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March 17, 2023

Board of Directors – All Members
Mallinckrodt Plc.
College Business & Technology Park, Cruiserath Road
Blanchardstown, Dublin 15, Ireland

Mr. Sigurdur Olafsson
Chief Executive Officer
Mallinckrodt Plc.
675 McDonnell Blvd.
St. Louis, MO 63042

Mr. Bryan Reasons
Chief Financial and Principal Accounting Officer
Mallinckrodt Plc.
675 McDonnell Blvd.
St. Louis, MO 63042

Mr. Daniel Speciale
Chief Investor Relations Officer
Mallinckrodt Plc.
675 McDonnell Blvd.
St. Louis, MO 63042

Re: Post-Reorganization Financial Disclosure Violation Notice – Mallinckrodt Plc. (the “**Company**”)

Ladies and Gentlemen of the Board (the “**Board**”), Messrs. Olafsson, Reasons, and Speciale:

The Buxton Helmsley Group, Inc. ("**BHG**" or "**we**") addresses you with respect to both the pre-and post-reorganization financial disclosures/filings of Mallinckrodt plc. (the "**Company**") lodged with the U.S. Securities and Exchange Commission (the "**Commission**"). This letter is being sent after an extensive investigation having been conducted. It turned out that this Company’s insiders’ story of “hopeless insolvency” was not about contingent liabilities at all. The Company was instead “hopelessly insolvent” due to the Company’s long-running failure to disclose billions of dollars in asset value depreciation expenses from the Company’s financial statements being filed with the Commission, which

expressly violates the Generally Accepted Accounting Principles (“**GAAP**”) codified under ASC 350 and 360. Such a failure to disclosure depreciation within Commission filings is dually a violation of the United States’ Regulation S-X (“**Regulation S-X**”, which is officially codified at 17 CFR § 210), requiring that the Company both comply with GAAP and disclose all accumulated depreciation within Commission filings (there is no GAAP excuse with Regulation S-X’s broad, catch-all disclosure requirements). Not only that, but BHG now has discovered that **the Company is “strong[ly] evidence[d]” to be committing the very same concealment of asset value depreciation *all over again*, now post-reorganization, too**. Even more interestingly, the Company cannot argue with our “strong evidence” of this Company’s resumed concealment of asset value depreciation from this Company’s financial statements, given that the “strong eviden[tiary]” standard is the Company’s own, and Chief Financial Officer Bryan Reasons has long stood behind that evidentiary standard of determining the truth of the fair value of assets securing the Company’s capital structure interests. **If any member of this Company’s post-reorganization Board finds themselves jarred by what they are about to read (as in, the following is news to you), or even barely begins to understand how apparent these violations of accounting standards and securities laws are, and/or is not willing to correct these glaringly apparent issues, they should immediately resign (BHG finds it beyond comprehension that every member of this Company’s leadership could be aware of these issues); if *another* Wells Notice (from the Commission) shows up for this Company and its leadership (“another”, given what we are about to point out in just a couple paragraphs) over these matters here, the time that further Wells Notice is in-hand is far too late to begin attempting to deny knowledge.**

Now that an extensive investigation has determined that this Company indeed failed to uphold financial disclosure obligations to its pre-reorganization investors (by violating GAAP ASC 350, 360, and Regulation S-X, as will be outlined), and given BHG’s discovery of the Company apparently resuming its scheme now post-reorganization (in a mirroring scheme of apparently concealing asset value depreciation from financial statements), too, BHG has filed two final whistleblower filings with the Commission; one regarding the Company’s apparent pre-reorganization financial disclosure violations, and another related to the apparent post-reorganization financial disclosure violations. BHG has also forwarded this letter to:

- The Commission’s Division of Enforcement;
- The Commission’s Office of the Whistleblower;
- U.S. Senator Elizabeth Warren, given her seat on the Senate’s Finance Committee; and
- U.S. Senator Sheldon Whitehouse, given his seat on the Senate’s Finance Committee.

The Company’s Board (and its investors) should note that BHG, in mid-2022, exposed financial disclosure violations, inconsistencies, and irregularities, at Endo International PLC. (formerly, NASDAQ: ENDP), with first-lien creditors beginning their seizure of the company within five days of BHG’s initial open letter to Endo’s investors, and with bankruptcy being filed shortly thereafter.[1] **Endo International was on the radar of BHG due to apparent violations of some of the *very same* accounting standards and financial disclosure obligations as we will thoroughly evidence and explain here. Failure of Mallinckrodt’s leadership (at the ultimate direction of this Board) to make the appropriate restatements of historical financial statements filed with the Commission (and appropriate adjustments to, also, post-reorganization financial statements filed with the Commission) will constitute arguably voluntary, continued violation of those accounting standards and financial disclosure obligations; Endo International has already largely**

[1] BHG’s private and public letters to Endo International Plc., its shareholders, and creditors, may be viewed at: https://www.exposingendo.com/

paved the way for the appropriate accounting adjustments (particularly, asset value impairment charges) to be made at this Company, upon this letter notice. Unlike this Company, Endo International walked into the bankruptcy court with their Commission-filed balance sheet materially in line with their professed enterprise value; that is because Endo International chose to comply with GAAP and Regulation S-X, unlike this Company, very apparently. Whether this Company is forced to return to the bankruptcy court again – after this letter raising such disturbing discrepancies in bookkeeping and accounting practices – is irrelevant; this Company is still entirely obligated to immediately disclose and record asset value impairment "strong[ly] evidence[d]" by the Company's own prior-professed "strong eviden[tiary]" standard of determining the fair value of assets securing capital structure interests (as will be thoroughly outlaid); entry into bankruptcy proceedings does not absolve of the illegality of a company's sudden, mass disclosure of asset value depreciation that a company claims was "strong[ly]" evidence[d]" (this Company's own words) and determined during prior reporting periods, and therefore already required to be disclosed long before. Even Enron had come clean about their losses within Commission filings *before* they got to the bankruptcy court.

BHG suggests that those various Company executives addressed here (and copied below the signature block on this message) very carefully read this letter concerning this Company's apparently continued misconduct (the picture is the same, both pre-and post-reorganization). Any insiders (including those merely copied at the bottom) who are receiving (or do receive) post-reorganization equity in this Company, are – after this letter – arguably the knowing beneficiaries of a long-running, apparently still-ongoing scheme violating securities laws and accounting standards. **If those Company executives copied on this letter do not understand accounting (which largely boils down to common sense and the lightest application of ethical disclosure practices), they should read this letter very carefully and, in BHG's opinion, consult independent counsel.**

We first note our investigation's ever-interesting find that Mr. Reasons not only stands behind statements of financials very arguably incompliant with securities laws and accounting standards (yet again, now even post-reorganization, by the Company's own chosen evidentiary standards, as we will discuss), but also behind a façade of apparently false licensing/credential representations actively being made to public investors. Everyone can see the attachments following this letter, where investors are actively being led to believe that Mr. Reasons "is a Certified Public Accountant", yet – after our mere search of all state licensing databases – Mr. Reasons has a licensing history only in Pennsylvania, and his license has been inactive since year-end 2019… Let us guess: Mr. Reasons "forgot" to make such a material update to his executive profile, the same as he apparently fails to update his signed financial statements with very material multibillion-dollar asset value depreciation (as he is standing behind the Company's court testimony as to the apparent determination of those losses)? Did you, Mr. Reasons, also apparently "forget" to tell Societal C.D.M.O. (on whose board of directors you serve, apart from your position here at Mallinckrodt) that you are no longer a Certified Public Accountant (everyone can see your Societal C.D.M.O. director biography, for which we have enclosed a copy of with this letter)? Apparently, Mr. Reasons, you just "forgot" to tell *everyone* that you lost your Certified Public Accountant status? Such "forgetfulness", Mr. Reasons, should compel your immediate resignation, before this Company's Board has the chance to terminate you (this Board certainly knows they will be the ones sizably expelled from this Company, should they fail to act so reasonably upon beholding this message). Investors make decisions based on the representations that companies and their leadership are actively leading them to believe, and the trust that updates to all material changes are ongoingly made. Investors should not have to fact-check a company for material inaccuracies in disclosure, and they are apparently endless at this Company.

This Company has long claimed that BHG's whistleblowing has been unwarranted (framing BHG as having some personal vendetta to wrongfully smear this Company, its board, and executives), but that was not accurate; a classic case of a larger adversary framing the other/smaller one as not acting in good faith, perhaps in an attempt to distract (those watching) from the hidden truth coming out from under wraps. **Deep in the Company's recent 10-K filing with the Commission (filed just days ago, on March 3, 2023), on page 131,[2] it is disclosed that not only the Company itself, but also current and former executives, received Wells Notices on January 13, 2023, from the U.S. Securities and Exchange Commission, with respect to alleged misconduct surrounding disclosures of Acthar Gel litigation (not near as bad as the findings BHG is about to discuss, after a full, deep-dive investigation).** The 10-K Wells Notice disclosure states, in pertinent part, as follows:

> "*SEC Subpoena.* In August 2019, the Company received a subpoena from the SEC for documents related to the Company's disclosure of its dispute with the HHS and CMS (together with 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 Company filed against the Agency. The SEC issued subsequent subpoenas on January 7, 2022 and September 28, 2022, requesting additional documents from the Company.
>
> In connection with the investigation, on January 13, 2023, the SEC staff issued Wells Notices to the Company 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 Company 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 recommendation as to the Company may involve an injunction, a cease-and-desist order and/or other appropriate relief.
>
> The actions recommended by the SEC staff would allege, among other things, that (a) the Company improperly omitted to disclose the dispute with the Agency prior to the litigation filed by the Company in federal court on May 21, 2019, and (b) the Company's disclosure of the civil investigative demand received from the U.S. Attorney's Office for the District of Massachusetts in January 2019 (the "Boston CID") should have stated that the Boston CID related to the Company's dispute with the Agency."

The definition of a "Wells Notice" (for those readers who are not familiar), according to the Commission's very own enforcement manual:[3]

> "A Wells notice is a communication from the staff to a person involved in an investigation that: (1) informs the person **the [Commission's] staff has made a preliminary determination to recommend that the Commission file an action or institute a proceeding against them**; (2) **identifies the securities law violations that the [Commission's] staff has preliminarily determined to include in the recommendation**; and (3) provides notice that the person may make a submission to the Division and the Commission concerning the proposed recommendation." (emphasis added)

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[2] *See* Company's March 3, 2023, Form 10-K filing with the Commission (Pg. 131): https://www.sec.gov/ix?doc=/Archives/edgar/data/1567892/000156789223000014/mnk-20221230.htm

[3] *See* Commission's Enforcement Manual (Pg. 19, titled "The Wells Notice"): https://www.sec.gov/divisions/enforce/enforcementmanual.pdf

BHG is, quite obviously, far from alone in alleging this Company and its executives apparently violated securities laws and engaged in misconduct. If the Commission has found enough evidence to preliminarily decide to charge concerning Acthar Gel disclosures, we believe they are going to be *quite* interested in the contents of this letter, which involve significant evidence and findings which have never been publicly discussed by BHG before.

Part I of II:
Pre-Reorganization ~$2.3B Asset Value Depreciation Expense Concealment, in Violation of GAAP ASC 350, 360, and Regulation S-X

Before we lay out the "strong evidence" (this Company's evidentiary standard, as will be seen) this Company appears to be actively concealing billions of dollars in asset value depreciation, yet again now (post-reorganization, too), we must first lay out how the Company had, pre-reorganization, failed on its financial disclosure obligations to the Commission and the Company's pre-reorganization investors (in apparent violation of GAAP ASC 350, 360, and Regulation S-X). It is essential for investors to understand the Company's apparent pre-reorganization scheme (again, under the same Chief Financial Officer), to understand why BHG is saying this Company is "strong[ly] evidence[d]" to be engaging in the very same asset value depreciation expense concealment scheme, all over again (now, post-reorganization, too).

The parties that were principally charged with providing transparent and fluent financial disclosures to public investors, pre-reorganization, include:

- Mr. Bryan Reasons (in his capacity as Chief Financial Officer and Principal Accounting Officer, both presently and throughout the entirety of the Company's bankruptcy proceedings initiated on October 12, 2020);
- Ms. Kathleen Schaefer (in her former capacity of Senior Vice President of Finance, given her resignation on November 3, 2021, [4] just days after BHG's very public sounding of the alarm[5] over our beginning to uncover accounting irregularities and discrepancies at the Company); and
- Mr. Mark Trudeau (in his former capacity of Chief Executive Officer, for which he resigned as of the Company's reorganization effectiveness on June 16, 2022).

This Company very apparently understood its requirement to comply with (given its citation of supposed compliance, within Commission filings) the Generally Accepted Accounting Principles ("**GAAP**") of the United States. Beyond GAAP, the Company was also required to comply with Regulation S-X, given it being an entity with issued securities being publicly traded in the United States. Regulation S-X not only requires compliance with GAAP, but also requires disclosure of accumulated depreciation of assets (the loss in fair value over the course of an asset being carried on the books of a company).

