilities, lenders under the Predecessor Revolver and the Predecessor Term Loans and holders of the 2025 First Lien Notes and the Predecessor 2025 Second Lien Notes) permitting the use of cash collateral to finance the 2020 Chapter 11 Cases.

Such order required that the Group make cash adequate protection payments on the Predecessor Revolver and Predecessor Term Loans for, among other things, unpaid pre-petition and post-petition fees, unpaid pre-petition interest (at the specified contract rate) and post-petition interest (at a rate equal to (1) the adjusted London Interbank Offered Rate ("LIBOR"), plus (2) the contract-specified applicable margin, and plus (3) an incremental 200 basis points), quarterly amortization payments on the Predecessor Term Loans and reimbursement of certain costs. Such order further required that the Group make cash adequate protection payments on the 2025 First Lien Notes and the Predecessor 2025 Second Lien Notes for, among other things, unpaid pre-petition and post-petition interest (at the specified non-default interest rate) and reimbursement of certain costs. On April 13, 2021, the 2020 Debtors received Bankruptcy Court approval of their motion to amend the final cash collateral order as of March 22, 2021 to pay post-petition interest on the Predecessor Term Loans at a rate equal to (1) the adjusted LIBOR, plus (2) the contract-specified applicable margin, and plus (3) an incremental 250 basis points for its Predecessor Term Loans. The cash collateral order expired on June 16, 2022.

The Group incurred and paid $28.8 million of interest expense with respect to the incremental adequate protection payments of 200 basis points and 250 basis points on the Predecessor Revolver and the Predecessor Term Loans, respectively.

Contractual interest

While the 2023 Chapter 11 Cases were pending, the Group was not accruing interest on the Second Lien Notes as of the 2023 Petition Date on a go-forward basis as the 2023 Debtors did not anticipate making interest payments due under the Second Lien Notes. The total aggregate amount of interest payments contractually due under the predecessor Second Lien Notes for the period from fiscal 2023, which the Group did not pay, was $48.5 million. The 2023 Debtors paid all interest payments in full as they came due under the predecessor First Lien Debt.

While the 2020 Chapter 11 Cases were pending, the Group was not accruing interest on its predecessor unsecured debt instruments as of the 2020 Petition Date on a go-forward basis as the 2020 Debtors did not anticipate making interest payments due under their respective predecessor unsecured debt instruments; however, the 2020 Debtors expected to pay all interest payments in full as they came due under their respective predecessor senior secured debt instruments. The total aggregate amount of interest payments contractually due under the Group's predecessor unsecured debt instruments, which the Group did not pay as the obligation was extinguished pursuant to the 2020 Plan, was $46.5 million for fiscal 2022.

3. Fresh-start Accounting

2023 Fresh-Start Accounting

The Group qualified for and adopted fresh-start accounting as of the 2023 Effective Date in accordance with ASC 852 as (i) the reorganization value of the assets of the Company immediately prior to the date of effectuation of the 2023 Plan was less than the post-petition liabilities and allowed claims and (ii) the holders of the voting shares of the Predecessor immediately before effectuation of the 2023 Plan received less than 50% of the voting shares of the Successor.

Reorganization Value

Reorganization value represents the fair value of the Successor's total assets and is intended to approximate the amount a willing buyer would pay for the assets immediately after restructuring. Upon the application of fresh-start accounting, the Group allocated the reorganization value to its identified tangible and intangible assets and liabilities based on their estimated fair values in accordance with ASC Topic 805 - *Business Combinations*. Deferred income tax amounts were determined in accordance with ASC Topic 740 - *Income Taxes*.

As set forth in the disclosure statement approved by the Bankruptcy Court, the enterprise value of the Successor was estimated to be between $2,700.0 million and $3,200.0 million, with a midpoint of $2,950.0 million, which was estimated with the assistance of third-party valuation advisors using various valuation methods, including (i) discounted cash flow analysis, a calculation of the present value of the future cash flows to be generated by the business based on its projection, and (ii) comparable public company analysis, a method to estimate the value of a company relative to other publicly traded companies with similar operation and financial characteristics. The estimated enterprise value per the disclosure statement included estimated equity value in a range between $1,110.0 million and $1,610.0 million, with a midpoint of $1,360.0 million.

The basis of the discounted cash flow analysis used in developing the enterprise value was based on Group prepared projections that included a variety of estimates and assumptions. While the Group considers such estimates and assumptions reasonable, they are inherently subject to significant business, economic and competitive uncertainties, many of which are beyond the Group’s control and, therefore, may not be realized. Changes in these estimates and assumptions may have had a significant effect on the determination of the Group’s enterprise value.

In so far as to not contravene Part 6 of Irish Companies Act 2014, the reorganization value and shareholders' funds values have been adjusted to reflect the value of the current assets at the lower of cost and net realizable value and any related impact to the corresponding deferred tax asset. As shown in the reconciliations below, the shareholders' funds and reorganization value have been reduced by $534.9 million, respectively, to reflect stocks at the lower of cost and net realizable value rather than fair value, net of the related tax impact of such adjustment.

The following table reconciles the enterprise value to the implied fair value of the Successor's equity as of the 2023 Effective Date:

Enterprise value	$	2,950.0
Plus: Non-operating assets, net [1]		290.0
Less: Fair value of debt		(1,882.7)
Less: Fair value of Acthar Gel-Related Settlement and Terlivaz contingent value rights		(162.5)
Less: Current and noncurrent asset value adjustment in accordance with Irish Company Law		(534.9)
Successor equity value	$	659.9

(1) Represents non-operating assets and liabilities which were excluded from the enterprise value as put forth in the disclosure statement as there were no cash projections associated with these net assets.

Upon the application of fresh-start accounting, the Group allocated the reorganization value to its individual assets based on their estimated fair values. Reorganization value represents the fair value of the Successor’s assets before considering liabilities.

The following table reconciles the Group's enterprise value to its reorganization value as of the 2023 Effective Date:

Enterprise value	$	2,950.0
Plus: Non-operating assets, net		290.0
Plus: Current liabilities (excluding debt or debt-like items) [1]		404.8
Plus: Other non-current liabilities (excluding debt or debt-like items) [2]		197.1
Less: Current and noncurrent asset value adjustment in accordance with Irish Company Law		(534.9)
Reorganization value of Successor assets	$	3,307.0

(1) Excludes $7.6 million related to the current portion of the embedded derivative.

(2) Excludes $15.0 million and $7.5 million related to the Terlivaz CVR (as defined below) and the non-current portion of the embedded derivative, respectively.

Consolidated Balance Sheet

The four-column consolidated balance sheet as of the 2023 Effective Date included herein, applies effects of the 2023 Plan (reflected in the column "Reorganization Adjustments") and fresh-start accounting (reflected in the column "Fresh-Start Adjustments") to the carrying values and classifications of assets or liabilities. Upon adoption of fresh-start accounting, the recorded amounts of assets and liabilities were adjusted to reflect their estimated fair values. Accordingly, the reported historical financial statements of the Predecessor prior to the adoption of fresh-start accounting for periods ended on or prior to the 2023 Effective Date are not comparable to those of the Successor. The explanatory notes highlight methods used to determine fair values or other amounts of the assets and liabilities as well as significant assumptions.

The four-column consolidated balance sheet as of November 14, 2023 is as follows:

	Predecessor	Reorganization Adjustments	Fresh-Start Adjustments	Successor
Fixed Assets				
Intangible assets	$ 2,258.3	$ —	$ (1,633.7) (j)	$ 624.6
Tangible assets	509.9	—	(137.7) (k)	372.2
Financial assets	188.9	24.0 (a)	—	212.9
	2,957.1	24.0	(1,771.4)	1,209.7
Current Assets				
Stocks	403.9	—	—	403.9
Debtors	609.6	627.9 (b)	269.1 (l)	1,506.6
Cash at bank and in hand	314.1	(127.3) (c)	—	186.8
	1,327.6	500.6	269.1	2,097.3
Creditors (amounts falling due within one year)	4,650.1	(4,235.1) (d - e) (g)	(0.1) (m)	414.9
Net Current (Liabilities) Assets	(3,322.5)	4,735.7	269.2	1,682.4
Total Assets Less Current Liabilities	(365.4)	4,759.7	(1,502.2)	2,892.1
Creditors (amounts falling due after one year)	1,113.3	1,041.3 (e - g)	(75.9) (n)	2,078.7
Provisions for Liabilities	139.8	—	13.7 (o)	153.5
Net Assets	$ (1,618.5)	$ 3,718.4	$ (1,440.0)	$ 659.9
Capital and Reserves				
Called-up share capital presented as equity	$ 0.1	$ 0.1 (h)	$ —	$ 0.2
Share premium account	211.7	856.6 (h)	—	1,068.3
Other reserves	1,998.0	(1,885.7) (h)	(11.1) (p)	101.2
Profit and loss account	(3,828.3)	4,747.4 (i)	(1,428.9) (q)	(509.8)
Shareholders' Funds	$ (1,618.5)	$ 3,718.4	$ (1,440.0)	$ 659.9

Reorganization Adjustments

(a) Represents the transfer of funds to a restricted cash account for purposes of funding the $24.0 million professional fee reserve.

(b) Reflects adjustment of $647.9 million consisting of the reduction in the valuation allowance on the Group's deferred tax assets, and the net increase on the Group’s deferred tax assets as a result of reorganization adjustment. This adjustment is offset by the net write-off of $19.6 million and $0.4 million of prepaid expenses related to premiums for the Predecessor's directors' and officers' insurance policy and the Predecessor's directors' compensation, respectively.

(c) The table below reflects the sources and uses of cash on the 2023 Effective Date:

Uses:	
Payment of professional fees	$ 19.4
Payment to fund professional fees escrow (prepaid and other current assets restricted cash)	24.0
Payment of costs, fees and expenses related to exit-financing activities and accrued and unpaid interest on certain pre-emergence debt	33.3
Payment of cash sweep	50.6
Total Uses of Cash	$ 127.3

(d) Represents (i) the write-off of the $200.0 million of the current portion of the opioid-related litigation liability; (ii) write-off of accrued interest of $158.8 million on the Group's second lien notes; (iii) $31.5 million of payments of accrued interest on the Group's predecessor DIP Credit Agreement, the 2025 First Lien Notes, the 2028 First Lien Notes and the First Lien Term Loans, in accordance with the cash collateral order on the 2023 Effective Date; and (iv) $19.4 million of professional fees paid to the Group’s restructuring advisors upon the Group's emergence from the 2023 Bankruptcy Proceedings.

These adjustments are partially offset by the $25.1 million fair value of the Opioid CVRs issued to the Trust. The fair value of the Opioid CVRs were estimated using a Black-Scholes model with the following assumptions: $60.28 implied share price of the Successor; exercise price per share of $99.36; expected volatility of 65.0%; risk free interest rate of 4.49%, continuously compounded; and a holding period of four years. The expected volatility assumption is based on the historical and implied volatility of the Group's peer group with similar business models. Also included in these adjustments is the reserve for $24.0 million related to the professional fees coupled with the current portion of

the embedded derivative of $7.6 million related to certain of the Group's debt obligations. Refer to Note 25 and 26 for further information on the opioid-related litigation liability and the valuation of the embedded derivative, respectively.

(e) Impacts to long-term debt, net of current maturities, pursuant to the 2023 Plan, include the following:

- Conversion of all DIP Claims (i) under the DIP Credit Agreement of $280.0 million and (ii) related to the 2025 First Lien Notes, the 2028 First Lien Notes and the First Lien Term Loans into $871.4 million of Takeback Term Loans, and $778.6 million in aggregate principal amount of Takeback Notes;
- Elimination of the Second Lien Notes; and
- Capitalization of an additional $1.7 million of deferred financing fees associated with the receivables financing facility due December 2027.

All Predecessor debt was classified as liabilities subject to compromise ("LSTC") as of the 2023 Effective Date except for the DIP Credit Agreement and the receivables financing facility. The receivables financing facility, with an outstanding balance of $98.7 million, net of deferred financing fees, was reclassed to long-term debt as the maturity date was amended to December 2027 upon the effectuation of the 2023 Plan.

Reflects the fair value adjustments to the carrying value of debt instruments impacted by the 2023 Plan as determined by the Black-Derman-Toy model as follows:

First-Out Takeback Term Loans	$	15.0
Second-Out Takeback Term Loans		46.3
Takeback Notes		59.3
Total fair value adjustment to debt instruments	$	120.6

(f) Represents the write-off of $825.0 million related to the opioid-related litigation settlement, as further described in Notes 25, partially offset by the non-current portion of the debt-related embedded derivative of $7.5 million.

(g) LSTC were settled as follows in accordance with the 2023 Plan *(in millions)*:

Liabilities subject to compromise		
Accrued interest	$	158.8
Debt [(1)]		3,512.1
Acthar Gel-Related Settlement liability [(1)]		236.1
Opioid-Related Litigation Settlement liability [(1)]		1,025.0
Other non-current liabilities		0.1
Total liabilities subject to compromise	$	4,932.1
To be reinstated on the 2023 Effective Date:		
Acthar Gel-Related Settlement liability	$	(236.1)
Other non-current liabilities		(0.1)
Total liabilities reinstated	$	(236.2)
Consideration provided to settle amounts per the 2023 Plan		
Issuance of Successor ordinary shares	$	(1,169.7)
Issuance of Opioid CVRs		(25.1)
Issuance of Second-Out Takeback Term Loans and Second-Out Takeback Notes		(1,535.1)
Total consideration provided to settle amounts per the 2023 Plan	$	(2,729.9)
Gain on settlement of liabilities subject to compromise	$	1,966.0

(1) Excluded from the calculation of gain on settlement of LSTC is the accretion acceleration of $377.6 million, $145.0 million and $598.4 million on the Group's debt obligations, Acthar Gel-Related Settlement liability and Opioid-Related Litigation Settlement liability, respectively, to the estimated allowed claim amount. Also excluded is $18.5 million of deferred financing fee write-offs in order to reflect the carrying value of debt at its estimated allowed claim amount.

(h) Pursuant to the 2023 Plan, as of the 2023 Effective Date, all Predecessor preferred and ordinary shares were cancelled without any distribution. The following table reconciles reorganization adjustments made to Successor ordinary shares and additional paid in capital:

Par value of 19,696,335 shares of Successor ordinary shares issued to holders of the Predecessor First Lien Notes and Second Lien Notes (par valued at $0.01 per share)	$	0.2
Additional paid in capital - Successor ordinary shares		1,169.6
Successor equity	$	1,169.8

(i) Retained (deficit) earnings - The cumulative effect of the consummation of the 2023 Plan on the Predecessor's retained deficit is as follows:

Gain on settlement of LSTC	$	1,966.0
Professional and exit fees		(24.0)
Release of prepaid insurance [(1)] and directors fees		(20.0)
Fair value of First-Out Takeback Term Loans and related embedded derivative		(21.2)
Income tax credit on plan adjustments		647.2
Cancellation of Predecessor equity		2,199.4
Net impact on retained earnings	$	4,747.4

(1) Write off of prepaid expenses related to premiums for the Predecessor's directors' and officers' insurance policy.

Fresh-Start Adjustments

(j) Reflects the fair value adjustment related to the Group's intangible assets. The fair value of the completed technology intangible assets were determined using the income approach. The cash flows were discounted commensurate with the level of risk associated with each asset within its projected cash flows. The discount rates applied to the intangible assets consider the overall risk of the business, which reflects a level of risk commensurate with the Group having emerged from bankruptcy twice in the most recent two fiscal years. In addition, the intangible asset discount rates reflect differences in risk within each business segment, as well as the impact of certain tax attributes recorded on the balance sheet. The valuation used discount rates ranging from 13.5% through 52.5%, depending on the asset. See Note 15 for further information on intangible assets.

(k) Reflects the fair value adjustment related to the Group's property, plant and equipment. Both the market and cost approaches were utilized to fair value land and buildings. The cost approach was utilized to fair value capitalized software and machinery and equipment. Construction in process was reported at its cost. The results from all approaches were adjusted for the impact of economic obsolescence.

The Group’s lease obligations were revalued using the incremental borrowing rate applicable to the Group upon emergence from the 2023 Bankruptcy Proceedings and commensurate with its new capital structure. The incremental borrowing rate used in the revaluation of the lease obligations decreased from 13.2% in the Predecessor period to 8.1% in the Successor period. The revaluation of lease obligations includes the adjustment for contract-based off-market intangibles for favorable or unfavorable terms to the right-of-use assets as well as the removal of right-of-use assets (and affiliated lease liabilities) associated with the Group’s leases with a remaining contract term of less than one year as of the 2023 Effective Date. The revaluation resulted in an increase in the right-of-use asset of $12.5 million.

(l) Reflects the reduction of prepaid income taxes due to remeasurement as a result of fresh-start accounting and the net increase on the Group's deferred tax assets as a result of fresh-start accounting, primarily driven by the fair value adjustment on the Group's intangible assets.

(m) Reflects an adjustment of $0.1 million to decrease the Group's current lease liabilities as a result of the revaluation of the lease obligations as described in footnote (k) above.

(n) Reflects the fair value adjustment to the Acthar Gel-Related Settlement liability utilizing a discounted cash flow model with an average credit-adjusted discount rate of 13.3%, partially offset by an increase to the Group's non-current lease liabilities of $12.7 million as described in footnote (k) above.

(o) Reflects the fair value adjustment to the contingent value rights associated with Terlivaz ("Terlivaz CVR") utilizing a net present value of a probability-weighted assessment estimated using a Monte Carlo simulation. The Group determined the fair value adjustment to be $14.9 million. This adjustment is partially offset by reduction of the Group's deferred tax liabilities as a result of fresh-start accounting of $1.3 million.

(p) Reflects the fair value adjustment to eliminate the accumulated other comprehensive income of $10.0 million related to pension benefits and $5.7 million of cash flow hedges, partially offset by the elimination $2.1 million of currency translation adjustment and $2.5 million of income tax effects, which resulted in income tax benefit of zero.

(q) The cumulative effect of the fresh-start accounting on the Successor's retained deficit is as follows:

Fresh-start adjustment:	
Property, plant and equipment	$ (150.2)
Intangible assets	(1,633.7)
Acthar Gel-Related Settlement	88.6
Other assets and liabilities	(15.0)
Total fresh-start adjustments impacting reorganization items, net	(1,710.3)
Fresh-start adjustments to accumulated other comprehensive income, net of zero tax benefit	11.1
Total fresh-start adjustments recorded to income tax benefit	270.3
Net fresh-start impact to accumulated deficit	$ (1,428.9)

Reorganization items, net

Reorganization items, net, include amounts incurred after a petition date but prior to emergence from bankruptcy as a direct result of the 2020 Chapter 11 Cases or the 2023 Chapter 11 Cases, as applicable, as well as gains and losses associated with emergence from the 2020 Chapter 11 Cases or the 2023 Chapter 11 Cases, as applicable. These amounts include gains and losses associated with the reorganization, primarily the loss on fresh-start adjustments, gain on settlement of LSTC, bankruptcy-related professional fees, debt financing fees, write-off of debt issuance costs and related unamortized premiums and discounts and other items.

Fiscal 2023 primarily included a loss of $1,710.3 million on fresh-start adjustment and $1,139.5 million of adjustments of claims to their estimated allowed claim amount as a result of the emergence from the 2023 Bankruptcy Proceedings as well as professional fees associated with the implementation of the 2023 Plan incurred after the 2023 Effective Date that are directly related to the restructuring and reorganization of the Group, partially offset by a gain on the settlement of LSTC of $1,966.0 million.

Fiscal 2022 primarily included a loss on fresh-start adjustments of $1,354.6 million as well as professional fees associated with the implementation of the 2020 Plan incurred after the 2020 Effective Date that are directly related to the restructuring and reorganization of the Group, partially offset by a gain on settlement of LSTC of $943.7 million as a result of the emergence from the 2020 Bankruptcy Proceedings.

Cash paid for reorganization items, net for fiscal 2023 and 2022 were $23.4 million and $322.5 million, respectively.

Reorganization items, net, were comprised of the following:

	Fiscal Year	
	2023	**2022**
Gain on settlements of LSTC	$ (1,966.0)	$ (943.7)
Loss on fresh-start adjustments	1,710.3	2,206.4
Adjustments of other claims	1,139.5	5.4
Professional and other service provider fees	65.7	184.3
Success fees for professional service providers	—	44.3
Debt financing	154.6	—
Debt valuation adjustments	21.2	—
Write off of prepaid premium for directors and officers' insurance policies, net, and directors fees	20.0	9.2
Acceleration of the vesting of Predecessor equity awards upon the 2023 Effective Date	9.0	—
Total reorganization items, net	$ 1,154.3	$ 1,505.9

4. Summary of Significant Accounting Policies

Turnover Recognition

Product Turnover

The Group sells its products through independent channels, including direct to retail pharmacies, end user customers and through distributors who resell the products to retail pharmacies, institutions and end user customers, while certain products are sold and distributed directly to hospitals. The Group also enters into arrangements with indirect customers, such as health care providers and payers, wholesalers, government agencies, institutions, managed care organizations and group purchasing organizations to establish contract pricing for certain products that provide for government-mandated and/or privately-negotiated rebates, turnover incentives, chargebacks, distribution service agreements fees, fees for services and administration fees and discounts with respect to the purchase of the Group's products.

