Perrigo Company plc

Directors' Report and Consolidated Financial Statements

For the Twelve Months Ended December 31, 2019

Contents

DIRECTORS' REPORT

For the twelve months ended December 31, 2019

Amounts are in millions of dollars unless otherwise indicated.

The directors present their report and audited consolidated financial statements of Perrigo Company plc (the "Company," "we," "our," "us," and similar pronouns) for the twelve months ended December 31, 2019. The consolidated financial statements can be found from pages 63 to 68.

The directors have elected to prepare the consolidated financial statements in accordance with Section 279 of the Companies Act 2014, which provides that a true and fair view of the state of affairs and profit or loss may be given by preparing the financial statements in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP), as defined in section 279(1) of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act 2014. While the financial statements of the Group are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), the directors have elected to prepare the Parent company financial statements in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102").

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of Perrigo Company plc and our majority owned subsidiaries or affiliated companies where we have the ability to control the entity through voting or similar rights.

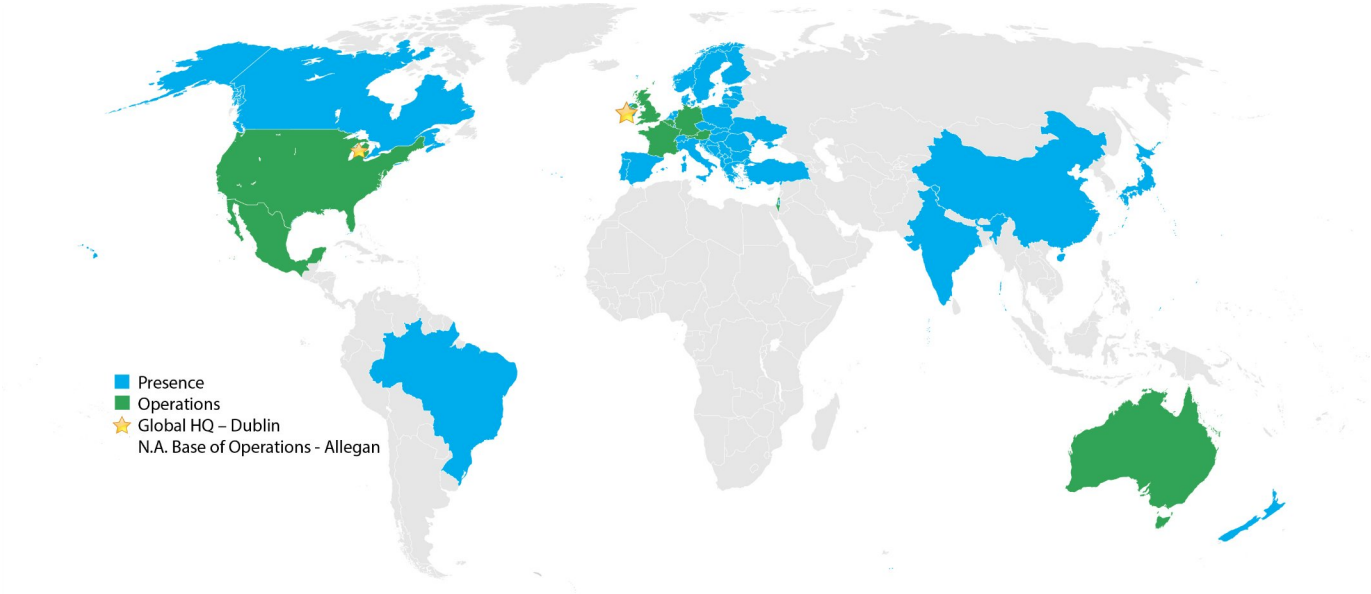
PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

Perrigo Company plc was incorporated under the laws of Ireland on June 28, 2013. We became the successor registrant to Perrigo Company, a Michigan corporation, on December 18, 2013 in connection with the acquisition of Elan Corporation, plc ("Elan"). Unless the context requires otherwise, the terms "Perrigo", the "Company", "we," "our," "us," and similar pronouns used herein refer to Perrigo Company plc, its subsidiaries, and all predecessors of Perrigo Company plc and its subsidiaries.

Who we are

We are dedicated to making lives better by bringing "*Quality, Affordable Self-Care Products™"* that consumers trust everywhere they are sold. We are a leading provider of over-the-counter ("OTC") health and wellness solutions that enhance individual well-being by empowering consumers to proactively prevent or treat conditions that can be self-managed. We are also a leading producer of generic prescription pharmaceutical topical products such as creams, lotions, gels, and nasal sprays. We are headquartered in Ireland and sell our products primarily in North America and Europe as well as in other markets around the world.

Our vision is designed to support our shifting focus to our consumer branded and store brand portfolio and our global reach and the opportunities for growth we see ahead of us, while remaining loyal to our heritage. Our vision represents an evolution from healthcare to self-care, which takes advantage of a massive global trend and opens up a large number of adjacent growth opportunities. We define self-care as not just treating disease or helping individuals feel better after taking a product, but also maintaining and enhancing their overall health and wellness. In 2019, Perrigo's management and Board of Directors launched a three-year strategy to transform the Company into a consumer self-care leader, consistent with our vision. Significant progress was made in the first year of our transformation journey towards achieving the major components of management's transformation strategy, which consists of: reconfiguring the portfolio, delivering on base plans, creating repeatable platforms for growth, driving organizational effectiveness and capabilities, increasing productivity, allocating capital and delivering consistent and sustainable results in line with consumer-packaged goods peers.



Segments

Segment Reporting Change

During the three months ended March 30, 2019, we changed the composition of our operating and reporting segments. We moved our pharmaceuticals and diagnostic businesses in Israel from the Consumer Self-Care International segment to the Prescription Pharmaceuticals segment and we made certain adjustments to our allocations between segments. These changes were made to reflect changes in the way in which management makes operating decisions, allocates resources, and manages the growth and profitability of the Company.

Our new reporting and operating segments are as follows:

- **Consumer Self-Care Americas ("CSCA")**, formerly Consumer Healthcare Americas, comprises our consumer self-care business (OTC, contract manufacturing, infant formula, and oral self-care categories and our divested animal health category) in the U.S., Mexico and Canada.
- **Consumer Self-Care International ("CSCI")**, formerly Consumer Healthcare International, comprises our branded consumer self-care business primarily in Europe and Australia, our consumer-focused business in the United Kingdom and parts of Asia, and our liquid licensed products business in the United Kingdom.
- **Prescription Pharmaceuticals ("RX")** comprises our prescription pharmaceuticals business in the U.S. and our pharmaceuticals and diagnostic businesses in Israel, which were previously in our CSCI segment.

We previously had two legacy segments, Specialty Sciences and Other, which contained our Tysabri® financial asset and active pharmaceutical ingredient ("API") businesses, respectively, which we divested. Following these divestitures, there were no substantial assets or operations left in either of these segments. Effective January 1, 2017, all expenses associated with our former Specialty Sciences segment were moved to unallocated expenses. Financial information related to our business segments can be found in Note 23. Our segments reflect the way in which our management makes operating decisions, allocates resources and manages the growth and profitability of the Company.

Major developments in our business

Ranir Global Holdings, LLC Acquisition

On July 1, 2019, we acquired 100% of the outstanding equity interest in Ranir Global Holdings, LLC ("Ranir"), a privately-held company. After post-closing adjustments, the total cash consideration paid was $747.7 million, net of $11.5 million cash acquired.

Ranir is headquartered in Grand Rapids, Michigan, and is a leading global supplier of private label and branded oral self-care products. This transaction advances our transformation to a consumer-focused, self-care

company while enhancing our position as a global leader in consumer self-care solutions. Ranir operations will be reported in our CSCA and CSCI segments (refer to Note 3).

Planned RX Separation

We previously announced a plan to separate our RX business, which, when completed, will enable us to focus on expanding our consumer-focused businesses. In 2019, we continued preparations related to our planned separation, which may include a possible sale, spin-off, merger or other form of separation. While we remain committed to transforming to a consumer-focused business, we have not committed to a specific date or form for the separation. In connection with the proposed separation, we have incurred significant preparation costs and will continue to incur costs that, when completed, will be in the range of $45.0 million to $80.0 million, excluding restructuring expenses and transaction costs, depending on the timing and final structure of the transaction.