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[4] *See* Company's November 3, 2021, 8-K filing, announcing the departure of Ms. Kathleen Schaefer, days after BHG's October 26, 2021, open letter to the Commission's Chairman and Commissioners:
https://www.sec.gov/ix?doc=/Archives/edgar/data/0001567892/000119312521318484/d239732d8k.htm

[5] *See* BHG's Press Release dated October 26, 2021 ("*The Buxton Helmsley Group Calls on U.S. Securities and Exchange Commission to Intervene in Mallinckrodt Plc. Fraud Involving False Statements of Financials…*"):
https://www.businesswire.com/news/home/20211026006040/en

The Company, pre-reorganization, apparently violated the GAAP accounting standards codified under ASC 350 and 360, which do not allow for asset values to be recorded or carried on the books of a company in excess of the determined fair value of those assets. Not only do GAAP ASC 350 and 360 require financial statements to reflect the accumulated depreciation of assets, but Regulation S-X also requires financial statements to reflect the accumulated depreciation of assets (i.e., there is no GAAP excuse for financial statements failing to reflect asset value depreciation). We will cover Regulation S-X in more detail, shortly. The Company was subject to ASC 350 and 360 throughout the entirety of reorganization proceedings. As clearly stated under GAAP ASC 852-10-30-1, the Company's entry into reorganization proceedings did not give it an exemption as to any of its obligations under GAAP outside of a reorganization:

> "852-10-30-1: As explained in paragraph 852-10-45-1, entering a reorganization proceeding, although a significant event, **does not ordinarily affect or change the application of generally accepted accounting principles (GAAP) followed by the entity in the preparation of financial statements**." (emphasis added)

GAAP reorganization guidance under ASC 852 is not a mechanism to delay the write-off of impaired/lost asset value, nor does it provide for an exemption of the requirement to write off asset value where it is known that an asset value is impaired (i.e., where the value of the asset carried on the books of the Company is higher than the true/actual fair value of the asset).

Under GAAP ASC 350, intangible assets, including definite-lived assets such as the Company's Acthar Gel asset/product (an intangible asset covered under ASC 350-30, which is titled "*General Intangibles Other than Goodwill*"), cannot be recorded or carried on the balance sheet at more than fair value, due to the impairment testing mechanism. Given the amortizable nature of the Company's Acthar Gel asset, GAAP ASC 350/360 requires that intangible assets that are being amortized be reviewed for impairment when indicators of impairment are present (i.e., when one or more "triggering events" occurs, presenting a possibility of asset value impairment/loss) and that the impairment loss should be disclosed when the carrying value of the intangible asset is not recoverable and the carrying amount exceeds its fair value. When an asset is initially acquired and recorded on the balance sheet (again, commonsensically, an asset cannot be recorded/reported at any higher than its fair value), the depreciation expense of the asset (the decline in the asset's fair value, over the useful life of the asset) is forecasted. That forecasted timeline of asset value depreciation (over the course of that asset's useful life) establishes a "depreciation amortization schedule." Periodically (as determined by the amortization schedule, though usually quarterly or annually), the asset value is then ongoingly, gradually "amortized" (charged/written off and reported as a loss), intending for the asset's carrying value on the books of the Company to remain in line with the fair value of the asset in reality, over the course of the asset being carried on the books of the Company. Of course, that perfect parity with the carrying value of the asset and the true/actual fair value of the asset in reality would only result if the initial depreciation expense forecasting was perfectly accurate, which would nearly require a crystal ball and is highly unlikely.

Over the life of the asset on the balance sheet, a "triggering event" may occur, which causes the fair value of the asset to (possibly) be materially out of line with the fair value that the amortization schedule estimated for a fair value at that particular point in the asset's useful life. For instance, an intangible asset may be immediately rendered obsolete, if a competitor invents a superior technology that quite immediately wipes out the usefulness of an asset on a company's balance sheet, and therefore – materially – its previously anticipated/forecasted future cash flows (that forecasting being foundational basis for the asset's initially-established depreciation amortization schedule). A company may also simply observe that the value of an asset on the balance sheet does not appear to be in line with a logical fair value of the asset;

perhaps, because of a "triggering event" that becomes known after further investigation as to why the asset value being carried on the balance sheet appears to be materially overstated compared to what is thought to be a realistic fair value of the asset. Where a "triggering event" occurs that results in a possible unforeseen decline in the fair value of an asset (causing the asset's depreciation to possibly materially stray from the forecasted fair value of the asset, at that time of the asset's in-use amortization schedule), the asset must undergo "impairment" assessment, which requires that the asset's carrying value (on the books of the Company) be written off to the extent that it exceeds the fair value of the asset.

Similarly, if the Company establishes a depreciation amortization schedule for an asset (at the time of acquisition and initial recording of an asset on the books of the Company), but later realizes that the ongoing amortization of the asset has materially failed to report the reality of historically accumulated depreciation (as it was being accumulated), that accumulated – yet unaccrued, on the books of the company – depreciation (the reality of financial loss, given the amortization schedule being proven inaccurate, and having materially failed to report the reality of losses in fair value of the asset) is obligated to be reported under GAAP ASC 350/360, to the extent that the asset's carrying value exceeds the true/actual fair value of the asset. While reporting the truth of a company's asset value depreciation expenses may make it difficult for every insider (at that company) with an incentive compensation plan (based on profits of that company) to max out their incentive-based compensation, failing to report the truth of asset value depreciation to falsely inflate profits (by failing to report financial losses) is accounting and securities fraud. It is also accounting fraud to establish an over-conservative depreciation amortization schedule for an asset, then turn a blind eye to materially accumulated, yet unreported, depreciation (falsely padding the profits of a company, as a result of a knowingly inaccurate depreciation amortization schedule, which materially failed to report/charge-off losses in fair value as they became a reality).

Even throughout this Company's apparent pre-reorganization accounting standard and securities law violations, the Company long acknowledged its obligation of writing off asset value on the books of the Company that exceeded the actual/true fair value of the asset:[6]

> "When a triggering event occurs, the Company 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…**<u>If the fair value is less than the carrying value of the intangible asset, or asset group</u>, the amount recognized for impairment is equal to the difference between the carrying value of the asset and the <u>fair value</u> of the asset**." (emphasis added)

Within the Company's Form 10-K filing with the Commission, made just days ago, it is even more firmly evidenced that this Company already entirely knows of the obligation to record a loss where the fair value of an asset is lower than the value of the asset being carried/reported on the books of the Company:

> "**<u>We compare the fair value of the assets with their carrying value and record an impairment when the carrying value exceeds the fair value</u>**."[7] (emphasis added)

[6] Company's 2021 Form 10-K, pages 94-95.

[7] *See* Company's Form 10-K filed with the Commission on March 3, 2023 (Page 81): https://www.sec.gov/ix?doc=/Archives/edgar/data/1567892/000156789223000014/mnk-20221230.htm

This Company, with Mr. Reasons still at the helm, very clearly says they will comply with their financial disclosure obligations under GAAP and Regulation S-X, but this Company's actions do not align with that admitted understanding of those financial reporting obligations. This Company's apparent accounting practice is to record/accrue its financial gains in real-time (those gains positively affect executive compensation, so very understandable), and its financial expenses/losses far after they are evidenced and determined to exist; such a type of accounting is an utter joke and sham.

I ask Mr. Reasons, Mr. Olafsson, and the Board (some of you were not around at the time of pre-reorganization Commission filings, but you have inherited the obligation of restating them): Where, in GAAP **and** Regulation S-X ("and," given that the Company is subject to both financial reporting requirements, simultaneously, with Regulation S-X merely reinforcing GAAP), does it provide a basis for delaying disclosure of known impairment/depreciation in asset value within financial reporting to the Commission (GAAP and Regulation S-X explicitly govern your financial reporting to the Commission)? If a company is inaccurate in their depreciation forecasting (at the time of establishing a depreciation amortization schedule), that then provides a basis for delaying disclosure of known/determined impairment/depreciation which that apparently known-/determined-as-inaccurate depreciation amortization schedule failed to report in real-time? Where does GAAP **and** Regulation S-X allow this Company to book financial positives in real-time, but allow you to delay in booking financial expenses/losses that you know will affect investors immediately?

While ASC 350 and 360 already do not allow for asset value to be recorded (let alone carried) on the books of the Company in excess of fair value (as the Company already acknowledged full understanding, within that just-previous 10-K filing quote above), the fresh-start accounting guidance under ASC 852 also requires that assets be recorded at no higher than fair value. There is no GAAP provision that allows for the recording or carrying of asset value in excess of fair value, requiring asset value reported to be only the portion that remains for the benefit of investors relying on those financial statements. If, for instance, there is a "triggering event" that occurs in between the time an enterprise value initially disclosed in a bankruptcy court and when a company actually emerges from reorganization, it is a violation of GAAP ASC 350 and 360 to not immediately report/accrue that asset value depreciation (that portion having occurred after the initial disclosure statement filing, but still immediately affecting investors/creditors). **The mere entry into reorganization proceedings or delays in emergence from reorganization does not provide a basis for delaying disclosure of already-determined and already-observed financial losses. Those financial losses (accumulated depreciation) are further required to be disclosed through the catch-all provisions of Regulation S-X.**

There is also an abundantly clear reason why the line item on the Company's balance sheet labeled "intangible assets, net", ends with the word "net"; that means "net" of accumulated depreciation (losses in asset value that have occurred, to date, after initial acquisition/recording of the asset on the books of a company). It is a violation of ASC 350, 360, and Regulation S-X, to record or report asset values on a balance sheet that do not reflect the accumulated depreciation; doing so would result in a company to be reporting the historical value of an asset, and not the present value of the asset as of that (again, present) financial reporting period (commonsensically, a company may not report the historical value of an asset, without reducing by accumulated and/or determined depreciation as of the later, then-present financial reporting periods). **Regulation S-X also, beyond GAAP, starkly requires that disclosure of all "accumulated depreciation and amortization of intangible assets" within Commission filings (*See* 17 CFR § 210.5-02(16), which reinforces GAAP's requirement to fully disclose known/determined intangible asset value**

losses/impairment/depreciation within Commission-filed financial statements).[8] Therefore, there is no GAAP excuse for this Company to have failed on its obligation of Commission-filed financial statements reflecting the accumulated depreciation of its intangible asset values, as best known to the Company's insiders. Regulation S-X, nowhere within, provides a basis for disclosing financial gains/positives immediately (as they are occurring), while then abstaining from disclosing expenses/losses/negatives (like, reporting an artificially high portion of an asset's initial fair value recorded, which materially fails to report the observed depreciation expense of the asset up until that financial reporting period), to keep the picture consistently skewed in the direction that serves to make the financial reporting prettier (and heighten the incentive-based compensation of insiders), but render those financial statements entirely useless. It is accounting and securities fraud to conceal the reality of depreciation expenses related to assets from a company's Commission filings, plain and simple.

The Company began to profess "hopeless insolvency" in the Bankruptcy Court, at the time of objection to the appointment of an official equity committee being appointed to represent the interests of shareholders. Important to note, that was while the Company's insiders were certifying (within Commission filings) a total asset value of ~$9.7 billion as being available for providing to reorganization stakeholders/parties.[9] The Company's balance sheet (included within its November 3, 2020, 10-Q filing with the Commission) purported that that, after full repayment of funded debtholders, vendors, and the amounts set to be paid to various litigants (to settle those claims), that ~$1.165 billion in net assets remained (as stated on the Company's balance sheets, "shareholder's equity").[10] That was, however, in the midst of the Company attempting (as part of the Company's restructuring support agreement) to partially and/or fully extinguish capital structure interests (certain funded debtholders set to be extinguished for pennies on the dollar, equity/stock holders to be extinguished without any recovery at all, etc.) which this Company's management certified to be fully secured by asset value. The picture did not add up, as the ~$9.7 billion in asset value certified on the balance sheet was supposed to be net of the accumulated depreciation of intangible assets (as required by GAAP ASC 350/360 and the specific Regulation S-X provision located at 17 CFR § 210.5-02(16)). The Company objected to the appointment of an equity committee on the basis of "(non-existent) equity value"[11] due to "trillions"[12] in speculative liability exposure above and beyond what this Company's insiders were certifying on the Commission-filed balance sheet. That outlandish speculative liability exposure claim turned out to be a mere cover-up of the truth. Never did the Company disclose to the Bankruptcy Court that they were attempting to extinguish billions of dollars in capital structure interests (which were certified to be fully secured with asset value) because the Company was concealing billions of dollars in depreciation related to intangible assets from financial statements; certified asset value that the

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[8] *See* 17 CFR § 210.5-02(16)).

[9] *See* Company's November 3, 2020, 10-Q filing (Balance Sheet, Page 4): https://www.sec.gov/ix?doc=/Archives/edgar/data/0001567892/000156789220000057/mnk-20200925.htm#i175cf4fc1bf74b95b4efb5e0baaeb7d8_28

[10] *See* Company's November 3, 2020, 10-Q filing (Balance Sheet, Page 4): https://www.sec.gov/ix?doc=/Archives/edgar/data/0001567892/000156789220000057/mnk-20200925.htm#i175cf4fc1bf74b95b4efb5e0baaeb7d8_28

[11] *See* Company's *Omnibus Objection to the Appointment of an Official Equity Committee* (U.S. Dist. Del. Bk. Ct., Case No. 20-12522-JTD, Dckt. No. 674, Pg. 12, Ln. 4): https://restructuring.ra.kroll.com/Mallinckrodt/Home-DownloadPDF?id1=MTEyMDQ4Ng==&id2=-1

[12] *See* Company's *Omnibus Objection to the Appointment of an Official Equity Committee* (U.S. Dist. Del. Bk. Ct., Case No. 20-12522-JTD, Dckt. No. 674, Pg. 11, ¶ 15): https://restructuring.ra.kroll.com/Mallinckrodt/Home-DownloadPDF?id1=MTEyMDQ4Ng==&id2=-1

Company's insiders already were implying knowledge (as part of the restructuring support agreement, given the seen need to extinguish equity holders for zero consideration, and junior bondholders for nil consideration) was not available for the benefit of their creditors/investors, but still certified (within Commission filings) as existing for the benefit of investors and creditors.

