



CreditRiskMonitor’s warning of Mallinckrodt PLC’s (“Mallinckrodt”) bankruptcy risk was determined by a combination of factors:

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MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at Mallinckrodt (NYSE: MNK) for more than a year. **The company ultimately filed for bankruptcy on October 12, 2020.**

Mallinckrodt announced payment of \$30+ million to settle opioid cases with 2 Ohio counties. Other cases were still outstanding.

Management raised "adjusted" earnings guidance in the prior month yet still failed to complete a debt swap.

Drug rebates and payments related to Acthar® Gel were estimated to approach \$640 million, or nearly all of the company's cash on hand.

Business Name	2019			2020									
	O	N	D	J	F	M	A	M	J	J	A	S	O
Mallinckrodt PLC	2	2	2	2	1	1	2	2	2	2	2	2	2

BANKRUPT!

The company sold its subsidiary BioVectra for a \$33.5 million loss; with cash proceeds contingent upon long-term performance.

Debt refinancing of \$1.2 billion fell apart and the company settled for about half that amount, a serious red flag.

The FRISK® score is 96% accurate¹ in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

FRISK® Score	BANKRUPTCY RISK RELATIVE TO THE HISTORICAL AVERAGE	
	FROM	TO
10	0.00x	0.12x
9	0.12x	0.27x
8	0.27x	0.34x
7	0.34x	0.55x
6	0.55x	0.87x
5	0.87x	1.40x
4	1.40x	2.10x
3	2.10x	4.00x
2	4.00x	9.99x
1	9.99x	50.00x

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

1. FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor® process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, & DBRS Morningstar

Crowdsourced CreditRiskMonitor® Usage Data

[Crowdsourcing](#) has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor® subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

DO NOT MISS THIS – MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

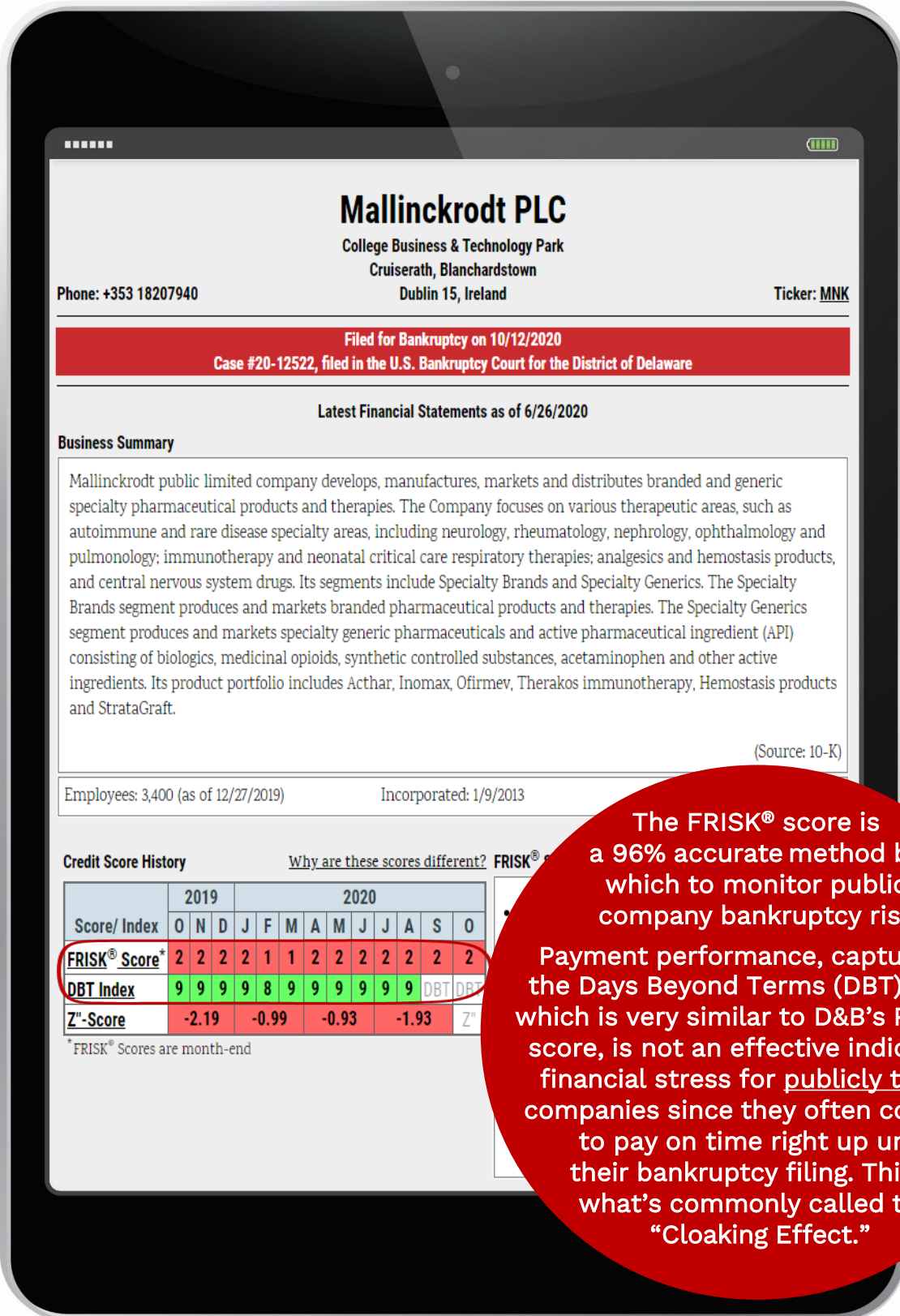
Making misleading or fraudulent statements in an MD&A is against the law – and Sarbanes-Oxley subjects CEOs and CFOs to heavy fines or even jail time for doing so. A vital feature of the CreditRiskMonitor service is the ability to quickly access a Company’s Management Discussion and Analysis (MD&A) history. Let it sink in: there are no two people in the world with better knowledge of a company’s liquidity risk than the CEO and CFO. More than any credit manager. More than any trade group. And they’re personally liable if they’re lying.

