



May 6, 2025

NET DEBT LEVERAGE RATIO (NON-GAAP FINANCIAL MEASURE)

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

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

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

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

Therakos® Divestiture

On November 29, 2024, we completed the sale of the Therakos business to affiliates of CVC Capital Partners IX (“Therakos Divestiture”) for total cash consideration of \$887.6 million, which amount is net of preliminary purchase price adjustments, including an adjustment based on estimated net working capital at close and we recorded a gain on sale of \$754.4 million. The Company recorded \$6.2 million for the estimated final working capital settlement for the Therakos Divestiture within other accrued liabilities in the unaudited condensed consolidated balance sheet as of March 28, 2025. The Company anticipates finalizing the working capital settlement during 2025.

Proposed Business Combination with Endo

On March 13, 2025, we entered into a Transaction Agreement with Endo, Inc (“Endo”). The Transaction Agreement provides for a merger of a wholly owned subsidiary of Mallinckrodt with and into Endo, with Endo surviving as a wholly owned subsidiary of Mallinckrodt.

In connection with the completion of the merger with Endo, we expect to assume approximately \$2.5 billion of Endo’s existing debt and to incur approximately \$900.0 million of new debt. The proceeds are expected to be utilized primarily to prepay or redeem, as applicable, certain of Mallinckrodt’s existing indebtedness (which, if so prepaid or redeemed prior to November 14, 2025, will require the payment of a makewhole premium). After the merger with Endo, we expect our net debt leverage to change in future quarters as a result of the expected assumption of Endo’s debt.

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

NET DEBT LEVERAGE RATIO:

	March 28, 2025
Total debt principal outstanding	\$ 864.6
<i>Plus:</i> Finance lease liabilities (undiscounted)	9.0
<i>Less:</i> Unrestricted cash	422.2
Net debt	\$ 451.4
	Twelve Months Ended March 28, 2025
GAAP Net (Loss) Income:	
Three months ended March 28, 2025	\$ (27.7)
<i>Plus:</i> Twelve months ended December 27, 2024	477.9
<i>Less:</i> Three months ended March 29, 2024	(65.4)
Twelve months ended March 28, 2025	515.6
<i>Trailing twelve months adjustments:</i>	
Interest expense, net	176.0
Income tax expense	142.5
Depreciation and amortization	104.6
Combination, integration, and other related expenses	20.5
Restructuring charges, net	(1.7)
Liabilities management and separation costs	38.6
Gain on divestiture	(748.2)
Reorganization items, net	(1.5)
Income from discontinued operations	(1.3)
Change in contingent consideration fair value	1.3
Change in derivative assets and liabilities fair value	(8.6)
Unrealized loss on equity investment	30.6
Share-based compensation	15.0
Fresh-start inventory-related expense	264.4
Recovery of bad debt - customer bankruptcy	(6.4)
Loss on Debt Extinguishment	19.7
Adjusted EBITDA	\$ 561.1
Net Debt Leverage Ratio:	0.8