BHG, at the time of equity committee hearings, could not fathom that the Company could be actively concealing billions of dollars in known intangible asset value depreciation from its Commission filings. Believing the Company's Commission-filed balance sheets (as public investors should be able to), BHG had no other rational conclusion (at the time of equity committee hearings, in December 2020) that the Company was simply concealing (and failing to fully deal the entirety of, to stakeholders) asset value from the Bankruptcy Court. It was the only logical conclusion, given the Company's plans to extinguish certain capital structure interests partially and/or fully (while the Company was certifying asset value to fully secure those interests, according to Commission-filed balance sheets, which we now know to be misstated). If asset value was being understated/concealed in the Bankruptcy Court, the concealed asset value would have been fraudulently conveyed to the post-reorganization capital structure interests that benefit from such extraneous capital structure value (the new, post-reorganization equity holders would silently inherit any asset value concealed from the Bankruptcy Court). Conveniently, the Company's insiders had self-arranged a post-reorganization equity allocation that would be allocated to post-reorganization insiders; yet, the pre-reorganization insiders failed to recuse themselves from standing to financially gain from that self-negotiated part of the reorganization plan, leaving an obvious possible conflict of interest (and a logical reason for BHG to resort to suspicion that the Company's insiders could be fraudulently concealing billions of dollars in asset value from the Bankruptcy Court, given such accumulated depreciation was already required to be reported on the Company's Commission-filed balance sheets). The Company's pre-reorganization insiders had also later refused to later bar themselves from benefiting from that self-arranged equity pool for post-reorganization insiders, even after BHG formally (via an open letter) demanded[13] pre-reorganization insiders do so (recuse themselves from ever possibly financially benefiting from the post-reorganization management equity allocation, also referred to as the "management incentive plan" or the "MIP"), if they had no intent of self-dealing that value. Reasonable minds could see why asset value was more likely to be understated in the Bankruptcy Court, when those who did not rid themselves of such a glaring conflict of interest would benefit from such a possible understatement of total asset value in the Bankruptcy Court.

The Company – far later – then began to creep in confessions to the Bankruptcy Court (via filings) of billions of dollars in asset value depreciation; billions of dollars in asset value depreciation, which was already supposed to be disclosed as part of "intangible assets, **net**" of accumulated depreciation ("net" is the very key word there), as specifically labeled on the Company's Commission-filed balance sheets. **The Company disclosed to the Bankruptcy Court (but not the Commission), as early as May 13, 2021 (in the Company's Bankruptcy Court disclosure statement filing[14]), knowledge that "Goodwill and Other Intangible Assets, Net"[15] was determined to require a write-down of $1.9 billion,** "[reflecting] a simplified fresh-start accounting approach to adjust the carrying value of total Goodwill and

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[13] *See* BHG's October 14, 2021, Letter to the Company, filed with the Commission (Pg. 9, ¶ 9): https://www.sec.gov/Archives/edgar/data/1567892/000106299321009546/exhibit99-2.htm

[14] *See* Company's May 13, 2021, Disclosure Statement Filing (U.S. Dist. Del. Bk. Ct., Case No. 20-12522-JTD, Dckt. No. 2285-1, Pg. 17): https://restructuring.ra.kroll.com/Mallinckrodt/Home-DownloadPDF?id1=MTIxNTA2NQ==&id2=-1

[15] The Company did not have any goodwill value on its balance sheet at this point in time; the entire balance was made up of other (non-goodwill) intangible assets.

Other Intangible Assets for the difference between reorganization value and the projected book value of identifiable assets at the Emergence Date." The Company knew that they could not delay that massive write-down of asset value (nearly 30% of the "intangible assets, net" of accumulated depreciation, value which was very apparently improperly being reported on the Company's Commission-filed balance sheets. Very material depreciation of intangible assets was more than apparent (the determination of write-downs being necessary do not occur without a "triggering event", or the realization that assets are being carried/reported on the balance sheet in excess of fair value), and that admission (of a write-down being determined as required) was the very event that required the write-down. The Company, as will be seen later, was already professing that the **present** open market trading values was "strong evidence" of the **present** value of assets available for distribution, which was also a "triggering event" (an observation of the aggregate fair value of assets being less than what was being carried on the Company's balance sheets) requiring an immediate write-down, to the extent that the carrying values of assets on the Company's Commission-filed balance sheets were materially in excess of the fair value of those assets (the initial acquisition price of those assets, or cost basis initially recorded, minus the accumulated depreciation of those assets).

The Company – with Mr. Reasons as the Chief Financial Officer, and Ms. Schaefer until departing from her position as Senior Vice President of Finance – was already (long before reorganization emergence, at the time of equity committee proceedings in the Bankruptcy Court) professing the "strong eviden[tiary]" standard (the Company's words, as will soon be seen) that zero net asset value existed (after subtraction of liabilities), in the midst of his certifying over $1 billion in net asset value within Commission filings (while the Company was attempting to deal no more value than was nominally on the liability side of the balance sheet, yet attempting to extinguish billions of dollars in capital structure interests for zero or little consideration, despite their certification to have value *fully* securing those capital structure interests), which further tends to establish this Company (and Mr. Reasons) apparently knew the Company was carrying billions of dollars in value on the balance sheet, knowingly in excess of fair value, but failed to write it off and disclose it as a loss, as required by GAAP ASC 350, 360, and Regulation S-X.

Around the time of the Company beginning to profess starkly different asset values to the Bankruptcy Court than to the Commission, BHG began to publicly demand that the Company reveal the truth in asset values. The big question remained: Was the asset value depreciation suddenly (under the Company's insiders' breath) being professed to the Bankruptcy Court (under penalty of perjury, mind you) the truth, leaving those billions of dollars in asset value depreciation to be ongoingly concealed from the Company's Commission-filed financial statements (in violation of GAAP ASC 350, 360, and Regulation S-X)? After the Company already having told investors (at the time of the Company's objection to the appointment of an official equity committee in the Bankruptcy Court) that the Company's balance sheets being circulated outside of the Bankruptcy Court (via the Commission) could not be relied on for an accurate measure of net assets (and therefore, total asset values, given that the "shareholder's equity" line is derived from subtracting the "total liabilities" on the balance sheet from the "total assets") remaining for the benefit of shareholders, **the Company made a abrupt change in position, suddenly instructing public investors that they should rely on the Company's Commission-filed balance sheets for a measure of financial position (an instruction to rely on the wildly different Commission-filed balance sheet's total asset value, for means of determining the net asset equity belonging to shareholders); however, only after BHG began pointing the Company to Ireland's Companies Act of 2014, § 1111** (an Irish statute, the Company's incorporation in Ireland).

The Companies Act of 2014, § 1111, makes it an imprisonable offense (a category 3 offense, under Irish company law) for a company's directors to have failed in their requirement to officially disclose to shareholders (as part of an

extraordinary general meeting of the shareholders) that the company's net assets were "known" to "a director" (even a *single* director) to have fallen below half of paid-up share capital, as the Companies Act of 2014, § 1111, requires:[16]

> "**Obligation to convene extraordinary general meeting in event of serious loss of capital:**
>
> > **1111.** (1) **Where the net assets of a PLC are half or less of the amount of the PLC's called-up share capital, the directors of the PLC shall, not later than 28 days after the earliest day on which that fact is known to a director of the PLC** (the "relevant day"), **duly convene an extraordinary general meeting of the PLC.**
> >
> > (2) That extraordinary general meeting shall be convened—
> >
> > > (a) for the purpose of considering whether any, and if so what, measures should be taken to deal with the situation; and
> > >
> > > (b) for a date not later than 56 days after the relevant day.
> >
> > (3) **If there is a failure to convene an extraordinary general meeting of a PLC as required by subsections (1) and (2), each of the directors of the PLC who—**
> >
> > > (a) knowingly and intentionally authorises or permits that failure, or
> > >
> > > (b) after the expiry of the period during which that meeting should have been convened, knowingly and intentionally authorises or permits that failure to continue,
> >
> > **shall be guilty of a category 3 offence**.
> >
> > (4) Nothing in this section shall be taken as authorising the consideration, at an extraordinary general meeting convened in pursuance of this section, of any matter which could not have been considered at that meeting apart from this section." (emphasis added)

Certainly, if assets did not exist for the benefit of shareholders according to the Company's Commission-filed balance sheet (as part of such "(non-existent) equity value"[17] proclaimed in the Bankruptcy Court), it would appear an offense was committed which carried prison time under the laws of Ireland. The Company was obligated to hold a shareholder meeting within 28 days of knowing they possessed insufficient assets for the benefit of shareholders, while they had negotiated their reorganization plan for far longer than 28 days (let alone, been professing "(non-existent) equity value" to the Bankruptcy Court for far longer than 28 days). The Company attempted to then assert (in letters to BHG) that the Company's directors could rely on the balance sheet's net asset figure (which they were already claiming was not representative of the truth of net asset equity known to them in the Bankruptcy Court, as part of such "(non-existent) equity value"), while their investors could not (yet, they still instructed their public investors to rely on those financial

[16] Companies Act of 2014, § 1111 ("Obligation to convene extraordinary general meeting in event of serious loss of capital"): https://www.irishstatutebook.ie/eli/2014/act/38/section/1111/enacted/en/html

[17] *See* Company's *Omnibus Objection to the Appointment of an Official Equity Committee* (U.S. Dist. Del. Bk. Ct., Case No. 20-12522-JTD, Dckt. No. 674, Pg. 12, Ln. 4): https://restructuring.ra.kroll.com/Mallinckrodt/Home-DownloadPDF?id1=MTEyMDQ4Ng==&id2=-1

statements, despite the very apparent failure of those Commission-filed financial statements to reflect billions of dollars in already-determined asset value depreciation expense, as was required by GAAP ASC 350/360 and Regulation S-X):[18]

> "**We refer BHG, in particular, to the audited financial statements of the Company for the fiscal year ended 25 December, 2020, and in particular to the Company's balance sheet set out therein**, which clearly demonstrates that the test under section 1111 has not been met." [19] (emphasis added)

In other words, the Company's directors apparently knew they were concealing asset value depreciation expenses from the Company's non-Bankruptcy Court financial statements (in violation of GAAP ASC 350, 360, and Regulation S-X, rendering the "intangible assets, net" line item to be far from net of accumulated depreciation), yet they opted to perpetrate those very apparently inaccurate financial statements being filed with the Commission, instructed investors to rely on those then-materially false financial statements, and continued to even file further apparently materially false financial statements with the Commission that far from represented the reality of the fair value of assets known to the Company's insiders. While the Company was instructing investors to rely on the "shareholder's equity" line item, that figure was directly derived from the materially inaccurate "total assets" line item, which was far from net of accumulated depreciation, and instead merely an outsized portion of the initially recorded fair value of those assets (at the time of acquisition), which failed to take into account billions of dollars in accumulated intangible asset depreciation/losses after the initial acquisition/recording of the asset.