According to the Financial Accounting Standards Board (FASB), “MD&A should provide a balanced presentation that includes both positive and negative information about the topics discussed.”

You MUST understand trends, commitments, demands and uncertainties likely to result in a material change in Liquidity and Capital Resources, like if they can continue as a going concern. If you don’t, you need help.



COMPANY REPORT DETAIL



Mallinckrodt PLC

College Business & Technology Park
 Cruiserath, Blanchardstown
 Dublin 15, Ireland

Phone: +353 18207940

Ticker: **MNK**

Filed for Bankruptcy on 10/12/2020
Case #20-12522, filed in the U.S. Bankruptcy Court for the District of Delaware

Latest Financial Statements as of 6/26/2020

Business Summary

Mallinckrodt public limited company develops, manufactures, markets and distributes branded and generic specialty pharmaceutical products and therapies. The Company focuses on various therapeutic areas, such as autoimmune and rare disease specialty areas, including neurology, rheumatology, nephrology, ophthalmology and pulmonology; immunotherapy and neonatal critical care respiratory therapies; analgesics and hemostasis products, and central nervous system drugs. Its segments include Specialty Brands and Specialty Generics. The Specialty Brands segment produces and markets branded pharmaceutical products and therapies. The Specialty Generics segment produces and markets specialty generic pharmaceuticals and active pharmaceutical ingredient (API) consisting of biologics, medicinal opioids, synthetic controlled substances, acetaminophen and other active ingredients. Its product portfolio includes Acthar, Inomax, Ofirmev, Therakos immunotherapy, Hemostasis products and StrataGraft.

(Source: 10-K)

Employees: 3,400 (as of 12/27/2019)