Internal Revenue Service Notice of Proposed Adjustments

On August 22, 2019, we received a draft NOPA from the IRS with respect to our fiscal tax years ended June 28, 2014 and June 27, 2015 relating to the deductibility of interest on $7.5 billion in debts owed to Perrigo Company plc by Perrigo Company, a Michigan corporation and wholly-owned indirect subsidiary of Perrigo Company plc. The debts were incurred in connection with the Elan merger transaction in 2013. The draft NOPA would cap the interest rate on the debts for U.S. federal tax purposes at 130.0% of the Applicable Federal Rate (a blended rate reduction of 4.0% per annum from the rates agreed to by the parties), on the stated ground that the loans were not negotiated on an arms'-length basis. As a result of the proposed interest rate reduction, the draft NOPA proposes a reduction in gross interest expense of approximately $480.0 million for fiscal years 2014 and 2015. If the IRS were to prevail in its proposed adjustment, we estimate an increase in tax expense for such fiscal years of approximately $170.0 million, excluding interest and penalties. In addition, we would expect the IRS to seek similar adjustments for the period from June 28, 2015 through December 31, 2019. If those further adjustments were sustained, based on our preliminary calculations and subject to further analysis, our current best estimate is that the additional tax expense would not exceed $200.0 million, excluding interest and penalties, for the period June 28, 2015 through December 31, 2019. We do not expect any similar adjustments beyond December 31, 2019 as proposed regulations, issued under section 267A of the Internal Revenue Code, would eliminate the deductibility of interest on this debt. We strongly disagree with the IRS position and will pursue all available administrative and judicial remedies. No payment of any amount related to the proposed adjustments is required to be made, if at all, until all applicable proceedings have been completed.

On April 26, 2019, we received a revised NOPA from the IRS regarding transfer pricing positions related to the IRS audit of Athena for the years ended December 31, 2011, 2012 and 2013. The NOPA carries forward the IRS's theory from its 2017 draft NOPA that when Elan took over the future funding of Athena’s in-process research and development after acquiring Athena in 1996, Elan should have paid a substantially higher royalty rate for the right to exploit Athena’s intellectual property, rather than rates based on transfer pricing documentation prepared by Elan's external tax advisors. The NOPA proposes a payment of $843.0 million, which represents additional tax and a 40.0% penalty. This amount excludes consideration of offsetting tax attributes and potentially material interest. We strongly disagree with the IRS position and will pursue all available administrative and judicial remedies, including potentially those available under the U.S. - Ireland Income Tax Treaty to alleviate double taxation. No payment of the additional amounts is required until the matter is resolved administratively, judicially, or through treaty negotiation. While we believe our position to be correct, there can be no assurance of an ultimate favorable outcome, and if the matter is resolved unfavorably it could have a material adverse impact on our liquidity and capital resources.

Irish Tax Appeals Commission Notice of Amended Assessment

On October 30, 2018, we received an audit finding letter from the Irish Office of the Revenue Commissioners (“Irish Revenue”) for the years ended December 31, 2012 and December 31, 2013. The audit finding letter relates to the tax treatment of the 2013 sale of the Tysabri® intellectual property and other assets related to Tysabri® to Biogen Idec from Elan Pharma. The consideration paid by Biogen to Elan Pharma took the form of an upfront payment and future contingent royalty payments. Irish Revenue issued a Notice of Amended Assessment ("NoA") on November 29, 2018, which assesses an Irish corporation tax liability against Elan Pharma in the amount of €1,636 million, not including interest or any applicable penalties.

We disagree with this assessment and believe that the NoA is without merit and incorrect as a matter of law. We filed an appeal of the NoA on December 27, 2018 and will pursue all available administrative and judicial avenues as may be necessary or appropriate. In connection with that, Elan Pharma was granted leave by the Irish High Court on February 25, 2019 to seek judicial review of the issuance of the NoA by Irish Revenue. The judicial review filing is based on our belief that Elan Pharma's legitimate expectations as a taxpayer have been breached, not on the merits of the NoA itself. The High Court has scheduled a hearing in this judicial review proceeding in April 2020, and we would expect a decision in this matter in the second half of 2020. If we are ultimately successful in the judicial review proceedings, the NoA will be invalidated and Irish Revenue will not be able to re-issue the NoA. The proceedings before the Tax Appeals Commission have been stayed until a decision on the judicial review application has been made. If for any reason the judicial review proceedings are ultimately unsuccessful in establishing that Irish Revenue's issuance of the NoA breaches our legitimate expectations, Elan Pharma will reactivate its appeal to challenge the merits of the NoA before the Tax Appeals Commission. While we believe our position to be correct, there can be no assurance of an ultimate favorable outcome, and if the matter is resolved unfavorably it could have a material adverse impact on our liquidity and capital resources (refer to Note 19).

Financial Asset

During the year ended December 31, 2017, we divested the Tysabri® financial asset to Royalty Pharma for $2.2 billion in upfront cash and up to $250.0 million and $400.0 million in milestone payments. We received the $250.0 million royalty payment on February 22, 2019. In order for us to receive the milestone payment related to 2020 of $400.0 million, the payments received by Royalty Pharma from Biogen for Tysabri® sales in 2020 must exceed $351.0 million. The 2018 Royalty Pharma payments from Biogen for Tysabri® were $337.5 million.

We elected to account for the contingent milestone payments using the fair value option method, and these were recorded at an estimated fair value of $134.5 million as of December 31, 2017. Upon Tysabri® meeting the 2018 global net sales threshold we recorded a $170.1 million gain in Change in financial assets. The fair value of the milestone payment related to 2020 is $95.3 million as of December 31, 2019.

New products

We consider a product to be new if it (i) was reformulated, (ii) was a product line extension due to changes in characteristics such as strength, flavor, or color, (iii) had a change in product status from "prescription only" ("Rx") to OTC, (iv) was a new store brand or branded launch, (v) was provided in a new dosage form or (vi) was sold to a new geographic area with different regulatory authorities, in all cases, within 12 months prior to the end of the period for which net sales are being measured. During the year ended December 31, 2019, new product sales were $230.5 million.

Strategy

Our strategy is to make lives better by bringing "*Quality, Affordable Self-Care Products™"* that consumers trust everywhere they are sold. We accomplish this by leveraging our global infrastructure to expand our product offerings, thereby providing new innovative products and product line extensions to existing consumers and servicing new consumers through entry into adjacent product categories or new geographies. We accomplish this strategy by investing in and continually improving all aspects of our five strategic pillars:

- High quality;
- Superior customer service;
- Leading innovation;
- Best cost; and
- Empowered people,

while remaining true to our three core values, Integrity - we do what is right; Respect - we demonstrate the value we hold for one another; and Responsibility - we hold ourselves accountable for our actions.

We utilize shared services and Research and Development ("R&D") centers of excellence in order to help ensure consistency in our processes around the world, and to maintain focus on our five strategic pillars.

We continually reinvest in our R&D pipeline and work with partners as necessary to strive to be first-to-market with new products. Our organic growth has been driven by successful new product launches in all our segments and expansion in new channels like e-commerce. Over time, we expect to continue to grow inorganically through expansion into adjacent products, product categories, and channels, as well as potentially through entry into new geographic markets. We evaluate potential acquisition targets using an internally developed 12-point scale, that is weighted towards accretive growth and correlated with shareholder value.

Competitive Advantage

Our consumer-facing business model combines the unique competencies of a fast-moving consumer goods company and a pharmaceutical manufacturing company with the supply chain breadth necessary to support customers in the markets we serve. These durable business model competencies align with our five strategic pillars and provide us a competitive advantage in the marketplace. We fully integrate quality in our operational systems across all products. Our ability to manage our supply chain complexity across multiple dosage forms, formulations, and stock-keeping units, as well as acquisitions, integrations, and hundreds of global partners provides value to our customers. Product development capacity and life cycle management are at the core of our operational investments. Globally we have 22 manufacturing plants that are all in good regulatory compliance standing and have systems and structures in place to guide our continued success. Our leadership team is fully engaged in aligning all our metrics and objectives around sustainable compliance with industry associations and regulatory agencies.