Reserve for Variable Considerations

Product turnover is recorded at the turnover price (transaction price), which includes estimates of variable consideration for which reserves are established. These reserves result from estimated chargebacks, rebates, product returns and other turnover deductions that are offered within contracts between the Group and its customers, health care providers and payers relating to the Group's turnover of its products. These reserves are based on the amounts earned or to be claimed on the related turnover and are classified as reductions of trade debtors (if the amount is payable to the customer) or a current liability (if the amount is payable to a party other than a customer). Where appropriate, these estimates take into consideration a range of possible outcomes that are probability-weighted for relevant factors such as the Group’s historical experience, estimated future trends, estimated customer stocks levels, current contracted turnover terms with customers, level of utilization of the Group’s products and other competitive factors. Overall, these reserves reflect the Group’s best estimate of the amount of consideration to which it is entitled based on the terms of the contract. The amount of variable consideration that is included in the transaction price may be constrained (reduced) and is included in the turnover price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. The Group adjusts reserves for chargebacks, rebates, product returns and other turnover deductions to reflect differences between estimated and actual experience. Such adjustments impact the amount of turnover recognized in the period of adjustment.

Product turnover is recognized when the customer obtains control of the Group's product. Control is transferred either at a point in time, generally upon delivery to the customer site, or in the case of certain of the Group's products, over the period in which the customer has access to the product and related services. Revenue recognized over time is based upon either consumption of the product or passage of time based upon the Group's determination of the measure that best aligns with how the obligation is satisfied. The Group's considerations of why such measures provide a faithful depiction of the transfer of its products are as follows:

- For those contracts whereby turnover is recognized over time based upon consumption of the product, the Group either has:
    1. the right to invoice the customer in an amount that directly corresponds with the value to the customer of the Group's performance to date, for which the practical expedient to recognize in proportion to the amount it has the right to invoice has been applied, or
    2. the remaining goods and services to which the customer is entitled is diminished upon consumption.
- For those contracts whereby turnover is recognized over time based upon the passage of time, the benefit that the customer receives from unlimited access to the Group's product does not vary, regardless of consumption. As a result, the Group's obligation diminishes with the passage of time; therefore, ratable recognition of the transaction price over the contract period is the measure that best aligns with how the obligation is satisfied.

Transaction price allocated to the remaining performance obligations

The majority of the Group's contracts have a term of less than one year; therefore, the related disclosure of the amount of transaction price allocated to the performance obligations that are unsatisfied at period end is generally expected to be satisfied within one year.

Cost to obtain a contract

As the majority of the Group's contracts are short-term in nature, turnover commissions are generally expensed when incurred as the amortization period would have been less than one year. These costs are recorded within distribution and administrative expense ("D&A") in the consolidated profit and loss account. For contracts that extend beyond one year, the incremental expense recognition matches the recognition of related turnover.

Costs to fulfill a contract

The Group capitalizes the costs associated with the devices used in the Group's portfolio of drug-device combination products, which are used in satisfaction of future performance obligations. Capital expenditures for these devices represent cash outflows for the Group's cost to produce the asset, which is classified in tangible assets on the consolidated balance sheets and expensed to cost of sales over the useful life of the equipment.

Product Royalty Turnover

The Group licenses certain rights to Amitiza® (lubiprostone) ("Amitiza") to third parties in exchange for royalties on turnover of the product. The Group recognizes such royalties as the related turnover occurs.

Contract Balances

Trade debtors are recorded when the right to consideration becomes unconditional. Payments received from customers are typically based upon payment terms of 30 days. The Group does not maintain contract asset balances aside from the trade debtor balance as presented on the consolidated balance sheets as costs to obtain a contract are expensed when incurred as the amortization period would have been less than one year. These costs are recorded within D&A on the consolidated profit and loss account. Contract liabilities are recorded when cash payments are received in advance of the Group's performance, including amounts that are refundable.

Taxes collected from customers relating to product turnover and remitted to governmental authorities are accounted for on a net basis. Accordingly, such taxes are excluded from both turnover and expenses.

Shipping and Handling Costs

Shipping costs, which are costs incurred to physically move product from the Group's premises to the customer's premises, are classified as D&A expenses. Handling costs, which are costs incurred to store, move and prepare product for shipment, are classified as cost of sales. Shipping costs included in D&A expenses in continuing operations were $25.8 million and $26.7 million for fiscal 2023 and 2022, respectively.

Research and Development

Internal research and development ("R&D") costs are expensed as incurred. R&D costs include salary and benefits, allocated overhead and occupancy costs, clinical trial and related clinical manufacturing costs, contract services, medical affairs and other costs.

From time to time, the Group has entered into licensing or collaborative agreements with third parties to develop a new drug candidate or intellectual property asset. These agreements may include R&D, marketing, promotion and selling activities to be performed by one or all parties involved. These collaborations generally include upfront, milestone and royalty or profit sharing payments contingent upon future events tied to the developmental and commercial success of the asset. In general, upfront and milestone payments made to third parties under these agreements are expensed as incurred up to the point of regulatory approval of the product. Milestone payments made to third parties upon regulatory approval are capitalized as an intangible asset and amortized to cost of sales over the estimated useful life of the related product.

The information required by paragraph 63(4) of Schedule 3 of the Irish Companies Act 2014 is not provided as it would be prejudicial to the interest of the Group.

Currency Translation

For the Group's non-U.S. subsidiaries that transact in a functional currency other than U.S. dollars, assets and liabilities are translated into U.S. dollars using fiscal year-end exchange rates. Turnover and expenses are translated at the average exchange rates in effect during the related month. The net effect of these translation adjustments is shown in the consolidated financial statements as a component of accumulated other comprehensive loss. From time to time, the Group has entered into derivative instruments to mitigate the exposure of movements in certain of these foreign currency transactions. Gains and losses resulting from foreign currency transactions are included in loss after taxation.

Cash at Bank and In Hand

The Group classifies cash on hand and deposits in banks, including commercial paper, money market accounts and other investments it may hold from time to time, with an original maturity to the Group of three months or less, as cash at bank and in hand.

Trade Debtors and Allowance for Doubtful Accounts

Trade debtors are presented net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects an estimate of losses inherent in the Group's portfolio of trade debtors determined on the basis of historical experience, current facts and circumstances, reasonable and supportable forecasts and other available evidence. Trade debtors are written off when management determines they are uncollectible. Trade debtors are also presented net of reserves related to chargebacks and rebates payable to customers with whom the Group has trade debtors and the right of offset exists.

Stocks

Stocks are recorded at the lower of cost or net realizable value, primarily using the first-in, first-out convention. The Group reduces the carrying value of stocks for those items that are potentially excess, obsolete or slow-moving based on changes in customer demand, technology developments or other economic factors.

Tangible Assets

Owned Tangible Assets

Tangible assets are stated at cost less accumulated depreciation and impairment. Major renewals and improvements are capitalized, while routine maintenance and repairs are expensed as incurred. Depreciation for tangible assets, other than land and construction in process, is generally based upon the following estimated useful lives, using the straight-line method:

Buildings	10	to	45 years
Leasehold improvements	1	to	20 years
Capitalized software	1	to	10 years
Machinery and equipment	1	to	20 years

The Group capitalizes certain computer software and development costs incurred in connection with developing or obtaining software for internal use.

Upon retirement or other disposal of tangible assets, the cost and related amount of accumulated depreciation are eliminated from the asset and accumulated depreciation accounts, respectively. The difference, if any, between the net asset value and the proceeds is included in the profit and loss account.

The Group assesses the recoverability of assets or asset groups using undiscounted cash flows whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable. If an asset or asset group is found to be impaired, the amount recognized for impairment is equal to the difference between the carrying value of the asset or asset group and its fair value.

Lease Assets

The Group assesses all contracts at inception to determine whether a lease exists. The Group leases office space, manufacturing and warehousing facilities, equipment and vehicles, which are generally operating leases. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet; the Group recognizes lease expense for these leases on a straight-line basis over the lease term. The Group has lease agreements with lease and non-lease components, which are accounted for separately. The Group's lease agreements generally do not contain variable lease payments or any material residual value guarantees.

Lease assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term as of the commencement date. As the Group's leases do not generally provide an implicit rate, the Group utilized its incremental borrowing rate based on the information available at commencement date in determining the present value of future lease payments. Most leases include one or more options to terminate or renew, with renewal terms that can extend the lease term from one to five years. The exercise of lease renewal options is at the Group's sole discretion. Termination and renewal options are included within the lease assets and liabilities only to the extent they are reasonably certain.

Intangible Assets

Irish company law requires indefinite-lived intangible assets to be amortized; however, the directors do not believe that this gives a true and fair value because not all intangible assets decline in value. Therefore, to present a true and fair value of the economic reality certain other intangible assets are considered indefinite-lived and are not amortized.

Intangible assets acquired in a business combination are recorded at fair value, while intangible assets acquired in other transactions are recorded at cost. Intangible assets with finite useful lives are subsequently amortized, according to the pattern in which the economic benefit of the asset is used up over their estimated useful lives, as shown below. The estimated useful lives of the Group's intangible assets as of December 30, 2022 were the following:

Completed technology	1	to	20 years

Amortization expense related to completed technology and certain other intangible assets is included in cost of sales.

When a triggering event occurs, the Group evaluates potential impairment of finite-lived intangible assets by first comparing undiscounted cash flows associated with the asset, or the asset group they are part of, to its carrying value. If the carrying value is greater than the undiscounted cash flows, the amount of potential impairment is measured by comparing the fair value of the assets, or asset group, with their carrying value. The fair value of the intangible asset, or asset group, is estimated using an income approach. If the fair value is less than the carrying value of the intangible asset, or asset group, the amount recognized for impairment is equal to the difference between the carrying value of the asset and the fair value of the asset. The Group assesses the remaining useful life and the recoverability of finite-lived intangible assets whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. The Group annually tests the indefinite-lived intangible assets for impairment, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable by either a qualitative or income approach. The Group will compare the fair value of the assets with their carrying value, and record an impairment when the carrying value exceeds the fair value.

Contingencies

The Group is subject to various legal proceedings and claims, including government investigations, environmental matters, product liability matters, patent infringement claims, antitrust matters, securities class action lawsuits, personal injury claims, employment disputes, contractual and other commercial disputes, and all other legal proceedings, all in the ordinary course of business as further discussed in Note 25. The Group records accruals for contingencies when it is probable that a liability has been incurred and the amount can be reasonably estimated. The Group discounts environmental liabilities using a risk-free rate of return when the obligation is fixed or reasonably determinable. The impact of the discount in the consolidated balance sheets was not material in any period presented. Legal fees, other than those pertaining to environmental matters, are expensed as incurred. Insurance recoveries related to potential claims are recognized up to the amount of the recorded liability when coverage is confirmed and the estimated recoveries are probable of payment. Assets and liabilities are not netted for financial statement presentation.

Derivatives and hedging

The Group evaluated the terms and features of its First-Out Takeback Term Loans, Second-Out Takeback Term Loans and Takeback Notes and identified an embedded feature that, in certain scenarios, could materially modify the cash flows of the respective debt instruments.

The Group evaluated the embedded feature and determined that it was not clearly and closely related to the underlying debt instruments and did not qualify for any scope exceptions set forth in the accounting standards. Accordingly, this embedded feature is required to be bifurcated from its host instruments and accounted for separately as an embedded derivative liability. As a result, the Group recorded the fair value of the embedded derivatives as of the issuance date as a liability on its consolidated balance sheet.

The embedded derivative will be adjusted to fair value each reported period with changes in fair value subsequent to the issuance date recognized within other income (expense) in the consolidated statements of operations. The fair value of the embedded derivative is reflected within creditors (amounts falling due within one year) in the consolidated balance sheet as of December 29, 2023.

The fair value of the derivative is determined using the with-and-without model which compares the estimated fair value of the underlying debt instruments with the embedded feature to the estimated fair value of the underlying debt instruments without the embedded feature, with the difference representing the estimated fair value of the embedded derivative feature. The with-and-without model includes significant unobservable estimates, including an estimation of the Group’s probability of an

asset sale. Management estimates the probability of the asset sale based on its assessment of entity specific factors and the status of on-going transaction negotiations, if any. Changes in the inputs into the valuation model may have a significant impact on the estimated fair value of the embedded derivatives. For further details, refer to Note 26.

Liabilities Subject to Compromise

As a result of the commencement of the 2023 and 2020 Bankruptcy Proceedings, the payment of pre-petition liabilities was subject to compromise or other treatment pursuant to the 2023 and 2020 Plans. The determination of how liabilities would ultimately be settled or treated could not be made until the confirmed 2023 and 2020 Plans of reorganization became effective. Accordingly, the ultimate amount of such liabilities was not determinable prior to the respective 2023 and 2020 Effective Dates. Pre-petition liabilities that were subject to compromise were reported at the amounts that were expected to be allowed by the Bankruptcy Court, even if they may be settled for different amounts. The amounts classified as LSTC prior to the 2023 and 2020 Effective Dates were preliminary and were subject to future adjustments dependent upon Bankruptcy Court actions, further developments with respect to disputed claims, determinations of the secured status of certain claims, the values of any collateral securing such claims, rejection of executory contracts, continued reconciliation or other events.

Share-Based Compensation

The Group recognizes the cost of employee services received in exchange for awards of equity or liability-based instruments based on the grant-date fair value of those awards. That cost is recognized over the period during which an employee is required to provide service in exchange for the award, the requisite service period (generally the vesting period). The cost for liability-based instruments is remeasured accordingly each reporting period throughout the requisite service period. For more information about the Group's share-based awards, refer to Note 11.

Restructuring

The Group recognizes charges associated with the Group's Board of Directors approved restructuring programs designed to transform its business and improve its cost structure. Restructuring charges can include severance costs, infrastructure charges, distributor contract cancellations and other items. The Group accrues for costs when they are probable and reasonably estimable.

Taxation

Deferred tax assets and liabilities are recognized for the expected future taxation consequences of events that have been reflected in the consolidated financial statements. Deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and operating loss carryforwards, using tax rates expected to be in effect for the years in which the differences are expected to reverse. A valuation allowance is provided to reduce net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Group determines whether it is more likely than not that a tax position will be sustained upon examination. The taxation credit of any tax position that meets the more-likely-than-not recognition threshold is calculated as the largest amount that is more than 50.0% likely of being realized upon resolution of the uncertainty. To the extent a full taxation credit is not realized on the uncertain tax position, a tax liability, or a reduction to a deferred tax asset ("contra-DTA(s)") is established. Interest and penalties on tax obligations, associated with uncertain tax positions, are included in the provision for taxation.

The calculation of the Group's tax liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions across the Group's global operations. The Group adjusts these liabilities and contra-DTAs as a result of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from current estimates of the tax liabilities. If the Group's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If payment of these amounts ultimately proves to be less than the recorded amounts, the reversal of the liabilities may result in taxation credits being recognized in the period when it is determined that the liabilities are no longer necessary. Refer to Note 9 for further information regarding the classification of such amounts in the consolidated balance sheets.

New Accounting Pronouncements

Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, *Segment Reporting: Improvements to Reportable Segment Disclosures*. This guidance requires disclosure of incremental segment information on an annual and interim basis. This amendment is effective for fiscal year ending December 27, 2024 and interim periods within fiscal year ending December 26, 2025. The Group is currently assessing the impact of this guidance on its disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes: Improvements to Income Tax Disclosures*. This guidance requires consistent categories and greater disaggregation of information in the rate reconciliation and disclosures of income taxes paid by jurisdiction. This amendment is effective for fiscal year ending December 25, 2025 and interim periods within fiscal year ending December 26, 2026. The Group is currently assessing the impact of this guidance on its disclosures.

No other new accounting pronouncement issued or effective during the fiscal year has had, or is expected to have, a material impact on the Group's consolidated financial statements.

5. Turnover from Contracts with Customers

Product Turnover

See Note 6 for presentation of the Group's turnover by product family.

Reserves for variable consideration

The following table reflects activity in the Group's turnover reserve accounts:

	Rebates and Chargebacks	Product Returns	Other Turnover Deductions	Total
Balance as of December 31, 2021	$ 241.8	$ 21.5	$ 9.5	$ 272.8
Provisions	1,497.8	12.2	53.8	1,563.8
Payments or credits	(1,474.3)	(17.7)	(50.6)	(1,542.6)
Balance as of December 30, 2022	$ 265.3	$ 16.0	$ 12.7	$ 294.0
Provisions	1,541.8	12.9	50.2	1,604.9
Payments or credits	(1,605.5)	(14.4)	(51.6)	(1,671.5)
Balance as of December 29, 2023	$ 201.6	$ 14.5	$ 11.3	$ 227.4

Product turnover transferred to customers at a point in time and over time were as follows:

	Fiscal Year	
	2023	2022
Product turnover transferred at a point in time	83.5 %	82.0 %
Product turnover transferred over time	16.5	18.0

Transaction price allocated to the remaining performance obligations

The following table includes estimated turnover from contracts extending greater than one year for certain of the Group's hospital products that are expected to be recognized in the future related to performance obligations that were unsatisfied or partially unsatisfied as of December 29, 2023:

Fiscal 2024 [(1)]	$ 41.6
Fiscal 2025 [(1)]	23.7
Thereafter	4.2

(1) Certain estimated revenue included in the above table may not be recognized as a result of the Company's plan to cease commercialization of the StrataGraft product as further described in Note 29.

Costs to fulfill a contract

As of December 29, 2023 and December 30, 2022, the total book value of the devices used in the Group's portfolio of drug-device combination products, which are used in satisfying future performance obligations, reflected in tangible assets, on the consolidated balance sheets was $0.6 million and $10.3 million, respectively. The associated depreciation expense recognized during fiscal 2023 and 2022 was $1.9 million and $3.9 million, respectively.

Product Royalty Turnover

The Group licenses certain rights to Amitiza to third parties in exchange for royalties on turnover of the product. The Group receives a double-digit royalty based on a percentage of the gross profits on the licensed products sold during the term of the agreements. The Group recognizes such royalty turnover as the related turnover occurs. The associated royalty turnover recognized during fiscal 2023 and 2022 was $4.4 million and $71.1 million, respectively.

6. Segment and Geographical Data

The Group operates in two reportable segments, which are further described below:

- *Specialty Brands* includes innovative specialty pharmaceutical brands; and
- *Specialty Generics* includes niche specialty generic drugs and API(s).

Management measures and evaluates the Group's operating segments based on segment turnover and operating profit. Management excludes corporate expenses from segment operating profit. In addition, certain amounts that management considers to be non-recurring or non-operational are excluded from segment turnover and operating profit because management and the chief operating decision maker evaluate the operating results of the segments excluding such items. These items may include, but are not limited to, depreciation and amortization, share-based compensation, net restructuring charges, non-restructuring impairment charges and liabilities management and separation costs. Although these amounts are excluded from segment turnover and operating profit, as applicable, they are included in reported consolidated turnover and operating loss and are reflected in the reconciliations presented below.

Management manages assets on a total Group basis, not by operating segment. The Group's chief operating decision maker does not regularly review any asset information by operating segment and, accordingly, the Group does not report asset information by operating segment. Total assets were approximately $3,270.3 million and $5,532.0 million as of December 29, 2023 and December 30, 2022, respectively.

Selected information by reportable segment was as follows:

	Fiscal Year	
	2023	2022
Turnover:		
Specialty Brands	$ 1,089.0	$ 1,269.5
Specialty Generics	776.9	644.8
Turnover	$ 1,865.9	$ 1,914.3
Operating loss:		
Specialty Brands	$ 401.7	$ 622.7
Specialty Generics [(1)]	202.0	88.7
Segment operating profit	603.7	711.4
Unallocated amounts:		
Corporate and unallocated expenses [(2)]	(49.8)	(76.4)
Depreciation and amortization	(516.1)	(669.3)
Share-based compensation	(8.9)	(3.1)
Restructuring charges, net	(0.9)	(20.7)
Non-restructuring impairment charges [(3)]	(139.7)	—
Liabilities management and separation costs [(4)]	(159.1)	(30.2)
Bad debt expense - customer bankruptcy	—	(6.4)
Operating loss	$ (270.8)	$ (94.7)
Depreciation and amortization:		
Specialty Brands	$ 470.6	$ 612.0
Specialty Generics	45.5	57.3
Depreciation and amortization	$ 516.1	$ 669.3

(1) Includes $30.0 million of fresh-start stocks-related expense during fiscal 2022 primarily driven by the Group's change in accounting estimate as disclosed in Note 1.

(2) Includes administration expenses and certain compensation, legal, environmental and other costs not charged to the Group's reportable segments.

(3) Includes $135.9 million of impairment charges on intangible assets as further described in Note 15 and $3.8 million of impairment charges on StrataGraft long-lived assets.

(4) Represents costs primarily related to professional fees incurred by the Group (including where the Group is responsible for the fees of third parties) in connection with its evaluation of its financial situation and related discussions with its stakeholders prior to the commencement of the 2023 Bankruptcy Proceedings, expenses incurred related to the severance of certain former executives as a result of the 2020 Bankruptcy Proceedings, in addition to professional fees and costs incurred as the Group explores potential sales of non-core assets to enable further deleveraging post-emergence. As of the 2023 Petition Date and 2020 Petition Date, professional fees directly related to the 2023 Bankruptcy Proceedings and 2020 Bankruptcy Proceedings, respectively, that were previously reflected as liabilities management and separation costs were classified on a go-forward basis as reorganization items, net until the 2023 Effective Date and the 2020 Effective Date, respectively.

Turnover by product family from continuing activities within the Group's segments was as follows:

	Fiscal Year	
	2023	2022
Acthar Gel	$ 425.3	$ 516.0
INOmax	303.2	339.7
Therakos	259.1	240.1
Amitiza [1]	77.0	158.6
Terlivaz	15.6	1.2
Other	8.8	13.9
Specialty Brands	1,089.0	1,269.5
Opioids	262.3	206.7
ADHD	114.9	45.9
Addiction treatment	66.1	65.0
Other	9.8	11.7
Generics	453.1	329.3
Controlled substances	87.1	84.6
APAP	217.3	207.9
Other	19.4	23.0
API	323.8	315.5
Specialty Generics	776.9	644.8
Turnover	$ 1,865.9	$ 1,914.3

(1) Amitiza turnover consist of both product and royalty turnover. Refer to Note 5 for further details on Amitiza's revenues.