Incorporated: 1/9/2013

Credit Score History

[Why are these scores different?](#) FRISK®

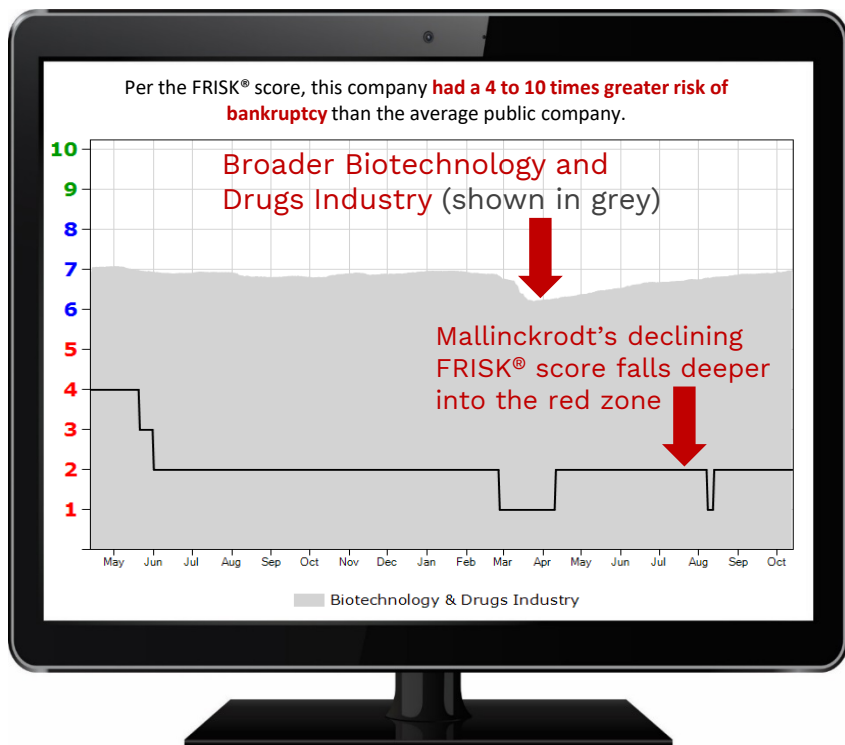
Score/ Index	2019			2020											
	O	N	D	J	F	M	A	M	J	J	A	S	O		
FRISK® Score*	2	2	2	2	1	1	2	2	2	2	2	2	2	2	
DBT Index	9	9	9	9	8	9	9	9	9	9	9	9	9	9	
Z-Score	-2.19			-0.99			-0.93			-1.93			Z"		

*FRISK® Scores are month-end

The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

FRISK® DEEP DIVE



The FRISK® score relative to the broader Biotechnology & Drugs industry raised an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

During the middle of last year, total liabilities to market capitalization broke above the 5x threshold, which was indicative of high financial stress. With excessively high stock price volatility and persistently negative year-over-year market capitalization returns, Mallinckrodt's shareholder base rapidly eroded. In addition, the stock was selling far beneath stated book value which inhibited the company from raising equity capital from public and private market participants.

FRISK® STRESS INDEX

#	Business Name	Country	Current FRISK® score
1	Sorrento Therapeutics Inc	United States	1
2	Tilray Inc	Canada	1
3	Neos Therapeutics Inc	United States	1
4	Jaguar Health Inc	United States	1
5	Ascendis Health Ltd	South Africa	1
6	Perma Fix Medical SA	Poland	2
7	Nkarta Inc	United States	2
8	Advanz Pharma Corp Ltd	United Kingdom	2
9	Ste Tunisienne Des Industries Phaqu SA	Tunisia	2
10	ImmunoGen, Inc.	United States	2
11	AngioLab Inc	South Korea	2
12	Corbus Pharmaceuticals Holdings Inc	United States	1
13	Canadian International Pharma Corp	Canada	2
14	IND Swift Ltd.	India	2
15	Mallinckrodt PLC	Ireland	2

Primary industry codes only

Businesses From:

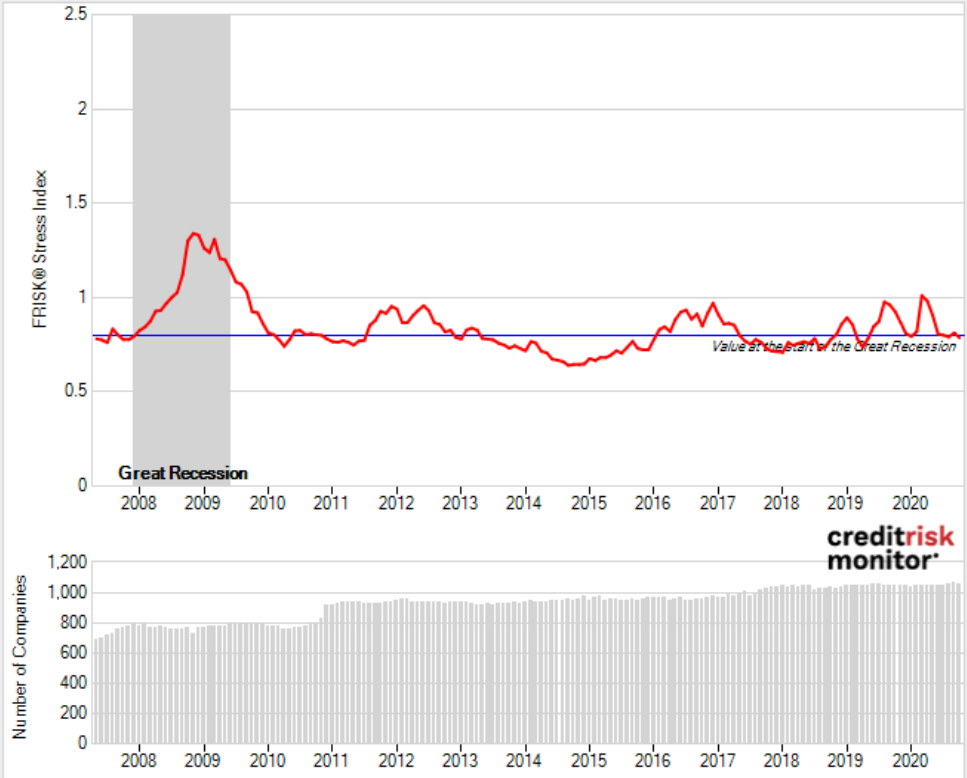
In Industry:

Country:

UPDATE RESULTS

Scale:

Total Companies in all months **1,744**



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 2834 (Pharmaceutical preparations) has remained flat since 2007. **However, Mallinckrodt PLC was among the weakest names in the industry as evidenced by its FRISK® score of 2.**

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PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

Calendar Year/Quarter: 2020.2

Businesses in Peer Group: 629	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
Credit Ratings						
Z-Score	507	517	-1.93	-30.27	7.44	698.96
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	23	87	700,900	0	39,376	18,336,000
Gross Margin % Of Sales	349	504	44.83	-74,633.33	56.28	746.15
Gross Margin % Of Sales -- TTM	350	507	44.43	-28,535.71	57.05	106.56
SGA % Of Sales	320	525	33.00	1.12	28.18	48,529.55
SGA % Of Sales -- TTM	271	533				
Operating Margin % Of Sales	496	534				
Operating Margin % Of Sales -- TTM	498	542				
EBITDA Margin Of Sales	228	258				
EBITDA Margin Of Sales -- TTM	240	280				
Net Profit Margin % Of Sales	501	534				
Net Profit Margin % Of Sales -- TTM	499	542				
Pre-tax Income % Of Sales	499	534				
Effective Tax Rate	12	538				
Depreciation % Of Prop/Plant/Equipment	202	429	11.34	0.28	11.70	2,006.49
Capital Expense % Of Prop/Plant/Equipment	72	434	5.23	0.05	15.44	2,930.20
Interest Coverage	185	219	-7.94	-4,432.50	19.30	3,252.29
Interest Coverage -- TTM	209	260	-4.15	-9,244.50	16.00	2,198.65
Liquidity ratios:						
Cash Ratio	407	526	0.62	-3.76	1.70	432.57
Quick Ratio	389	468	0.99	-7.19	2.21	432.57
Current Ratio	476	526	1.48	-17.14	3.64	482.10
Efficiency ratios:						
Accounts Receivable Turnover	236	527	5.49	0.00	5.18	1,435.56
Days Sales Outstanding	252	537				
% of Inventory Financed by Vendors	297	395				
% of Inventory Financed by Vendors -- TTM	335	458				
Inventory Turnover	60	496				
Inventory Turnover -- TTM	61	499				
Days Sales in Inventory	62	489				
Inventory to Working Capital	307	437				
Accounts Payable Turnover	46	533				
Accounts Payable Turnover -- TTM	59	540				
Leverage & debt coverage:						
Total Debt to Equity Ratio	442	443	5.41	0.00	0.11	5.94
Debt to Tangible Equity Ratio		414		0.00	0.10	64.37
Total Debt to Assets Ratio	441	443	0.54	0.00	0.08	0.59
Short-Term Debt % of Total Debt	8	406	0.37	0.00	52.29	100.00
Short-Term Debt % of Working Capital	157	424	3.08	-1,132.49	7.46	3,554.52
Liabilities to Net Worth Ratio		497		-0.04	0.30	81.46
Total Liabilities to Equity Ratio	524	526	8.99	-0.04	0.30	9.17
TTM EBITDA to Total Debt	200	244	-0.23	-1,903.03	0.75	440.69
Net Debt to TTM EBITDA		203		-287.56	-0.43	7.32
Green - Ranked in Upper Quartile of Peer Group						
White - Ranked in the Middle Two Quartiles of Peer Group						
Red - Ranked in Lower Quartile of Peer Group						
Orange - Confidential						
Grey - Data is Not Available						