Among other things, we believe the following give us a competitive advantage and provide value to our customers:

- Leadership in first-to-market product development and product life cycle management;
- Turn-key regulatory and promotional capabilities;
- Management of supply chain complexity and utilizing economies of scale;
- Quality and cost effectiveness throughout the supply chain creating a sustainable, low-cost network;
- Deep understanding of consumer needs and customer strategies;
- Industry leading e-commerce support; and
- Expansive pan-European commercial infrastructure, brand-building capabilities, and a diverse product portfolio.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks Related to Operations

We face vigorous competition from other pharmaceutical and consumer packaged goods companies that may threaten the commercial acceptance and pricing of our products.

We operate in a highly competitive environment. Our products compete against store brand, generic, and branded health and wellness products. Competition is also impacted by changes in regulations and government pricing programs that may give competitors an advantage. If we are unable to compete successfully, our business will be harmed through loss of customers or increased negative pricing pressure that would adversely affect our ability to generate revenue and adversely affect our operating results.

- As a manufacturer of generic versions of brand-name drugs through our CSCA and RX segments, we experience competition from brand-name drug companies that may try to prevent, discourage or delay the use of generic versions through various measures, including introduction of new branded products, legislative initiatives, changing dosage forms or dosing regimens, regulatory processes, filing new patents or patent extensions, lawsuits, citizens' petitions, and negative publicity prior to introduction of a generic product. In addition, brand-name competitors may lower their prices to compete with generic products, increase advertising, or launch, either through an affiliate or licensing arrangements with another company, an authorized generic at or near the time the first generic product is launched, depriving the generic product of potential market exclusivity.
- Our CSCA and RX segments may experience increased price competition as other generic companies produce the same product, sometimes for dramatically lower margins in order to gain market share. Other companies may introduce new drugs and/or drug delivery techniques that make our current products less desirable. A drug may be subject to competition from alternative therapies during the period of patent protection or regulatory exclusivity, and thereafter, we may be subject to further competition from generic products and OTC pharmaceuticals or biosimilars.
- We develop and distribute branded products through our CSCA and CSCI segments. We experience competition from other brand-name companies, many of which are larger and have more resources to devote to advertising and marketing. These direct competitors may be able to adapt more quickly to changes in customer requirements. Our current and future competitors may develop products comparable or superior to those offered by us at more competitive prices.
- Our CSCA and RX segments also experience competition from generic drug manufacturers, some of whom are significantly larger than we are, who may develop their products more rapidly or complete regulatory approval processes sooner, or may market their products earlier than we do.

If we do not continue to develop, manufacture, and market innovative products, introduce new line extensions, or expand into adjacent categories that meet customer demands, we may lose market share and our net sales may be negatively impacted.

Our continued growth is due in large part to our ability to develop, manufacture, and market products that meet customer requirements for quality, safety, efficacy, and cost effectiveness. Continuous introductions of new products and product categories are critical to our business. If we do not continue to develop, manufacture, and market new products, we could lose market share, and our net sales may be negatively impacted.

- We maintain a diversified product line to function as a primary supplier for our customers. Capital investments are driven by growth, technological advancements, cost improvement and the need for manufacturing flexibility. Our future capital expenditures could vary materially due to the uncertainty of these factors. In addition, if we fail to stay current with the latest manufacturing, information and packaging technology, we may be unable to competitively support the launch of new product introductions.
- Our product margins may decline over time due to our products' aging life cycles, changes in consumer choice, changes in competition for our existing products, or the introduction of next generation innovative products; therefore, new product introductions are necessary to maintain our current financial condition. If

we are unable to continue to create new products, we may lose market share or experience pricing pressure, and our net sales may be negatively impacted.

- We must prove that the regulated generic drug products in our CSCA and RX segments are bioequivalent to their branded counterparts, which may require bioequivalence studies, and in the case of topical products, even more extensive clinical endpoint trials to demonstrate their efficacy. The development and commercialization process, particularly with respect to innovative products, is both time consuming and costly, and subject to a high degree of business risk. Products currently under development may require re-design to meet evolving FDA standards, may not perform as expected, may not pass required bioequivalence studies, or may be the subject of intellectual property challenges. Necessary regulatory approvals may not be obtained in a timely manner, if at all. Any of these events may negatively impact our net sales.
- Even if we are successful in developing a product, our customers' failure to launch one of our products successfully, or delays in manufacturing developed products, could adversely affect our operating results. In addition, the FDA or similar regulatory agency could impose higher standards and additional requirements, such as requiring more supporting data and clinical data than previously required, in order to gain regulatory clearance to launch new formulations into the market, which could negatively impact our future net sales.

Our CSCA and CSCI segments are impacted by changes in consumer preferences. If we are unable to adapt to these changes, we may lose market share and our net sales may be negatively impacted.

Consumer preferences related to health and nutritional concerns may change, which could negatively impact demand for our CSCA and CSCI products or cause us to incur additional costs to change our products or product packaging.

- The future growth and stability of U.S. store brand market share can be impacted, in part, by general economic conditions, which can influence consumers to switch to and from store brand products. Our CSCA segment sales could be negatively affected if economic conditions improve and consumers return to purchasing higher-priced brand-name products. Conversely, while store brand products present an alternative to higher-priced branded products, if economic conditions deteriorate, our CSCA segment sales could be negatively impacted if consumers forgo obtaining healthcare or reduce their healthcare spending.
- Our CSCI segment's success is dependent on the continued growth in demand for its healthy lifestyle products, which includes products for weight management and well-being and smoking cessation. If demand for products in this category decreases, our CSCI segment's results of operations would be negatively impacted.
- Our CSCA customers may request changes in packaging to meet consumer demands, which could cause us to incur inventory obsolescence charges and redesign costs, which in turn would negatively impact our CSCA segment's results of operations.
- Our nutritional product category within our CSCA segment is subject to changing consumer preferences and health and nutrition-related concerns. Our business depends, in part, on consumer preferences and choices, including the number of mothers who choose to use infant formula products rather than breastfeed their babies. To the extent that private, public, and government sources may promote the benefits of breastfeeding over the use of infant formula, there could be a reduced demand for infant formula products. We could also be adversely impacted by an increase in the number of families that are provided with infant formula by the U.S. federal government through the Women, Infants and Children program, as we do not participate in this program.

We operate in highly regulated industries, and any inability to timely meet current or future regulatory requirements could have a material adverse effect on our business, financial position, and operating results.

We are subject to the regulations of a variety of U.S. and non-U.S. agencies related to the manufacturing, processing, formulation, packaging, labeling, testing, storing, distribution, advertising, and sale of our products. Changes in existing regulations or the adoption of new regulations in the countries in which we operate could impose restrictions or delays on our ability to manufacture, distribute, sell or market our products, may be difficult or expensive for us to comply with, and may adversely affect our revenue, results of operations, and financial condition. Below are some of the ways in which government regulation could impact our business and/or financial results:

- We must obtain approval from the appropriate regulatory agencies in order to manufacture and sell our products in the regions in which we operate. Obtaining this approval can be time consuming and costly. There can be no assurance that, in the event we submit an application for a marketing authorization to any global regulatory agency, we will obtain the approval to market a product and/or that we will obtain it on a timely basis. Laws unique to the U.S. regulatory framework encourage generic competition by providing eligibility for first generic marketing exclusivity if certain conditions are met. If we are granted generic exclusivity, the exclusivity may be shared with other generic companies, including authorized generics; or it is possible that we may forfeit 180-day exclusivity if we do not obtain regulatory approval or begin marketing the product within the statutory requirements. Finally, if we are not the first to file our ANDA, the FDA may grant 180-day exclusivity to another company, thereby effectively delaying the launch of our product and/or possibly reducing our market share.
- Global regulatory agencies regularly inspect our manufacturing facilities and the facilities of our third-party suppliers. The failure of one of our facilities, or a facility of one of our third-party suppliers, to comply with applicable laws and regulations may lead to a breach of representations made to our customers, or to regulatory or government action against us related to the products made in that facility. Such action could include suspension of or delay in regulatory approvals. If the compliance violations are severe, agencies of the government may initiate product seizure, injunction, recall, suspension of production or distribution of our products, loss of certain licenses or other governmental penalties, or civil or criminal prosecution, thereby impacting the reputation of all of our products.
- In the U.S., the DSCSA requires development of an electronic pedigree to track and trace each prescription drug at the salable unit level through the distribution system, which is being implemented incrementally over a 10-year period beginning on January 1, 2015, for manufacturers, wholesale distributors, and re-packagers, and on July 1, 2015 for dispensers. Compliance with the U.S. electronic pedigree requirements has and will continue to increase our operational expenses and impose significant administrative burdens.
- The European Commission passed legislation requiring new product packaging ‘safety features’ to prevent falsification of medicinal products primarily within the prescription medicines sector. All marketing authorization holders in the EU member states and EEA members Norway, Iceland, Liechtenstein and Switzerland were required to introduce the necessary changes by February 9, 2019 (or risk forfeiting their product licenses). However, manufacturers based out of Greece, Belgium and Italy have an extended timeline until February 9, 2025 to implement the serialization guidelines as they already feature similar requirements on their current drug packages. Compliance with the EU electronic pedigree requirements has and will continue to increase our operational expenses and impose significant administrative burdens.
- Global regulatory agencies highly scrutinize any product application submitted to switch a product from physician prescribed Rx to unsupervised OTC use by the general public. The expansion of Rx-to-OTC switches is critical to our future growth. Reluctance of regulatory agencies to approve Rx-to-OTC switches in new product categories could impact that growth. Further, regulatory agencies can reassess the terms of OTC classification if they perceive a shift in the previously assessed benefit/risk profile. Any such reassessment may lead to OTC products reverting to prescription.
- Our infant formula products may be subject to barriers or sanctions imposed by countries or international organizations limiting international trade and dictating the specific content of infant formula products. Governments could enhance regulations on the industry aimed at ensuring the safety and quality of dairy products, including but not limited to, compulsory batch-by-batch inspection and testing for additional safety and quality issues. Such inspections and testing may increase our operating costs related to infant formula products.

- If we are unable to successfully obtain the necessary quota for controlled substances and List I chemicals, we risk having delayed product launches or failing to meet commercial supply obligations. If we are unable to comply with regulatory requirements for controlled substances and List I chemicals, the DEA, or similar regulatory agency, may take regulatory actions, resulting in temporary or permanent interruption of distribution of our products, withdrawal of our products from the market, or other penalties.
- In order to commercially distribute our medical device products in the EU, they need to conform with the requirements of applicable EU directives. The method of assessing conformity varies depending on the class of the product, but normally involves a combination of self-assessment by the manufacturer and a third-party assessment by a notified body, an organization accredited by a member state, which includes an audit of the manufacturer's quality system and, for some products, specific product testing. If our products fail to meet the applicable EU directives, then we may not meet our projected growth targets and/or incur fines and penalties.
- Complying with the legislative framework for cosmetics and food supplements in the EU remains challenging as a result of changing EU regulations, diverging national regulations from EU regulations, and diverging regulations between EU member states. If our products fail to meet the applicable EU and/or national regulations, then we may not meet our projected growth targets and/or incur fines and penalties.
- Beginning on May 26, 2024, all medical devices sold in the EU will need to be approved under the MDR. Only notified bodies that have been designated under the MDR can carry out conformity assessment procedures, and only for certain types of devices listed by the product codes in their designation. This designation process is a lengthy and costly process, resulting in a shortage of certified notified bodies. If we fail to secure a notified body certified under MDR, this will impact our ability to keep our medical devices in the EU market. Without required approval for our medical devices under MDR, we are not permitted to sell such medical devices in the EU.
- Our operations extend to numerous countries outside the U.S. and are subject to the risks inherent in conducting business globally and under the laws, regulations, and customs of various jurisdictions. These risks include compliance with a variety of national and local laws of countries in which we do business, such as restrictions on the import and export of certain intermediates, drugs, technologies and marking of the country of origin on products imported to the U.S. We must also comply with a variety of U.S. laws related to doing business outside of the U.S., including but not limited to, Office of Foreign Asset Controls; United Nations and EU sanctions; the Iran Threat Reduction and Syria Human Rights Act of 2012; rules relating to the use of certain "conflict minerals" under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act; and regulations enforced by the U.S. Customs and Border Patrol**.** Further changes in laws, regulations, and practices affecting the pharmaceutical industry and the healthcare system, including imports, exports, manufacturing, quality, cost, pricing, reimbursement, approval, inspection, and delivery of healthcare, may affect our business and operations.

Continuing healthcare reforms and related changes to reimbursement methods in and outside of the United States may have an adverse effect on our financial condition and results of operations.

Increasing healthcare expenditures have received considerable public attention in many of the countries in which we operate. In the U.S., government programs such as Medicare and Medicaid, as well as private insurers, have been focused on cost containment. In some markets in the EU and outside the U.S., the government provides healthcare at low direct cost to consumers and regulates pharmaceutical prices or patient reimbursement levels to control costs for the government-sponsored healthcare system. Both private and governmental entities are seeking ways to reduce or contain healthcare costs. For example, the proposed Affordable Drug Manufacturing Act would create a new office within the U.S. Department of Health and Human Services tasked with manufacturing certain generic drugs to be offered directly to consumers. It is unclear if this proposed legislation will be enacted, but these or similar legislative or regulatory efforts could place further pricing pressure on our products and could negatively impact our results of operations.

Our RX segment in particular could be materially adversely impacted by measures taken by governmental entities or private insurers to restrict patients' access to our products or increase pressure on drug pricing, including denial of price increases, prospective and retrospective price decreases, and increased mandatory discounts or rebates. These actions may drive us and our competitors to decrease prices or may reduce the ability of customers to pay for our products, which could materially negatively impact the RX segment's results of operations.

If we fail to comply with the reporting and payment obligations under the Medicaid rebate program or other governmental purchasing and rebate programs, we could be subject to fines or penalties, which could have an adverse effect on our financial condition and results of operations.

We have entered into various government drug pricing agreements with the U.S. government. There are inherent risks associated with participating in these programs, including the following:

- By their nature, these programs require us to provide discounts and rebates and therefore reduce our net product revenue. Further, because the amounts of these discounts are based on our commercial sales practices and can be adversely affected by both significant discounts and price increases, it is important that we maintain pricing practices that appropriately take into account these government pricing programs.
- We are required to report pricing data to CMS, including AMP, on a monthly and quarterly basis and BP and ASP on a quarterly basis. We also are required to report quarterly and annual Non-FAMPs to the VA. If we fail to submit required information on a timely basis, make misrepresentations, or knowingly submit false information to the government as to AMP, ASP, or BP, we may be liable for substantial civil monetary penalties or subject to other enforcement actions, such as under the False Claims Act, and CMS may terminate our Medicaid drug rebate agreement. In that event, U.S. federal payments may not be available under Medicaid or Medicare Part B for our covered outpatient drugs.
- Because many of our products may be subject to Medicaid FULs or CMS's Medicaid "actual acquisition cost" payment methodology standard, our products may be subject to reimbursement pressures, and in some cases, those pressures may result from practices outside of our control, including how our competitors price their equivalent products. States are continuing to evaluate their payment methods, and we cannot predict how the FUL or state payment methodologies will affect our pharmacy customers or to what extent these customers may seek additional discounts in light of reimbursement changes in the future. We also cannot predict how the sharing of FUL data and retail survey prices may impact competition in the marketplace in the future.
- Under the 340B program, if we fail to provide required discounts to covered entities, including in connection with the revision of AMP or BP data, we may be subject to refund claims or civil monetary penalties under that program pursuant to new program regulations that became effective January 1, 2019.
- If we inadvertently overcharge the government in connection with our FSS contract or TriCare Agreement, whether due to a misstated FCP or otherwise, we would be required to refund the difference. Failure to make necessary disclosures and/or to identify contract overcharges can result in False Claims Act allegations or potential violations of other laws and regulations. Unexpected refunds to the government, and responses to a government investigation or enforcement action, are expensive and time-consuming, and could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.
- Our reporting and payment obligations under the Medicaid rebate program and other governmental purchasing and rebate programs are complex and may involve subjective decisions. Our calculations and methodologies are subject to review by the governmental agencies, and it is possible that these reviews could result in challenges to our submissions. If we do not comply with those reporting and payment obligations, we could be subject to civil and/or criminal sanctions, including fines, penalties, and possible exclusion from U.S. federal healthcare programs.