Selected information by geographic area was as follows:

	Fiscal Year	
	2023	2022
Turnover [1]:		
U.S.	$ 1,661.7	$ 1,712.5
Europe, Middle East and Africa	185.9	174.0
Other	18.3	27.8
Turnover	$ 1,865.9	$ 1,914.3

	December 29, 2023	December 30, 2022
Long-lived assets [2]:		
U.S.	$ 165.9	$ 287.3
Europe, Middle East and Africa [3]	164.6	178.0
Other	2.8	3.1
Long-lived assets	$ 333.3	$ 468.4

(1) Turnover is attributed to regions based on the location of the entity that records the transaction, none of which relate to the country of Ireland.

(2) Long-lived assets are primarily composed of owned tangible assets.

(3) Includes long-lived assets located in Ireland of $162.1 million and $174.9 million as of December 29, 2023 and December 30, 2022, respectively.

7. Restructuring and Related Charges

During fiscal 2021 and fiscal 2018, the Group launched restructuring programs designed to improve its cost structure, neither of which has a specified time period. Charges of $50.0 million to $100.0 million were provided for under the 2021 program and $100.0 million to $125.0 million were provided for under the 2018 program. The 2021 program will commence upon substantial completion of the 2018 program, and has not commenced as of December 29, 2023. In addition to the aforementioned restructuring programs, the Group has taken restructuring actions to generate synergies from its acquisitions.

Net restructuring and related charges by segment were as follows:

	Fiscal Year	
	2023	2022
Specialty Generics	$ —	$ 4.3
Corporate	1.7	17.4
Restructuring and related charges, net	1.7	21.7
Less: accelerated depreciation	(0.8)	(1.0)
Restructuring charges, net	$ 0.9	$ 20.7

Net restructuring and related charges by program from continuing operations were comprised of the following:

	Fiscal Year	
	2023	2022
2018 Program	$ 1.7	$ 21.7
Less: non-cash charges, including accelerated depreciation	(0.8)	(5.8)
Total charges expected to be settled in cash	$ 0.9	$ 15.9

The following table summarizes cash activity for restructuring reserves, substantially all of which related to contract termination costs, employee severance and benefits and exiting of certain facilities:

	2018 Program
Balance as of December 31, 2021	$ 17.6
Charges	19.8
Changes in estimate	(10.6)
Cash payments	(22.2)
Balance as of December 30, 2022	4.6
Charges	1.3
Changes in estimate	(0.4)
Cash payments	(5.4)
Balance as of December 29, 2023	$ 0.1

As of December 29, 2023, net restructuring and related charges incurred cumulative to date for the 2018 Program were as follows:

	2018 Program [1]
Specialty Brands	$ 3.1
Specialty Generics	19.3
Corporate	96.9
	$ 119.3

(1) There is no specified time period associated with this restructuring program.

All of the restructuring reserves were included in provision for liabilities on the Group's consolidated balance sheets. Amounts paid in the future may differ from the amount currently recorded.

8. Interest Payable and Similar Expenses

Interest payable and similar expenses are primarily related to loans made to the Group by credit institutions and were comprised of:

	Fiscal Year	
	2023	2022
Interest on loans made to the Group by credit institutions [1]	$ 359.2	$ 292.0
Accretion on loans made to the Group by credit institutions, net	61.0	51.7
Accretion on settlement obligations	115.1	87.5
Amortization of debt issue costs	4.8	3.2
Capitalized interest	(2.3)	(1.8)
Amortization of interest rate cap	(2.3)	—
Other [2]	—	0.3
Interest payable and similar expenses	$ 535.5	$ 432.9

(1) Includes interest expense incurred with respect to the incremental adequate protection payments on the senior secured revolving credit facility and the senior secured term loans of $28.8 million during fiscal 2022. Refer to Note 2 for further information.

(2) Includes other non-cash interest.

9. Taxation

The domestic and international components[1] of loss before taxation were as follows:

	Fiscal Year	
	2023	2022
Domestic	$ (3,587.7)	$ (3,543.7)
International	1,641.6	1,511.2
Total	$ (1,946.1)	$ (2,032.5)

(1) Domestic reflects Ireland in fiscal 2023 and 2022.

Significant components of taxation were as follows:

	Fiscal Year	
	2023	2022
Current:		
Domestic	$ 35.8	$ 0.9
International	4.1	(51.9)
Current taxation charge (credit)	39.9	(51.0)
Deferred:		
Domestic	(296.2)	(164.5)
International	(38.8)	(435.3)
Deferred taxation credit	(335.0)	(599.8)
Total	$ (295.1)	$ (650.8)

The domestic current taxation reflects taxation credits of $2.9 million and $12.0 million from using net operating loss ("NOL") carryforwards for fiscal 2023 and 2022, respectively. The international current taxation reflects taxation credits of $266.5 million and $61.1 million from using NOL carryforwards for fiscal 2023 and 2022, respectively.

During fiscal 2023 net cash refunds for income taxes were $127.7 million and during fiscal year 2022, net cash payments for income taxes were $6.0 million. Included within the net cash refunds of $127.7 million were refunds of $141.6 million received as a result of the provisions in the Coronavirus Aid, Relief and Economic Security ("CARES") Act.

The reconciliation between domestic taxation at the statutory rate and the Group's taxation was as follows:

	Fiscal Year	
	2023	2022
Taxation credit at domestic statutory income tax rate [1]	$ (242.2)	$ (254.2)
Adjustments to reconcile to income tax provision:		
Rate difference between domestic and international jurisdictions	43.2	194.4
Credits, principally research and orphan drug	(1.9)	(0.9)
Permanently nondeductible and nontaxable items	3.0	1.4
Emergence	(103.7)	(31.6)
Withholding tax on Swiss distribution	—	4.7
Legal entity reorganization [2]	(44.7)	—
Reorganization items, net	6.7	17.4
Other	0.4	(4.5)
Valuation allowances [3]	44.1	(577.5)
Taxation credit	$ (295.1)	$ (650.8)

(1) The statutory tax rate reflects the Irish statutory tax rate of 12.5%.

(2) Associated unrecognized tax charge is netted within this line.

(3) Fiscal 2022 consists of $512.1 million of tax credit for the reduction in the valuation allowance on the Group's deferred tax assets due to the alleviation of the previous substantial doubt about the Group's ability to continue as a going concern.

The rate difference between domestic and international jurisdictions was $43.2 million of taxation charge for fiscal 2023, which was primarily related to $47.8 million of tax charge predominately related to pretax earnings in various jurisdictions and $22.7 million of tax charge attributable to reorganization items, net, offset by $15.7 million of tax credit related to liabilities management and separation costs and $11.6 million of tax credit related to non-restructuring impairments.

The rate difference between domestic and international jurisdictions was $194.4 million of taxation charge for fiscal 2022, consisting of $163.5 million of taxation charge attributable to reorganization items, net, and $46.1 million of taxation charge predominately attributable to the pretax earnings in various jurisdictions offset by $8.9 million of taxation credit attributable to accretion expense associated with our settlement liabilities and $6.3 million of taxation credit attributable to accretion expense associated with our debt.

During fiscal 2023, the Group recognized a tax benefit of $103.7 million upon emergence from the 2023 Bankruptcy Proceedings. These impacts of emergence consist of a $242.8 million tax credit related to the revaluation of net deferred tax assets as a result of fresh-start accounting, offset by $139.1 million of tax charge related to permanently nondeductible impacts on fair value adjustments.

As a result of the 2023 Plan and the 2020 Plan, the Group recognized cancellation of debt income ("CODI") on its indebtedness, resulting in the utilization of, and reduction to, certain of its tax losses and tax credits in the U.S. and Luxembourg. The emergence from each of the respective 2023 and 2020 Bankruptcy Proceedings resulted in a change in ownership for purposes of Internal Revenue Code ("IRC") Section 382, causing the remaining U.S. tax losses, credits, and certain built in losses ("BILs") to be limited under IRC Sections 382 and 383. The amount of our pre-ownership change U.S. NOLs and BILs that can be utilized generally cannot exceed an amount equal to the product of (a) the applicable federal long-term tax-exempt rate in effect on the date of the ownership change and (b) the value of our U.S. affiliate stock immediately prior to the implementation of each respective plan ("382 Annual Limitation"). Evaluating the income tax impacts of each respective plan involves the interpretation of complex tax law and regulations which can be inherently uncertain and subject to varied interpretations. The 382 Annual Limitation for periods following the 2023 Effective Date is expected to be significant enough to be able to utilize all of the pre-ownership change U.S. attributes that are benefited in the consolidated financial statements; however, the utilization is expected to occur over a period of greater than 20 years and is dependent on the Company's generation of future taxable income. The portion of deferred tax assets associated with the tax losses and credits that are limited under IRC Section 382 or 383, and that have a remote possibility of being utilized, have been written off. The benefiting of the U.S. tax attributes required significant judgments made by management as to the expected amount and timing of the generation of future taxable income. With respect to non-U.S. deferred tax assets that have been recorded by the Group at emergence, the benefiting of the tax attributes is dependent on significant judgments made by management related to the generation of future taxable income. Based on current projections, the utilization is expected to occur over a period greater than 20 years. Refer to Note 4 for further information regarding the Group's income tax accounting policies.

During fiscal 2022, the Group recognized a taxation credit of $31.6 million upon emergence from Chapter 11 bankruptcy. These impacts of emergence consist of a $1,202.0 million taxation credit related to the revaluation of net deferred tax assets as a result of fresh-start accounting and a $285.3 million taxation credit related to the release of uncertain tax positions, offset by $1,209.8 million of taxation charge for the reduction in federal and state NOL carryforwards from the CODI realized upon emergence from bankruptcy and limitations under IRC Sections 382 and 383, $191.9 million of taxation charge related to permanently nondeductible impacts on fair value adjustments, and $54.0 million of taxation charge related to prepaid income taxes.

On December 20, 2021, the OECD released the Global Anti-Base Erosion ("GloBE") Model Rules ("Pillar Two") providing a legislative framework for the Income Inclusion Rule and the Under-Taxed Payment Rule ("UTPR"). Pillar Two is designed to ensure that large multinational enterprise groups pay a minimum level of tax on the income arising in each of the jurisdictions where they operate, principally creating a 15% minimum global effective tax rate. On December 15, 2022, the E.U. member states unanimously adopted a directive implementing the Pillar Two global minimum tax rules. On December 20, 2022, the OECD released three guidance documents related to Pillar Two. These documents included guidance on safe harbors and penalty relief and consultation papers on the GloBE Information Return and Tax Certainty for the GloBE rules. A number of jurisdictions have transposed the directive into national legislation with the rules to be applicable for fiscal years beginning on or after December 31, 2023, with the exception of the UTPR which is to be applicable for fiscal years beginning on or after December 31, 2024. The Group's fiscal year end of December 29, 2023 will allow the Group to postpone the effective date of these law changes by one year. The Group is closely monitoring developments and is evaluating the impacts these new rules will have on its tax rate, including the eligibility to qualify for the safe harbor rules.

The following table summarizes the activity related to the Group's unrecognized tax benefits, excluding interest:

	Fiscal Year	
	2023	2022
Balance at beginning of period	$ 24.8	$ 333.5
Additions related to current year tax positions	8.5	—
Reductions related to prior period tax positions	—	(306.1)
Settlements	—	(2.6)
Balance at end of period	$ 33.3	$ 24.8

Unrecognized tax benefits, excluding interest, were reported in the following consolidated balance sheet captions in the amounts shown:

	December 29, 2023	December 30, 2022
Debtors (falling due after one year) [1]	$ 17.9	$ 9.4
Creditors (amounts falling due after one year)	15.4	15.4
	$ 33.3	$ 24.8

(1) Included as a reduction to deferred tax assets.

Total unrecognized tax benefits ("UTB(s)") of $30.1 million and $24.8 million if favorably settled, would benefit the effective tax rate as of December 29, 2023 and December 30, 2022, respectively. During fiscal 2022, the decrease of $306.1 million primarily resulted from fresh-start adjustments.

The Group recorded an increase to accrued interest and penalties of $1.4 million and a decrease to accrued interest and penalties of $16.1 million during fiscal 2023 and 2022, respectively. The total amount of accrued interest and penalties related to uncertain tax positions was $4.2 million and $2.8 million as of December 29, 2023 and December 30, 2022, respectively.

Within the next twelve months, the UTBs and the related interest and penalties are not expected to significantly increase or decrease.

Certain of the Group's subsidiaries continue to be subject to examination by taxing authorities. The earliest open years subject to examination for the U.S. federal and the U.S. state is 2015 and 2013, respectively. The earliest open year subject to examination in other jurisdiction, including Ireland, Japan, Luxembourg, Switzerland and the U.K. is 2014.

Taxation payable, including uncertain tax positions and related interest accruals, was reported in the following consolidated balance sheet captions in the amounts shown:

	December 29, 2023	December 30, 2022
Creditors (amounts falling due within one year)	$ 1.7	$ 3.6
Creditors (amounts falling due after one year)	19.6	18.2
	$ 21.3	$ 21.8

Taxation receivables were included in the following consolidated balance sheet captions in the amounts shown:

	December 29, 2023	December 30, 2022
Debtors falling due within one year	$ 11.5	$ 179.5

Deferred taxation results from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes. The components of the net deferred tax liability at the end of each fiscal year were as follows:

	December 29, 2023	December 30, 2022
Deferred tax assets:		
Tax loss and credit carryforward	$ 3,600.7	$ 3,646.0
Capital tax loss carryforward and related assets	983.5	1,412.6
Intangible assets	571.5	278.4
Opioid-related litigation settlement liability	—	111.7
Excess interest	95.1	84.0
Other	313.6	191.4
	5,564.4	5,724.1
Deferred tax liabilities:		
Investment in partnership	(68.7)	(67.4)
Other	—	(87.0)
	(68.7)	(154.4)
Net deferred tax asset before valuation allowances	5,495.7	5,569.7
Valuation allowances	(4,584.1)	(4,993.0)
Net deferred tax asset (liability)	$ 911.6	$ 576.7

The net deferred tax asset before valuation allowances was $5,495.7 million as of December 29, 2023, compared to $5,569.7 million as of December 30, 2022. This decrease consists of $434.3 million of a decrease related to the expiration of capital tax loss related assets and $111.7 million of a decrease related to the Opioid-Related Litigation Settlement offset by $314.1 million of an increase related to fresh-start activity, $99.7 million of an increase associated with amortization of intangible assets, and $58.2 million of an increase predominately related to tax loss and other operational activity. The $314.1 million increase related to fresh-start activity consists of fair value adjustments related to intangible assets and other deferred tax liabilities.

The deferred tax asset valuation allowances were 4,584.1 million and $4,993.0 million as of December 29, 2023 and December 30, 2022, respectively. The valuation allowance as of both December 29, 2023 and December 30, 2022 relate primarily to the uncertainty of the utilization of certain deferred tax assets, driven by domestic and international net operating and capital losses, credits, and intangible assets.

Deferred taxation activity for fiscal 2023 was as follows:

As of December 30, 2022	$ 576.7
Provisions	334.2
Currency translation and other	0.7
As of December 29, 2023	$ 911.6

Deferred taxation was reported in the following consolidated balance sheet captions in the amounts shown:

	December 29, 2023	December 30, 2022
Debtors (falling due after one year)	$ 911.6	$ 576.8
Provision for liabilities	—	(0.1)
	$ 911.6	$ 576.7

As of December 29, 2023, the Group had approximately $3,552.1 million of NOL carryforwards in certain international jurisdictions measured at the applicable statutory rates, of which $1,371.9 million have no expiration and the remaining $2,180.2 million will expire in future years through 2039. As of December 29, 2023, the Group had $46.9 million of domestic NOL carryforwards measured at the applicable statutory rates, which have no expiration date.

As of December 29, 2023, the Group had $13.9 million of capital loss carryforwards in certain international jurisdictions measured at the applicable statutory rates, which will expire in 2028. As of December 29, 2023, the Group had approximately $969.6 million of domestic capital loss carryforwards measured at the applicable statutory rates, which have no expiration date.

As of December 29, 2023, the Group had $1.7 million of tax credits available to reduce future income taxes payable, in international jurisdictions, which will expire in future years through 2043.

As of December 29, 2023, the Group's taxable financial reporting basis in subsidiaries exceeded its corresponding tax basis by $3.4 million. Such excess amount is indefinitely reinvested and it is not practicable to determine the associated potential tax liability due to the complexity of the Group's legal entity structure as well as the timing, extent, and nature of any hypothetical realization.

10. Profit (Loss) per Ordinary Share

Profit (loss) per share is computed by dividing net profit (loss) by the number of weighted-average shares outstanding during the period. Dilutive securities, including participating securities, have not been included in the computation of loss per share in the periods the Group reported a net loss after taxation and therefore, the impact would have been anti-dilutive.

As described in Note 3, pursuant to the 2023 and 2020 Plans, as of the 2023 and 2020 Effective Dates, all Predecessor's preferred and ordinary shares were cancelled without any distribution and the Successor's common stock was issued. As such, the Group applied a true and fair view override to present the profit (loss) per ordinary share of the Predecessor and Successor entities separately. During the period from November 15, 2023 through December 29, 2023, the period from December 31, 2022 through November 14, 2023, the period from June 17, 2022 through December 30, 2022, and the period from January 1, 2022 through June 16, 2022, the weighted-average number of shares outstanding used in the computations of basic and diluted loss per ordinary share were 19.7 million, 13.3 million, 13.2 million, and 84.8 million, respectively. The basic and diluted profit (loss) per ordinary share were as follows:

	Successor	Predecessor		
	Period from November 15, 2023 through December 29, 2023	Period from December 31, 2022 through November 14, 2023	Period from June 17, 2022 through December 30, 2022	Period from January 1, 2022 through June 16, 2022
Basic/diluted profit (loss) per ordinary share:				
Profit (loss) from ordinary activities	$ 0.42	$ (124.85)	$ (81.81)	$ (3.57)
Profit from discontinued operations	—	—	0.02	0.01
Profit (loss) from total activities	$ 0.42	$ (124.85)	$ (81.80)	$ (3.56)

The computation of diluted weighted-average shares outstanding for the period November 15, 2023 through December 29, 2023, the period December 31, 2022 through November 14, 2023, the period June 17, 2022 through December 30, 2022, and the period January 1, 2022 through June 16, 2022 excluded approximately zero, zero, zero, and 0.5 million shares of equity awards, respectively, because the effect would have been anti-dilutive.

11. Share Plans

Total share-based compensation cost was $8.9 million and $3.1 million for fiscal 2023 and 2022, respectively. These amounts are generally included within D&A expenses in the consolidated profit and loss account. The Group recognized a related taxation credit associated with this expense of zero for both fiscal 2023 and 2022.

Stock Compensation Plans

On the 2023 Effective Date, all outstanding equity-based awards under the Mallinckrodt Pharmaceuticals Stock and Incentive Plan, as amended and restated effective February 23, 2022, were automatically cancelled without consideration. No awards were granted subsequent to the 2023 Effective Date.

On the 2020 Effective Date, all outstanding equity-based awards under the Mallinckrodt Pharmaceuticals Stock and Incentive Plan, as amended and restated effective February 23, 2022, were automatically cancelled without consideration.

A new Mallinckrodt Pharmaceuticals Stock and Incentive Plan became effective on the 2020 Effective Date, which provided for the award of share options, share appreciation rights, annual performance bonuses, long-term performance awards, restricted units, restricted shares, deferred share units, promissory shares and other share-based awards (collectively, "Awards"). The maximum number of common shares to be issued as Awards, subject to adjustment as provided under the terms of the plan was 1.8 million shares.

Share options. Share options are granted to purchase the Group's ordinary shares at prices that are equal to the fair market value of the shares on the date the share option is granted. Share options generally vest in equal annual installments over a period of four years and expire ten years after the date of grant. The grant-date fair value of share options, adjusted for estimated forfeitures, is recognized as expense on a straight-line basis over the requisite service period, which is generally the vesting period. Forfeitures are estimated based on historical experience.

Share option activity and information was as follows:

	Share Options	Weighted-Average Exercise Price
Outstanding as of December 31, 2021	5,553,519	$ 35.05
Expired/Forfeited	(5,553,519)	35.05
Outstanding as of December 30, 2022	—	$ —

Restricted share units. Recipients of restricted share units ("RSUs") have no voting rights and receive dividend equivalent units that vest upon the vesting of the related shares. RSUs generally vest in equal annual installments over a period of three years. Restrictions on RSUs lapse upon normal retirement, death or disability of the employee. The grant-date fair value of RSUs, adjusted for estimated forfeitures, is recognized as expense on a straight-line basis over the service period. The fair market value of RSUs granted is determined based on the market value of the Group's ordinary shares on the date of grant.

RSU activity was as follows:

	Shares	Weighted-Average Grant-Date Fair Value
Non-vested as of December 31, 2021	242,897	$ 19.40
Granted	890,485	12.03
Expired/Forfeited	(242,897)	(19.40)
Non-vested as of December 30, 2022	890,485	12.03
Granted	2,089,814	1.18
Exercised	(332,604)	12.89
Expired/Forfeited	(2,647,695)	3.35
Non-vested as of December 29, 2023	—	$ —

The total fair value of RSU awards granted during fiscal 2023 was $2.5 million.