Little did the Company know that BHG and its Irish counsel had more than done their research; and discovered that the Company's Irish counsel's (Arthur Cox) own senior partner (Dr. Thomas B. Courtney) had largely advised the Irish government at the time of its drafting of the Companies Act of 2014. So much so that Dr. Courtney's "design[ing] and le[ading] [of] the drafting of heads of Bill for the Companies Act 2014" is cited on Dr. Courtney's Arthur Cox website profile.[20] A leading commentator on Irish company law, Mr. Courtney has written a multi-edition series (entitled "*The Law of Companies,*" which is now in its fourth edition) which clearly explains the meaning of most every piece of the legislation; including, with particularity, regarding the legal responsibility of an Ireland-incorporated PLC-type entity's directors to call an extraordinary general meeting for purposes of officially disclosing to shareholders that a "serious loss of capital" had occurred (where net assets are "known" to have breached below half of paid-up share capital), to promptly "deal with the situation" (of such a "serious loss of capital"), with that disclosure/notice to shareholders (of nearly breaching into net asset insolvent territory) being required within 28 days of such "know[ledge]" of "a director":

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[18] *See* Company's September 17, 2021, Letter to BHG (Disseminated as Part of a Schedule 13(d) filing with the Commission), Pg. 6 ("We refer BHG, in particular, to the audited financial statements of the Company for the fiscal year ended 25 December, 2020, and in particular to the Company's balance sheet set out therein, which clearly demonstrates that the test under section 1111 has not been met."): https://www.sec.gov/Archives/edgar/data/1567892/000106299321009546/exhibit99-2.htm

[19] *See* Company's September 17, 2021, Letter to BHG (Disseminated as Part of a Schedule 13(d) filing with the Commission), Pg. 6 ("We refer BHG, in particular, to the audited financial statements of the Company for the fiscal year ended 25 December, 2020, and in particular to the Company's balance sheet set out therein, which clearly demonstrates that the test under section 1111 has not been met."): https://www.sec.gov/Archives/edgar/data/1567892/000106299321009546/exhibit99-2.htm

[20] Dr. Thomas B. Courtney Biography – Arthur Cox (Last Accessed: February 27, 2023) ("Tom is author of The Law of Companies (4th ed; 2016). When Chair of the Company Law Review Group, Tom designed and led the drafting of heads of Bill for the Companies Act 2014"): https://www.arthurcox.com/people/dr-thomas-b-courtney/

> "the obligation is an ongoing one that arises whenever a director knows that the net assets are half or less of the PLC's share capital - **it is not dependent on the annual financial statements demonstrating that fact, and it is not necessary to wait for them to confirm it.**"[21] (emphasis added)

The very reason why Dr. Courtney explains that the financial disclosure obligation under the Companies Act of 2014, § 1111, merely is triggered upon it being "known" to a director (it being "not necessary to wait for [financial statements] to confirm" that net assets have breached below half of paid-up share capital), is because financial conditions can materially change in between the filing/circulation of financial statements, and deliberately delaying disclosure of "known" material financial losses to investors would be indisputable fraudulent concealment of known financial condition. The fact that the Company was claiming "(non-existent) equity value" to the Bankruptcy Court, at the same time *denying* that it was "known" to "a director" that the Company's asset value had dropped to an extent that left net asset value falling below half of paid-up share capital, was simply an impossibility. The Company disclosed the truth of asset value depreciation expenses to the Bankruptcy Court (including, in the Company's May 13, 2021, Bankruptcy Court disclosure statement filing), but failed on disclosure of that evidenced-to-be-determined asset value depreciation to the Commission, failed to disclose that knowledge of insolvent financial condition in a formal notice to shareholders (as required by the Companies Act of 2014, § 1111), then even denied the Bankruptcy Court story of asset values was the truth after investors (namely, BHG) found an instrument (the Companies Act of 2014, § 1111) that would force the Company to pick a story once and for all; misleading their investors, all over again, by referring them back to Commission filings, instead of sticking to their story of asset value depreciation in the Bankruptcy Court.

Even after the Company's own law firm insisted (in a private letter,[22] that BHG publicly released as part of a Schedule 13(d) filing with the Commission) that the Company's directors did not possess "know[ledge]" of net assets breaching below half of paid-up share capital (simultaneous to continuing to claim the opposite in the Bankruptcy Court), the Company's continued insistence that its public investors should rely on the Company's non-Bankruptcy Court (Commission-filed) financial statements for a measure of net assets, and therefore a measure of overall assets ("total assets", as stated on the balance sheet, derives the "shareholder's equity" line item on the balance sheet, or net assets after liabilities). The Company only then began telling investors that they should again be relying on the Company's non-Bankruptcy Court financial statements (wildly different asset values than the Company was professing to the Bankruptcy Court); that is, after they had already discredited those non-Bankruptcy Court financial statements during equity committee hearings (telling investors that the Commission-filed financial statements were not indicative of asset value available for the benefit of reorganization parties).

This was about the point at which BHG had called on the Commission, publicly, to investigate the Company, via BHG's October 26, 2021, press release, headlining "*The Buxton Helmsley Group Calls on U.S. Securities and Exchange Commission to Intervene in Mallinckrodt Plc. Fraud Involving False Statements of Financials…*"[23]

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[21] The Law of Companies (Fourth Edition), Thomas B. Courtney [31.206].

[22] *See* Company's September 17, 2021, Letter to BHG (Disseminated as Part of a Scheduled 13(d) filing with the Commission), Pg. 6: https://www.sec.gov/Archives/edgar/data/1567892/000106299321009546/exhibit99-2.htm

[23] BHG's October 26, 2021, Press Release: https://www.businesswire.com/news/home/20211026006040/en

Days later, on November 3, 2021, Ms. Kathleen Schaefer, resigned from her position as Senior Vice President of Finance of the Company.[24] BHG, days thereafter, openly responded to Ms. Schaefer's resignation,[25] railing the Company and its claim that, just days after BHG's open letter beginning to peg the Company on accounting fraud, that Ms. Schaefer's resignation supposedly had "nothing to do with" the Company's accounting practices.

Days after Ms. Schaefer's resignation (sometime between November 7, 2021, and November 12, 2021), the Company's Chief Communications Officer, Ms. Brandi Robinson, also disappeared from the Company's website (as evidenced within the footnoted letter). BHG followed with another open letter, [26] blasting the Company over its continued executive departures in the days following BHG's open letter requesting investigation by the Commission, due to the apparent accounting discrepancies at hand.

On August 11, 2022, the Company – finally, yet very belatedly – came clean about the truth of the financial condition of the Company, in a 10-Q filing with the Commission, disclosing accumulated depreciation of ~$2.3 billion related to the Company's intangible assets. Within that August 11, 2022, 10-Q filing,[27] immediately preceding reorganization emergence (that filing, made with the Commission on May 3, 2022), the Company certified that "intangible assets, net" of accumulated depreciation (as required to be incorporated into all quarterly financial reporting with the Commission, pursuant to GAAP ASC 350, 360, and Regulation S-X), had a value $2.3 billion higher (indicating a "sudden" realization of an additional $2.3 billion in accumulated depreciation, or the realization of **nearly half of the asset value disappearing, over a single quarter**, though a "triggering event" apparently already caused determination of a write-down being required *over a year before*, as evidenced within the Company's May 13, 2021, disclosure statement filing).[28]

To make the apparent accounting misconduct abundantly clear:

- The Company began to imply their knowledge/admission of a net asset shortfall, from the time of filing for bankruptcy. They not only clearly saw the need to extinguish capital structure interests for zero or little consideration (as part of the initial restructuring support agreement, within the Company's October 13, 2020, 8-K filing with the Commission), but in the midst of those capital structure interests being certified to be *fully secured* by asset value on the Company's Commission-filed balance sheet (again, any carrying values of assets on the balance sheet, which were in excess of fair value, were required to be charged off, pursuant to GAAP ASC 350/360 and Regulation S-X). The Company also apparently had evidence of carrying values being in excess of the fair values of assets, given that – after accounting for all anticipated asset value available for being dealt as part of the reorganization, on the liabilities side of the Company's Commission-filed financial

[24] *See* Company's November 3, 2021, 8-K filing, announcing the departure of Ms. Kathleen Schaefer, days after BHG's October 26, 2021, open letter to the Commission's Chairman and Commissioners:
https://www.sec.gov/ix?doc=/Archives/edgar/data/0001567892/000119312521318484/d239732d8k.htm
[25] *See* BHG's November 5, 2021, Letter to the Company regarding the Resignation of (Former) SVP of Finance Ms. Kathleen Schaefer: https://www.sec.gov/Archives/edgar/data/0001567892/000106299321010299/exhibit99-2.htm
[26] *See* BHG's November 12, 2021, Letter to the Company:
https://www.sec.gov/Archives/edgar/data/1567892/000106299321010696/exhibit99-3.htm
[27] *See* Company's August 11, 2022, 10-Q filing with the Commission:
https://www.sec.gov/ix?doc=/Archives/edgar/data/0001567892/000156789222000039/mnk-20220701.htm
[28] *See* Company's August 11, 2022, 10-Q filing with the Commission:
https://www.sec.gov/ix?doc=/Archives/edgar/data/0001567892/000156789222000039/mnk-20220701.htm

statements – those same balance sheets still illustrated net asset value remaining, after all asset value determined as being available for being dealt as part of the reorganization. The Company firmly illustrated knowledge that billions of dollars in asset value did not exist (far beyond the asset value that the Company was planning to deal as part of its reorganization), as a result of numerous possible "triggering events." The Company firmly illustrated knowledge that carrying values were billions of dollars in excess of fair value, and failed to charge off that excess carrying value, despite its cited understanding (within securities filings) that it was required to do so.

- In the Company's disclosure statement filing in the Bankruptcy Court on May 13, 2021,[29] the Company disclosed determination that a $1.9 billion write-down of intangible assets was required, due to depreciation of the Company's intangible assets, indicating that a "triggering event" was seen to have occurred to determine that $1.9 billion write-down of asset value being required (to ensure that the "intangible assets, net" line item was actually reflective of accumulated depreciation, and to keep that line item in line with the true, fair value of those assets);
- The Company did not take that massive write-down, <u>even after approval of the Company's reorganization plan in the Bankruptcy Court</u>, within the Company's 10-K filing with the Commission on March 15, 2022;
- The Company failed to charge off that massive amount of asset value (being carried on the balance sheet in excess of fair value), not only within the Company's 10-K filing with the Commission on March 15, 2022 (filed after the Company's reorganization plan approval on February 3, 2022), but then even failed to accrue the write-down within the Company's May 3, 2022, 10-Q filing with the Commission (again, the determination of a write-down is only based on a "triggering event" being seen, which requires the immediate write-down of the asset – it is a violation of GAAP ASC 350, 360, and Regulation S-X for the "intangible assets, net" line item to not immediately write down accumulated depreciation as a result of detected "triggering events");
- The Company then, on August 11, 2022 (well over a year after having already testified, on May 13, 2021, that the $1.9 billion write-off was already detected to be required), disclosed a massive ~$2.3 billion loss in the value of intangible assets; **<u>over the time span of a single quarter</u>**.

There was no new "triggering event" that occurred over that single quarter, which would have been material enough to have provided a basis for justifying a ~$2.3 billion write-down over a single quarter (the net value of the Company's Acthar Gel asset did not drop ~70% over a single quarter). This Company, and Mr. Reasons, had already detected the "triggering event" over a year before (in the Company's May 13, 2021, Bankruptcy Court disclosure statement filing), which was the very time that the asset value write-down needed to be made – neither GAAP, nor Regulation S-X, allow for an asset write-down to be delayed for over a year after the "triggering event" is detected and a write-down determined to be required (the requirement of a write-down immediately requires that write-down); let alone, $2.3 billion in intangible asset value depreciation (which was already determined over a year before) did not occur over a single quarter.

The Company is evidenced to have continued merely amortizing intangible asset values (essentially, those preparing the financial statements sleeping at the wheel, by only charging off the minimal increments of asset value pre-scheduled as part of the prior-established depreciation amortization schedule, in the face of a "triggering event" already causing

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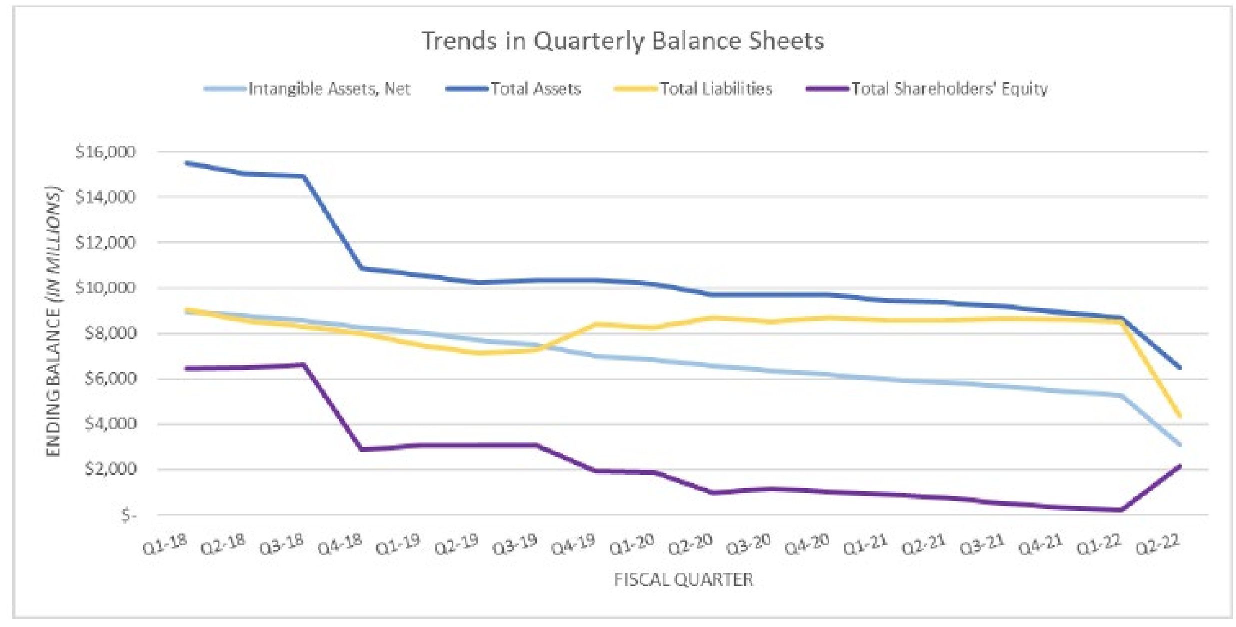
[29] *See* Company's May 13, 2021, Disclosure Statement Filing (U.S. Dist. Del. Bk. Ct., Case No. 20-12522-JTD, Dckt. No. 2285-1, Pg. 17): https://restructuring.ra.kroll.com/Mallinckrodt/Home-DownloadPDF?id1=MTIxNTA2NQ==&id2=-1

the determination of a $1.9 billion write-down being required, given that in-place amortization schedule not having factored in that detected "triggering event"), then suddenly (far belatedly) writing off the ~41% of intangible asset value that they had already determined was required over a year earlier:



The Company was required, at the very time of realizing the "intangible assets, net" (intended to be "net" of accumulated depreciation) line item on the balance sheet was failing to reflect the very materially accumulated depreciation of those assets, to write off the very material portion of that determined ~$2 billion write-down, to the extent that they could then merely amortize those assets thereafter. In essence, the large drop in "intangible assets, net" (occurring Q2-2022, in the above chart) was required to have taken place *immediately* upon the realization that the accumulated depreciation of assets was not being reported (the Company is evidenced to have detected "triggering events" that required a $1.9 billion write-off of intangible assets, as late as the Company's disclosure statement filing with the Bankruptcy Court filing on May 13, 2021[30]) on the Company's Commission-filed balance sheet (therefore, leaving the value of those assets being reported to be a historical fair value of those assets, and not the true, current fair value of those assets). The above chart, had the Company complied with GAAP and Regulation S-X, would have illustrated a large drop of the "intangible assets, net" line item, *as late as* May 13, 2021 ("as late as", as BHG far from concedes that the Company did not know intangible asset values being reported were not reflective of accumulated depreciation long before May 13, 2021, and at the time of recognizing it was required to extinguish capital structure interests that they were actively certifying to be fully secured by asset value, with over $1 billion in net asset value supposedly overflowing for the benefit of shareholders, even after accounting for all anticipated reorganization creditor payouts). After that large write-off in intangible asset value *as late as* May 13, 2021, the "intangible assets, net" line in that chart should have continued slowly declining, given the thereafter ongoing amortization of those assets continuing after that large, earlier write off (which failed to occur, but was required to have occurred). The value of "intangible assets, net" was required to be materially written off to that extent already long before required (again, as late as May 13,

[30] *See* Company's May 13, 2021, Disclosure Statement Filing (U.S. Dist. Del. Bk. Ct., Case No. 20-12522-JTD, Dckt. No. 2285-1, Pg. 17): https://restructuring.ra.kroll.com/Mallinckrodt/Home-DownloadPDF?id1=MTIxNTA2NQ==&id2=-1

2021), with the amortization schedule of that was required to be assets adjusted for depreciation forecasting from there forward (after having charged off the carrying value of those assets in excess of fair value), then those assets would have gradually declined in fair value from then on (after the large asset value write-down). It was a violation of GAAP ASC 350/360 and Regulation S-X for the Company to delay their disclosure of that over $2 billion in depreciation related to intangible assets.

The Company disclosed within the Company's August 11, 2022, confessional 10-Q filing (with the Commission) that the financial statements of the predecessor (the Company's Commission filings, prior to emergence from reorganization) may not be comparable to the successor (the Company's Commission filings, post-emergence from reorganization), but GAAP does not provide a basis for Acthar's fair value to be **at least** $3 billion prior to reorganization emergence (as of the Company's May 3, 2022, 10-Q filing with the Commission), yet **not more than** $1 billion upon emergence (as admitted within the Company's August 11, 2022, confessional 10-Q Commission filing), just a quarter later. Once again, the Company was still subject to GAAP ASC 350, 360, and Regulation S-X, all throughout the Company's reorganization proceedings. It was impermissible for the Company to abstain from booking very material asset impairment (again, the Company has long acknowledged its requirement of charging off the portion of an intangible asset's carrying value that is in excess of the true/actual fair value of the asset), based on a "triggering event" that already had been detected over a year before (absent a "triggering event," why would this Company, and Mr. Reasons, have determined a write-down to be required?).

BHG asks you on what basis (under GAAP and Regulation S-X, given that the Company is subject to both financial reporting requirements, simultaneously) this Company delayed the reporting of $2 billion in asset value write-downs (intangible asset depreciation) that was already determined to be required over a year before? BHG, further, asks what different "triggering event" caused a single asset (Acthar Gel) to drop over $1.9 billion, over a single quarter, when you already saw a "triggering event" (clearly, the same "triggering event," given the size of the write-down being nearly equivalent to what this Company already determined as being required for a write-down over a year before) to require a ~$2 billion write-down of intangible assets over a year before. Acthar Gel did not suddenly lose ~70% of its value over one quarter, but that was how the loss was reported, in violation of GAAP ASC 350/360 and Regulation S-X. Even if there was a minor "triggering event" that accounted for the smaller $400 million portion of the $2.3 billion intangible asset value write-down occurring in the Company's August 11, 2022, the major "triggering event" that resulted in the determination of a $1.9 billion write-down was already detected/recognized well before the Company's 10-Q filing on May 3, 2022; this Company (with Mr. Reasons standing behind it) had already evidenced knowledge of detecting that "triggering event" over a year before, within the Company's May 13, 2021, disclosure statement filing with the Bankruptcy Court. **It should be firmly noted that the Company's determination of a $1.9 billion write-down being required (that determination, *as late as* May 13, 2021) was a best-case prognosis for the fair value of the company's intangible assets. In other words, the alternative to that write-down, as the Company claimed in the Bankruptcy Court (within its forecasted asset values in a hypothetical liquidation scenario), were much lower asset values in the event of a full liquidation. In essence, the Company's leadership demonstrated firm knowledge the best-case scenario was a $1.9 billion write-down, which – if the Company was unsuccessful in gaining approval of a reorganization plan, thereby triggering a liquidation – the asset value loss would have been *even worse* than the $1.9 billion asset value loss already determined as of May 13, 2021. Therefore, this Company had no room to claim that the $1.9 billion best-case asset value impairment (clearly, the Company had recognized the "triggering events" that determined the write-down to be required), determined *as late as* May 13, 2021, should have been booked immediately; again, neither GAAP nor Regulation S-X allow for the delay in disclosure of financial losses (nor mass**

disclosure of far-belated loss reporting, determined to have been required over a year before), and especially when those determined financial losses are the best-case loss scenario (based on presently available data). If that write-down was determined based on a modified forecast of future revenues/earnings/cashflows related to intangible assets, that modification of forecasting (resulting in that determined write-down being required) related to those assets is the very time the Company was required to disclose the write-down. A company cannot materially modify its forecasts/inputs in determining the value of an asset, recognize that a material impairment has occurred (determining the requirement of a write-down in the billions of dollars), then not disclose the loss; plain and simple.

This Company, and Mr. Reasons, can point fingers as much as they want, but it is abundantly clear that the Company very apparently misled its pre-reorganization investors, by delaying the recording of billions of dollars in intangible asset value depreciation expenses which were already determined over a year before their recording. Again, it is utterly unconscionable that "intangible assets, net" of accumulated depreciation, were $5.293 billion as of the Commission filing on May 3, 2022, then suddenly $3.106 billion on August 11, 2022; less than a quarter later. This Company had already testified as to knowledge of detecting that "triggering event" over a year before.

If an additional quarter had rolled by before reorganization plan approval, the Company's leadership (including Mr. Reasons) would have seemingly continued reporting to investors that "intangible assets, net" of accumulated depreciation, was still $2 billion more attractive than they knew to be in reality, by delaying the write off even further? Nowhere in GAAP ASC 852 does it give a company a "hall pass" for not complying with its ongoing asset impairment/loss reporting requirement under GAAP ASC 350, 360, and Regulation S-X.

At this juncture, we state firmly that the Company is fully aware of very apparently materially false historical Commission filings, where the Company's Board has all of the evidence necessary to determine that prior financial statements were filed with the Commission containing very apparent violations of GAAP and Regulation S-X, concealing then-known accumulated depreciation of assets from those filings; the "triggering events" related to that depreciation evidenced to be detected as of the Company's Bankruptcy Court disclosure statement filing on May 13, 2021. Materially false historical Commission filings (in violation of GAAP and Regulation S-X) must be corrected/restated, just the same as Enron was required to do so. Historical failures to comply with financial disclosure obligations must be corrected, no matter how far back they run. Incoming leadership also inherits the obligation of correcting/remedying prior improper activity of prior leadership; that leadership is now absent and unable to correct the Company's historical violations of GAAP and Regulation S-X. **All financial statements, going back at least as of May 13, 2021, and leading up to August 11, 2022, must be restated to disclose those already-determined asset value losses; those statements are required to remedy the apparent violations of GAAP ASC 350, 360, and Regulation S-X, within those Commission filings.** BHG will say, however, that we possess additional evidence to affirmatively say that the Company was almost surely staring those same "triggering events" in the face well before even May 13, 2021. **This Company's story in the first-day hearings before the Bankruptcy Court as filled with those clearly material "triggering events" that caused you to believe capital structure interests (between creditors and equity holders) could not be paid in full (contrary to the asset value certified in Commission filings). The Company very apparently failed to heed to those "triggering events", then very apparently delaying on assessing the impairment related to those "triggering events" until (at latest) May 13, 2021, and failed to record that accumulated depreciation in those Commission filings leading up to the confessional 10-Q Commission filing on August 11, 2022.**

We believe Mr. Olafsson, and this Board, will easily conclude that it is necessary to immediately restate the Company's pre-reorganization Commission filings to correct the failures to comply with GAAP (and dually, therefore, violating

Regulation S-X, which includes additional catch-all provisions even beyond GAAP), which left the "intangible assets, net" to not be net of accumulated depreciation at all, and by a long shot. Not one person cares that Mr. Trudeau and Mr. Reasons would have over a year of compensation clawed back (courtesy of Section 304 of the Sarbanes-Oxley Act of 2002); with clear evidence (and in the face of investors demanding to know the truth of asset values), that compensation clawed back will be a far cry from the harm caused to this Company's investors as a result of their apparent material financial misstatements.

BHG, further, provides a few very simple questions for the Company to answer (we believe the Senate Finance Committee and Commission would also like answers to these questions):

- **If pre-reorganization Company insiders saw it necessary to sign onto an initial restructuring support agreement (as laid out in the Company's October 13, 2020, 8-K filing) which saw it necessary to extinguish capital structure interests (creditors, bondholders, equity holders…) for little or no consideration, while those capital structure interests were listed on the Company's Commission-filed balance sheets as being *fully* secured with asset value (with over a billion dollars in supposedly extraneous, net asset value overflowing for the benefit of equity holders, after all anticipated payouts to bondholders and other creditors as part of the restructuring support agreement), then on what basis can the Company's insiders say they did not know that the fair value of assets was billions of dollars less than what they were actively certifying on the Company's Commission-filed balance sheets (therefore, failing to reflect billions of dollars in accumulated depreciation of assets)?** BHG does not buy the apparent story that this Company's pre-reorganization leadership did not know that the Company's Commission-filed balance sheet asset values were failing to disclose billions of dollars in accumulated depreciation, when they listed all of the anticipated payouts as part of the reorganization plans on the Company's Commission-filed balance sheet (on the liability side of the balance sheet), then saw that the anticipated payouts fell billions of dollars short compared to the asset side of the Company's Commission-filed balance sheets. When you record your anticipated reorganization payouts, see billions of dollars in certified leftover asset value in the other column, then deny to stakeholders that the billions in certified leftover (net) asset value exists in reality; very apparently an admission that you apparently knew of accumulated depreciation that the Company did not charge off, in apparent violation of GAAP ASC 350, 360, and Regulation S-X. The reason why the asset side of the Commission-filed balance sheet had certified asset value remaining after recording all anticipated payouts as part of the reorganization is because billions of dollars in very apparently realized asset value depreciation expenses were not recorded on the Company's Commission-filed financial statements. If the Company's Commission-filed balance sheets actually reflected the accumulated depreciation of asset value (as required by GAAP ASC 350, 360, and Regulation S-X), the insiders would have been able to deal (in the reorganization) as much asset value as certified on the Company's Commission-filed balance sheet (if a lesser amount of asset value was available to be dealt, that was lower value was what this Company was required to be reporting). This Company, by signing onto the initial restructuring support agreement that saw it necessary to deliver less value to creditors/investors than the wildly different (much higher) asset value being simultaneously certified to exist on the Company's Commission-filed balance sheet, appears to be the very incriminating admission that this Company's insiders knew of asset value that did not exist (accumulated depreciation of assets, in reality) that was improperly remaining on the Company's Commission-filed financial statements (by failing to report that accumulated asset depreciation, leaving the "intangible assets, net" of accumulated depreciation, line item on the balance sheet to be apparently grossly overstated/inflated).