TTM = trailing 12 months
N/A = Not Available

Mallinckrodt demonstrated bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

QUARTERLY PERFORMANCE RATIOS

Operating and net losses in four of the last five quarters

Poor interest coverage ratio over the last three quarters

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	13 weeks 6/26/2020	13 weeks 3/27/2020	13 weeks 12/27/2019	13 weeks 9/27/2019	13 weeks 6/28/2019
Net Sales \$	\$700,900	\$665,800	\$804,900	\$743,700	\$823,300
% change	5.27%	-17.28%	8.23%	-9.67%	4.14%
Gross Margin \$	\$314,200	\$283,800	\$373,100	\$324,300	\$388,900
% change	10.71%	-23.93%	15.05%	-16.61%	16.05%
% of sales	44.83%	42.63%	46.35%	43.61%	47.24%
change as % of incremental sales	86.61%	n/m	79.74%	n/m	164.53%
SG&A \$	\$231,300	\$231,100	\$169,200	\$205,700	\$225,900
% change	0.09%	36.58%	-17.74%	-8.94%	-1.87%
% of sales	33.00%	34.71%	21.02%	27.66%	27.44%
change as % of incremental sales	0.57%	n/m	-59.64%	n/m	-13.15%
Operating margin \$	(\$725,500)	(\$6,300)	(\$1,349,400)	\$8,300	(\$29,900)
% change	-11,415.87%	99.53%	-16,357.83%	127.76%	-294.16%
% of sales	-103.51%	-0.95%	-167.65%	1.12%	-3.63%
change as % of incremental sales	-2,049.00%	n/m	-2,218.46%	n/m	-138.53%
EBITDA \$	(\$509,800)	\$218,500	(\$1,200,500)	\$274,600	\$285,500
% change	-333.32%	118.20%	-537.18%	-3.82%	2.22%
% of sales	-72.74%	32.82%	-149.15%	36.92%	34.68%
change as % of incremental sales	-2,074.93%	n/m	-2,410.29%	n/m	18.96%
EBIT \$	(\$726,100)	(\$4,600)	(\$1,428,100)	\$39,700	\$44,500
% change	-15,684.78%	99.68%	-3,697.23%	-10.79%	40.38%
% of sales	-103.60%	-0.69%	-177.43%	5.34%	5.41%
change as % of incremental sales	-2,055.56%	n/m	-2,398.37%	n/m	39.14%
Pre-tax income \$	(\$789,300)	(\$75,600)	(\$1,488,700)	(\$28,500)	(\$24,800)
% change	-944.05%	94.92%	-5,123.51%	-14.92%	49.90%
% of sales	-112.61%	-11.35%	-184.95%	-3.83%	-3.01%
change as % of incremental sales	-2,033.33%	n/m	-2,385.95%	n/m	75.54%
Net income (loss) \$	(\$933,100)	(\$50,200)	(\$1,157,100)	(\$1,100)	\$6,800
% change	-1,758.76%	95.66%	-105,090.91%	-116.18%	-95.61%
% of sales	-133.13%	-7.54%	-143.76%	-0.15%	0.83%
change as % of incremental sales	-2,515.38%	n/m	-1,888.89%	n/m	-452.91%
Tax expense \$	\$161,300	(\$18,900)	(\$327,700)	(\$27,600)	(\$24,300)
Effective tax rate	-20.44%	25.00%	22.01%	96.84%	97.98%
Depreciation expense \$	\$24,700	\$25,500	\$24,000	\$24,500	\$24,400
% of sales	3.52%	3.83%	2.98%	3.29%	2.96%
% of capital expenses	216.67%	128.14%	98.77%	78.78%	64.55%
% of PP&E, net (annualized)	11.34%	10.98%	9.80%	9.50%	9.11%
Capital expenditures \$	\$11,400	\$19,900	\$24,300	\$31,100	\$37,800
% change	-42.71%	-18.11%	-21.87%	-17.72%	-5.03%
% of PP&E, net (annualized)	5.23%	8.57%	9.92%	12.05%	14.11%
% of working capital (annualized)	7.46%	16.03%	38.04%	-107.80%	612.15%
Interest coverage ratio	(7.94)	2.93	(15.55)	3.54	3.99
% change	-370.75%	118.86%	-539.44%	-11.38%	18.23%
Free cash flow \$	\$159,500	\$33,800	\$199,600	\$20,500	\$265,100
% change	371.89%	-83.07%	873.66%	-92.27%	112.59%
Source:	10-Q 8/4/2020	10-Q 5/6/2020	10-K 2/26/2020	10-Q 11/5/2019	10-Q 8/6/2019