Performance share units. Similar to recipients of RSUs, recipients of performance share units ("PSUs") have no voting rights and receive dividend equivalent units. The grant date fair value of PSUs, adjusted for estimated forfeitures, is generally recognized as expense on a straight-line basis from the grant date through the end of the performance period. The vesting of PSUs and related dividend equivalent units is generally based on various performance metrics and relative total shareholder return (total shareholder return for the Group as compared to total shareholder return of the PSU peer group), measured over a

three-year performance period. The PSU peer group is comprised of various healthcare companies, which attempts to replicate the Group's mix of businesses. Depending on Mallinckrodt's relative performance during the performance period, a recipient of the award is entitled to receive a number of ordinary shares equal to a percentage, ranging from 0.0% to 200.0%, of the award granted.

A portion of the PSUs granted in fiscal 2023 could have been settled in shares and were classified as equity-based awards, and a portion of the PSUs had the ability to be settled in either shares or cash and were classified as liability-based awards. The Group recognized $2.6 million and $0.1 million of equity-based compensation costs during fiscal year 2023 and fiscal year 2022, respectively. The fair value of the liability-based awards was measured quarterly and based on the Group's performance.

PSU activity was as follows [1]:

	Shares	Weighted-Average Grant-Date Fair Value
Non-vested as of December 31, 2021	—	$ —
Granted	675,821	8.34
Non-vested as of December 30, 2022	675,821	8.34
Granted	1,459,493	10.13
Forfeited	(2,135,314)	10.36
Non-vested as of December 29, 2023	—	$ —

(1) The number of shares disclosed within this table are at the target number of 100%.

The Group generally uses the Monte Carlo model to estimate the probability of satisfying the performance criteria and the resulting fair value of PSU awards. The assumptions used in the Monte Carlo model for PSUs granted during fiscal 2023 were as follows:

Expected stock price volatility	40.1 %
Peer group stock price volatility	124.7
Correlation of returns	23.8

The weighted-average grant-date fair value per share of PSUs granted was $10.13 for the equity-based awards from fiscal year 2023.

12. Directors' Remuneration

Directors' remuneration is set forth in the table below. Mr. Olafsson and Mr. Trudeau, the Group's President and Chief Executive Officer ("CEO") and Director for the period June 17, 2022 through December 29, 2023 and the period January 1, 2022 through June 16, 2022, respectively, is not compensated for his services as a director. Accordingly, the amounts below for "Managerial Services" include compensation for Mr. Olafsson and Mr. Trudeau's services as President and CEO. The amounts below also include compensation for all non-executive directors in their capacities as such (referred to as "Director Services").

	Fiscal Year	
	2023	2022
Director Services		
Fees paid in cash	$ 3.2	$ 1.9
Benefits under long-term incentive schemes [1]	5.0	1.0
Total [2]	$ 8.2	$ 2.9
Managerial Services		
Emoluments	$ 3.9	$ 2.3
Benefits under long-term incentive schemes [1]	3.9	0.1
Group contributions to savings plans and other [3]	0.2	0.5
Loss of office payment	—	5.6
Total [2]	$ 8.0	$ 8.5

(1) Includes amounts expensed for outstanding equity awards.

(2) The gain on exercise of share options was zero for fiscal 2023 and 2022 for both directors and managerial services.

(3) Includes amounts for contributions to retirement and supplemental savings plan, tax reimbursement payments and other benefits. Total contributions for retirement savings plans were less than $0.1 million for both fiscal 2023 and 2022, respectively.

Indemnification Agreements. Mallinckrodt plc has entered into deeds of indemnification with each of its directors and Secretary ("the Deeds of Indemnification"), and Sucampo Pharmaceuticals, Inc., a Delaware corporation and a wholly owned subsidiary of Mallinckrodt plc ("Sucampo"), has entered into indemnification agreements with each of Mallinckrodt plc's directors and Secretary ("the Indemnification Agreements"). The Deeds of Indemnification and Indemnification Agreements provide, respectively, that Mallinckrodt plc and Sucampo will, to the fullest extent permitted by law, indemnify each indemnitee against claims related to such indemnitee's service to Mallinckrodt, except (i) in respect of any claim as to which a final and non-appealable judgment is rendered against the indemnitee for an accounting of profits made from the purchase or sale by such indemnitee of securities of Mallinckrodt plc pursuant to the provisions of Section 16(b) of the U.S. Securities Exchange Act of 1934 or similar provision of any federal, state or local laws; (ii) in respect of any claim as to which a court of competent jurisdiction has determined in a final and non-appealable judgment that indemnification is not permitted under applicable law; or (iii) in respect of any claim as to which the indemnitee is convicted of a crime constituting a felony under the laws of the jurisdiction where the criminal action was brought (or, where a jurisdiction does not classify any crime as a felony, a crime for which the indemnitee is sentenced to death or imprisonment for a term exceeding one year).

13. Auditor's Remuneration

Auditor's remuneration was as follows:

	Fiscal Year	
	2023 [1]	2022 [1]
Audit of the group accounts [2]	$ 0.2	$ 0.2
Other assurance services [2]	0.2	0.2
Other non-audit services [2], [3]	0.2	—
	$ 0.6	$ 0.4

(1) No amounts were incurred for tax advisory services.

(2) The Group incurred additional fees of $11.2 million and $9.3 million during fiscal 2023 and 2022, respectively, payable to affiliates of Deloitte Ireland LLP. Fiscal 2023 includes estimates provided by Deloitte & Touche LLP in the U.S. for fees to be billed for services rendered to the Group for 2023 that are subject to finalization. These additional amounts reflect fees for professional services rendered, including audit fees payable to Deloitte & Touche LLP in the U.S. for the audit of the Group's consolidated financial statements.

(3) Other non-audit services include fees for professional services rendered in the preparation of an independent expert's report that was submitted to the High Court of Ireland in conjunction with Mallinckrodt plc's commencement of the examinership process.

14. Employees

The average number of persons, including executive directors, employed by the Group during the year was as follows:

	Fiscal Year	
	2023	2022
Manufacturing	1,474	1,494
Turnover, marketing and distribution	664	614
Research and development	229	238
General and administrative	371	407
	2,738	2,753

Employee costs consisted of the following:

	Fiscal Year	
	2023	2022
Wages and salaries	$ 456.6	$ 419.5
Social insurance costs	27.9	25.1
Pension and postretirement costs	24.5	10.5
	$ 509.0	$ 455.1

For information on share based payments not included within the employee costs above, refer to Note 11.

15. Intangible Assets

Intangible asset activity for fiscal 2023 was as follows:

	Completed Technology	In-process Research and Development	Total Intangible Assets
Cost:			
As of December 30, 2022	$ 3,041.2	$ 121.3	$ 3,162.5
Fresh-start accounting adjustment [1]	(2,385.8)	(9.5)	(2,395.3)
Impairments	(56.8)	(85.8)	(142.6)
Transfers	26.0	(26.0)	—
As of December 29, 2023	$ 624.6	$ —	$ 624.6
Accumulated Amortization:			
As of December 30, 2022	$ 318.7	$ —	$ 318.7
Amortization expense	465.8	—	465.8
Fresh-start accounting adjustment [1]	(761.6)	—	(761.6)
Impairments	(6.7)	—	(6.7)
As of December 29, 2023	$ 16.2	$ —	$ 16.2
Net book value:			
As of December 30, 2022	$ 2,722.5	$ 121.3	$ 2,843.8
As of December 29, 2023	608.4	—	608.4

(1) Write-downs/write-ups are a result of fresh-start accounting. Refer to Note 3.

Long-Lived Asset Impairment Analysis

The Group recorded impairment charges related to its Specialty Generics segment totaling $85.8 million during fiscal 2023 as the Group has decided it will no longer pursue further development of the IPR&D assets and as a result, recognized a full impairment. The Group recorded impairment charges related to its Specialty Brands segment totaling $50.1 million during fiscal 2023 related to StrataGraft due to lower than anticipated cash flows. The valuation method used to approximate fair value was based on the estimated discounted cash flows for the respective asset.

As part of fresh-start accounting, as of the 2023 Effective Date, the Group wrote-off the existing intangible assets and accumulated amortization of the Predecessor and recorded $624.6 million to reflect the fair value of intangible assets of the Successor (see also Note 3).

Amitiza

Beginning January 1, 2022, the Group changed its amortization method used for the Amitiza intangible asset from the straight-line method to the sum of the years digits method, an accelerated method of amortization, to more accurately reflect the consumption of economic benefits over the remaining useful life of the asset. This change in amortization method resulted in additional amortization expense of $21.7 million, which impacted basic loss per share by $0.26 for the period January 1, 2022 through June 16, 2022.

Intangible asset amortization expense

Finite-lived intangible asset amortization expense was $465.8 million and $600.5 million during fiscal 2023 and 2022, respectively. The estimated aggregate amortization expense on intangible assets owned by the Group is expected to be as follows:

Fiscal 2024	$ 90.3
Fiscal 2025	74.8
Fiscal 2026	68.4
Fiscal 2027	62.0
Fiscal 2028	55.6

16. Tangible Assets

The gross carrying amount and accumulated depreciation of owned tangible assets were comprised of the following at the end of each period:

	December 29, 2023	December 30, 2022
Land	$ 37.7	$ 51.0
Buildings	94.6	127.2
Capitalized software	1.9	17.5
Machinery and equipment	136.3	216.8
Construction in process	60.8	72.5
	331.3	485.0
Less: accumulated depreciation	(9.6)	(27.4)
Total owned tangible assets	321.7	457.6
Lease assets	50.9	38.1
Total tangible assets	$ 372.6	$ 495.7

Owned Tangible Assets

Owned tangible assets activity for fiscal 2023 was as follows:

	Land	Buildings	Capitalized Software	Machinery and Equipment	Construction in Process	Total Owned Tangible Assets
Cost:						
As of December 30, 2022	$ 51.0	$ 127.2	$ 17.5	$ 216.8	$ 72.5	$ 485.0
Additions	—	0.1	0.1	4.6	57.0	61.8
Disposal of tangible owned assets	—	(0.6)	—	(1.0)	—	(1.6)
Fresh-start accounting adjustment [(1)]	(13.6)	(35.6)	(16.8)	(114.5)	(36.4)	(216.9)
Transfers	—	2.8	1.1	30.8	(34.7)	—
Currency translation and other	0.3	0.7	—	(0.4)	2.4	3.0
As of December 29, 2023	$ 37.7	$ 94.6	$ 1.9	$ 136.3	$ 60.8	$ 331.3
Accumulated Depreciation:						
As of December 30, 2022	$ —	$ 5.6	$ 3.1	$ 18.7	$ —	$ 27.4
Depreciation expense	—	10.3	3.9	36.2	—	50.4
Disposal of tangible owned assets	—	(0.6)	—	(1.0)	—	(1.6)
Fresh-start accounting adjustment [(1)]	—	(13.4)	(6.9)	(46.3)	—	(66.6)
As of December 29, 2023	$ —	$ 1.9	$ 0.1	$ 7.6	$ —	$ 9.6
Net book value:						
As of December 30, 2022	$ 51.0	$ 121.6	$ 14.4	$ 198.1	$ 72.5	$ 457.6
As of December 29, 2023	37.7	92.7	1.8	128.7	60.8	321.7

(1) Write-ups/write-downs are a result of fresh-start accounting. Refer to Note 3.

Depreciation expense was $50.3 million and $68.8 million for fiscal 2023 and 2022, respectively.

Lease Assets

Lease assets and liabilities related to the Group's operating leases are reported in the following consolidated balance sheet captions in the amounts shown:

	December 29, 2023	December 30, 2022
Tangible lease assets	$ 50.9	$ 38.1
Creditors (amounts falling due within one year)	$ 10.5	$ 10.3
Creditors (amounts falling due after one year)	44.8	30.4
Total lease liabilities	$ 55.3	$ 40.7

Tangible lease assets activity for fiscal 2023 was as follows:

	Lease Assets
Cost:	
As of December 30, 2022	$ 43.1
Additions	13.9
Disposal of tangible lease assets	(6.1)
Fresh-start accounting adjustment [(1)]	0.3
Impairments	(1.9)
Currency translation and other	2.8
As of December 29, 2023	$ 52.1
Accumulated Amortization:	
As of December 30, 2022	$ 5.0
Amortization expense	9.5
Disposal of tangible lease assets	(1.1)
Fresh-start accounting adjustment [(1)]	(12.2)
As of December 29, 2023	$ 1.2
Net book value:	
As of December 30, 2022	$ 38.1
As of December 29, 2023	50.9

(1) Write-ups/write-downs are a result of fresh-start accounting. Refer to Note 3.

Dependent on the nature of the leased asset, lease expense is included within cost of sales or D&A expenses. The primary components of lease expense were as follows:

	Fiscal Year	
	2023	2022
Lease cost:		
Operating lease cost	$ 16.8	$ 16.6
Short-term lease cost	1.4	2.0
Variable lease cost	2.3	2.7
Total lease cost	$ 20.5	$ 21.3

Lease terms and discount rates were as follows:

	December 29, 2023	December 30, 2022
Weighted-average remaining lease term (in years) - operating lease	7.4	6.7
Weighted-average discount rate - operating leases	8.1 %	11.9 %

Contractual maturities of operating lease liabilities as of December 29, 2023 were as follows:

Fiscal 2024	$ 14.4
Fiscal 2025	13.2
Fiscal 2026	8.9
Fiscal 2027	6.9
Fiscal 2028	6.6
Thereafter	24.7
Total lease payments	74.7
Less: Interest	(19.4)
Present value of lease liabilities	$ 55.3

Other supplemental cash flow information related to leases were as follows:

	Fiscal Year	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 17.0	$ 18.6
Lease assets obtained in exchange for lease obligations:		
Operating leases	13.2	20.5

17. Financial Assets

The Group's financial asset activity during fiscal 2023 was as follows:

	Assets Held by Rabbi Trusts	Restricted Cash	Derivative Asset	Other Financial Assets	Total Financial Assets
As of December 30, 2022	$ 76.0	$ 57.2	$ —	$ 37.5	$ 170.7
Unrealized gain (loss)	6.6	1.0	(7.1)	3.4	3.9
Interest income	—	—	—	0.8	0.8
Additions	—	30.9	20.0	—	50.9
Cash disbursement	(1.4)	(8.4)	—	(0.6)	(10.4)
Reclassification to Creditors (amounts falling due after one year)	—	—	—	(1.3)	(1.3)
Currency translation and other	—	—	—	1.8	1.8
As of December 29, 2023	$ 81.2	$ 80.7	$ 12.9	$ 41.6	$ 216.4

Refer to Note 26 for further discussion of the fair value and the valuation techniques utilized to measure the financial assets at fair value.

18. Stocks

Stocks were comprised of the following at the end of each period:

	December 29, 2023	December 30, 2022
Raw materials	$ 98.0	$ 80.2
Work in process	228.6	212.4
Finished goods	82.2	71.9
Stocks	$ 408.8	$ 364.5

19. Debtors

At the end of each period, debtors were comprised of:

	December 29, 2023	December 30, 2022
Trade debtors	$ 377.5	$ 405.3
Turnover taxation recoverable	16.5	7.6
Taxation receivable (Note 9)	11.5	179.5
Other debtors and prepayments	70.1	65.8
Amounts falling due within one year	475.6	658.2
Deferred taxation (Note 9)	911.6	576.8
Other debtors	14.2	12.8
Amounts falling due after one year	925.8	589.6
Total debtors	$ 1,401.4	$ 1,247.8

20. Creditors (amounts falling due within one year)

As of the end of each period, creditors (amounts falling due within one year) were comprised of:

	December 29, 2023	December 30, 2022
Debt (Note 22)	$ 6.5	$ 44.1
Trade creditors	100.4	114.0
Accrued payroll and employee benefits	82.8	49.5
Other taxes	17.9	14.2
Accrued interest	20.1	29.0
Lease liabilities (Note 16)	10.5	10.3
Derivative liabilities (Note 3, 22, & 26)	40.2	—
Accruals and other creditors	170.9	184.3
Acthar Gel-Related Litigation Liability	21.4	16.5
Opioid-Related Litigation Liability	—	200.0
Creditors (amounts falling due within one year)	$ 470.7	$ 661.9

21. Creditors (amounts falling due after one year)

As of the end of each period, creditors (amounts falling due after one year) were comprised of:

	December 29, 2023	December 30, 2022
Debt (Note 22)	$ 1,755.9	$ 3,027.8
Taxation payable (Note 9)	19.6	18.2
Deferred compensation	21.0	26.0
Lease liabilities (Note 16)	44.8	30.4
Accruals and other creditors	0.4	0.7
Acthar Gel-Related Litigation Liability	128.5	75.0
Opioid-Related Litigation Liability	—	379.9
Creditors (amounts falling due after one year)	$ 1,970.2	$ 3,558.0

22. Debt

Debt was comprised of the following at the end of each period:

	December 29, 2023			December 30, 2022		
	Principal	Carrying Value [1]	Unamortized Discount and Debt Issuance Costs [1]	Principal	Carrying Value [2]	Unamortized Discount and Debt Issuance Costs [2]
First-Out Takeback Term Loan due November 2028 [3]	$ 228.8	$ 243.4	$ —	$ —	$ —	$ —
Second-Out Takeback Term Loan due November 2028 [3]	640.4	685.5	—	—	—	—
14.75% Second-Out Takeback Notes due November 2028 [4]	778.6	836.4	—	—	—	—
Receivables financing facility due December 2027	—	—	2.9	—	—	—
10.00% first lien senior secured notes due April 2025	—	—	—	495.0	475.9	—
10.00% second lien senior secured notes due April 2025	—	—	—	321.9	242.2	—
2017 Replacement Term loan due September 2027	—	—	—	1,374.1	1,222.1	—
2018 Replacement Term loan due September 2027	—	—	—	364.8	326.9	—
11.50% first lien senior secured notes due December 2028	—	—	—	650.0	650.0	20.8
10.00% second lien senior secured notes due June 2029	—	—	—	328.3	175.5	—
Total debt	1,647.8	1,765.3	2.9	3,534.1	3,092.6	20.8
Less: Current portion	(6.5)	(6.5)	—	(44.1)	(44.1)	—
Total long-term debt, net of current portion	$ 1,641.3	$ 1,758.8	$ 2.9	$ 3,490.0	$ 3,048.5	$ 20.8

(1) Upon adoption of fresh-start accounting upon the emergence from the 2023 Bankruptcy Proceedings, the Group recorded its debt instruments at fair value utilizing the Black-Derman-Toy model, which takes into consideration prepayment options and a credit-adjusted discount rate. Subsequent to the 2023 Effective Date, the Group accounted for its debt instruments utilizing the amortized cost method and amortizes the fair value premium to the principal amount over the term of the respective instruments. Such amortization expense is reflected as interest expense on the consolidated profit and loss account for the Successor period.

(2) Upon adoption of fresh-start accounting upon the emergence from the 2020 Bankruptcy Proceedings, the Group recorded its debt instruments at fair value utilizing the Black-Derman-Toy model, which takes into consideration prepayment options and a credit-adjusted discount rate. Subsequent to the 2020 Effective Date up through the 2023 Petition Date, the Group accounted for its debt instruments utilizing the amortized cost method and accreted the fair value discount to the principal amount over the term of the respective instruments. Such accretion expense was reflected as interest expense on the consolidated profit and loss account for the Predecessor period. As of the petition date of the 2023 Bankruptcy Proceedings, the Group expensed $377.6 million of accelerated accretion to adjust the carrying value up to the principal value or allowed claim amount pursuant to the 2023 Plan and recorded the expense within reorganization items, net in the consolidated profit and loss account for fiscal 2023. Additionally, as a result of the 2023 Bankruptcy Proceedings, the Group expensed $18.5 million of unamortized discount and debt issuance costs, net, recorded in reorganization items, net in the consolidated profit and loss account for fiscal 2023. Refer to Note 3 for further information on reorganization items, net.

(3) Includes debt repayable within five years, by installment, of $869.2 million as of December 29, 2023.

(4) Includes debt repayable within five years, otherwise than by installment, of $778.6 million as of December 29, 2023.

The commencement of the 2023 Chapter 11 Cases constituted an event of default under certain of the Predecessor's debt agreements. As a result of the 2023 Chapter 11 Cases, the principal and interest due under these debt instruments became immediately due and payable. However, any efforts to enforce payment was automatically stayed in accordance with the applicable provisions of the Bankruptcy Code.

On the 2023 Effective Date, $1,716.8 million of First Lien Term Loans, $495.0 million in aggregate principal amount of 2025 First Lien Notes, $650.0 million in aggregate principal amount of 2028 First Lien Notes, $321.9 million in aggregate principal amount of 2025 Second Lien Senior Notes and $328.3 million in aggregate principal amount of 2029 Second Lien Senior Notes were canceled and the Group entered into the new Takeback Term Loans and the Takeback Notes.

Successor Indebtedness

New Takeback Debt

On the 2023 Effective Date and pursuant to the 2023 Plan, the Issuers (i) entered into a new senior secured first lien term loan facility with an aggregate principal amount of approximately $871.4 million, consisting of approximately $229.4 million of First-Out Takeback Term Loans and approximately $642.0 million of Second-Out Takeback Term Loans, pursuant to the credit agreement and (ii) issued approximately $778.6 million in aggregate principal amount of Takeback Notes pursuant to the indenture.

All DIP Claims under the DIP Credit Agreement not otherwise satisfied in cash were converted on a dollar-for-dollar basis into First-Out Takeback Term Loans.

Each holder of an allowed claim related to the outstanding 2025 First Lien Notes, the outstanding 2028 First Lien Notes, or the First Lien Term Loans elected to receive such Takeback Debt either in the form of Second-Out Takeback Term Loans or Takeback Notes.