- **If asset value was "hopelessly" not available to reorganization parties as part of the Company's reorganization proceedings (entirely different than what the Company's insiders were certifying as part of Commission-filed balance sheets), then on what grounds could such "hopelessly" unavailable asset value be certified to exist on the Company's Commission-filed balance sheets (realized, yet apparently concealed depreciation of asset value, in apparent violation of GAAP ASC 350, 360, and Regulation S-X)?** When asset value is said by insiders to be "hopelessly" not available (entirely contrary to the Commission-filed financial statements), that more than appears to be the very admission that accumulated depreciation has occurred beyond what is being reported in those financial statements; plain and simple.
- **If asset value is certified on a company's Commission-filed balance sheets, but when creditors/investors of a company ask for the benefit of that asset value (that their fiduciaries and the company's officers are actively certifying to exist), and fiduciaries deny a very material portion of that certified asset value to exist for the benefit of creditors/investors, on what basis has depreciation not accumulated beyond what is being reflected on the balance sheet (in what fairy tale is the carrying value of the asset on the balance sheet then not in excess of the current fair value of the asset, requiring a charge off of that admitted, materially accumulated depreciation)?** Once again, there is a reason why "intangible assets, net", ends with the word "net"; that means "net" of accumulated depreciation. No one cares to know the price a company historically paid to acquire the asset, unless that is still the current fair value, after accumulated depreciation, to date; investors want to know the price you paid for the asset, less the depreciation that has occurred over the life of your ownership of the asset, to understand what asset value is actually backing a company's capital structure. There is a reason why debt-to-capitalization covenants are routinely attached to the indebentures and credit facilities of public companies; to ensure that a company remains sufficiently capitalized, at all times of that debt outstanding, so that a satisfactory amount of asset value (collateral) is always securing the capital structure. Those debt-to-capitalization covenants are based on the asset values reported on the balance sheet, which are – again – required to be charged off as to the extent of the asset value that has depreciated (as this Company has long acknowledged its requirement to). At the time that GAAP balance sheets do not reflect accumulated depreciation (as also required by Regulation S-X), debt-to-capitalization covenants will serve absolutely no purpose; far from assurance that collateral is always securing creditor interests.

An ending note related to those prior-posed questions: This whole discussion could not be more reminiscent, in our view, of the mark-to-market accounting manipulation/fraud that happened with credit derivatives in the financial crisis of 2007-2009; a material portion of value, falsely certified to exist on a balance sheet, when it is simultaneously known that creditors/investors would never see sizable parts of that certified value in reality, leaving those balance sheets to be an utter myth, apparently because those who are preparing the financial statements did not want to admit/record very real financial losses; very questionable numbers due to abstaining from booking undeniable financial losses that fully impact investors. It is even more problematic, however, when those preparing the financial statements are already simultaneously denying the existence of a very material portion of certified asset value to creditors/investors, like this case.

Part II of II:

Post-Reorganization Resumption of Concealment of Asset Value Depreciation Expenses

Unfortunately for this Board, **the Company's failures to report asset value depreciation are very apparently not limited to the Company's pre-reorganization Commission filings.** In fact, the Company has already (itself, and under the leadership of the same Chief Financial Officer) laid the "strong eviden[tiary]" standard (this Company's words – not mine) for proving that the asset value securing the Company's capital structure has depreciated significantly, post-reorganization. The Company is "strong[ly] evidence[d]" to be staring (by that evidentiary standard) billions of dollars in excess asset carrying value (in excess of the fair value of assets, and therefore requiring a write-down of asset value under GAAP ASC 350/360 and Regulation S-X) being reported within the Company's post-reorganization Commission filings. That "strong[ly] evidence[d]" carrying value in excess of fair value is the result of what we believe to be numerous triggering events that the market has adjusted for in its valuations of the Company's assets for (again, post-reorganization) through the open market trading values of the Company's issued securities, yet the Company is failing to adjust its own books for; failing to writing off that excess book value (in apparent violation of GAAP ASC 350, 360, and Regulation S-X, therefore), all over, just the same as the Company failed to write off billions of dollars in asset value impairment/depreciation/losses, pre-reorganization (again, with the same Chief Financial Officer at the helm – how shocking).

The Company has, under the very same Chief Financial and Principal Accounting Officer, already made the Company's position abundantly clear that the fair value of assets securing interests in the capital structure is (superiorly) "strong[ly] evidence[d]" (the Company's quoted words, as cited below) by referencing the open market values of the Company's securities (rather than the Company's Commission filings), with those open market valuations being such "strong evidence" of the truth of fair value that they trump what the Company is certifying in Commission filings (not new for this Company). Do not take our word for it, though; let us review just a few areas where the Company has made this already chosen and self-utilized (in the Bankruptcy Court) "strong eviden[tial]" standard for the truth of asset value securing capital structure interests crystal clear (within the Company's prior Bankruptcy Court testimony, as cited/footnoted):

1. *"…Mallinckrodt stock has traded down to $0.75 at the time of filing."*[31]
2. *"Mallinckrodt plc's guaranteed unsecured debt securities have been negatively impacted and currently trade at approximately 35% of par…"*[32]
3. *"**Market-based indicators at the Mallinckrodt plc level—which courts have found to be strong evidence of a company's insolvency**…"*[33] (emphasis added)
4. *"Mallinckrodt plc's total market capitalization of $14 million is dwarfed by the aggregate average discount on the Debtors' bonds of approximately $1.2 billion, which, itself, suggests that market participants do not expect the Debtors' bondholders to be repaid in full, and which, in turn, again supports the view that there will likely not be any recovery to the equity holders."*[34]

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[31] *Debtors' Omnibus Objection to Motion for Appointment of an Official Equity Committee* (U.S. Bk. Ct. Dist. Del., Case No. 20-12522-JTD, Dckt. No. 674, Pg. 8, ¶ 8)

[32] *Debtors' Omnibus Objection to Motion for Appointment of an Official Equity Committee* (U.S. Bk. Ct. Dist. Del., Case No. 20-12522-JTD, Dckt. No. 674, Pg. 8, ¶ 8)

[33] *Debtors' Omnibus Objection to Motion for Appointment of an Official Equity Committee* (U.S. Bk. Ct. Dist. Del., Case No. 20-12522-JTD, Dckt. No. 674, Pg. 12, ¶ 18)

[34] *Declaration of Brendan Hayes in Support of Opposition of Debtors to Motion for Appointment of Equity Committee* (U.S. Bk. Ct. Dist. Del., Case No. 20-12522-JTD, Dckt. No. 701, Pg. 6., ¶ 12)

Have a single one of you (addressed at the top of this letter, and especially Mr. Reasons) been even half-watching the trend in market capitalization of this Company's equity and debt securities, again, post-reorganization, or do every single one of you have your horse blinders so firmly in place where it conveniently suits you? The Company's executive offices and the Boardroom is not supposed be a quaint little tea party; it is your jobs to be consistently detecting and reporting asset value depreciation, and you are utterly failing to fluently apply the Company's already-professed "strong eviden[tiary]" standard of that occurring.

In another instance (at another company), BHG would initially resort to belief that a leadership was miserably failing to communicate/substantiate capital structure value to the public markets, but the Company (and Mr. Reasons) have already set the "strong eviden[tiary]" standard that this Company *does not* follow GAAP ASC 350, 360, and Regulation S-X, and that this Company *does not* report asset value depreciation expenses within Commission filings simultaneous with the Company's observation of "strong evidence" that those financial losses are occurring (via observations of the open market valuations of securities). That is, if this Company's investors are observing the Company's already-chosen standard of "strong evidence" of asset value losses (where bond investors are signifying they are not willing to pay even near par value, because the market-at-large has concluded the bonds are not fully secured by asset value, yet again), this Company's investors must then stick this Company's (and Mr. Reasons') nose in that "strong evidence" of losses and demand you all take off your horse blinders, for you to actually disclose the losses in real-time, as they are falling. This Company has a record of very apparently failing to report asset value losses, even when it is admitting it possesses "strong evidence" of those losses (as it previously did in the Bankruptcy Court).

Let us also clarify, before continuing to hold you accountable for your "strong[ly] evidence[d]" post-reorganization accounting failures, that your "strong eviden[tiary]" standard of ascertaining the true fair value of assets could not be applied to the Company pre-reorganization. The fact that the pre-reorganization board of directors, Mr. Trudeau, Mr. Reasons, and all others responsible for the Company's assertion that the fair value of assets (pre-reorganization) could be discerned from the open market trading values of the Company's (again, pre-reorganization) issued securities, either means pre-reorganization leadership needs to take a basic finance class, or should otherwise, perhaps, receive a director-officer bar for such elected delusional thoughts for means of attempting to rationalize their failure to disclose losses that they actually believe were experienced at the Company (no one knows what a leadership actually believes until they **disclose** it – a "strong[ly] evidence[d]" foreign activity at this Company). This Company, pre-reorganization, had listed numerous contingent liability risk disclosures within its pre-reorganization Commission filings, which caused endless uncertainty as to the size of claims that could have been asserted as part of a court-overseen reorganization. To name just a couple of these contingent concerns that endlessly interfered with the trading prices of the Company's pre-reorganization securities, leaving the securities to not be indicative of the overall value of the Company's pre-reorganization assets, but a virtual craps table (literally turned out to be a pile of garbage, but not because of the speculative nature of contingent liabilities) because of the uncertainty as to how many stakeholders (both investors and asserted creditors) would be demanding a cut of the pie in the event of a reorganization setting (and uncertainty as to which contingent liability claims would be asserted in a reorganization setting, how many of the claims would be approved, and how much the Company's fiduciaries would actually defend the investor interests which would pay the price for the alleged illegalities committed under the leadership of those fiduciaries and the Company's officers):

- Public market participants wondering whether the Company could/would fully solidify the opioid litigation-related settlement-in-principle in the size initially proposed/agreed; and
- Public market participants wondering if this Company's pre-reorganization officers and fiduciaries actually defrauded the Medicare system to just-as-fraudulently pump the Company's earnings and, therefore, increasing their incentive-based compensation, while the Company's investors would be on the hook for billions of dollars in asserted damages as a result of such Medicare fraud.

Those two contingent risks alone turned the trading values of the Company's pre-reorganization securities to be not even remotely useful in determining whether this Company may have been committing accounting fraud through the concealment of fully believed and known asset value depreciation. To prove that, if the Company's fiduciaries did not commit Medicare fraud, and the pre-reorganization lawsuits related to the asserted Medicare fraud were dismissed, the Company's pre-reorganization issued securities would have been positively impacted with elimination of that contingent liability risk (it turned out pre-reorganization leadership had opted to throw in the towel on the appeal over the Medicare fraud allegations that their investors paid the price for, yet had no participation in); this conclusion is common sense. The Company's pre-reorganization securities were interfered with based on that contingent liability risk at hand; again, the trading values of the Company's pre-reorganization securities were then left to be far from an accurate indicator that the fair value of assets was billions of dollars less than the Company's insiders were certifying to be within Commission filings. Again, if any one of this Company's leadership actually believes that the "strong eviden[tiary]" standard that this Company has stood behind could have been applied to the Company pre-reorganization, to detect this Company's concealment of asset value depreciation, then those individuals should (in our firm opinion) receive an immediate director-officer bar for such delusion or ability to rationalize this Company's improper financial reporting (you can pick).

If you all wish to have a list of just some (far from an exhaustive list) of the post-reorganization triggering events this Company has experienced, which the market has adjusted its valuations of the Company's assets for (and, thereby, the open market valuation of its capital structure interests, all the way down through equity), yet the Company has (once again) very apparently opted to turn a blind eye to such "strong evidence" and has failed to adjust its balance sheet for itself (again, it is *your* philosophy that the open market trading values of the Company's issued securities are "strong evidence" of whether asset value secures the capital structure in reality, and to what degree):

- One of the most violent quantitative tightening cycles in United States (and global) monetary policy history, just as violently drawing down the market values of assets (as can be easily observed by looking at nearly all "risk-on" capital markets, including the equity market, which suffered its most severe decline since 2008 over the course of 2022);
- Firm evidence of the Company's lack of capital market access, given the Company's inability to refinance one-third of its pre-reorganization revolving credit facility (and materially worse capital market conditions since that lack of capital market access was *already* evident by that failure to refinance, not to mention substantial declines in trading prices of the Company's bonds since then);
- The Company's common equity trading ~94% below book value, at a time when the Company has already resolved (as the Company states in Commission filings) its pre-reorganization litigation liabilities, thereby inexplicably leaving "strong evidence" of multibillion-dollar declines in the value of the Company's assets (there are only two sides to the balance sheet that jointly derive equity value);

- The Company's most junior debt issues trading sizably below par value, and thereby (alongside your preferred evidence of the open market's valuation of the Company's issued securities) illustrating under-securement of creditor interests (again, by your own chosen standard of "strong evidence"), yet you continue to certify not only the full securement of all creditor interests, but also over $1.6 billion in extraneous/net asset ("shareholder's equity") value;
- Broadly declining revenues, as evidenced by Commission filings; and
- The list just goes on, but why should we continue to do all the work for you?

We should then take the next further step in pointing out the concrete fact that this Company's miserable failure (in BHG's opinion) of a reorganization now has this Company's common equity securities trading at $7.73/share, as of the time this letter has been drafted. To name just one reason, the Company's failure to entirely refinance the Company's pre-reorganization revolving credit facility, as a result of the Company's pre-reorganization leadership far overshooting their executional abilities (which seems to be a pattern) as part of the reorganization plans, has left this Company in a far overleveraged condition (firmly proven by that lack of access to capital for refinancing). Not only does BHG believe that the Company's reorganization was an utter failure and that this Company is far overleveraged, but **there is a very good reason why the Company's post-reorganization notes, less than a year from reorganization emergence, have also already been given junk-level ratings by Standard & Poor's**; this Company's touting of "financial strength" within press releases has as much integrity as its Commission-filed financial statements (that is to say, very little).