QUARTERLY LEVERAGE RATIOS

Total debt to equity consistently increased from 1.8x to 5.4x due to recurring losses

Total debt to assets ratio fell deep within the bottom quartile of drug manufacturer industry peers

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	6/26/2020	3/27/2020	12/27/2019	9/27/2019	6/27/2019
Total debt \$	\$5,242,900	\$5,373,300	\$5,374,800	\$5,764,800	\$5,540,900
% change	-2.43%	-0.03%	-6.77%	4.04%	-5.08%
Stockholders' equity \$	\$969,500	\$1,895,800	\$1,940,700	\$3,080,400	\$3,075,200
% change	-48.86%	-2.31%	-37.00%	0.17%	0.70%
Total debt to equity ratio	5.41	2.83	2.77	1.87	1.80
% change	90.80%	2.34%	47.99%	3.86%	-5.74%
Tangible net worth \$	(\$5,597,000)	(\$4,924,600)	(\$5,077,300)	(\$4,415,700)	(\$4,645,900)
% change	-13.65%	3.01%	-14.98%	4.95%	7.20%
Total assets \$	\$9,690,100	\$10,171,300	\$10,338,900	\$10,356,100	\$10,221,700
% change	-4.73%	-1.62%	-0.17%	1.31%	-3.16%
Total debt to assets ratio	0.54	0.53	0.52	0.56	0.54
% change	2.42%	1.62%	-6.61%	2.69%	-1.97%
Tangible assets \$	\$3,123,600	\$3,350,900	\$3,320,900	\$2,860,000	\$2,500,600
% change	-6.78%	0.90%	16.12%	14.37%	0.21%
Short-term debt \$	\$19,500	\$634,200	\$633,600	\$716,100	\$717,900
% change	-96.93%	0.09%	-11.52%	-0.25%	3,525.76%
Short-term debt % of total debt	0.37%	11.80%	11.79%	12.42%	12.96%
% change	-96.85%	0.12%	-5.10%	-4.13%	3,719.69%
Short-term debt % of working capital	3.08%	107.64%	156.91%	667.38%	-212.33%
% change	-97.14%	-31.40%	-76.49%	414.31%	-4,255.50%
Total liabilities \$	\$8,720,600	\$8,275,500	\$8,398,200	\$7,275,700	\$7,146,500
% change	5.38%	-1.46%	15.43%	1.81%	-4.73%
Total liabilities to equity ratio	8.99	4.37	4.33	2.36	2.32
% change	106.06%	0.87%	83.22%	1.64%	-5.39%
Total debt to EBITDA ratio (annualized)	n/a	6.15	n/a	5.25	4.85
% change	n/a	n/a	n/a	8.17%	-7.14%
Source:	10-K 2/26/2020	10-Q 11/5/2019	10-Q 8/6/2019		

Total liabilities increased on opioid-related litigation and Medicaid lawsuit settlements

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Quick ratio was below 1x for five quarters