All obligations of the Issuers under the Takeback Debt are unconditionally guaranteed, on a joint and several basis, by each of the obligors of the previously issued First Lien Term Loans, 2025 First Lien Notes and 2028 First Lien Notes (collectively, the "First Lien Debt"), subject to certain limited exceptions (including the exclusion of Mallinckrodt Petten Holdings B.V.) (collectively, the "Guarantors").

The Takeback Debt is secured by a first priority lien and security interest in substantially all collateral that secured the First Lien Debt and substantially all previously unencumbered property of the Issuers and the Guarantors, other than (i) any receivables or related assets transferred to, or constituting collateral for, the Amended ABL Credit Agreement, dated as of June 16, 2022, as amended on August 23, 2023, by and among ST US AR Finance LLC, the lenders party thereto, the L/C Issuers (as defined therein) party thereto and Barclays Bank plc, as administrative agent and collateral agent ("Post-Petition A/R Facility"), (ii) the equity of ST US AR Finance LLC, the non-Debtor subsidiary of the Group that is the borrower under the Post-Petition A/R Facility, and (iii) certain other customary exceptions. The Takeback Debt is governed by the terms of a first lien intercreditor agreement, dated as of the 2023 Effective Date ("Intercreditor Agreement"), by and among the Issuers, the Group, the other grantors from time to time party thereto, Acquiom Agency Services LLC, as Collateral Agent and as credit agreement authorized representative, Wilmington Savings Fund Society, FSB, as initial additional authorized representative, and each additional authorized representative from time to time party thereto. The First-Out Takeback Term Loans rank senior in waterfall priority to the Second-Out Takeback Term Loans and the Takeback Notes. The Second-Out Takeback Term Loans rank pari passu in waterfall priority to the Takeback Notes.

The First-Out Takeback Term Loans mature on November 14, 2028 and bear interest at a rate equal to SOFR plus 7.50% per annum, subject to a SOFR floor of 4.50%, or in the case of an ABR Loan (as defined in the Credit Agreement), ABR (as defined in the Credit Agreement) plus 6.50% per annum, and amortize quarterly on the last day of each March, June, September and December of each year, at a rate of 1.00% per annum, commencing December 29, 2023. The Second-Out Takeback Term Loans mature on November 14, 2028 and bear interest at a rate equal to SOFR plus 9.50% per annum, subject to a SOFR floor of 4.50%, or in the case of an ABR Loan, ABR plus 8.50% per annum, and amortize quarterly on the last day of each March, June, September and December of each year, at a rate of 1.00% per annum, commencing December 29, 2023. The Takeback Notes mature on November 14, 2028 and bear interest at a rate equal to 14.75% payable semi-annually in arrears on each May 15 and November 15, commencing May 15, 2024.

The Credit Agreement contains certain customary affirmative and negative covenants, representations and warranties and events of default (including as a result of a change of control), subject in certain cases to customary grace and cure periods. The occurrence of an event of default under the Credit Agreement could result in the acceleration of all outstanding borrowings under the Takeback Term Loans and could cause a cross-default that could result in the acceleration of other indebtedness of the Group and its subsidiaries.

The indenture contains certain customary affirmative and negative covenants and events of default (including as a result of a change of control), subject in certain cases to customary grace and cure periods. The occurrence of an event of default under the indenture could result in the acceleration of the Takeback Notes and could cause a cross-default that could result in the acceleration of other indebtedness of the Group and its subsidiaries.

The Takeback Debt is subject to (i) mandatory prepayment or redemption, as applicable, with the net proceeds of certain asset sales and recovery events, subject to customary exceptions, at a prepayment price equal to 100% of the principal amount thereof plus a make-whole premium (for the first two years following issuance of the Takeback Debt) and accrued and unpaid interest, and (ii) mandatory prepayment or repurchase (at the option of each lender thereunder) with 50% of excess cash flow (for the excess cash flow period ending December 27, 2024, to the extent excess cash flow exceeds $100 million) at a prepayment price equal to 100% of the principal amount thereof plus accrued and unpaid interest.

The Group determined that the Takeback Debt includes an embedded feature that requires mandatory prepayment with the net proceeds of certain asset sales and recovery events, subject to customary exceptions, at a prepayment price equal to 100% of the principal amount thereof plus a make-whole premium ("Applicable Premium") for the first two years following issuance of the Takeback Debt and accrued and unpaid interest. The Applicable Premium shall mean an amount equal to the greater of (i) 1% of the principal amount of the Takeback Debt prepaid and (ii) the excess, if any, of (A) the sum of (1) all required interest payable on the principal amount of such Initial Term Loans subject to the applicable prepayment from the date of such prepayment through (and including) the second anniversary of the valuation date (as if such Initial Term Loans has been outstanding) calculated over an interest period of three months in effect on the third business day prior to such prepayment plus (2) the principal amount of such Initial Term Loans subject to the applicable prepayment, in each case, discounted to the date of such prepayment on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate as of such date of determination plus 50 basis points, over (B) the principal amount of such Initial Term Loans subject to the

applicable prepayment.

This mandatory prepayment feature was determined to not be clearly and closely related to the debt host contract and required to be bifurcated and recognized at fair value on the consolidated balance sheet. The Group estimated the fair value of the embedded derivative to be $15.1 million. Refer to Note 26 for further information.

Accounts Receivable Financing Facility

On the 2020 Effective Date, MEH, Inc. ("MEH"), as servicer, ST US AR Finance LLC, a direct wholly owned subsidiary of MEH ("ST US AR"), as borrower, the lenders party thereto, and the letter of credit issuers party thereto entered into a receivables financing facility ("Receivables Financing Facility") pursuant to an ABL Credit Agreement ("Receivables Financing Credit Agreement") and a Purchase and Sale Agreement ("Purchase and Sale Agreement"). Under the Receivables Financing Facility, ST US AR may borrow money up to an amount based on a borrowing base with a maximum draw of up to $200.0 million, which may vary depending on the underlying receivables amount. Borrowings are secured by a first-lien security interest under the Receivables Financing Facility on existing and future accounts receivables and related assets that have been sold from certain subsidiaries of MEH to ST US AR. The Receivables Financing Facility includes customary affirmative and negative covenants for transactions of this type. From the closing date until the last day of the first fiscal quarter after the closing date, borrowings bore interest at a rate of (a) either (i) the alternate base rate or (ii) SOFR, and (b) an applicable margin. On the first day of each fiscal quarter thereafter, the applicable margins are determined from a pricing grid based upon the historical excess availability for the most recent fiscal quarter ended immediately prior.

On August 23, 2023, the Group entered into an amendment with the lenders and agents under the Receivables Financing Facility Credit Agreement ("ABL Amendment"), by and among ST US AR, the lenders party thereto, the L/C Issuers (as defined in the Receivables Financing Facility Credit Agreement) party thereto and Barclays Bank plc, as administrative agent ("Administrative Agent") and collateral agent (as amended, the "Amended ABL Credit Agreement").

The Receivables Financing Facility matures on the earlier of December 16, 2027 and a date that is 91 days prior to the maturity date of any other material indebtedness that is incurred after the closing date. ST US AR may borrow, pay or prepay and reborrow under the Receivables Financing Facility at any time. So long as there is not an overadvance under the Receivables Financing Facility, and subject to certain other conditions, ST US AR can elect to repay borrowings or use cash to make distributions to MEH and certain subsidiaries of MEH that have contributed receivables to ST US AR. The obligations under the Receivables Financing Facility are not guaranteed by MEH or any of its restricted subsidiaries. The Receivables Financing Facility is subject to customary events of defaults for transactions of this type.

As of December 29, 2023, the Group had no outstanding borrowings on its Receivables Financing Facility.

Predecessor Indebtedness

Pursuant to the 2023 Plan and the 2023 Scheme of Arrangement, on the 2023 Effective Date, each holder of an allowed claim related to the outstanding First Lien Debt received its pro rata share of (A) 92.3% of the Successor ordinary shares (subject to dilution from equity reserved under the MIP and the Opioid CVRs, if equity settled), (B) cash in an amount sufficient to repay in full (i) the accrued and unpaid interest on the First Lien Term Loans in the case of any holder of the First Lien Term Loans, (ii) the accrued and unpaid interest on the 2025 First Lien Notes in the case of any holder of 2025 First Lien Notes, and (iii) the accrued and unpaid interest on the 2028 First Lien Notes in the case of any holder of the 2028 First Lien Notes; and (C) the Second-Out Takeback Debt in satisfaction thereof. Furthermore, on the 2023 Effective Date, the 2023 Debtors paid in cash certain outstanding fees, expenses and costs of the agents and trustees related to the First Lien Debt. As a result of the satisfaction of the First Lien Debt pursuant to the 2023 Plan and the 2023 Scheme of Arrangement, the Group and its subsidiaries terminated the First Lien Debt and the indentures and agreements related thereto.

Pursuant to the 2023 Plan and the 2023 Scheme of Arrangement, on the 2023 Effective Date, each holder of an allowed claim related to then outstanding Second Lien Notes received its pro rata share of 7.7% of the Successor ordinary shares (subject to dilution from equity reserved under the MIP and the Opioid CVRs, if equity settled) in satisfaction thereof. Furthermore, on the 2023 Effective Date, the 2023 Debtors paid in cash certain outstanding fees, expenses and costs of the agents and trustees related to the Second Lien Notes. As a result of the satisfaction of the Second Lien Notes pursuant to the 2023 Plan and the 2023 Scheme of Arrangement, the Group and its subsidiaries terminated the Second Lien Notes and the indentures related thereto.

Applicable Interest Rate

As of December 29, 2023, the applicable interest rate and outstanding borrowings on the Group's variable-rate debt instruments were as follows:

	Applicable interest rate	Outstanding borrowings
Fixed-rate instruments	14.8 %	$ 778.6
First-Out Takeback Term Loans [1]	11.4	228.8
Second-Out Takeback Term Loans [1]	13.4	640.4

(1) Includes the impact of the interest rate cap agreement, which is discussed further in Note 26.

The Group's stated long-term debt principal maturity amounts as of December 29, 2023 are as follows:

Fiscal 2024	$ 6.5
Fiscal 2025	8.7
Fiscal 2026	8.7
Fiscal 2027	10.9
Fiscal 2028	1,613.0

23. Retirement Plans

Defined Benefit Plans

The Group sponsors a number of defined benefit retirement plans covering certain of its U.S. employees and non-U.S. employees. As of December 29, 2023, U.S. plans represented 31.4% of the Group's remaining projected benefit obligation. The Group generally does not provide postretirement benefits other than retirement plan benefits for its employees; however, certain of the Group's U.S. employees participate in postretirement benefit plans that provide medical benefits. These plans are unfunded.

The benefit obligation recognized on the consolidated balance sheets were $18.9 million and $18.7 million as of December 29, 2023 and December 30, 2022, respectively, for pension benefits and $25.9 million and $26.8 million as of December 29, 2023 and December 30, 2022, respectively, for postretirement benefits. The weighted-average discount rate to determine benefit obligations for the Group's pension and postretirement benefit plans ranged from 5.4% to 5.6%. For the Group's unfunded U.S. plans, the discount rate is based on the market rate for a broad population of AA-rated (Moody's Investor Services, Inc. or Standard & Poor's Corporation) corporate bonds over $250.0 million.

Defined Contribution Retirement Plans

The Group maintains one active tax-qualified 401(k) retirement plan and one active non-qualified deferred compensation plan in the U.S. The 401(k) retirement plan provides for an automatic Group contribution of 3% of an eligible employee's pay, with an additional Group matching contribution generally equal to 50.0% of each employee's elective contribution to the plan up to 8% of the employee's eligible pay. The deferred compensation plan permitted eligible employees to defer a portion of their compensation. The deferred compensation plan is currently frozen for employee deferrals. Total defined contribution expense was $21.1 million and $17.4 million for fiscal 2023 and 2022, respectively.

Rabbi Trusts and Other Investments

The Group maintains several rabbi trusts, the assets of which are used to pay retirement benefits. The rabbi trust assets are subject to the claims of the Group's creditors in the event of the Group's insolvency. Plan participants are general creditors of the Group with respect to these benefits. The trusts primarily hold life insurance policies and debt and equity securities, the value of which is included in other assets on the consolidated balance sheets. Note 26 provides additional information regarding the debt and equity securities. The carrying value of the 48 and 55 life insurance contracts held by these trusts was $38.0 million and $39.5 million as of December 29, 2023and December 30, 2022, respectively. These contracts had a total death benefit of $74.2 million and $81.0 million as of December 29, 2023 and December 30, 2022, respectively. However, there are outstanding loans against the policies amounting to $18.3 million and $21.6 million as of December 29, 2023 and December 30, 2022, respectively.

The Group has insurance contracts that serve as collateral for certain of the Group's non-U.S. pension plan benefits. These insurance contracts totaled $7.3 million and $7.3 million as of December 29, 2023 and December 30, 2022, respectively. These amounts were included in other assets on the consolidated balance sheets.

24. Guarantees

In disposing of assets or businesses, the Group has from time to time provided representations, warranties and indemnities to cover various risks and liabilities, including unknown damage to assets, environmental risks involved in the sale of real estate, liability to investigate and remediate environmental contamination at waste disposal sites and manufacturing facilities, and unidentified tax liabilities related to periods prior to disposition. The Group assesses the probability of potential liabilities related to such representations, warranties and indemnities and adjusts potential liabilities as a result of changes in facts and circumstances. The Group believes, given the information currently available, that the ultimate resolutions will not have a material adverse effect on its financial condition, results of operations and cash flows.

In connection with the sale of the Specialty Chemical business (formerly known as Mallinckrodt Baker) in fiscal 2010, the Group agreed to indemnify the purchaser with respect to various matters, including certain environmental, health, safety, tax and other matters. The indemnification obligations relating to certain environmental, health and safety matters have a term of 17 years from the sale, while some of the other indemnification obligations have an indefinite term. The liability relating to all of these indemnification obligations was governed by a contract that was rejected as part of the 2020 Bankruptcy Proceedings and is no longer a liability subsequent to the 2020 Effective Date. The Group was required to pay $30.0 million into an escrow account as collateral to the purchaser. The contract governing the escrow account was assumed in the 2020 Bankruptcy Proceedings. As of December 29, 2023 and December 30, 2022, $20.2 million and $19.3 million, respectively, remained in restricted cash, included in other long-term assets on the consolidated balance sheets. As of December 29, 2023, the Group does not expect to make future payments related to these indemnification obligations.

The Group has recorded liabilities for known indemnification obligations included as part of environmental liabilities, which are discussed in Note 25.

The Group is also liable for product performance; however the Group believes, given the information currently available, that the ultimate resolution of any such claims will not have a material adverse effect on its financial condition, results of operations and cash flows.

As of December 29, 2023, the Group had various other letters of credit, guarantees and surety bonds totaling $31.4 million and restricted cash of $42.9 million held in segregated accounts primarily to collateralize surety bonds for the Group's environmental liabilities.

25. Commitments and Contingencies

The Group is subject to various legal proceedings and claims, including government investigations, environmental matters, product liability matters, patent infringement claims, antitrust matters, securities class action lawsuits, personal injury claims, employment disputes, contractual and other commercial disputes, and other legal proceedings, all in the ordinary course of business, including those described below. Although it is not feasible to predict the outcome of these matters, the Group believes, unless otherwise indicated below, given the information currently available, that the ultimate resolution of any particular matter, or matters that have the same legal or factual issues, will not have a material adverse effect on its financial condition, results of operations and cash flows.

Governmental Proceedings

Acthar Gel-Related Matters

SEC Subpoena. In August 2019, the Group received a subpoena from the SEC for documents related to the Group's disclosure of its dispute with the HHS and CMS (together with the HHS, the "Agency") concerning the base date average manufacturer price for Acthar Gel under the Medicaid Drug Rebate Program, which was also the subject of litigation that the Group filed against the Agency. The SEC issued subsequent subpoenas on January 7, 2022 and September 28, 2022, requesting additional documents from the Group.

In connection with the investigation, on January 13, 2023, the SEC staff issued Wells Notices to the Group and individuals, including certain of its current and former executive officers, who were employed during 2019 (collectively, the "Individuals"). The notices indicate that the SEC staff has made a preliminary determination to recommend that the SEC file an enforcement action against the Group that would allege violations of the federal securities laws, and against the Individuals that would allege

violations of the federal securities laws and/or aiding and abetting violations of the federal securities laws. The Wells Notices indicated that the SEC staff would allege, among other things, that (a) the Group improperly omitted to disclose the dispute with the Agency prior to the litigation filed by the Group in federal court on May 21, 2019, and (b) the Group's disclosure of the civil investigative demand received from the U.S. Attorney's Office for the District of Massachusetts in January 2019 ("Boston CID") should have stated that the Boston CID related to the Group's dispute with the Agency.

On November 30, 2023, the Group reached an agreement with the SEC to resolve the SEC staff's investigation into the Group's disclosures relating to (a) the dispute with the Agency and (b) the Boston CID. Specifically, the Group consented to the entry of an Order Instituting Cease-And-Desist Proceedings Pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Making Findings, and Imposing a Cease-And-Desist Order ("Order"). The Order included findings by the SEC that are neither admitted nor denied by the Group and directed Mallinckrodt to cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933, as amended, Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act of 1934, as amended (Exchange Act"), and Exchange Act Rules 12b-20, 13a-1, 13a-13, and 13a-15(a). In addition, the Order requires the Group to retain a compliance consultant ("Consultant") to review the Group's disclosure controls and procedures relating to collection and assessment of information concerning potential risks, contingencies, trends, and uncertainties, and the implementation and sufficiency of the Group's internal accounting controls related to GAAP ASC 450. Under the terms of the Order, the Group will implement recommendations of the Consultant.

Other Related Matters

Florida Civil Investigative Demand. In or around February 2019, the Group received a civil investigative demand ("CID") from the U.S. Attorney's Office for the Middle District of Florida for documents related to alleged payments to healthcare providers in Florida and whether those payments violated the Anti-Kickback Statute. The Group has cooperated with the investigation.

Generic Pricing Subpoena. In March 2018, the Group received a grand jury subpoena issued by the U.S. District Court for the EDPA pursuant to which the Antitrust Division of the DOJ is seeking documents regarding generic products and pricing, communications with generic competitors and other related matters. The Group is in the process of responding to this subpoena and intends to cooperate in the investigation.

MNK 2011 Inc. (formerly known as Mallinckrodt Inc.) v. U.S. Food and Drug Administration and United States of America. In November 2014, the FDA reclassified the Group's Methylphenidate ER in the Orange Book: Approved Drug Products with Therapeutic Equivalence ("Orange Book"). In November 2014, the Group filed a Complaint in the U.S. District Court for the District of Maryland Greenbelt Division against the FDA and the U.S. ("MD Complaint") for judicial review of the FDA's reclassification. In July 2015, the court granted the FDA's motion to dismiss with respect to three of the five counts in the MD Complaint and granted summary judgment in favor of the FDA with respect to the two remaining counts ("MD Order"). On October 18, 2016, the FDA initiated proceedings, proposing to withdraw approval of the Group's Abbreviated New Drug Application ("ANDA") for Methylphenidate ER. On October 21, 2016, the U.S. Court of Appeals for the Fourth Circuit issued an order placing the Group's appeal of the MD Order in abeyance pending the outcome of the withdrawal proceedings. The parties exchanged documents and in April 2018, the Group filed its submission in support of its position in the withdrawal proceedings. A potential outcome of the withdrawal proceedings is that the Group's Methylphenidate ER products may lose their FDA approval and have to be withdrawn from the market.

U.S. Attorney's Office Subpoena. On August 22, 2023, the Group received a grand jury subpoena from the U.S. Attorney's Office for the Western District of Virginia ("USAO") seeking production of data and information for the time period from July 17, 2017 to the present, including information and data relating to the Group's reporting of suspicious orders for controlled substances, chargebacks and other transactions, and communications between the Group and the U.S. Drug Enforcement Administration ("DEA") regarding those issues. The Group's legal representatives discussed the intended scope of the subpoena and initial timeline with the USAO in August and September 2023. On September 27, 2023, the Group received a second grand jury subpoena from the USAO for documents pertaining to financial accounts related to the prior requests.

On October 11, 2023, the Group's legal representatives met with the USAO to, among other things, share information with the USAO about the operating injunction under which the Group's Specialty Generics segment has been operating since October 2020 and which was agreed to by 50 state and territory attorneys general and entered by the Bankruptcy Court ("operating injunction"). Among other things, the operating injunction provides that Specialty Generics must retain an independent monitor to evaluate and audit compliance with the operating injunction. R. Gil Kerlikowske, former Director of the Office of National Drug Control Policy and former Commissioner of U.S. Customs and Border Protection, currently serves as the monitor and issues periodic reports on Specialty Generics' compliance program, which can be found on the Group's web site at https://www.mallinckrodt.com/corporate-responsibility/corporate-compliance/.

The Group believes that Specialty Generics is in compliance with its obligations through its industry-leading compliance program for controlled substances. Prior to the existing operating injunction, Specialty Generics operated under a compliance-related memorandum of understanding with DEA established in July 2017 that expired in July 2020.

The Group is in the process of responding to the subpoenas and intends to cooperate in the investigation. The Group cannot predict the eventual scope, duration or outcome of the investigation at this time.

Patent Litigation

Branded Products. The Group will continue to vigorously enforce its intellectual property rights relating to its Branded products to prevent the marketing of infringing generic or competing products prior to the expiration of patents covering those products, which, if unsuccessful, could adversely affect the Group's ability to successfully maximize the value of individual Branded products and have an adverse effect on its financial condition, results of operations and cash flows. In the case of litigation filed against potential generic or competing products to Group's Branded products, those litigation matters can either be settled or the litigation pursued through a trial and any potential appeals of the lower court decision.