Getting back to the raw facts, **this Company's common equity securities are trading at <u>$7.73/share</u> (as of the time of this letter's drafting), while this Company's leadership continues to carry a net asset ("shareholder's equity") value of <u>$122.52/share</u> on the books of this Company. That is, then, the Company's common equity securities trading roughly 94% below their certified book value, post-reorganization. That means this Company's common equity, post-reorganization, is currently trading at a *<u>steeper discount to book value than when the Company faced such "strong evidence" of insolvency that it was compelled to file for bankruptcy before</u>* (at the time of petition filing, the Company's common equity was trading roughly 93% below book value). Let that sink in (truly, think about it a little, as you clearly have not pondered it enough). That is, with the Company's debt securities collectively trading hundreds of millions of dollars below par value (this Company has debt trading at sixty-five cents on the dollar), which provides the further "strong evidence" that this Company's common equity securities are out-of-the-money and trading at mere option premium values, at this point. If the Company's totality of asset values was even to the extent of net asset neutrality, then institutional investors would be buying up the Company's bonds like hotcakes for such a "sweet deal" (at present levels); the "strong evidence" illustrates that not occurring, and everyone appears to be dropping those securities – instead – like hot potatoes, if you take even a quick glance at the open market's valuation of the Company's post-reorganization debt and equity securities.**

All of that mentioned, this is even further then, the "strong evidence" necessary for us to say that the market very apparently recognizes this Company is continuing to peddle as much twaddle in its Commission-filed financial statements, post-reorganization, as it was very apparently peddling pre-reorganization. The principal value of your funded debt is a static number, while the value of the Company's assets, composing the value securing interests in the capital structure (both creditors and equity), is entirely dynamic (hence, why ASC 350 and 360 require impairment testing and disclosure of asset value impairment/depreciation). **When you have "strong evidence" of non-existent equity value (your equity trading 94% below book value and bonds trading sizably below par value, at high-yield levels, in the midst of a junk-level rating) and you have no material contingent liability risk (as this Company**

proclaims within Commission filings) to be interfering with the open market valuations of the Company's securities, in the midst of roughly $1.6 billion in "shareholder's equity" value on the Company's Commission-filed balance sheets, that is every bit of "strong evidence" required to realize that the aggregate carrying values of assets on the books of this Company are billions of dollars in excess of their fair value (requiring write-downs, to comply with GAAP ASC 350, 360, and Regulation S-X), yet again. Yet, this Company continues to only proceed with the routine amortization of its assets (how shocking), as though "triggering events" (the developments in the markets for the Company's issued equity and debt securities, being "strong evidence" of asset value impairment, already, not to mention other possible "triggering events" that have caused those trading levels) are not staring them in the face like a deer in headlights. No one cares what brain power Mr. Reasons is continuing to utilize as part of his *wonderful* (much sarcasm) "financial projections" to come up with his numbers on the Company's balance sheet, which he has already self-proven to be less useful than a roll of toilet paper; the market is firmly (in fact, "strong[ly]") evidencing to you all that they would not give the Company's assets such consideration as Mr. Reasons is (entirely disagreeing with his overoptimistic financial projections/valuations, just the same as his overoptimism related to his ability to craft viable reorganization plans), yet this Company is failing to heed to the open market's conclusion that this Company is, once again, net asset insolvent. Yes, it appears we have the "strong evidence" necessary to make the statement that this Company, just quarters out of reorganization, is net asset insolvent; what "financial strength."

If you all want to refute that net asset value exists according to the balance sheet (or within an immaterial difference to book value), then why are you not immediately selling the Company for such a price tag, or somewhere near (even a "fire sale" would be attractive to shareholders)? I doubt you would find a shareholder who would not believe it your duty to capture ~$1.6 billion for their benefit, this moment, if the Company's stock was wrongly beaten down by 94%. If this Company's total asset value actually netted nearly $1.6 billion after subtraction of liabilities (which would leave the fair value of equity to be ~16 times higher than the current price to acquire the Company's equity shares in the open market), **then why has not one director of this Company (or Mr. Reasons) apparently not put a penny of their own money into the Company's post-reorganization equity, leaving their only holdings to be mere self-directed gifts from the shareholder base they preside over the interests of? Each member of this Company's Board should consider putting their money where their mouth is, put their cash compensation received to date into the Company's stock, a material portion of their personal savings into the Company's stock, and all future cash retainer receipts into the Company's common stock, if they actually buy the story they are certifying in this Company's financial statements. Why else would you be peddling a balance sheet you otherwise firmly prove you do not even remotely believe in the integrity of? Further, why would the Company not be very largely repurchasing the Company's shares in the open market, at these prices? You cannot do that though, can you, as you know that would arguably be a fraudulent conveyance, in the face of such "strong evidence" of a net asset deficit, with the Company's stock trading at a nickel on the dollar and the Company's bonds trading at a collective discount to par value in the hundreds of millions of dollars. Pre-reorganization creditors (namely, the opioid trust) have filed an adversary proceeding in the Bankruptcy Court to attempt recovery of capital returned to pre-reorganization shareholders (via pre-reorganization share repurchases that occurred over the span of multiple years before the Company filed for bankruptcy), when – at the time of those pre-reorganization shareholder capital return programs – the Company's stock was not trading at a nickel on the dollar like it is now, pre-reorganization (nor, the Company's bonds given a junk-level rating, at those times of asserted insolvency).** You have "strong[er] evidence" of insolvency (based on the open market's valuations of the Company's securities, junk-level bond ratings, and – therefore – asserted beliefs of asset value securing those capital

structure interests) now than during the years that the opioid trust is asserting the Company was insolvent and should not have been returning capital to shareholders, even then.

This Company possesses very apparent "strong evidence" of billions of dollars in asset value depreciation (in the numerous ways you can look at the picture) and has no evidence to counter that "strong evidence" of asset values being carried on the balance sheet far in excess of fair value; the only bids you have for this Company's assets are the "strong evidence" that counter your Commission-filed balance sheet by billions of dollars, yet again. As an example (more so, to make this scheme easier for investors to put into perspective), no one cares if someone believes wholeheartedly (has convinced themselves, in their own biased, perhaps delusional, mind) that a sentimental asset is worth $1 million. If they have a sea of bidders, and not one bidder is willing to offer more than $50,000, then the fair value of their asset is nothing more than $50,000; such an overoptimistic hypothesis of value would then be proven woefully incorrect, and it would be fraud to continue perpetrating that proven incorrect hypothesis of value (such as, perhaps, reporting such a proven-to-be-overoptimistic asset value to current and prospective investors).

I directly ask you, Mr. Olafsson and Mr. Reasons (along with the Board-level audit committee): Do you define a discrepancy in the billions of dollars between the Company's balance sheet asset values and the "strong evidence" you are observing, which is indicating that the truth of asset value securing the Company's capital structure interests is billions of dollars lower than what the Company's Commission filings are reporting for asset values (remember, asset values have to be net of "strong[ly] evidence[d]" depreciation, in order to be in compliance with GAAP ASC 350, 360, and Regulation S-X), as material enough to disclose those "strong[ly] evidence[d]" losses to investors in financial statements? **If you do not regard a multibillion-dollar discrepancy (between what you are certifying in financial statements and "strong[ly] evidence[d]" observations of far lower fair value) as material enough to trigger an asset value write-down (where the value is "strong[ly] evidence[d]" to not exist in reality, yet you fail to write down the asset value overstatement, yet again), then you should immediately resign or otherwise – in our view, which we believe your investors will share – be banished from your positions.**

With the way this Company concealed asset value depreciation from its pre-reorganization Commission-filed financial statements, and now with the arguably "strong evidence" that billions of dollars in asset value depreciation is being concealed from Commission-filed financial statements, all over again, post-reorganization; as an example, how many company vehicles is this Company also forecasting (for depreciation expense forecasting purposes, at the time of establishing an amortization schedule) be driven 10,000 miles per year, those vehicles end up being drive 30,000 miles per year, yet you creatively choose to merely engage in the routine amortization of those assets as though the vehicle is being driven 10,000 miles per year (the "triggering event" being your observation that your initial input factor for asset usage was materially incorrect), then simply never report the initially unanticipated, yet historically accumulated depreciation/losses in asset value as a result of your woefully inaccurate initial forecast of asset usage (a significant input factor in the asset's depreciation curve)? If you are perfectly spot on in depreciation expense forecasting (meaning, your amortization schedule always remains immaterially variant from the reality of the asset's depreciation expense, over the time of a company owning the asset), then your balance sheet will always be in-line with fair value, but if you are "accidentally" wrong in depreciation expense forecasting (it certainly would leave a lot more incentive-based compensation in your pockets to "accidentally" underreport your deprecation as part of an "accidentally" inaccurate amortization schedule, resulting in artificially/falsely inflated earnings, would it not?), then you can simply amortize based on (and without regard to) your mistakes? If you miserably fail to accurately forecast asset value depreciation, are your balance sheet assets kosher to remain overstated by billions of dollars?

Given the "strong evidence" that this reorganized Company is, yet again, net asset insolvent, the Company has (again) triggered its obligations under the Companies Act of 2014, § 1111, to immediately "deal with the situation" of a "serious loss of capital"; it is very apparently your fiduciary duty to recapitalize or enter creditor protection to stem further losses from being borne by your creditors (which just seem to keep piling on, even post-reorganization, despite such "financial strength"). Yes, you need to all wake up, smell the "strong[ly] evidence[d]" net asset deficit, and act on it (including, reporting the "strong[ly] evidence[d]" losses, for one). Once again, the Companies Act of 2014, § 1111, merely requires it being "known" to "a director" (and all Board members are addressed here, so I trust you will receive a copy of the letter) that the Company possesses net assets below half of paid-up share capital; you already have "strong evidence" of that financial condition. You all kicked the ball in your own goal here. The only reason you do not "know[]" you are "strong[ly] evidence[d]" to be net asset insolvent after this letter notice would be if you do not take off your rose-colored glasses that are the only reason any one of this Company's executives will meet their "profit targets" for collecting a wonderful bonus based on what will be such "strong[ly] evidence[d]" falsely inflated earnings. It is not in line with your fiduciary duty to creditors (under Irish law) to gamble on your creditors' dime; you must raise further equity, or turn the keys over to the creditors (remember, you have a fiduciary duty to creditors at a time of "strong[ly] evidence[d]" insolvency, under Irish law) if you do not have the access to capital that will prevent you from gambling for the possible benefit of shareholders which, if proven unsuccessful, will only stand to harm the Company's creditors already "strong[ly] evidence[d]" to be unsecured. What happens if the losses continue rolling on? What happens if you experience more triggering events that predicate further declines in asset values (the Federal Reserve is already consistently stating this is not the end of benchmark rate hikes, which is quite "strong evidence" that this is not the end of "triggering events" that can be expected to adversely impact asset values in the near- and medium-term)? Oh, I guess you all will probably just give creditors the same "oh shucks" you gave pre-reorganization investors when the Company's moral compass failed enough to rationalize apparent concealment of billions of dollars in known and "strong[ly] evidence[d]" intangible asset depreciation from pre-reorganization Commission filings. If this Company is unable to recapitalize through an equity offering, such a lack of access to capital to cure your "strong[ly] evidence[d]" net asset insolvency would prove the "strong[ly] evidence[d]" insolvency even further.

Lastly, it does not matter what you are listing for net asset equity on the Company's non-consolidated, standalone balance sheet (for the parent company alone) either, for means of attempting to justify why this Company's Board has not triggered its obligations under the Companies Act of 2014, § 1111 (BHG can read this Company like a book, at this point). It is plastered all over the Company's Commission filings that nearly all of the Company's debt is guaranteed by the parent Company; even where issued by a subsidiary. Where asset value does not exist to fulfill a liability, and would require economic value flowing from a guarantor (such as the parent company) to foot the bill for a net asset insolvent subsidiary (issuing the indebentures), such a contingent liability (given, that guarantor relationship) then requires the nominal liability being transferred from the underlying subsidiary's standalone balance sheet to that guarantor's standalone balance sheet (for the amount that would be required from the guarantor to satisfy that debt). That transfer of the liability from the entity issuing the indebenture's balance sheet to the parent company (due to the guarantor relationship) is blatantly required by FRS 102 (similar to the United States' GAAP accounting standards, but a set of accounting standards for the United Kingdom and Ireland), Section 27 (given, the parent company prepares its standalone balance sheets for filing with the Irish government under the accounting standards of FRS 102), and would very apparently render the parent company's standalone balance sheets insolvent, with the Company's equity capitalization in the open market dwarfing the collective shortfall in asset value implied by the bond market with relation to the Company's issued debt securities. It would be impossible for the parent company's standalone balance

sheet to have equity on it, after adjusting liability from the issuer's balance sheet to the guarantor (the parent company's) balance sheet, based on that simple math; that is, after you actually disclose the billions of dollars in "strong[ly] evidence[d]" financial losses before you (related to asset value impairment).