Cash & quick ratios were beneath the industry median

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	6/26/2020	3/27/2020	12/27/2019	9/27/2019	6/28/2019
Current assets \$	\$1,954,800	\$1,873,300	\$1,830,700	\$1,661,200	\$1,219,400
% change	4.35%	2.33%	10.20%	36.23%	-1.78%
% of short-term debt	10,024.62%	295.38%	288.94%	231.98%	169.86%
Current liabilities \$	\$1,320,900	\$1,284,100	\$1,426,900	\$1,553,900	\$1,557,500
% change	2.87%	-10.01%	-8.17%	-0.23%	82.38%
Working capital \$	\$633,900	\$589,200	\$403,800	\$107,300	(\$338,100)
% change	7.59%	45.91%	276.33%	131.74%	-187.25%
% of sales (annualized)	22.61%	22.12%	12.54%	3.61%	-10.27%
Cash \$	\$818,300	\$808,000	\$790,900	\$498,800	\$241,100
% change	1.27%	2.16%	58.56%	106.89%	6.78%
% of short-term debt	4,196.41%	127.40%	124.83%	69.66%	33.58%
Cash ratio	0.62	0.63	0.55	0.32	0.15
% change	-1.54%	13.51%	72.68%	107.36%	-41.45%
Quick assets \$	\$1,311,600	\$1,335,200	\$1,368,400	\$1,037,600	\$769,500
% change	-1.77%	-2.43%	31.88%	34.84%	-4.02%
% of short-term debt	6,726.15%	210.53%	215.97%	144.90%	107.19%
Quick ratio	0.99	1.04	0.96	0.67	0.49
% change	-4.50%	8.43%	43.63%	35.13%	-47.37%
Current ratio	1.48	1.46	1.28	1.07	0.78
% change	1.45%	13.70%	20.01%	36.56%	-46.14%
Source:	10-Q 8/4/2020	10-Q 5/6/2020	10-K 2/26/2020	10-Q 11/5/2019	10-Q 8/6/2019

Extremely poor returns on equity

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	13 weeks 6/26/2020	13 weeks 3/27/2020	13 weeks 12/27/2019	13 weeks 9/27/2019	13 weeks 6/28/2019
Return on equity	-49.22%	-2.59%	-37.56%	-0.04%	0.22%
% change	-1,802.78%	93.11%	-104,825.42%	-116.08%	-95.85%
Return on total assets	-9.40%	-0.49%	-11.18%	-0.01%	0.07%
% change	-1,819.53%	95.62%	-104,408.41%	-116.34%	-95.47%
Return on tangible assets	-28.82%	-1.50%	-37.44%	-0.04%	0.27%
% change	-1,815.46%	95.98%	-91,219.76%	-115.06%	-95.53%
Source:	10-Q 8/4/2020	10-Q 5/6/2020	10-K 2/26/2020	10-Q 11/5/2019	10-Q 8/6/2019

YEAR OVER YEAR STATEMENT OF CASH FLOWS

First half bottom line turned into a net loss

Operating cash flow fell by more than half

Statement of Cash Flows - Year-over-Year - Standardized - Year to Date

(Thousands of U.S. Dollars)

Period Ended	26 weeks 6/26/2020	26 weeks 6/28/2019	26 weeks 6/29/2018	26 weeks 6/30/2017	39 weeks 6/24/2016
Cash Flows from Operating Activities:					
Net income	(\$983,300)	\$161,700	(\$2,400)	\$462,000	\$528,700
Depreciation/depletion	439,400	488,600	397,100	406,000	625,000
Deferred taxes	314,100	(271,200)	(101,000)	(157,600)	(324,300)
Non-cash Items	63,900	60,300	(2,600)	(354,900)	(28,900)
Changes in working capital	390,500	28,000	(29,300)	(133,000)	193,900
Total cash from operating activities	224,600	467,400	261,800	222,500	994,400
Cash Flows from Investing Activities:					
Capital expenditures	(31,300)	(77,600)	231,200	475,300	133,500
Other investing cash flow items, total	2,500	8,200	(687,500)	(9,900)	(117,100)
Total cash from investing activities	(28,800)	(69,400)	(456,300)	465,400	16,400
Cash Flows from Financing Activities:					
Financing cash flow items	(28,300)	(18,500)	(36,900)	(32,500)	(53,100)
Issuance/retirement of stock, net	(300)	(2,000)	(56,800)	(376,900)	(593,500)
Issuance/retirement of debt, net	(129,600)	(485,900)	(735,600)	(292,800)	(208,800)
Total cash from financing activities	(158,200)	(506,400)	(829,300)	(702,200)	(855,400)
Foreign exchange effects	(500)	800	(1,200)	1,600	600
Net change in cash	37,100	(107,600)	(1,025,000)	(12,700)	156,000
Net cash-beginning balance	822,600	367,500	1,279,100	361,100	365,900
Net cash-ending balance	\$859,700	\$259,900	\$254,100	\$348,400	\$521,900
Source:	10-Q 8/4/2020	10-Q 8/6/2019	10-Q 8/7/2018	10-Q 8/8/2017	10-Q 8/2/2016