Generic Products. The Group continues to pursue development of a portfolio of generic products, some of which require submission of a Paragraph IV certification against patents listed in the FDA's Orange Book for the Branded product asserting that the Group's proposed generic product does not infringe and/or the Orange Book patent(s) are invalid and/or unenforceable. In the case of litigation filed against Group for such potential generic products, those litigation matters can either be settled or the litigation pursued through a trial and any potential appeals of the lower court decision in order to successfully launch those generic products in the future.

Mallinckrodt Pharmaceuticals Ireland Limited et al. v. Airgas Therapeutics LLC et al. On December 30, 2022, the Group initiated litigation against Airgas Therapeutics, LLC, Airgas USA LLC, and Air Liquide S.A. (collectively "Airgas") in the District of Delaware following notice from Airgas of its abbreviated new drug application ("ANDA") submission seeking approval from the FDA for a generic version of INOmax® (nitric oxide) gas, for inhalation ("INOmax"). Airgas's ANDA received final approval from the FDA in July 2023, and according to Airgas' counsel, the original ANDA was filed in April 2011. The case is at an early stage and discovery is ongoing. In October 2023, the parties completed briefing on the Group’s motion for preliminary injunction seeking to prevent defendants Airgas Therapeutics LLC and Airgas USA LLC from infringing the Group’s U.S. patents during the pendency of the litigation; no hearing date has been scheduled at this time. On February 12, 2024, the court entered stipulations of consent for filing of an amended complaint. On March 22, 2024, the court granted Air Liquide S.A.'s motion to dismiss. AirGas Therapeutics, LLC and AirGas USA LLC remain parties to the litigation. The court set a trial date of September 8, 2025.

Many of the patents asserted against Airgas were previously asserted in the District of Delaware against Praxair Distribution, Inc. and Praxair, Inc. (collectively "Praxair") in 2015 and 2016 following Praxair's submissions with FDA seeking approval for a nitric oxide drug product and delivery system. The litigation against Praxair resulted in Praxair's launch of a competitive nitric oxide product. The Group continues to develop and pursue patent protection of next generation nitric oxide delivery systems and additional uses of nitric oxide and intends to vigorously enforce its intellectual property rights against any parties that may seek to market a generic version of the Group's INOmax product and/or next generation delivery systems.

Amitiza Patent Challenges. The Group was granted numerous Japanese patents related to Amitiza and its use. In October 2023, the Group received two notifications from the Japan Patent Office ("JPO") that Sawai Pharmaceutical Co., Ltd. has filed two invalidation proceedings against two patent term extension ("PTE") registrations against JP Patent No. 4332353 issued to the Group that cover Amitiza and its use in Japan. In December 2023, the Group received notification that a new invalidation trial has been filed with the JPO against JP Patent Appln. No. 2002-586947 by Sawai Pharmaceutical Co., Ltd. The process is at an early stage. The Group believes that its patents and PTE registrations are valid, and the Group will vigorously defend its patents and PTE registrations.

In January 2024, the Group received notification of a new invalidation trial against the Amitiza PTE application as to JP Patent Appln. No. 2002-586947 filed by Towa Pharmaceutical Co., Ltd. that covers Amitiza and its use in Japan. This process is at an early stage. The Group believes that this PTE registration is valid, and the Group will vigorously defend its PTE registrations.

Commercial and Securities Litigation

Putative Class Action Securities Litigation (Continental General). On July 7, 2023, a putative class action lawsuit was filed against the Group, its CEO Sigurdur Olafsson, its Chief Financial Officer ("CFO") Bryan Reasons, and the Chairman of the Board, Paul Bisaro, in the U.S. District Court for the Southern District of New Jersey, captioned Continental General Insurance Group and Percy Rockdale, LLC v. Mallinckrodt plc et al., No. 23-cv-03662. The complaint purports to be brought on behalf of

all persons who purchased or otherwise acquired Mallinckrodt's securities between June 17, 2022 and June 14, 2023. The lawsuit generally alleges that the defendants made false and misleading statements in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder related to the Group's business, operations, and prospects, including its financial strength, its ability to timely make certain payments related to Mallinckrodt's Opioid-Related Litigation Settlement and the risk of additional filings for bankruptcy protection. The lawsuit seeks monetary damages in an unspecified amount. A lead plaintiff was designated by the court on September 10, 2023. On December 26, 2023, an amended complaint was filed by the lead plaintiff against Olafsson, Reasons, and Bisaro ("Individual Defendants"). As to the Group, any liability to the plaintiffs in this matter was discharged upon emergence from the 2023 Bankruptcy Proceedings. The Individual Defendants filed a motion to dismiss on February 26, 2024.

Acument Global. In May 2019, Acument Global Technologies, Inc. ("Acument"), filed a non-class complaint against the Group and other defendants in Tennessee state court, captioned as Acument Global Technologies, Inc., v. Mallinckrodt ARD Inc., et al., alleging violations of Tennessee Consumer Protection Laws, unjust enrichment, fraud and conspiracy to defraud. In February 2020, the court granted-in-part and denied-in-part the Group's motion to dismiss. While the court dismissed Acument's fraud-based claims and its claim under the Tennessee Consumer Protection Act, the court ruled that the antitrust and unjust enrichment claims may proceed. Following lifting of the automatic stay of this litigation pursuant to Section 362 of the Bankruptcy Code, on September 29, 2022, the court remanded the case to state court. On October 31, 2023, the state court granted the plaintiff's voluntary motion to dismiss the Group from the case.

Local 542. In May 2018, the International Union of Operating Engineers ("IUOE") Local 542 filed a non-class complaint against the Group and other defendants in Pennsylvania state court alleging improper pricing and distribution of Acthar Gel, in violation of Pennsylvania's Unfair Trade Practices and Consumer Protection Law, aiding and abetting, unjust enrichment and negligent misrepresentation captioned as Int'l Union of Operating Engineers Local 542 v. Mallinckrodt ARD Inc., et al. Plaintiff filed an amended complaint in August 2018, the Group's objections to which were denied by the court. In January 2021, the Group removed this case to the EDPA. In March 2021, the EDPA granted the Group's motion to transfer the case to the U.S. District Court for the District of Delaware ("District of Delaware") and denied without prejudice Local 542's motion to remand the case to state court. In June 2021, the District of Delaware referred this case to the Bankruptcy Court in Delaware. On November 17, 2022, Local 542 filed a motion to withdraw the reference to the District Court, and the case was transferred back to the District of Delaware at Case No. 22-cv-01502. On December 22, 2022, Local 542 filed a request for the motion to withdraw the reference to be decided by the EDPA and to permit remand to state court. On December 28, 2022, the case was assigned to Judge Ambro of the United States Court of Appeals for the Third Circuit due to related cases. On June 27, 2023, the District of Delaware entered an order to withdraw reference of the action to the Delaware Bankruptcy Court and to transfer the case back to the EDPA in order to be remanded to state court. On January 9, 2024, the Court of Common Please entered an order marking the claims against the Mallinckrodt defendants "discontinued and ended without prejudice."

Generic Pharmaceutical Antitrust Multi-District Litigation.

In August 2016, a multi-district litigation ("MDL") was established in the EDPA relating to allegations of antitrust violations with respect to generic pharmaceutical pricing ("Generic Pricing MDL"). Plaintiffs in the Generic Pricing MDL, captioned *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, allege a conspiracy of price-fixing and customer allocation among generic drug manufacturers beginning in or around July 2009. The Generic Pricing MDL includes lawsuits against the Group and dozens of other pharmaceutical companies, including a complaint filed by Attorneys General for 51 States, Territories and the District of Columbia seeking monetary damages and injunctive relief. While the Group is not subject to monetary damages in connection with these matters as a result of the 2023 Plan and vigorously disagrees with the plaintiffs' characterization of the facts and law, the Group is not able to reasonably estimate whether any injunctive relief will be granted, and if granted, whether it will materially impact the Group's financial position or operations; the Group does not intend to provide further disclosure unless this assessment changes.

Environmental Remediation and Litigation Proceedings

The Group is involved in various stages of investigation and cleanup related to environmental remediation matters at a number of sites, including as described below. The ultimate cost of site cleanup and timing of future cash outlays is difficult to predict, given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations and alternative cleanup methods. The Group concluded that, as of December 29, 2023, it was probable that it would incur remediation costs in the range of $17.7 million to $47.9 million. The Group also concluded that, as of December 29, 2023, the best estimate within this range was $36.1 million, of which $1.0 million was included in accrued and other current liabilities and the remainder was included in environmental liabilities on the consolidated balance sheet as of December 29, 2023. While it is not possible at this time to determine with certainty the ultimate outcome of these matters, the Group believes, given the

information currently available, that the final resolution of all known claims, after taking into account amounts already accrued, will not have a material adverse effect on its financial condition, results of operations and cash flows.

Lower Passaic River, New Jersey. The Group and approximately 70 other companies ("Cooperating Parties Group" or "CPG") are parties to a May 2007 Administrative Order on Consent with the Environmental Protection Agency ("EPA") to perform a remedial investigation and feasibility study ("RI/FS") of the 17-mile stretch known as the Lower Passaic River Study Area ("River"). The Group's potential liability stems from former operations at Lodi and Belleville, New Jersey (the "Lodi facility" and the "Belleville facility" respectively). In April 2014, the EPA issued a revised Focused Feasibility Study ("FFS"), with remedial alternatives to address cleanup of the lower 8-mile stretch of the River. The EPA estimated that the cost for the remediation alternatives ranged from $365.0 million to $3.2 billion and the EPA's preferred approach had an estimated cost of $1.7 billion. In April 2015, the CPG presented a draft of the RI/FS of the River to the EPA that included alternative remedial actions for the entire 17-mile stretch of the River. In March 2016, the EPA issued the Record of Decision ("ROD(s)") for the lower 8 miles of the River with a slight modification on its preferred approach and a revised estimated cost of $1.38 billion. In October 2016, the EPA announced that Occidental Chemicals Corporation had entered into an agreement to develop the remedial design.

In August 2018, the EPA finalized a buyout offer of $280,600 with the Group, limited to its former Lodi facility, for the lower 8 miles of the River. In September 2021, the EPA issued the ROD for the upper 9 miles of the River selecting source control as the remedy for the upper 9 miles with an estimated cost of $441.0 million. In September 2022, the Company entered into a conditional $0.3 million Early Cash-Out Consent Decree ("CD") with the EPA as a buyout for its portion of the upper part of the River related to its former Lodi facility; finalization of the CD is subject to the EPA approval following the public comment period that was extended until a September 22, 2023 court hearing to determine whether the court will hold a Fairness Hearing or whether the EPA will finalize and approve the conditional CD. On October 16, 2023, the court granted the EPA's request for a sixty-day extension, until November 21, 2023, to notify the Court regarding whether it plans to move forward with the conditional CD. The comment period resulted in a modification to the CD by USEPA which includes a cost reopener of $3.7 billion to the covenant not to sue. The United States filed the modified CD on January 17, 2024, and a motion for entry and response to comments was filed on January 31, 2024.

The portion of the liability related to the Belleville facility was discharged against the Group as a result of the 2020 Plan. Any reserves associated with this contingency were included in LSTC as of June 16, 2022, and any related liabilities were discharged under the Bankruptcy Code. The portion of the liability related to the Lodi facility remains a part of the reserve until the CD is lodged.

As of December 29, 2023, the Group estimated that its remaining liability related to the River was $21.0 million, which was included within environmental liabilities on the consolidated balance sheet as of December 29, 2023. Despite the issuance of the revised FFS and the RODs for both the lower and upper River by the EPA, the RI/FS by the CPG, and the conditional CD by the EPA, there are many uncertainties associated with the final agreed-upon remediation, potential future liabilities and the Group's allocable share of the remediation. Given those uncertainties, the amounts accrued may not be indicative of the amounts for which the Group may be ultimately responsible and will be refined as the remediation progresses.

Bankruptcy Litigation and Appeals

First Lien Noteholder Matters. The 2020 Plan reinstated the 2025 First Lien Notes in an aggregate principal amount of $495.0 million and the note documents relating thereto. Certain holders of the 2025 First Lien Notes and the trustee in respect thereof (collectively, "Noteholder Parties"), objected to the reinstatement, arguing, among other things, that the Group was required to pay a significant make-whole premium as a condition to reinstatement of the 2025 First Lien Notes. In the course of confirming the 2020 Plan, the Bankruptcy Court overruled these objections.

On March 30, 2022, the Noteholder Parties appealed the confirmation order's approval of the reinstatement of the 2025 First Lien Notes to the United States District Court for the District of Delaware ("District Court"). The Group and the 2025 First Lien Notes trustee reached an agreement to hold the trustee's appeal in abeyance, to be determined by the result of the holders' appeals, subject to certain conditions, which was approved by the District Court. Briefing on the merits of the Noteholder Parties' appeals was completed on July 1, 2022. On the same date, the Group moved to dismiss the Noteholder Parties' appeals as equitably moot. Briefing on the motion was completed on August 5, 2022 and supplemental declarations were filed in the appeal. Oral argument was held on the Noteholder Parties' appeals on May 5, 2023, and the District Court took the matter under advisement.

As part of the 2023 restructuring support agreement ("2023 RSA"), certain holders including holders representing a substantial majority of the 2025 First Lien Notes ("Ad Hoc First Lien Notes Group") agreed to settle these appeals through the 2023 Plan. Among other provisions, the 2023 Plan incorporates the 2025 First Lien Notes Makewhole Settlement (as defined in the 2023 Plan), which comprises the allowance of a 2025 First Lien Notes Makewhole Amount Claim (as defined in the 2023

Plan) in a stipulated amount of $14.9 million (or 3.0% of the principal amount of the 2025 First Lien Notes). In exchange, the Ad Hoc First Lien Notes Group agreed to dismiss its appeal, and to cause the trustee to dismiss its companion appeal, upon the 2023 Effective Date. On August 23, 2023, the parties wrote to the District Court to outline the settlement and request that the appeals be held in abeyance pending the confirmation of the amended 2023 Plan. On August 23, 2023, the District Court entered an order stating that it would defer indefinitely issuing a decision in the appeal, but reserving the right to file an opinion and order at any later time prior to the filing of a stipulated dismissal of the appeals. On August 28, 2023, Columbus Hill Capital Management, L.P., a Noteholder Party that had filed a separate appeal, agreed to dismiss its appeal because it had sold the entirety of its position in the 2025 First Lien Notes.

As further described herein, the 2023 Plan, including the 2025 First Lien Notes Makewhole Settlement, was confirmed by the Bankruptcy Court on October 10, 2023. The appeal of the Ad Hoc First Lien Notes Group was resolved under the 2023 Plan, and the parties thereto filed an agreement to voluntarily dismiss the appeal on December 5, 2023.

Sanofi. On October 13, 2021, in the Group's 2020 Chapter 11 Cases, sanofi-aventis U.S. LLC ("Sanofi") filed a motion asking the Bankruptcy Court for an order determining that, under the Bankruptcy Code, the Group could not discharge certain alleged royalty obligations owed to Sanofi under an asset purchase agreement through which the Group acquired certain intellectual property from Sanofi's predecessor ("Sanofi Motion"). On November 4, 2021, the Bankruptcy Court denied the Sanofi Motion and ordered that any royalty obligations allegedly owed to Sanofi constitute prepetition unsecured claims that may be discharged under the Bankruptcy Code. On November 19, 2021, Sanofi appealed the Bankruptcy Court's ruling of the Sanofi Motion to the District Court. Briefing was completed on March 10, 2022 and the District Court affirmed on December 21, 2022, for which Sanofi filed a notice of appeal to the Third Circuit Court of Appeals on January 17, 2023. While the appeal has been fully briefed and the Third Circuit heard oral argument on December 11, 2023, the Third Circuit has yet to rule on the appeal.

Stratatech. Consummation of the 2020 Plan discharged the Group's liability with respect to certain contingent consideration provided to the prior securityholders of Stratatech Corporation ("Stratatech"). However, Russell Smestad, as the representative of these securityholders, has filed a motion in the Bankruptcy Court for an order either (i) granting allowance and immediate payment of an administrative expense claim in the amount of the liability of $20 million or (ii) finding that the claim was not susceptible to discharge and should be paid in full. The Group believes that the securityholders' motion is without merit and intends to vigorously oppose it.

Discovery was substantially complete prior to the 2023 Bankruptcy Proceedings. Litigation of the securityholders' motion was stayed automatically when the Group commenced the 2023 Bankruptcy Proceedings on August 28, 2023. Since the 2023 Debtors emerged from the 2023 Bankruptcy Proceedings on November 14, 2023, the Court set a schedule to complete discovery and other pre-hearing procedures. No hearing date before the Bankruptcy Court has been set.

Opioid-Related Litigation Settlement

On June 15, 2023, the Group, certain subsidiaries of the Group and the Trust entered into Amendment No. 1 ("Amendment") to the Opioid Deferred Cash Payments Agreement, which was entered into in connection with the 2020 Plan. The Amendment extended to June 23, 2023, from June 16, 2023, the date on which the $200.0 million installment payment with respect to the Opioid Deferred Cash Payment was required to be made to the Trust. Pursuant to the Amendment, the Trust subsequently provided several additional written notices that had the effect of extending the due date of the Opioid Deferred Cash Payment to August 15, 2023. In connection with entry into the 2023 RSA, the Group and the Trust entered into a final amendment to the Opioid Deferred Cash Payments Agreement, which provided that the Group's prior obligation to pay all remaining Opioid-Related Litigation Settlement payment obligations (including the Opioid Deferred Cash Payment) was permanently eliminated subject to the Group (a) making a $250.0 million payment to the Trust prior to the commencement of the 2023 Bankruptcy Proceedings (which was made on August 24, 2023) and (b) entering into the CVR Agreement to receive a payment (in cash or, at the Group's option subject to certain conditions, shares of the Group's equity) equal to the value of 5% of the Group's total outstanding equity (subject to certain dilution) less the exercise price, which is based on a total enterprise value of $3.776 billion less funded debt at emergence plus any excess cash at emergence after the emergence-date cash sweep contemplated by the 2023 RSA. Additionally, the 2023 Debtors' non-monetary obligations to the Trust were generally preserved, including the compliance-related operating injunction and the cooperation agreement (as amended).

Other Matters

The Group is a defendant in a number of other pending legal proceedings relating to present and former operations, acquisitions and dispositions. The Group does not expect the outcome of these proceedings, either individually or in the aggregate, to have a material adverse effect on its financial condition, results of operations and cash flows.

26. Financial Instruments and Fair Value Measurements

Fair value is defined as the exit price that would be received from the sale of an asset or paid to transfer a liability, using assumptions that market participants would use in pricing an asset or liability. The fair value guidance establishes a three-level fair value hierarchy, which maximizes the use of observable inputs and minimizes the use of unobservable inputs used in measuring fair value. The levels within the hierarchy are as follows:

Level 1— observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2— significant other observable inputs that are observable either directly or indirectly; and

Level 3— significant unobservable inputs in which there is little or no market data, which requires the Group to develop its own assumptions.

The following tables provide a summary of the significant assets and liabilities that are measured at fair value on a recurring basis at the end of each period:

	December 29, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Debt and equity securities held in rabbi trusts	$ 43.3	$ 29.1	$ 14.2	$ —
Equity securities	28.9	28.9	—	—
Interest rate cap	12.9	—	—	12.9
	$ 85.1	$ 58.0	$ 14.2	$ 12.9
Liabilities:				
Derivative liabilities	$ 40.2	$ —	$ —	$ 40.2
Deferred compensation liabilities	21.0	—	21.0	—
Contingent consideration liabilities	14.7	—	—	14.7
	$ 75.9	$ —	$ 21.0	$ 54.9

	December 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Debt and equity securities held in rabbi trusts	$ 36.6	$ 24.8	$ 11.8	$ —
Equity securities	25.5	25.5	—	—
	$ 62.1	$ 50.3	$ 11.8	$ —
Liabilities:				
Deferred compensation liabilities	$ 26.0	$ —	$ 26.0	$ —
Contingent consideration liabilities	7.3	—	—	7.3
	$ 33.3	$ —	$ 26.0	$ 7.3

Debt and equity securities held in rabbi trusts. Debt securities held in rabbi trusts primarily consist of U.S. government and agency securities and corporate bonds. When quoted prices are available in an active market, the investments are classified as level 1. When quoted market prices for a security are not available in an active market, they are classified as level 2. Equity securities held in rabbi trusts primarily consist of U.S. common stocks, which are valued using quoted market prices reported on nationally recognized securities exchanges.

Equity securities. Equity securities consist of shares in Silence Therapeutics plc and Panbela Therapeutics, Inc. for which quoted prices are available in an active market; therefore, these investments are classified as level 1 and are valued based on quoted market prices reported on internationally recognized securities exchanges.

During fiscal 2023 and 2022, the Group recognized an unrealized gain of $3.4 million and an unrealized loss of $13.0 million, respectively, related to our investments within other income (expense), net in the consolidated statements of profit and loss account.

Interest rate cap. The Group is exposed to interest rate risk on its variable-rate debt. During the three months ended March 31, 2023, the Group entered into an interest rate cap agreement, which serves to reduce the volatility on future interest expense cash outflows. The interest rate cap agreement has a total notional value of $860.0 million with an upfront premium of $20.0 million and provides the Group with interest rate protection (i) for the period March 16, 2023 through July 19, 2023 to the extent that the one-month LIBOR exceeds 4.65%, and (ii) for the period July 20, 2023 through March 26, 2026 to the extent that the one-month SOFR exceeds 3.84%.