Lack of availability, or significant increases in the cost, of raw materials used in manufacturing our products could adversely impact our profit margins and operating results.

Affordable high quality raw materials and packaging components are essential to all of our business units due to the nature of the products we manufacture. In addition, maintaining good supply relationships is essential to our ongoing operations.

- We maintain several single-source supplier relationships, either because alternative sources are not available or because the relationship is advantageous due to regulatory, performance, quality, support, or price considerations. Unavailability or delivery delays of single-source components or products could adversely affect our ability to ship the related product in a timely manner. The effect of unavailability or delivery delays would be more severe if associated with our higher-volume or more profitable products. Even where alternative sources of supply are available, qualifying the alternate suppliers and establishing

reliable supplies could cost more or result in delays and a loss of net sales. Additionally, global regulatory requirements for obtaining product approvals could substantially lengthen the approval of an alternate material source. As a result, the loss of a single-source supplier could have a material adverse effect on our results of operations.

- The rapid increase in cost of many raw materials from inflationary forces, such as increased energy costs, and our ability or inability to pass on these increases to our customers could have a negative material impact on our financial results.
- Our infant formula products require certain key raw ingredients that are derived from raw milk, such as skim milk powder, whey protein powder, and lactose. Our supply of milk-based ingredients may be limited by the ability of individual dairy farmers and cooperatives to provide raw milk in the amount and quality we deem necessary. Raw milk production is influenced by factors beyond our control including seasonal and environmental factors, governmental agricultural and environmental policy, and global demand. We cannot guarantee that there will be sufficient supplies of these key ingredients necessary to produce infant formula.
- Our products, and the raw materials used to make the products mentioned above, generally have limited shelf lives. Our inventory levels are based, in part, on expectations regarding future sales. We may experience build-ups in inventory if sales slow. Any significant shortfall in sales may result in higher inventory levels of raw materials and finished products, thereby increasing the risk of inventory spoilage and corresponding inventory write-downs and write-offs. Cargo thefts and/or diversions and economically or maliciously motivated product tampering on store shelves may occur, causing unexpected shortages and harm to our reputation, which may have a material impact on our operations.
- We rely on third parties to source many of our raw materials, as well as to manufacture certain dosage forms such as sterile, injectable products that we distribute. We maintain a strict program of verification and product testing throughout the ingredient sourcing and manufacturing process to identify potential counterfeit ingredients, adulterants, and toxic substances. Nevertheless, discovery of previously unknown problems with the raw materials or product manufacturing processes, or new data suggesting an unacceptable safety risk associated therewith, could result in a voluntary or mandatory withdrawal of the contaminated product from the marketplace, either temporarily or permanently. Any future recall or removal would result in additional costs and lost revenue, harm our reputation, and may give rise to product liability litigation.
- Changes in regulation could impact the supply of the API and certain other raw materials used in our products. For example, the EU recently promulgated new standards requiring all API imported into the EU be certified as complying with GMP established by the EU. The regulations placed the certification requirement on the regulatory bodies of the exporting countries, which led to an API supply shortage in Europe as certain governments were not willing or able to comply with the regulation in a timely fashion, or at all. A shortage in API or other raw ingredients could cause us to have to cease manufacture of certain products, or to incur costs and delays to qualify other suppliers to substitute for those API manufacturers who are unable to export. This could have a material adverse effect on our business, results of operations, financial condition, and cash flow.

A disruption at any of our main manufacturing facilities could materially and adversely affect our business, financial position, and results of operations.

Our manufacturing operations are concentrated in a few locations. A significant disruption at one or more of these facilities, whether it be due to fire, natural disaster, power loss, intentional acts of vandalism, climate change, war, terrorism, insufficient quality, or pandemic could materially and adversely affect our business.

Additionally, regulatory authorities routinely inspect all of our manufacturing facilities for cGMP compliance. While our manufacturing sites are cGMP compliant, if a regulatory authority were to identify serious adverse findings not corrected upon follow up inspections, we may be required to issue product recalls, shutdown manufacturing facilities, and take other remedial actions. If any manufacturing facility were forced to cease or limit production, our business could be adversely affected.

Any breach, disruption or misuse of our or our external business partners' information systems or cyber security efforts could have a material adverse effect on our business.

We are increasingly dependent upon information technology systems to operate our business. Our systems, information and operations are highly complex and interrelated with our external business partners. These systems may contain confidential information (including personal data, trade secrets or other intellectual property, or proprietary business information). The nature of digital systems, both internally and externally, makes them potentially vulnerable to disruption or damage from human error and/or security breaches, which include, but are not limited to, ransomware, data theft, denial of service attacks, sabotage, industrial espionage, and computer viruses. Such events may be difficult to detect, and once detected, their impact may be difficult to assess and address.

Cyber attacks have become increasingly common for us and our external business partners, and we have experienced immaterial business disruption and data loss as a result of phishing, business email compromise and other types of attacks on our information technology systems and those of our external business partners. While we continue to employ resources to monitor our systems and protect our infrastructure, these measures may prove insufficient depending upon the attack or threat posed, and that could subject us to significant risks, including, without limitation:

- Ransomware attacks, other cyber breaches or disruptions that impair our ability to develop products, meet regulatory approval requirements or deadlines, produce or ship products, take or fulfill orders, and/or collect or make payments on a timely basis;
- System issues, whether as a result of an intentional breach or a natural disaster, that damage our reputation and cause us to lose customers, experience lower sales volume, and/or incur significant liabilities;
- Significant expense to remediate the results of any attacks or breaches and to ensure compliance with any required disclosures mandated by the numerous global privacy and security laws and regulations; and
- Interruptions, security breaches, or loss, misappropriation, or unauthorized access, use or disclosure of confidential information,

which, individually or collectively, could result in financial, legal, business or reputational harm to us and could have a material adverse effect on our business, financial condition and results of operations.

In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, power outages, systems failures and viruses. If we are unable to execute our disaster recovery and business continuity plans, or if our plans prove insufficient for a particular situation or take longer than expected to implement in a crisis situation, it could have a material adverse effect on our business, financial condition and results of operations, and our business interruption insurance may not adequately compensate us for losses that may occur.

We are also subject to numerous laws and regulations designed to protect personal data, such as the California Consumer Privacy Act and national laws implementing the GDPR. These data protection laws introduced more stringent data protection requirements and significant potential fines, as well as increased our responsibility and potential liability in relation to personal data that we process. We have put mechanisms in place to ensure compliance with applicable data protection laws but there can be no guarantee of their effectiveness.

Our business depends upon certain customers for a significant portion of our sales, therefore our business would be adversely affected by a disruption of our relationship with these customers or any material adverse change in these customers' businesses.

Sales to our largest customer, Walmart, comprised approximately 13.0% of our net sales for the year ended December 31, 2019. While no other customer individually comprised more than 10% of net sales, we do have other significant customers. If our relationship with Walmart or any of our other significant customers, including the terms of doing business with the customers, changes significantly, it could have a material adverse impact on us.

Many of our customers, which include major global, national, and regional retail drug, supermarket, and mass merchandise chains, major wholesalers, sourcing groups, hospitals, pharmacies, and drug and grocery stores located primarily in Europe, continue to merge or consolidate. Such consolidation has provided, and may continue to provide, customers with additional purchasing leverage, and consequently may increase the pricing pressures we face. The emergence of large buying groups representing independent retail pharmacies enable those groups to extract price discounts on our products. In addition, several of our customers have instituted sourcing programs limiting the number of suppliers of generic pharmaceutical products carried by that customer. These developments have resulted in heightened pricing pressure on our products, as well as competition among generic drug producers for business from a smaller and more selective customer base.

