May 9, 2024

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, less unrestricted cash) divided by adjusted 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 and amortization, 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, 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; unrealized gain/loss on equity investments; liabilities management and separation costs; reorganization items, net; fresh-start inventory-related expenses 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.

NET DEBT LEVERAGE RATIO [1]:

	Successor
	March 29, 2024
Total debt principal outstanding	$ 1,645.7
Less: Unrestricted cash	253.6
Net debt [2]	**$ 1,392.1**

	Successor	Predecessor	Non-GAAP Combined
	Period from November 15, 2023 through March 29, 2024	Period from April 1, 2023 through November 14, 2023	Twelve Months Ended March, 29, 2024
GAAP Net Loss:			
Period from November 15, 2023 through December 29, 2023	$ (38.2)	$ —	$ (38.2)
Period from December 31, 2023 through November 14, 2023	—	(1,631.3)	(1,631.3)
Plus: Three months ended March 29, 2024	(65.4)	—	(65.4)
Less: Three months ended March 31, 2023	—	(249.3)	(249.3)
Twelve months ended March 29, 2024	(103.6)	(1,382.0)	(1,485.6)
Trailing twelve months adjustments:			
Interest expense, net	79.7	335.2	414.9
Income taxes	(8.7)	(247.0)	(255.7)
Depreciation	19.9	28.8	48.7
Intangible asset amortization	41.0	316.4	357.4
Restructuring charges, net	7.7	(0.3)	7.4
Non-restructuring impairment charges	3.8	179.9	183.7
Discontinued operations income, net	(0.2)	—	(0.2)
Change in contingent consideration fair value	1.1	(7.7)	(6.6)
Change in derivative assets and liabilities fair value	12.2	—	12.2
Liabilities management and separation costs	8.1	152.8	160.9
Unrealized (gain) loss on equity investments	(20.5)	(5.0)	(25.5)
Reorganization items, net	12.0	887.1	899.1
Share-based compensation	1.9	6.3	8.2
Fresh-start inventory-related expense	158.8	115.6	274.4
Adjusted EBITDA	$ 213.2	$ 380.1	$ 593.3

Net Debt Leverage Ratio:	**2.3**

(1) The trailing twelve month period includes the results of the company prior to its emergence from Chapter 11 (Predecessor) and after its emergence (Successor). While these periods are not comparable, management believes that its adjusted EBITDA for the Successor period when combined with the adjusted EBITDA for the Predecessor period provides a more meaningful assessment of the company's borrowing capacity.