During the period from March 16, 2023 to November 14, 2023, the interest rate cap agreement qualified as a cash flow hedge. The premium paid was recognized in income on a rational basis, and changes in the fair value of the interest rate cap were recorded within accumulated other comprehensive income ("AOCI") and were subsequently reclassed into interest expense in the period when the hedged interest affects earnings. Upon adoption of fresh-start accounting, the Group reassessed the interest rate cap and elected to not apply hedge accounting. As such, during the Successor period, the interest rate cap agreement was not accounted for as a cash flow hedge and the changes in fair value of the interest rate cap were recorded within other income (expense) in the consolidated profit and loss account. The fair value of the interest rate cap is included in other assets on the Group’s consolidated balance sheet as of December 29, 2023.

The Group elected to use the income approach to value the interest rate cap derivative using observable Level 2 market expectations at the measurement date and standard valuation techniques to convert future amounts to a single present amount (discounted) reflecting current market expectations about those future amounts. Level 2 inputs for derivative valuations are limited to quoted prices for similar assets or liabilities in active markets (specifically futures contracts) and inputs other than quoted prices that are observable such as LIBOR or SOFR rate curves, futures and volatilities. Mid-market pricing is used as a practical expedient in the fair value measurements. During the period from December 31, 2022 through November 14, 2023, the Group recognized an unrealized gain of $5.7 million within AOCI with a gain of $0.7 million being reclassified into earnings as a component of interest expense, net. During the period from November 15, 2023 to December 29, 2023, the Group recognized an $8.4 million unrealized loss in other income (expense) related to the changes in fair value of the interest rate cap. The cash payment of the $20.0 million premium and other corresponding activity related to the interest rate cap were reflected as cash flows from operating activities in the consolidated statement of cash flows for the period December 31, 2022 to November 14, 2023.

Debt derivative liabilities. The debt derivative liabilities related to the Group's First and Second-Out Takeback Term Loans and Takeback Notes are measured using a 'with and without' valuation model to compare the fair values of each debt instrument including the identified embedded derivative feature. The "with" value corresponds to the fair value of each instrument assuming mandatory prepayment upon an asset sale. The "without" value corresponds to the fair value of each instrument assuming no mandatory prepayment upon an asset sale These derivative liabilities are classified as level 3 and the fair value of the debt instruments including the embedded derivative features were determined using the Black-Derman-Toy model based on three potential scenarios included in the tables below which includes significant unobservable inputs. The estimated settlement value of each scenario, which would include any required applicable premium (see Note 22), is then discounted to present value using a discount rate that is a 3.08% and 4.58% credit spread for the First and Second-Out Takeback Term Loans, respectively, plus the U.S. treasury yield commensurate with the cash flow payment date. The applicable premium estimates were calculated at each mandatory prepayment event date in accordance with the contractual definition and were based, in part, on subjective assumptions. These subjective assumptions relate to scenario-related proceeds from an asset sale, inclusive of estimated transaction fees and related taxes. The debt derivative liability is recorded at fair value, with the changes in fair value reported within earnings. The debt derivative liability was $15.1 million as of November 14, 2023 and December 29, 2023 and was recorded within creditors (amounts falling due within one year) within the consolidated balance sheet as of December 29, 2023. Significant assumptions utilized in the determination of the fair value are as follows:

First and Second-Out Takeback Term Loans:

Input	Scenario 1	Scenario 2	Scenario 3
Remaining term (years)	5	5	5
Maturity Date	November 14, 2028	November 14, 2028	November 14, 2028
Coupon Rate	7.50% - 9.50% + SOFR	7.50% - 9.50% + SOFR	7.50% - 9.50% + SOFR
Probability of mandatory prepayment event before November 2025 [(1)]	25.00%	25.00%	6.25%
Estimated timing of mandatory prepayment event before November 2025[(1)]	August 2024	December 2024	August and December 2024

(1) Represents a significant unobservable input

Takeback Notes:

Input	Scenario 1	Scenario 2	Scenario 3
Remaining term (years)	5	5	5
Maturity Date	November 14, 2028	November 14, 2028	November 14, 2028
Coupon Rate	14.75%	14.75%	14.75%
Probability of mandatory prepayment event before November 2025 [(1)]	25.00%	25.00%	6.25%
Estimated timing of mandatory prepayment event before November 2025 [(1)]	August 2024	December 2024	August and December 2024

(1) Represents a significant unobservable input

Opioid CVR derivative liabilities. The Opioid CVRs derivative liability is classified as level 3 and the fair value is valued at each reporting period utilizing a Black-Scholes model with inputs for the implied share price of the Successor, exercise price per share, expected volatility, risk free interest rate continuously compounded and the remaining term of the derivative liability. The expected volatility assumption is based on the historical and implied volatility of the Group's peer group with similar business models. The Opioid CVR liability is recorded at fair value, with changes in fair value reported within earnings. The Opioid CVRs derivative liability was $25.1 million and was recorded within creditors (amounts falling due within one year) within the consolidated balance sheet as of December 29, 2023.

Deferred compensation liabilities. The Group maintains a non-qualified deferred compensation plan in the U.S., which permits eligible employees of the Group to defer a portion of their compensation. A recordkeeping account is set up for each participant and the participant chooses from a variety of funds for the deemed investment of their accounts. The recordkeeping accounts generally correspond to the funds offered in the Group's U.S. tax-qualified defined contribution retirement plan and the account balance fluctuates with the investment returns on those funds.

Contingent consideration liabilities. In accordance with the 2020 Plan and the 2020 Scheme of Arrangement, the Group will provide consideration for the Terlivaz CVR primarily in the form of the achievement of a cumulative turnover milestone. The Group assesses the likelihood and timing of making such payments at each balance sheet date. The fair value of the contingent payment was measured based on the net present value of a probability-weighted assessment. The Group determined the fair value of the Terlivaz CVR as of December 29, 2023 and December 30, 2022 to be $14.7 million and $7.3 million, respectively.

All contingent consideration liabilities were classified within other liabilities in the consolidated balance sheets as of December 29, 2023 and December 30, 2022, respectively. The following table summarizes activity for contingent consideration:

Balance as of December 30, 2022	$	7.3
Fair value adjustments		(7.5)
Fresh-start adjustment		14.9
Balance as of December 29, 2023	$	14.7

Financial Instruments Not Measured at Fair Value

The following methods and assumptions were used by the Group in estimating fair values for financial instruments not measured at fair value as of December 29, 2023 and December 30, 2022:

- The carrying amounts of cash and cash equivalents, trade debtors, trade creditors and the majority of other current assets and liabilities approximate fair value because of their short-term nature. The Group classifies cash on hand and deposits in banks, including commercial paper, money market accounts and other investments it may hold from time to time, with an original maturity of three months or less, as cash and cash equivalents (level 1). The fair value of restricted cash was equivalent to its carrying value of $80.7 million and $57.2 million as of December 29, 2023 and December 30, 2022, (level 1), respectively. Included within the balance as of the 2023 Effective Date was $24.0 million related to the funding of a professional fee escrow account upon emergence from the 2023 Bankruptcy Proceedings. Refer to Note 3 for further information. As of December 29, 2023, the professional fee escrow balance was $17.6 million.
- The Group's life insurance contracts are carried at cash surrender value, which is based on the present value of future cash flows under the terms of the contracts (level 3). Significant assumptions used in determining the cash surrender value include the amount and timing of future cash flows, interest rates and mortality charges. The fair value of these contracts approximates the carrying value of $45.3 million and $46.7 million as of December 29, 2023 and December 30, 2022, respectively. These contracts are included in other assets on the consolidated balance sheets.

- *Successor debt.* The Group's Takeback Notes and receivables securitization facility are classified as level 1, as quoted prices are available in an active market for these notes. Since quoted market prices for the Group's Takeback Term Loans are not available in an active market, they are classified as level 2 for purposes of developing an estimate of fair value.

  Predecessor debt. The Group's First Lien Notes and receivables financing facility are classified as level 1, as quoted prices are available in an active market for these notes. Since quoted market prices for the Group's term loans are not available in an active market, they are classified as level 2 for purposes of developing an estimate of fair value.

	December 29, 2023		December 30, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Level 1:				
14.75% second-out takeback notes due November 2028	$ 836.4	$ 844.4	$ —	$ —
10.00% first lien senior secured notes due April 2025	—	—	475.9	425.9
10.00% second lien senior secured notes due April 2025	—	—	242.2	216.8
11.50% first lien senior secured notes due December 2028	—	—	650.0	552.6
10.00% second lien senior secured notes due June 2029	—	—	175.5	176.7
Level 2:				
First-Out Takeback Term Loan Due November 2028	243.4	232.8	—	—
Second-Out Takeback Term Loan Due November 2028	685.5	654.0	—	—
2017 Replacement Term loan due September 2027	—	—	1,222.1	1,037.8
2018 Replacement Term loan due September 2027	—	—	326.9	274.8
Total Debt	$ 1,765.3	$ 1,731.2	$ 3,092.6	$ 2,684.6

Concentration of Credit and Other Risks

Financial instruments that potentially subject the Group to concentrations of credit risk primarily consist of trade debtors. The Group generally does not require collateral from customers. A portion of the Group's trade debtors outside the U.S. includes turnover to government-owned or supported healthcare systems in several countries, which are subject to payment delays. Payment is dependent upon the financial stability and creditworthiness of those countries' national economies.

The following table shows turnover attributable to distributors that accounted for 10.0% or more of the Group's total segment turnover:

	Fiscal Year	
	2023	2022
FFF Enterprises, Inc.	22.4 %	19.6 %

* Turnover to this distributor were less than 10.0% of total turnover during the respective periods presented above.

The following table shows trade debtors attributable to distributors that accounted for 10.0% or more of the Group's gross trade debtors at the end of each period:

	December 29, 2023	December 30, 2022
AmerisourceBergen Corporation	24.2 %	23.3 %
McKesson Corporation	20.0	17.3
FFF Enterprises, Inc.	*	16.2

* Trade debtors attributable to this distributor was less than 10.0% of total gross trade debtors at the end of the respective period presented above.

The following table shows turnover attributable to products that accounted for 10.0% or more of the Group's total segment turnover:

	Fiscal Year	
	2023	2022
Acthar Gel	22.8 %	27.0 %
INOmax	16.2	17.7
Therakos	13.9	12.5
APAP	11.6	10.9

* Turnover attributable to these products were less than 10.0% of total turnover during the respective periods presented above.

27. Provisions for Liabilities

As of December 29, 2023 and December 30, 2022, provisions for liabilities was comprised of:

	December 29, 2023	December 30, 2022
Pensions and similar obligations (Note 23)	$ 45.1	$ 45.8
Deferred taxation (Note 9)	—	0.1
Other provisions	112.3	134.1
	$ 157.4	$ 180.0

Other provision activity during fiscal 2023 was as follows:

	Environmental (Note 25)	Restructuring Reserves (Note 7)	Contingent Consideration (Note 26)	Accrued Rebates (Note 5)	Other	Total
As of December 30, 2022	$ 36.9	$ 4.6	$ 7.3	$ 55.3	$ 30.0	$ 134.1
Charged to profit and loss account	0.7	0.9	—	90.4	50.4	142.4
Accretion	—	—	—	—	0.1	0.1
Fair market value adjustments	—	—	(7.5)	—	—	(7.5)
Utilization	(1.5)	(5.4)	—	(110.6)	(54.2)	(171.7)
Effects of the Plan (Note 3)	—	—	14.9	—	—	14.9
As of December 29, 2023	$ 36.1	$ 0.1	$ 14.7	$ 35.1	$ 26.3	$ 112.3

28. Shareholders' Funds

Called-up Share Capital presented as equity. Pursuant to the 2023 Plan and 2023 Scheme of Arrangement, as of the 2023 Effective Date, all Predecessor's ordinary shares were cancelled. On the 2023 Effective Date, the Group authorized 500,000,000 ordinary shares, par value of $0.01 per share, and issued 19,696,335 ordinary shares par value of $0.01 per share. The value of these issued shares was $1,068.5 million which included a share premium of $1,068.3 million. As of December 29, 2023, the Group has authorized 500,000,000 ordinary shares, par value of $0.01 per share, 19,696,335 of which were issued.

Share Premium Account. Pursuant to the 2023 Plan and 2023 Scheme of Arrangement, as of the 2023 Effective Date, all Predecessor share premiums were cancelled and a share premium of $1,068.3 million reflective of the issuance of the Successor common stock was recorded.

Other Reserves. Pursuant to the 2023 Plan and 2023 Scheme of Arrangement, as of the 2023 Effective Date, the Predecessor other reserves of $1,988.2 million was cancelled and $101.2 million was recorded as a result of the difference between the value of shares issued upon emergence from bankruptcy and the values attributed to the net assets of the Group upon emergence under fresh-start accounting. Also included within this reserve is accumulated share-based compensation.

Profit and Loss Account. Pursuant to the 2023 Plan and 2023 Scheme of Arrangement, as of the 2023 Effective Date, the Predecessor's loss account of $2,219.6 million was cancelled.

Dividends. Historically, the Group has not made any cash dividends payment and does not currently intend to pay dividends in the foreseeable future.

Other items affecting shareholders' funds, including *Preference Shares* and *Acquisition of Own Shares* are described in Note 8 to the Group's Notes to the Company Financial Statements.

29. Post-Balance Sheet Events

StrataGraft

On January 4, 2024, the Group committed to a plan to cease commercialization and clinical development and wind down production of its StrataGraft product. The decision to discontinue StrataGraft was made following a slower-than-anticipated commercial uptake of the product and slower-than-anticipated enrollment in clinical trials. The Group is evaluating its next steps with respect to StrataGraft, which could include pursuing a sale, out-license or other strategic arrangement.

Employment Agreement and Compensation

On February 2, 2024, Mallinckrodt's indirect subsidiary ST Shared Services LLC entered into a new employment agreement with Sigurdur Olafsson pursuant to which Mr. Olafsson will continue to serve as Mallinckrodt's President and Chief Executive Officer.

On February 2, 2024, consistent with the 2023 Plan, the Successor's Board of Directors adopted the Mallinckrodt Pharmaceuticals 2024 Stock and Incentive Plan and reserved an aggregate of 1,036,649 ordinary shares (subject to adjustment in accordance with the terms of the plan) for the issuance of equity awards thereunder to employees and directors.

On February 2, 2024, the Board of Directors adopted a Transaction Incentive Plan intended to compensate designated Mallinckrodt executive officers and members of the Mallinckrodt Board of Directors with bonus payments based on the consummation of qualifying asset sale transactions.

Acthar Gel

On March 1, 2024, the FDA approved the Acthar Gel Single-Dose Pre-filled SelfJect™ Injector ("SelfJect"), a new delivery device for Acthar Gel for appropriate patients with a range of chronic and acute inflammatory and autoimmune conditions. SelfJect is intended to provide the appropriate subcutaneous dose of Acthar Gel, as prescribed by a healthcare professional, and is designed to help give patients control of their administration.

Commitments and Contingencies

Certain litigation matters occurred prior to December 29, 2023 but had subsequent updates through the date of this report. See further discussion in Note 25.

30. Subsidiary Undertakings

The Group maintains subsidiary undertakings through ownership of the subsidiaries' ordinary shares. As of December 29, 2023, the Group had the following subsidiary undertakings:

Name	Nature of Business	Group Share %	Registered Office and Country of Incorporation
Acthar IP Unlimited Company	Holding	100%	College Business & Technology Park Cruiserath Road Blanchardstown, Dublin 15 Ireland
Cache Holdings Limited	Holding	100%	Victoria Hall, 5th Floor 31 Victoria Street Hamilton, HM EX Bermuda
Carnforth Limited	Other	100%	Victoria Hall, 5th Floor 31 Victoria Street Hamilton, HM EX Bermuda
Dritte CORSA Verwaltungsgesellschaft GmbH	Inactive	100%	Josef-Dietzgen-Strasse 1 53773 Hennef, Germany
Ikaria Australia Pty Ltd	Operating	100%	Deacons L 15 485 Bourke Street Melbourne VIC 3000 Australia
Ikaria Canada Inc.	Operating	100%	160 Elgin Street, Suite 2600 Ottawa, Ontario, K1P 13 Canada
IMC Exploration Company	Other	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Infacare Pharmaceutical Corporation	Operating	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
INO Therapeutics LLC	Operating	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Ludlow LLC	Holding	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
MAK LLC	Holding	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Mallinckrodt APAP LLC	Operating	100%	385 Marshall Ave. Webster Groves, MO 63119 United States
Mallinckrodt ARD Finance LLC	Holding	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Mallinckrodt ARD Holdings Inc.	Holding	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Mallinckrodt ARD Holdings Limited	Holding	100%	3 Lotus Park, The Causeway, Staines-Upon-Thames, Surrey, TW18 3AG United Kingdom
Mallinckrodt ARD IP Unlimited Company	Other	100%	College Business & Technology Park Cruiserath Road Blanchardstown, Dublin 15 Ireland
Mallinckrodt ARD LLC	Operating	100%	53 Frontage Road, STE 300 Hampton, NJ 08827 United States
Mallinckrodt Brand Pharmaceuticals LLC	Holding	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Mallinckrodt Buckingham Unlimited Company	Holding	100%	College Business & Technology Park Cruiserath Road Blanchardstown, Dublin 15 Ireland

Mallinckrodt Canada Cooperatie U.A.	Holding	100%	Herikerbergweg 238 Amsterdam 1101CM Netherlands
Mallinckrodt Canada ULC	Operating	100%	400-6500 Trans-Canada Highway Pointe-Claire, Quebec H9R 0A5 Canada
Mallinckrodt CB LLC	Finance and Administrative	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Mallinckrodt Chemical Holdings (UK) Limited	Inactive	100%	3 Lotus Park, The Causeway, Staines-Upon-Thames, Surrey, TW18 3AG United Kingdom
Mallinckrodt Chemical Limited	Operating	100%	3 Lotus Park, The Causeway, Staines-Upon-Thames, Surrey, TW18 3AG United Kingdom
Mallinckrodt Critical Care Finance LLC	Finance and Administrative	100%	1209 Orange Street Wilmington, Delaware 19801 United States
Mallinckrodt Enterprises Holdings LLC	Holding	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Mallinckrodt Enterprises LLC	Operating	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Mallinckrodt Enterprises UK Limited	Other	100%	3 Lotus Park, The Causeway, Staines-Upon-Thames, Surrey, TW18 3AG United Kingdom
Mallinckrodt Equinox Finance LLC	Other	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Mallinckrodt Equinox Limited	Holding	100%	3 Lotus Park, The Causeway, Staines-Upon-Thames, Surrey, TW18 3AG United Kingdom
Mallinckrodt Finance Management Ireland Limited	Operating	100%	College Business & Technology Park Cruiserath Road Blanchardstown, Dublin 15 Ireland
Mallinckrodt Group S.a.r.l.	Finance and Administrative	100%	124 Boulevard de la Petrusse L-2330 Luxembourg Grand Duchy of Luxembourg
Mallinckrodt Holdings GmbH	Holding	100%	Solenbergstrasse 5 8207 Schaffhausen, Switzerland
Mallinckrodt Hospital Products Inc.	Operating	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Mallinckrodt Hospital Products IP Unlimited Company	Other	100%	College Business & Technology Park Cruiserath Road Blanchardstown, Dublin 15 Ireland
Mallinckrodt International Finance SA	Finance and Administrative	100%	124 Boulevard de la Petrusse L-2330 Luxembourg Grand Duchy of Luxembourg
Mallinckrodt International Holdings, S.a.r.l.	Holding	100%	124 Boulevard de la Petrusse L-2330 Luxembourg Grand Duchy of Luxembourg
Mallinckrodt IP Unlimited Company	Holding	100%	College Business & Technology Park Cruiserath Road Blanchardstown, Dublin 15 Ireland
Mallinckrodt LLC	Holding	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Mallinckrodt Lux IP S.a.r.l.	Finance and Administrative	100%	124 Boulevard de la Petrusse L-2330 Luxembourg Grand Duchy of Luxembourg
Mallinckrodt Manufacturing LLC	Operating	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States

Mallinckrodt Medical Holdings (UK) Limited	Holding	100%	3 Lotus Park, The Causeway, Staines-Upon-Thames, Surrey, TW18 3AG United Kingdom
Mallinckrodt Netherlands B.V.	Operating	100%	Herikerbergweg 238 Amsterdam 1101CM Netherlands
Mallinckrodt Petten Holdings B.V.	Other	100%	Herikerbergweg 238 Amsterdam 1101CM Netherlands
Mallinckrodt Pharma IP Trading Unlimited Company	Holding	100%	College Business & Technology Park Cruiserath Road Blanchardstown, Dublin 15 Ireland
Mallinckrodt Pharma K.K.	Operating	100%	ARK Mori Bldg., 30F 1-12-32 Akasaka, Minato-ku Tokyo, Japan
Mallinckrodt Pharmaceuticals Ireland Limited	Operating	100%	College Business & Technology Park Cruiserath Road Blanchardstown, Dublin 15 Ireland
Mallinckrodt Pharmaceuticals Limited	Operating	100%	3 Lotus Park, The Causeway, Staines-Upon-Thames, Surrey, TW18 3AG United Kingdom
Mallinckrodt Quincy S.a.r.l.	Holding	100%	124 Boulevard de la Petrusse L-2330 Luxembourg Grand Duchy of Luxembourg
Mallinckrodt SAG Holdings GmbH	Inactive	100%	Solenbergstrasse 5 8207 Schaffhausen, Switzerland
Mallinckrodt Securitization S.a.r.l.	Finance and Administrative	100%	124 Boulevard de la Petrusse L-2330 Luxembourg Grand Duchy of Luxembourg
Mallinckrodt UK Finance LLP	Finance and Administrative	100%	3 Lotus Park, The Causeway, Staines-Upon-Thames, Surrey, TW18 3AG United Kingdom
Mallinckrodt UK Ltd	Holding	100%	3 Lotus Park, The Causeway, Staines-Upon-Thames, Surrey, TW18 3AG United Kingdom
Mallinckrodt US Holdings LLC	Other	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Mallinckrodt US Pool LLC	Inactive	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Mallinckrodt Veterinary, Inc.	Other	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Mallinckrodt Windsor Ireland Finance Unlimited Company	Other	100%	College Business & Technology Park Cruiserath Road Blanchardstown, Dublin 15 Ireland
Mallinckrodt Windsor S.a.r.l.	Holding	100%	124 Boulevard de la Petrusse L-2330 Luxembourg Grand Duchy of Luxembourg
MCCH LLC	Holding	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
MEH, Inc.	Holding	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
MHP Finance LLC	Finance and Administrative	100%	1209 Orange Street Wilmington, Delaware 19801 United States
MKG Medical UK Ltd	Inactive	100%	3 Lotus Park, The Causeway, Staines-Upon-Thames, Surrey, TW18 3AG United Kingdom
MNK 2011 LLC	Holding	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States