Additionally, if we are unable to maintain adequately high levels of customer service over time, customers may choose to assess penalties, obtain alternate sources for products, and/or end their relationships with us.

Although we have divested our rights to the Tysabri® royalty stream, we are entitled to an additional milestone payment if a certain specified threshold is met, and any negative developments related to Tysabri® could have a material adverse effect on our potential receipt of this payment.

During the year ended December 31, 2017, we divested the Tysabri® financial asset to Royalty Pharma for $2.2 billion in upfront cash and up to $250.0 million and $400.0 million in milestone payments. We received the $250.0 million royalty payment on February 22, 2019. In order for us to receive the milestone payment related to 2020 of $400.0 million, the payments received by Royalty Pharma from Biogen for Tysabri® sales in 2020 must exceed $351.0 million. The 2018 Royalty Pharma payments from Biogen for Tysabri® were $337.5 million.

We elected to account for the contingent milestone payments using the fair value option method, and these were recorded at an estimated fair value of $134.5 million as of December 31, 2017. Upon Tysabri® meeting the 2018 global net sales threshold we recorded a $170.1 million gain in Change in financial assets. The fair value of the milestone payment related to 2020 is $95.3 million as of December 31, 2019. Our receipt of the milestone payment related to 2020 may be negatively impacted if the royalty stream decreases and is insufficient to meet the specified thresholds. Given the fact that the milestone payment related to 2020 is recorded at fair value, if it is determined that Tysabri® global sales levels do not meet specific thresholds, we would recognize a material charge in the Consolidated Statement of Operations. Factors that may have an adverse effect on the Tysabri® royalty stream include:

- Companies working to develop new therapies or alternative formulations of products for multiple sclerosis that, if successfully developed, would compete with, or could gain greater acceptance than, Tysabri® and damage its market share. For example, in February 2016, a competitor's pipeline product, Ocrevus®, received breakthrough therapy designation from the FDA, and this product was launched in 2017. The product competes with Tysabri® and could have a significant negative impact on the Tysabri® royalty stream;
- Biogen is the owner of the patents on Tysabri®. The loss of protection of these patents, such as a patent invalidation, could adversely affect the royalty stream from Tysabri®. In addition, once the Tysabri® patents expire, other generic companies may introduce products similar to Tysabri® that could adversely affect the royalty stream;
- Foreign currency movement, which could have a negative impact on Royalty Pharma's Tysabri® sales, thereby reducing the royalties;
- Any negative developments relating to Tysabri®, such as safety, efficacy, or reimbursement issues, could reduce demand for Tysabri®; and
- Adverse regulatory or legislative developments could limit or prohibit the sale of Tysabri®, such as restrictions on the use of Tysabri® or safety-related label changes, including enhanced risk management programs, which may significantly reduce expected royalty revenue and require significant expense and management time to address the associated legal and regulatory issues.

Additionally, Tysabri® sales growth cannot be assured given the significant restrictions on its use and the significant safety warnings on the label, including the risk of developing Progressive Multifocal Leukoencephalopathy ("PML"), a serious brain infection. The risk of developing PML may increase with prior immunosuppressant use, longer treatment duration, or the presence of certain antibodies. Increased incidence of

PML could limit sales growth, prompt regulatory review, require significant changes to the label, or result in market withdrawal. In addition, the result of ongoing or future clinical trials involving Tysabri® or other adverse events reported in association with the use of Tysabri® may have an adverse impact on prescribing behavior and reduce sales of Tysabri®.

Furthermore, there can be no assurance that Royalty Pharma will pay the 2020 milestone payment even if the specified thresholds are met.

We are dependent on the services of certain key members of management. Our inability to successfully manage transition, or the failure to attract and retain other key members of management, may have a material adverse impact on our results of operations.

We are dependent on the services of certain key employees, and our future success will depend in large part upon our ability to attract and retain highly skilled employees. Key functions for us include executive managers, operational managers, R&D scientists, information technology specialists, financial and legal specialists, regulatory professionals, quality compliance specialists, and sales/marketing personnel. If we are unable to attract or retain key qualified employees, our future operating results may be adversely impacted.

Management transition creates uncertainties, and any difficulties we experience in managing such transitions may negatively impact our business.

On February 7, 2020, we announced the retirement of Jeff Needham and appointed Rich Sorota as the Executive Vice President and President of CSCA effective March 23, 2020. Changes in executive management create uncertainty. Moreover, changes in our company as a result of management transition could have a disruptive impact on our ability to implement, or result in changes to, our strategy and could negatively impact our business, financial condition and results of operations.

Unfavorable publicity or consumer perception of the safety, quality, and efficacy of our products could have a material adverse impact on our business.

We are dependent upon consumers' perception of the safety, quality, and efficacy of our products, and may be affected by changing consumer preferences. Negative consumer perception may arise from media reports, product liability claims, regulatory investigations, or recalls, regardless of whether they involve us or our products. The mere publication of information asserting defects in products or ingredients, or concerns about our products or the materials used in our products, could discourage consumers from buying our products, regardless of whether such information is scientifically supported.

- Our products involve risks such as product contamination, spoilage, mislabeling, and tampering that could require us to recall one or more of our products. Serious product quality concerns could also result in governmental actions against us that, among other things, could result in the suspension of production or distribution of our products, product seizures, loss of certain licenses, delays in the issuance of governmental approvals for new products, or other governmental penalties, all of which could be detrimental to our reputation and reduce demand for our products.
- We cannot guarantee that counterfeiting, imitation or other tampering with our products will not occur or that we will be able to detect and resolve it. Any counterfeiting or contamination of any products could negatively impact our reputation and sales, particularly if counterfeit or imitation products cause death or injury to consumers.
- Many of the brands we acquired from Omega Pharma Invest N.V ("Omega") have European recognition. This recognition is the result of the large investments Omega made (and we continue to make) in its products over many years. The quality and safety of the products are critical to our business. If we are unable to effectively manage real or perceived issues, including concerns about safety, quality, efficacy, or similar matters, sentiments toward us and our products could be negatively impacted.
- Our CSCI segment's financial success is dependent on the success of its brands, and the success of these brands can suffer if marketing plans or product initiatives do not have the desired impact on a brand’s image or its ability to attract consumers, and the performance of the segment may be negatively impacted if spending on such plans and initiatives does not generate the returns we anticipate. In addition, given the association of individual products within the commercial network of our CSCI segment, an issue with one of

our products could negatively affect the reputation of other products, thereby potentially hurting our financial results.

- Powdered infant formula products are not sterile. All of our infant formula products must be prepared and maintained according to label instruction to retain their flavor and nutritional value and avoid contamination or deterioration. Depending on the product, a risk of contamination or deterioration may exist at each stage of the production cycle, including the purchase and delivery of raw materials, the processing and packaging of food products, and the use and handling by consumers, hospital personnel, and healthcare professionals. If certain of our infant formula products are found or alleged to have suffered contamination or deterioration, whether or not under our control, our reputation and our infant formula product category sales could be materially adversely affected.

Increasing use of social media could give rise to liability, breaches of data security, or reputation damage.

The Company and our employees increasingly utilize social media as a means of internal and external communication.

- To the extent that we seek to use social media tools to communicate about our products and/or business, there are uncertainties as to the rules that apply to such communications, or as to the interpretations that authorities will apply to the rules that exist. As a result, despite our efforts to monitor evolving social media communication guidelines and comply with applicable rules, there is risk that our use of social media for such purposes may cause us to be found in violation of them. A violation of such guidelines may damage our reputation as well as cause potential lawsuits and adversely affect our operating activities.
- Our employees may knowingly or inadvertently make use of social media tools in ways that may not be aligned with our social media strategy, may give rise to liability, or could lead to the loss of trade secrets or other intellectual property, or public exposure of personal information (including sensitive personal information) of our employees, clinical trial patients, customers, and others.
- Negative posts or comments about us, store brands or generic pharmaceuticals, or our products in social media could seriously damage our reputation and could adversely affect our business. In addition, negative posts or comments about our products could result in increased pharmacovigilance reporting requirements, which may give rise to liability if we fail to fully comply with such requirements.

Our quarterly results are impacted by several factors, some of which are beyond the control of our management, that may result in significant quarter-to-quarter fluctuations in operating results.