The Company has set full-year guidance of $510-560mm for adjusted EBITDA, which is merely creative window dressing for your anticipated net losses (the billions in depreciation you have failed to disclose, but now are required to upon your noses being firmly stuck in such "strong evidence" with this letter notice, will certainly blow that attempted façade of "financial strength" out of the water). That simply means that, after this letter, you have "strong evidence" (the Company's standard of it) of net asset insolvency, and have affirmed profits only if you creatively exclude numerous expenses/losses (your largest, being the billions in unreported, but "strong[ly] evidence[d]" depreciation), which is quite the choice of a fairy tale (as apparently seems to be the case with any financial reporting coming out of this Company). Kind of like pre-reorganization investors had equity value if you simply left out billions of dollars in depreciation expenses from your Commission filings (leaving the "intangible assets, net" line of the balance sheet to be far from net of accumulated depreciation, despite it being labeled as such)? And kind of like pre-reorganization insiders got wonderful incentive-based compensation by simply leaving out "strong[ly] evidence[d]" asset value depreciation until they ripped the rug out from investors with disclosure of such "strong[ly] evidence[d]" losses? If BHG knew that was the Company's (and Mr. Reasons') evidentiary standard for the truth of pre-reorganization asset values (given, your enterprise value was materially in line with the total open market capitalization of the Company's issued securities, which was much lower than the Company's Commission-filed balance sheets), we would have noticed the Company on its violation of GAAP and Regulation S-X before the Company filed for bankruptcy the first time, just like we are noticing you here with regard to the Company's post-reorganization Commission filings. **That is correct; from the time the Company began negotiating a restructuring on the basis that the collective fair value of assets (asset value available for distribution) was billions of dollars lower than the simultaneous carrying values for assets being certified on the Company's Commission-filed GAAP balance sheets, those Commission filings must be restated *all the way back* to that point (to match what was "strong[ly] evidence[d]" at those times of financial reporting). It would be wise to complete your "internal investigation" with the utmost expediency (you have every bit of evidence needed to know restatements are required, right here in this letter).**

BHG was on the Company's February 28, 2023, earnings call; the constant statements of being so "excited" and "proud" made the internal desperation more than apparent. You are proud of losing hundreds of millions of dollars, quarter after quarter, and being given junk-level credit ratings less than a year out of reorganization? The valuations of the Company's equity and debt securities do not illustrate your investors being very proud of *you*... If this Company's financial results were actually something to be "proud" of, then why do you find it necessary to share your deceptive horse blinders with your investors (sort of, "look through my rose-colored glasses with me, to see the pretty picture") with your non-GAAP "earnings" metric. Not only do you preliminarily fail to disclose billions of dollars in "strong[ly] evidence[d]" asset value impairment/losses (already, in violation of GAAP and Regulation S-X), but then go so far as to publish a non-GAAP "earnings" metric that zeroes out the effect of the minimal, far-inadequate amortization of assets that you *do* disclose; that is then, far from disclosing the billions of dollars in "strong[ly] evidence[d]" asset value impairment/losses before you, then attempting to deceive your investors further by offering an immorally arguably window-dressed earnings figure (when the original numbers were based on apparently dishonest reports of losses, to begin with). This Company might as well label its "GAAP" earnings figures non-GAAP, too, as they are most definitely not in compliance with GAAP ASC 350/360 (nor Regulation S-X), as we have thoroughly proved through "strong evidence". When a Company earns money on the front-end, then loses more than that amount of money on the back

end (through asset value dropping off the balance sheet – a real financial loss to investors, where investors would receive less in value for the sale of assets than before), can you *really* claim you earned that money overall? That is one "strong[ly] evidence[d]" pipe dream. This Company is preying on the investors who may not understand how to interpret that "earnings" metric and realize how critically misleading it is (that is, even more than this Company already preying on investors that have not noticed the billions of dollars in "strong[ly] evidence[d]" asset value losses that this Company is further failing to report altogether). We should also mention that the Company cited numerous reasons for the consistent, material declines in financial performance on its earnings call. Those are the *very* "triggering events" that the market has adjusted valuations of the Company's assets for in the open market (leaving the open market to conclude-at-large that net asset equity value is non-existent, and bonds being only partially secured with asset value, or else they would not be trading so sizably below par with junk-level ratings in the midst of no material contingent liability risk), yet this Company has failed to account for those losses on its own books, "strong[ly] evidence[d]" by your own prior-professed standard of true/actual fair value of assets securing capital structure interests (in other better words, the Company's already-stated "strong eviden[tiary]" standard for determining impairment of asset value securing capital structure interests).

You had your opportunity, on the Company's February 28, 2023, earnings call, to explain why you were so "excited" about your outlook for the Company, yet it is clear that investors were not at all convinced of the financial forecast you were selling, given the open market's reaction. If the market actually believed the Company's overoptimistic storytelling, then the open market would reflect the Company's Commission-filed balance sheet. Assets are worth what *willing buyers* are willing to give for consideration (not what a biased leadership believes, in the midst of avoiding disclosure of very material asset value impairment to apparently keep their incentive compensation propped up), and the conclusion-at-large of the equity and bond market are crystal clear; your forecasts are entirely unrealistic to those in the position of actually assigning a value to this Company's assets. The equity and bond markets have concluded-at-large that this Company's forecasts deriving its claimed asset values are entirely outlandish. That is the reason why the bond and equity markets could not be more "strong[ly] evidence[d]" to be giving billions of dollars less in asset value consideration compared to the Company's balance sheets, leaving the Company's assets to be "strong[ly] evidence[d]" as very materially impaired in value compared to the values of assets initially recorded (this Company's asset value hypothesis being proven to be woefully incorrect). This Company's continued failure to disclose that "strong[ly] evidence[d]" very material asset value impairment is, once again, in stark violation of GAAP ASC 350/360 and Regulation S-X; this Company was far overoptimistic in asset values at the time of initially recording them, and it must now disclose that woeful inaccuracy in asset valuations (via an impairment charge) within financial statements.

With final regard to the Company's recent financial results reported on February 28, 2023, the Company supposedly repurchased approximately $50 million in second-lien notes. Again, are you not the least bit aware that you have a fiduciary duty to creditors (as this Company pointed out numerous times, during reorganization proceedings) under Irish law, at a time of "strong[ly] evidence[d]" net asset insolvency, which means actually abiding by lien priorities when it comes to the distribution of assets? Those second-lien note repurchases, in the midst of "strong[ly] evidence[d]" net asset insolvency, could not be a starker creditor preference violation. **If the collective/aggregate trading discount to face value of the Company's bonds (both first- and second-lien) indicates the collective asset value shortfall, second-lien bondholders would likely see nil to nothing in a reorganization/liquidation where asset value was actually being strictly distributed in order of lien priorities; the aggregate discount to par value across all the Company's bond issues (both first- and second-lien) is larger than the total principal value outstanding for the Company's second-lien notes. What are you going to tell your first-lien creditors if the Company's financial losses**

just keep piling on (the Company has already set guidance that net losses will continue throughout 2023, with a decline in operating profits from 2022), where you are not able to dig yourself out of the "strong[ly] evidence[d]" current net asset deficit, yet have already shoveled out hundreds of millions of dollars to second-lien creditors, over a time period you already knew you were "strong[ly] evidence[d]" to be net asset insolvent (a stark violation of your lien priorities)? I do not think your first-lien creditors will be so "excited" about that idea. The funds used to repurchase those second-lien notes are positioned to be just as subject to recovery as an entirely inappropriate equity repurchase program would be at this juncture (just the same as the opioid trust is attempting to recover share repurchases occurring over a period this Company was supposedly insolvent prior to filing for reorganization, yet was in far better condition than this Company is "strong[ly] evidence[d]" to be now). I would also assume your first-lien creditors would rather receive a more honestly valued asset (like cash), rather than a bag of (possibly, intangible) assets that are "strong[ly] evidence[d]" to already be inaccurately overstated on the balance sheet by billions of dollars (and, could be worth far less, given the consistently dishonest accounting practices at this Company). Even then, regardless of what one bondholder may prefer over another, this Company *still* has to abide by the lien priorities as part of credit agreements. **The Company's Board would be wise to immediately reverse their arguable creditor preference violation, at a time of "strong[ly] evidence[d]" net asset insolvency, by re-selling those recently repurchased second-lien notes. If this Company's leadership already "jumped the gun" by delivering those repurchased notes to the trustee for cancellation (rather than holding them in treasury, for later possible re-sale), then it would appear you are without ability to cure that stark breach of fiduciary duty to creditors (in particular, to your first-lien creditors), by restoring that $50 million (or, as much as possible) back to the balance sheet for the rightful benefit of first-lien creditors.**

How this Company is still rolling its commercial paper is beyond comprehension; its leadership has proven now twice over (both pre-and post-reorganization) that it cannot keep its financial stories straight, cannot fluently apply its accounting beliefs, continues failing to report financial losses evidenced by their own chosen "strong eviden[tiary]" standard (yet, you failed to disclose those standards and beliefs prior to fully coming clean about them – it would have been nice to know investors were not buying a stock for a bargain, but buying into a later-apparent fraud), and thereby falsely demonstrating both the solvency and securement of investor and creditor interests (yet again, now post-reorganization, too, as is "strong[ly] evidence[d]"). What a *stellar* investment opportunity this Company offers public market participants and private lenders, with such "financial strength" at hand (sarcasm fully implied).

We look forward to seeing what those parties (the Senate Finance Committee and Commission) who are receiving a copy of this letter will do to ensure those behind this Company's improper actions are fully held accountable. This Board would be wise to immediately restate the Company's clearly GAAP- and Regulation S-X-incompliant Commission filings, as you well know is required and would be unwise to dispute. This Company arguably defrauded not only its investors, but the Company's auditors, by concealing billions of dollars in known asset value depreciation expenses from the financial statements this Company's leadership presented for an opinion to be expressed on; merely because, largely, pre-reorganization leadership did not want to admit that they clearly, miserably overshot the value of the Company's Acthar Gel asset at the time of its acquisition (people can get a little too trigger happy, and far too easy, when they are spending other people's money). Now, post-reorganization, this Company is refusing to concede to the "strong evidence" that pre-reorganization leadership *also* entirely overshot the value of assets at the time of establishing a reorganization valuation (much like refusing to admit, within pre-reorganization accounting records, that it far overshot the value of the Company's Acthar Gel asset); when a company faces "strong evidence" that its reorganization value was woefully overoptimistic (once again, take a good, hard look at what the open market trading prices for the

Company's issued securities are indicating as that "strong evidence" for the fair value of assets securing the Company's capital structure), it is a violation of accounting standards, financial disclosure obligations, and securities laws, to not charge off that excess value being reported/carried on the books of the Company; that portion of book value "strong[ly] evidence[d]" to not exist in reality (once again, this Company's standard of evidence – not ours). Deloitte (also copied on this message) should immediately resign to signify they will not stand behind a client that has arguably committed accounting and securities fraud, and is apparently resuming a virtually mirror scheme all over. Auditors exist to stand by and protect the investors; not audit clients that appear to have defrauded even the auditors. The internal controls at this Company (and fluency of applying them) are undeniably far inadequate for further Commission filings to be made with Deloitte standing as the Company's auditor, considering the very serious and disturbing matters raised here.

Very Truly Yours,

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

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Mr. Gary Gensler, Chairman
Ms. Hester M. Peirce, Commissioner
Mr. Mark T. Uyeda, Commissioner
Mr. Jaime Lizárraga, Commissioner
Ms. Caroline A. Crenshaw, Commissioner

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BRYAN REASONS

Bryan Reasons

Executive Vice President and Chief Financial Officer

Bryan Reasons is the executive vice president and chief financial officer at Mallinckrodt Pharmaceuticals. He has executive responsibility for the global finance function and is a member of Mallinckrodt's executive committee.

Mr. Reasons has 25 years of experience in financial planning and analysis, corporate finance, controllership, auditing and business development.

Previously Mr. Reasons served as the senior vice president and chief financial officer for six years at Impax Laboratories, and was instrumental in the company's 2018 combination with Amneal Pharmaceuticals, Inc. Prior to that he held roles of increasing responsibility at Cephalon, Inc., including vice president, finance, and at E. I. Du Pont De Nemours and Company. He began his career at PricewaterhouseCoopers. Mr. Reasons also serves as an independent board director and audit committee chair for both Aclaris Therapeutics, Inc. and Recro Pharma, Inc.

Mr. Reasons holds a bachelor's degree in accounting and finance from Pennsylvania State University, an MBA in accounting from Widener University and is a Certified Public Accountant.

- Careers at Mallinckrodt
- Community Outreach
- Investor Relations

BRYAN REASONS

- Executive Committee
  - Sigurdur (Siggi) Olafsson
  - Jason Goodson
  - Lisa French
  - Kassie Harrold
  - Henriette Nielsen
  - Bryan Reasons
  - Mark Tyndall
  - Stephen Welch
- Select Senior Leaders
- Board of Directors
- Scientific Advisory Council
- Specialty Generics
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- MNK Recent Acquisitions
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- Partnering
- Patient Stories
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UnitedHealthcare creates and publishes the Machine-Readable Files on behalf of Mallinckrodt. To link to the Machine-Readable Files, please click on the URL provided: transparency-in-coverage.uhc.com

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BOARD OF DIRECTORS

Board of Directors

Bryan Reasons

Director

In his current roles as senior vice president of finance and chief financial officer of Impax Laboratories, Mr. Reasons' responsibilities span accounting, financial planning and analysis, business development and investor relations, and corporate communications. Before joining Impax in 2012, Mr. Reasons held positions of increasing responsibility at Cephalon, Inc., where he successfully navigated the acquisition by Teva Pharmaceutical Industries Ltd. for eight billion dollars. He previously served in a number of financial leadership roles at E.I. du Pont

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Board of Directors

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