Montjeu Limited	Operating	100%	College Business & Technology Park Cruiserath Road Blanchardstown, Dublin 15 Ireland
MUSHI UK Holdings Limited	Holding	100%	3 Lotus Park, The Causeway, Staines-Upon-Thames, Surrey, TW18 3AG United Kingdom
OCERA Therapeutics LLC	Operating	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Petten Holdings Inc.	Holding	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Profibrix B.V.	Inactive	100%	Herikerbergweg 238 Amsterdam 1101CM Netherlands
Questcor International Limited	Other	100%	Arthur Cox Building Earlsfort Terrace Dublin 2 Ireland
Sonorant Therapeutics Limited	Other	100%	College Business & Technology Park Cruiserath Road Blanchardstown, Dublin 15 Ireland
SpecGx Holdings LLC	Holding	100%	385 Marshall Ave. Webster Groves, MO 63119 United States
SpecGx LLC	Operating	100%	385 Marshall Ave. Webster Groves, MO 63119 United States
ST 2020 LLC	Other	100%	385 Marshall Ave. Webster Groves, MO 63119 United States
ST Operations LLC	Operating	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
ST Shared Services LLC	Operating	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
ST US AR Finance LLC	Finance and Administrative	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
ST US Holdings LLC	Holding	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
ST US Pool LLC	Finance and Administrative	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Stratatech Corporation	Operating	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Sucampo Finance Inc.	Finance and Administrative	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Sucampo GmbH	Holding	100%	Baarerstrasse 75 6300 Zug Switzerland
Sucampo Holdings Inc.	Holding	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Sucampo International Holdings Limited	Holding	100%	3 Lotus Park, The Causeway, Staines-Upon-Thames, Surrey, TW18 3AG United Kingdom
Sucampo Pharma Americas LLC	Operating	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Sucampo Pharma, LLC	Operating	100%	NBF Building 10 F, Uschisaiwai-cho Chiyoda-ku, Tokyo 100-0011 Japan

Sucampo Pharmaceuticals LLC	Holding	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Therakos (Belgium) SPRL	Operating	100%	Rue Royale 97 (4th Floor) B-1000 Brussels Belgium
Therakos (Canada) Company	Operating	100%	Suite 900, 1959 Upper Water Street P. O. Box 997 Halifax Nova Scotia B3J 3N2 Canada
Therakos (France) SAS	Operating	100%	105 Avenue Raymond Poincare 75116 Paris France
Therakos (Italia) S.r.l	Operating	100%	via Birmania 81 00144 Rome Italy
Therakos (UK), Ltd	Operating	100%	3 Lotus Park, The Causeway, Staines-Upon-Thames, Surrey, TW18 3AG United Kingdom
Therakos EMEA Limited	Operating	100%	College Business & Technology Park Cruiserath Road Blanchardstown, Dublin 15 Ireland
Therakos Europe Limited	Holding	100%	College Business & Technology Park Cruiserath Road Blanchardstown, Dublin 15 Ireland
Therakos Germany GmbH	Operating	100%	Walther-Cronberg-Platz 12 60594 Frankfurt am Main Germany
Therakos, Inc.	Operating	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
Vtesse LLC	Operating	100%	675 James S. McDonnell Boulevard Hazelwood, MO 63042 United States
WebsterGx Holdco LLC	Holdings	100%	385 Marshall Ave. Webster Groves, MO 63119 United States

As of December 29, 2023, the Group had the following branches and representative offices outside of Ireland:

Branch	Country
Mallinckrodt Group S.a.r.l. Luxembourg (LU) Schaffhausen Branch	Switzerland
Mallinckrodt Medical Holdings (UK) Limited, Zweigniederlassung Deutschland German Branch	Germany
Therakos (UK), Limited Dutch Branch	Netherlands
Therakos (UK), Limited, Prywatna Spolka Z Ograniczona Odpowiedzialnoscia) Oddzial W Polsce	Poland
Therakos (UK), Ltd Sweden Filial	Sweden
Therakos (UK), Limited, Sucursal en Espana	Spain

MALLINCKRODT PLC

Company Financial Statements
For the Fiscal Year Ended December 29, 2023

Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALLINCKRODT PUBLIC LIMITED COMPANY

Report on the audit of the financial statements

Opinion on the financial statements of Mallinckrodt Public Limited Company ("the company")

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 29 December 2023 and of the loss for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Company Balance Sheet;
- the Company Statement of Changes in Equity; and
- the related notes 1 to 13, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Directors' Report and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' Report and Consolidated Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MALLINCKRODT PUBLIC LIMITED COMPANY

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALLINCKRODT PUBLIC LIMITED COMPANY

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Howard
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
29 Earlsfort Terrace, Dublin 2

Date: 16 April 2024

MALLINCKRODT PLC
COMPANY BALANCE SHEET
(in millions)

	Note	December 29, 2023	December 30, 2022
Current Assets			
Debtors	4	$ 243.3	$ 316.2
Cash at bank and in hand		0.5	2.1
		243.8	318.3
Creditors (amounts falling due within one year)			
Amounts owed to subsidiaries	5	26.0	46.3
Accruals and other creditors	5	2.3	2.6
Derivative liability		25.1	—
		53.4	48.9
Net Current Assets		190.4	269.4
Total Assets Less Current Liabilities		190.4	269.4
Net Assets		$ 190.4	$ 269.4
Capital and Reserves			
Called-up share capital presented as equity	8	$ 0.2	$ 0.1
Share premium account	8	1,068.3	211.7
(Loss) and profit account	8	(878.1)	57.6
Shareholders' Funds		$ 190.4	$ 269.4

In accordance with Section 304(2) of the Irish Companies Act 2014, Mallinckrodt plc is availing itself of the exemption from presenting and filing its individual profit and loss account. Mallinckrodt plc's profit and loss as determined in accordance with FRS 102 was a loss of $1,165.3 million and a gain of $215.3 million for fiscal 2023 and 2022, respectively.

Approved by the Board of Directors on 15 April, 2024 and signed on its behalf by:

Katina Dorton
Director

Sigurdur Olafsson
Director

MALLINCKRODT PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
(in millions)

	Called-up Share Capital						
	Number	Amount	Share Premium Account	Capital Redemption Reserve	Other Reserves	Profit and Loss Account	Total
Balance as of December 31, 2021	94.3	$ 18.9	$ 5.7	$ 5.3	$ —	$ (190.7)	$ (160.8)
Profit after taxation	—	—	—	—	—	215.3	215.3
Vesting of restricted shares	0.1	—	—	—	—	—	—
Share-based compensation	—	—	—	—	3.1	—	3.1
Transfer to profit and loss account	—	—	—	—	(3.1)	3.1	—
Cancellation of Predecessor equity	(94.4)	(18.9)	(5.7)	(5.3)	—	29.9	—
Issuance of common stock	13.2	0.1	211.7	—	—	—	211.8
Balance as of December 30, 2022	13.2	0.1	211.7	—	—	57.6	269.4
Loss after taxation	—	—	—	—	—	(1,165.3)	(1,165.3)
Vesting of restricted shares	0.3	—	—	—	(0.1)	—	(0.1)
Share-based compensation	—	—	—	—	8.9	—	8.9
Transfer to profit and loss account	—	—	—	—	(17.9)	17.9	—
Cancellation of Predecessor equity	(13.5)	(0.1)	(211.7)	—	9.1	211.7	9.0
Issuance of common stock	19.7	0.2	1,068.3	—	—	—	1,068.5
Balance as of December 29, 2023	19.7	$ 0.2	$ 1,068.3	$ —	$ —	$ (878.1)	$ 190.4

1. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Preparation

Mallinckrodt plc ("the Company") is a public limited company incorporated in the Republic of Ireland with the registration number 522227. The business address of its registered office and principal executive offices is College Business and Technology Park, Cruiserath, Blanchardstown, Dublin 15, Ireland.

The principal activities of the Company and the Group have been set out on page 5 of the Directors' Report for fiscal year ended December 29, 2023.

On August 28, 2023 ("2023 Petition Date"), the Group voluntarily initiated Chapter 11 proceedings ("2023 Chapter 11 Cases") under chapter 11 of title 11 ("Chapter 11") of the United States Code ("Bankruptcy Code") in the U.S. Bankruptcy Court for the District of Delaware ("Bankruptcy Court"). On September 20, 2023, the directors of the Company initiated examinership proceedings with respect to Mallinckrodt plc by presenting a petition to the High Court of Ireland pursuant to Section 510(1)(b) of the Companies Act 2014 seeking the appointment of an examiner to Mallinckrodt plc. On October 10, 2023, the Bankruptcy Court entered an order confirming a plan of reorganization ("2023 Plan"). Subsequent to the Bankruptcy Court's order confirming the 2023 Plan, the High Court of Ireland made an order confirming a scheme of arrangement on November 10, 2023, which is based on and consistent in all respects with the 2023 Plan ("2023 Scheme of Arrangement"). The 2023 Plan and the 2023 Scheme of Arrangement became effective on November 14, 2023, ("2023 Effective Date"), and the Group emerged from the 2023 Chapter 11 Cases and the Irish examinership proceedings (together, the "2023 Bankruptcy Proceedings") on that date.

On October 12, 2020 ("2020 Petition Date"), the Group voluntarily initiated Chapter 11 proceedings ("2020 Chapter 11 Cases"). On March 2, 2022, the Bankruptcy Court entered an order confirming a plan of reorganization ("2020 Plan"). Subsequent to the Bankruptcy Court's order confirming the 2020 Chapter 11 Cases, the High Court of Ireland made an order confirming a scheme of arrangement on April 27, 2022, which was based on and consistent in all respects with the 2020 Plan ("2020 Scheme of Arrangement"). On June 8, 2022, the Bankruptcy Court entered an order approving a minor modification to the 2020 Plan. The 2020 Plan became effective on June 16, 2022 ("2020 Effective Date"), and the Group emerged from the 2020 Chapter 11 Cases and the Irish examinership proceedings (together, the "2020 Bankruptcy Proceedings") on that date.

See Note 2 of the Notes to the Consolidated Financial Statements for further information on the 2023 and 2022 Plans and emergence from the 2023 and 2022 Bankruptcy Proceedings.

The fiscal year ended December 29, 2023 Mallinckrodt plc parent company financial statements have been prepared in accordance with FRS 102 *The Financial Reporting Standards applicable in the U.K. and Republic of Ireland* together with the Irish Companies Act 2014. The directors have elected to prepare the parent company financial statements in a manner different from the consolidated financial statements of Mallinckrodt plc as they are prepared specifically to comply with Irish legislative requirements and represent the results and financial position of the parent company.

Going Concern

The directors continue to adopt the going concern basis in preparing the financial statements. For further information, refer to Note 2 of the Notes to the Consolidated Financial Statements.

Fiscal Year

The Company reports its results based on a "52-53 week" year ending on the last Friday of December. Fiscal 2023 and fiscal 2022 both consisted of 52 weeks. Unless otherwise indicated, fiscal 2023 and 2022 refer to the Company's fiscal years ended December 29, 2023 and December 30, 2022, respectively. All references to "fiscal" year are considered to be defined as "financial" year under Irish Companies Act 2014.

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 issued by the Financial Reporting Council.

Disclosure Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. As a qualifying entity, the Company has availed of the exemption from the requirements of Section 7 of FRS 102 and FRS 102 paragraph 3.17(d) to present a statement of cash flows.

Statement of Compliance

The entity financial statements have been prepared on a going concern basis and comply with FRS 102 and the Irish Companies Act 2014.

Significant Accounting Policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial periods presented.

Functional Currency

Items included in these financial statements are measured using the currency of the primary economic environment in which Mallinckrodt plc operates ("the functional currency"). The financial statements are presented in U.S. dollars ("USD"), which is the Company's functional and presentation currency.

Currency Translation

Transactions during the financial period denominated in foreign currencies have been translated at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated to USD at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

Investments in Subsidiary

Mallinckrodt plc's investment in subsidiary is recorded at fair value of consideration given plus any directly attributable costs less impairment charges or recovery of the investment via dividend receipts. The investment is tested for impairment if circumstances or indicators suggest that impairment may exist.

Debtors

Debtor balances are carried at the original invoice or agreement amount, less any allowance for potentially uncollectible debts. A provision is recorded where there is evidence that the Company will not be in a position to collect the associated debt.

Derivative liabilities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognized in profit or loss in finance costs or income as appropriate.

Dividends

Historically, we have not made any cash dividend payments and we do not currently intend to pay dividends in the foreseeable future.

Financial Instruments

The Company has chosen to adopt Section 11 and 12 of FRS 102 with respect to financial instruments.

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, canceled or expires.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The principal area of judgement relates to the assessment of the carrying value of investment in subsidiary and the fair value of derivative liabilities. There were no material areas of estimation uncertainty in the Company financial statements.

3. Financial Assets

Mallinckrodt plc owns 100% of the share capital of Mallinckrodt International Finance S.A. ("MIFSA"), a company incorporated in the Grand Duchy of Luxembourg. MIFSA functions as a holding company, established to own, directly or indirectly, substantially all of the operating subsidiaries of the Group, as well as to issue debt securities and to perform treasury operations.

Mallinckrodt plc owns 100% of the share capital of ST 2020 LLC, a company incorporated in the State of Delaware, in the United States of America. No activity occurred in ST 2020 LLC, during fiscal 2023.

As of December 29, 2023 the carrying amount of the Company's investment in subsidiary remained at zero.

4. Debtors

Debtors were comprised of the following at the end of each financial period:

	December 29, 2023	December 30, 2022
Due from subsidiary undertakings	$ 227.9	$ 309.5
Other debtors and prepayments	15.2	6.7
Amounts falling due within one year	243.1	316.2
Other debtors and prepayments	0.2	—
Amounts falling due after one year	0.2	—
Total debtors	$ 243.3	$ 316.2

Amounts due from subsidiary undertakings of $203.2 million and $261.6 million as of December 29, 2023 and December 30, 2022, respectively, relate to balances due from MIFSA as part of a cash management agreement. The balance is repayable on demand and is interest bearing.

Intercompany trade receivables of $24.7 million and $47.9 million as of December 29, 2023 and December 30, 2022, respectively, related to transactions in the normal course of business.

5. Creditors (amounts falling due within one year)

Amounts Owed to Subsidiaries

Amounts due to subsidiary undertakings were comprised of $26.0 million and $46.3 million as of December 29, 2023 and December 30, 2022, respectively. Intercompany trade payables of $26.0 million and $46.3 million as of December 29, 2023 and December 30, 2022, respectively, relate to transactions in the normal course of business.

Accruals and other creditors

Accruals and other creditors payable was $2.3 million and $2.6 million as of December 29, 2023 and December 30, 2022, respectively.

Derivative liabilities

On the 2023 Effective Date and pursuant to the 2023 Plan, the Company entered into a contingent value right agreement ("CVR Agreement") with the Trust. Pursuant to the terms of the CVR Agreement, the Company issued 1,036,649 contingent value rights ("Opioid CVRs") to the Trust, which Opioid CVRs entitle the Trust to receive from the Company, when exercised, an amount in cash equal to (a) the Market Price (as defined in the CVR Agreement) of one new ordinary share of the Company (subject to adjustment as described in the CVR Agreement) at the time of exercise less (b) $99.36 (subject to adjustment as described in the CVR Agreement) ("Cash Payment"), subject to the right of the Company to, at its option but subject to certain conditions, issue new ordinary shares to the Trust in lieu of making some or all of the Cash Payment due upon exercise in accordance with the terms of the CVR Agreement. The Opioid CVRs are exercisable at any time for four years after the 2023 Effective Date.

The Opioid CVRs derivative liability is classified as level 3 and the fair value is valued at each reporting period utilizing a Black-Scholes model with inputs for the implied share price of the Successor, exercise price per share, expected volatility, risk free interest rate continuously compounded and the remaining term of the derivative liability. The expected volatility assumption is based on the historical and implied volatility of the Group's peer group with similar business models. The Opioid CVRs is recorded at fair value, with changes in fair value reported within earnings. The Opioid CVRs derivative liability was $25.1 million and was recorded within creditors (amounts falling due within one year) within the consolidated balance sheet as of December 29, 2023.

Refer to Note 2, 3 and 26 to the Group's Notes to Consolidated Financial Statements for further information.

6. Guarantees and Contingencies

Mallinckrodt plc has entered into guarantee arrangements with various banks and third parties that provide Mallinckrodt Group companies with extensions of credit, including overdraft facilities, foreign exchange facilities and bank guarantee facilities. Under these arrangements, Mallinckrodt plc has unconditionally guaranteed all obligations of these Group companies to the banks and third parties, up to a maximum amount outstanding of approximately $31.4 million as of December 29, 2023. The Company has assessed the fair value of these guarantees and determined them to be insignificant.

7. Financial Instruments

The carrying value of the Company's financial assets and liabilities are summarized by category below:

	Note	December 29, 2023	December 30, 2022
Financial Assets			
Measured at undiscounted amount receivable			
Amount due from subsidiary undertakings	4	$ 227.9	$ 316.2
Financial liabilities			
Measured at undiscounted amount payable			
Trade and other payables		$ 2.3	$ 2.6
Amount owed to subsidiary undertakings	5	26.0	46.3
		$ 28.3	$ 48.9

8. Shareholders' Funds

Called-up Share Capital presented as equity. Pursuant to the 2023 Plan and as ordered by the 2023 Scheme of Arrangement in respect to the Irish examinership proceedings, as of the 2023 Effective Date, all existing ordinary shares were cancelled and new ordinary shares were issued. On the 2023 Effective Date, the Company authorized 500,000,000 ordinary shares, par value of $0.01 per share and issued 19,696,335 ordinary shares par value of $0.01 per share. The value of these issued shares was $1,068.5 million which included a share premium of $1,068.3 million. As of December 29, 2023, the Company has authorized 500,000,000 ordinary shares, par value of $0.01 per share, 19,696,335 of which were issued.

Preference Shares. Pursuant to the 2023 Plan, 500,000,000 Predecessor preferred shares with par $0.01 were cancelled. As of the 2023 Emergence date, no new preference shares were authorized.

Acquisition of Own Shares. During fiscal 2023, Mallinckrodt plc acquired 332,604 shares at an average market price of $0.37, which were accounted for as treasury shares within shareholders' funds and represent deemed acquisitions of shares issued in connection with the vesting of share-based awards to satisfy minimum statutory tax withholding obligations and are presented as "*Vesting of restricted shares"* in the statement of changes in equity.

Pursuant to the 2023 Plan, all Predecessor treasury shares were cancelled on the 2023 Effective date. The Company held zero treasury shares as of December 29, 2023 and December 30,2022.

Undistributable Reserves. As of December 29, 2023, the share premium account amounted to $1,068.3 million, which is considered undistributable reserves. Under Irish law, dividends and distributions cannot be made from undistributable reserves.

Other Reserves. The balance in other reserves is comprised of the contributed surplus on vested restricted stock and share-based compensation. The share-based compensation reflected in other reserves was $8.9 million and $3.1 million for fiscal 2023 and 2022, respectively. During fiscal 2023 and 2022, the Company transferred $17.9 million and $3.1 million from the other reserve to the profit and loss account reserve, respectively. Under Irish law, the Company can only pay dividends and repurchase shares out of distributable reserves. The Company did not declare or pay any dividends and the Company does not currently intend to pay dividends in the foreseeable future.

9. Directors' Remuneration and Key Management Personnel Compensation

Note 12 to the Group's Notes to Consolidated Financial Statements provides details of directors' remuneration. There were no other payments made to key management personnel from the Company during fiscal 2023 and 2022, respectively.

10. Auditor's Remuneration

Auditor's remuneration was as follows:

	Fiscal Year	
	2023	2022
Other assurance services	$ 0.2	$ 0.2
Other non-audit services	0.2	—
	$ 0.4	$ 0.2

Auditor's remuneration was $0.4 million and less than $0.2 million for the audit of individual accounts for fiscal 2023 and 2022, respectively. Other non-audit services include fees for professional services rendered in the preparation of an independent expert's report that was submitted to the High Court of Ireland in conjunction with Mallinckrodt plc's commencement of the examinership process in fiscal 2023. No amounts were incurred for tax advisory services. Note 13 to the Group's Notes to Consolidated Financial Statements provides additional details of fees paid by the Group.

11. Related Party Transactions

The Company is availing itself of the exemption provided under Schedule 3, paragraph 67 (3), Irish Companies Act 2014, which exempts disclosure of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of the group.

12. Subsidiary Undertakings

Mallinckrodt plc owns Mallinckrodt Inc. and MIFSA. Details of the subsidiaries are included in Note 30 to the Group's Notes to Consolidated Financial Statements.

13. Post-Balance Sheet Events

There have been no post balance sheet events which require the adjustment of or disclosure in the Company only financial statements.