Some of the factors that may impact our quarterly results include, but are not limited to, the severity, length and timing of the cough/cold/flu and allergy seasons, the timing of new product approvals and introductions by us and our competitors, price competition, changes in the regulatory environment, changes in accounting pronouncements, changes in the levels of inventories maintained by our customers, and the timing of retailer promotional programs. These and other factors may result in significant variations in our operating results from quarter to quarter.

We may not be able to sustain or improve operating results in our business segments.

Several factors may impact our ability to sustain or improve the operating results of our business segments. These factors include but are not limited to, the continued impact of pricing pressure, the success of new product launches, the impact of manufacturing disruptions or delays, and the success of strategic improvement initiatives. There can be no assurance that we will not continue to experience challenges related to our segments, and these challenges could have a material impact on our business, cash flows, and results of operations or result in impairment charges, and the market value of our ordinary shares and/or debt securities may decline.

We may not realize the benefits of business acquisitions and divestitures we enter into, which could have a material adverse effect on our operating results.

In the normal course of business, we engage in discussions relating to possible acquisitions and divestitures. These transactions are accompanied by several risks. Many of these risks are beyond our control, and any one of them could result in increased cost, decreased net sales and diversion of management’s time and energy, any or all of which could materially impact our business, financial condition, and results of operations.

Acquisitions

One of our strategies is inorganic growth through the acquisition of products and companies that we expect will benefit the Company. This strategy comes with several financial, managerial, and operational risks. We may not realize the benefits of an acquisition because of integration and other challenges, including, but not limited to the following:

- Difficulty involved with managing the expanded operations of the respective parties, as well as identifying the extent of all weaknesses, risks, and contingent and other liabilities;
- Uncertainties involved in assessing the value, strengths, and potential profitability of the respective parties, as well as identifying the extent of all weaknesses, risks, and contingent and other liabilities of acquisition targets;
- Unanticipated changes in the business, industry, market or general economic conditions different from the assumptions underlying our rationale for pursuing the transaction;
- Difficulties due to a lack of, or limited experience in, any new product or geographic markets we enter;
- Inability to achieve identified operating and financial synergies, or return on investment, from an acquisition in the amounts or on the time frame anticipated;
- Substantial demands on our management, operational resources, technology, and financial and internal control systems, which could lead to dissatisfaction and potential loss of key customers, management, or employees;
- Integration activities that may detract attention from our day-to-day business, and substantial costs associated with the transaction process or other material adverse effects as a result of these integration efforts; and
- Difficulties, restrictions or increased costs associated with raising future capital in connection with an acquisition may impact our liquidity, credit ratings and financial position, thereby making it more difficult, restrictive or expensive to raise future capital. In addition, the issuance of equity to pay a portion of the purchase price for an acquisition would dilute our existing shareholders.

Divestitures

We may evaluate potential divestiture opportunities with respect to portions of our business (including specific assets or categories of assets) from time to time, and may proceed with a divestiture opportunity if and when we believe it is consistent with our business strategy and initiatives. Any future divestitures could expose us to significant risk, including without limitation:

- Our ability to effectively transfer liabilities, contracts, facilities and personnel to any purchaser;
- Fees for legal and transaction-related services;
- Diversion of management resources; and
- Loss of key personnel and reduction in revenue.

If we do not realize the expected strategic, economic or other benefits of any divestiture transaction, it could adversely affect our financial condition and results of operations.

The plan to separate our RX business is contingent upon several conditions, is subject to change in form or timing, may not achieve the intended benefits, and could adversely affect our business and financial condition.

On August 9, 2018, we announced a plan to separate our RX business, which, when completed, will enable us to focus on expanding our consumer-focused businesses. In 2019, we continued preparations related to our planned separation, which may include a possible sale, spin-off, merger or other form of separation. While we remain committed to transforming to a consumer-focused business, we have not committed to a specific date or form for the separation.

The separation of the RX business could impact our ability to retain key employees, comply with existing debt arrangements, maintain our credit ratings and raise future capital. Further, even if the separation is completed, we may not achieve the anticipated operational, financial, strategic or other benefits of the separation. After the separation, the combined value and financial performance of the Company and RX business may not equal the value and financial performance of the Company had the separation not occurred.

In connection with the proposed separation, we have incurred significant preparation costs and will continue to incur costs that, when completed, will be in the range of $45.0 million to $80.0 million, excluding restructuring expenses and transaction costs, depending on the final timing and structure of the transaction. In addition, completion of the separation will require a significant amount of management time and effort, which may disrupt our business or otherwise divert management's attention from other aspects of our business, including our other strategic initiatives, possible organic or inorganic growth opportunities, and customer and vendor relationships. Any of the foregoing risks could adversely affect our business, results of operations, liquidity, and financial condition.

Our business could be negatively affected by the performance of our collaboration partners and suppliers.

We have entered into strategic alliances with partners and suppliers to develop, manufacture, market and/or distribute certain products, or components of our products in various markets. We commit substantial effort, funds and other resources to these various collaborations. There is a risk that our investments in these collaborative arrangements will not generate financial returns. While we believe our relationships with our partners and suppliers generally are successful, disputes, conflicting priorities or regulatory or legal intervention could be a source of delay or uncertainty as to the expected benefit of the collaboration (refer to Note 22). A failure or inability of our partners or suppliers to fulfill their collaboration obligations, or the occurrence of any of the risks above, could have an adverse effect on our business, financial condition, and results of operations.

We have acquired significant assets that could become impaired or subject us to losses and may result in an adverse impact on our results of operations.

We have recorded significant goodwill and intangible assets on our balance sheet as a result of previous acquisitions, which could become impaired and lead to material charges in the future.

During the year ended December 31, 2019, we recorded a goodwill impairment charge of $109.2 million in our RX segment, definite-lived impairment charges of $69.5 million in our RX and CSCI segments, and $5.8 million of impairment charges related to certain in-process research and development ("IPR&D") assets in our CSCA, CSCI, and RX segments.

During the year ended December 31, 2018, we recorded goodwill, definite-lived and indefinite-lived intangible asset impairment charges of $136.7 million, $49.6 million and $27.7 million primarily in our CSCA segment, respectively, and $8.7 million of impairment charge related to certain IPR&D assets in our CSCA segment.

We perform an impairment analysis on intangible assets subject to amortization when there is an indication that the carrying amount of any individual asset may not be recoverable. Any significant change in market conditions, estimates or judgments used to determine expected future cash flows that indicates a reduction in carrying value may give rise to impairment in the period that the change becomes known. Goodwill, indefinite-lived intangible asset, and definite-lived intangible asset impairments are recorded in Impairment charges on the Consolidated Statement of Operations. As of December 31, 2019, the net book value of our goodwill and intangible assets were $4.1 billion and $3.0 billion, respectively (refer to Note 4).

There can be no assurance that our strategic initiatives will achieve their intended effects.

We are in the process of implementing certain initiatives designed to increase operational efficiency and improve our return on invested capital by globalizing our supply chain through global shared service arrangements, streamlining our organizational structure, making key executive employee changes, performing a strategic portfolio review, and disposing of certain assets. Furthermore, we are transitioning into a consumer-focused, self-care company. We believe these initiatives will enhance our net sales, operating margins, and earnings; however, there can be no assurance that these initiatives will produce the anticipated benefits. Any delay or failure to achieve the anticipated benefits could have a material adverse effect on our projected results.

While we have remediated previously identified material weaknesses in our internal control over financial reporting related to our income tax process, we may identify other material weaknesses in the future.

We are required to evaluate the effectiveness of our disclosure controls on a periodic basis and publicly disclose the results of these evaluations and related matters in accordance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. During the years ended December 31, 2016 and December 31, 2017, we identified certain material weaknesses in our internal control over financial reporting that related to the matters associated with our income tax process, which have been remediated.

While we have remediated those previously identified material weaknesses, there can be no assurances that our controls will remain adequate. Any failure to implement or maintain required new or improved controls, or any difficulties we encounter in their implementation, including retention of key employees, could result in additional material weaknesses or material misstatements in our Consolidated Financial Statements. Any new misstatement could cause us to fail to meet our reporting obligations, reduce our ability to obtain financing or cause investors to lose confidence in our reported financial information, leading to a decline in our stock price. We cannot assure you that we will not discover additional weaknesses in our internal control over financial reporting.