NEWS ALERTS: A TIMELINE OF CONCERNING NEWS ITEMS

<p>Mallinckrodt PLC announced that it had received a subpoena from the SEC for documentation on disputes with the U.S. HHS and CMS concerning pricing on its Acthar® Gel. The notice acknowledged that such disputes could impact the company's ability to continue as a going concern and eventually involve bankruptcy. Any admission of a potential financial restructuring or bankruptcy is a major red flag that should be addressed immediately.</p>		
11/05/2019	CRMZ News Service	Mallinckrodt Says In Aug Co Got Subpoena From US SEC For Documents On Co's Dispute With US HHS, CMS Concerning Manufacturer Price For Co's Acthar Gel
<p>In the following days, management stated that it may be required to file bankruptcy in an effort to contain liabilities associated with the opioid crisis. Furthermore, the company had hired restructuring experts and drew down the remainder of its borrowing base – these events often occur before bankruptcy restructurings.</p>		
11/07/2019	CRMZ News Service	Mallinckrodt Acknowledges Bankruptcy Risk From Opioid Lawsuits
<p>The company announced the results of its debt exchanges for five bonds. All tendered attempts significantly fell short of the total aggregated principal amounts outstanding. In addition, newly issued second lien senior secured notes carried a coupon rate of 10%, well above the rates of the preexisting notes.</p>		
12/05/2019	CRMZ News Service	Mallinckrodt plc Announces Final Results of Exchange Transactions
<p>In an attempt to separate and contain opioid liabilities as well as certain debt maturities, Mallinckrodt contemplated only having its U.S. generics business file for bankruptcy. In the subsequent weeks, however, the company's share price would collapse from approximately \$5/share to only \$1/share following a flurry of negative developments and press.</p>		
02/24/2020	Wall Street Journal	Mallinckrodt considering Chapter 11 bankruptcy protection for generics unit
<p>Q1 2020 filing – The company reported positive adjusted earnings per share, except GAAP earnings indicated a net loss of \$0.60/share, or approximately \$50 million. Most of the net loss was related to a decline in Acthar sales, the company's largest revenue contributor, which decreased by 28% quarter-over-quarter, as well as litigation settlements. Furthermore, management advised that Q2 earnings would also be negatively impacted by the coronavirus pandemic due to stay-at-home government mandates.</p>		
05/05/2020	Reuters	Mallinckrodt Posts Q1 Loss Per Share Of \$0.60
<p>Q2 2020 filing – Management highlighted its drug pipeline advancements in a press release but later stated within the documentation that the company may be required to file for bankruptcy due Acthar® litigation, opioid lawsuits, and the potential risk of being noncompliant with its financial covenants.</p>		
08/04/2020	PRNewswire	Mallinckrodt plc Reports Earnings for the Second Quarter 2020 and Highlights Pipeline Advancements
<p>Insurance Journal reported that Mallinckrodt PLC filed for Chapter 11 in the U.S. Bankruptcy Court for the District of Delaware. It noted that the company's Acthar Gel was originally sold for \$50 per vial in 2001 and sold for \$38,892 in 2019, indicating potential involvement in the practice of drug price gouging. With more than \$8.7 billion of outstanding obligations, management voluntarily entered into a Restructuring Support Agreement.</p>		
10/12/2020	NewsAPI.org	Facing Deceptive Opioid Marketing Suits, Mallinckrodt Files for Bankruptcy

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