Global Risks

Our business, financial condition, and results of operations are subject to risks arising from the international scope of our operations.

We manufacture, source raw materials, and sell our products in a number of countries. The percentage of our business outside the U.S. has been increasing. We are subject to risks associated with international manufacturing and sales, including:

- Unexpected changes in regulatory requirements;
- Problems related to markets with different cultural biases or political systems;
- Possible difficulties in enforcing agreements;
- Longer payment cycles and shipping lead-times;
- Difficulties obtaining export or import licenses;
- Changes to U.S. and foreign trade policies, including the enactment of tariffs on goods imported into the U.S., including but not limited to, goods imported from China; and
- Imposition of withholding or other taxes.

Additionally, we are subject to periodic reviews and audits by governmental authorities responsible for administering import and export regulations. To the extent that we are unable to successfully defend against an audit or review, we may be required to pay assessments, penalties, and increased duties.

Certain of our facilities operate in a special purpose sub-zone established by the U.S. Department of Commerce Foreign Trade Zone Board, which allows us certain tax advantages on products and raw materials shipped through these facilities. If the Foreign Trade Zone Board were to revoke the sub-zone designation or limit our use, we could be subject to increased duties.

Although we believe that we conduct our business in compliance with applicable anti-corruption, anti-bribery and economic sanctions laws, if we are found to not be in compliance with such laws or other anti-corruption laws, we could be subject to governmental investigations, legal or regulatory proceedings, substantial fines, and/or other legal or equitable penalties. This risk increases in locations outside of the U.S., particularly in locations that have not previously had to comply with the FCPA, U.K. Bribery Act 2010, Irish Criminal Justice (Corruption Offenses) Act 2018, and similar laws.

We operate in jurisdictions that could be affected by economic and political instability, which could have a material adverse effect on our business.

Our operations and supply partners could be affected by economic or political instability, embargoes, military hostilities, unstable governments and legal systems, and inter-governmental disputes. We have significant operations in Israel, which has experienced varying degrees of hostility in recent years. Doing business in Israel and certain other regions involves the following risks:

- Certain countries and international organizations have refused to do business with companies with Israeli operations. We are also precluded from marketing our products to certain countries due to U.S. and Israeli regulatory restrictions. International economic sanctions and boycotts of our products could negatively impact our sales and ability to export our products.
- Our facilities in Israel are within a conflict zone. If terrorist acts or military actions were to result in substantial damage to our facilities, our business activities would be disrupted since, with respect to most products, we would need to obtain prior regulatory agency approval for a change in manufacturing site.
- The U.S. Department of State and other governments have at times issued advisories regarding travel to certain countries in which we do business. As a result, regulatory agencies have, at various times, curtailed or prohibited their inspectors from traveling to inspect facilities. If these inspectors are unable to inspect our facilities, the regulatory agencies could withhold approval for new products intended to be produced at those facilities.
- Our international operations may be subject to interruption due to travel restrictions, war, terrorist acts, and other armed conflicts. Also, further threats of armed hostilities in certain countries could limit or disrupt markets and our operations, including disruptions resulting from the cancellation of contracts or the loss of assets. These events could have a material adverse effect on our international business operations.
- On June 23, 2016, the UK electorate voted in a referendum to voluntarily depart from the EU, known as "Brexit". Following the formation of a majority Conservative government in December 2019, the UK approved the withdrawal agreement and left the EU on January 31, 2020. The terms of the UK's final withdrawal remain subject to ongoing negotiation until December 31, 2020, during which current EU regulations will continue to apply in the UK. The UK Parliament banned extensions to the transition period, so the UK must finalize new trading agreements with the EU by December 31, 2020. Trade negotiations are expected to begin in early March 2020, but the nature of the economic relationship between the EU and UK remains uncertain, and there is no guarantee that both parties will be able to reach an agreement before the transition period expires. Additionally, the UK will likely negotiate trade deals with other partners, including the United States. Brexit has created significant instability and volatility in the global financial markets, has led to significant weakening of the British pound compared to the U.S. dollar and other currencies, and could adversely affect European or worldwide economic or market conditions. Although it is unknown what the future trading terms with the EU will be, they may impair the ability of our operations in the EU to transact business in the future in the UK, and similarly the ability of our UK operations to transact business in the future in the EU. Specifically, it is possible that there will be greater restrictions on imports and exports, including possible tariffs, between the UK and EU countries, increased restrictions on freedom of movement for employees, and increased regulatory complexities. Future trading terms between the UK and other trading partners are also unknown. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws to replace or replicate. We are actively monitoring Brexit updates from a government and regulatory perspective. We are preparing for a “hard (no confirmed trading deal with the EU) Brexit", which is intended to ensure we meet both applicable EU and UK regulatory requirements as well as stock-builds to secure supply continuity. There can be no assurances, however, that these preparations will be sufficient or that the final exit terms will be as we anticipate. Any of the above mentioned effects of Brexit, and others we cannot anticipate, could adversely affect our business, business opportunities, operations, and financial results.
- While the challenging global economic environment has not had a material impact on our liquidity or capital resources, there can be no assurance that possible future changes in global financial markets and global economic conditions will not affect our liquidity or capital resources, impact our ability to obtain financing, or decrease the value of our assets.
- The challenging economic conditions have also impacted the movements in exchange rates, which have experienced significant recent volatility. Uncertainty regarding the future growth rates between countries,

the influence of central bank actions, and the changing political environment globally may contribute to continued high levels of exchange rate volatility, which could have an adverse impact on our results.

- Our customers could be adversely impacted if U.S. economic conditions worsen. Our CSCA segment does not advertise our store brand products like national brand companies and thus is largely dependent on retailer promotional activities to drive sales volume and increase market share. If our customers do not have the ability to invest in store brand promotional activities, our sales may suffer. Additionally, while we actively review the credit worthiness of our customers and suppliers, we cannot fully predict to what extent they may be negatively impacted by slowing economic growth.

The international scope of our business exposes us to risks associated with foreign exchange rates.

We report our financial results in U.S. dollars. However, a significant portion of our net sales, assets, indebtedness and other liabilities, and costs are denominated in foreign currencies. These currencies include, among others, the Euro, Indian rupee, British pound, Canadian dollar, Israeli shekel, Australian dollar, and Mexican peso. Our Branded Consumer Self-care business is a euro-denominated business that represents a significant portion of our net sales, net earnings and net assets.

In addition, several emerging market economies are particularly vulnerable to the impact of rising interest rates, inflationary pressures, weaker oil and other commodity prices, and large external deficits. Risks in one country can limit our opportunities for portfolio growth and negatively affect our operations in another country or countries. As a result, any such unfavorable conditions or developments could have an adverse impact on our operations. Our results of operations and, in some cases, cash flows, have in the past been, and may in the future be, adversely affected by movements in exchange rates. In addition, we may also be exposed to credit risks in some of those markets. We may implement currency hedges or take other actions intended to reduce our exposure to changes in foreign currency exchange rates. If we are not successful in mitigating the effects of changes in exchange rates on our business, any such changes could materially impact our results.

Adverse economic impacts of coronavirus pandemic.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic, as the new coronavirus, unknown to health officials just three months earlier, has spread rapidly from Asia to the Middle East, Europe, and the United States. As the rate of infection appears to be accelerating in many countries, attempts are being made to reduce the spread of the coronavirus, including quarantines, government restrictions on movement, business closures and suspensions, canceled events and activities, self-isolation, and other voluntary changes in behavior. Both the outbreak of the disease and the actions to slow its spread could have, an adverse impact on our financial condition, operations, and results of operations, by, among other things, reducing consumer demand for our products, disrupting our manufacturing operations, affecting the supply of raw materials and third party supplied finished goods, limiting access to capital, and/or preventing our employees from coming to work. The magnitude of such impacts on Perrigo's financial condition, operations, and results of operations cannot currently be determined, and will depend upon the duration, intensity, and continued spread of the disease. However, if the outbreak continues on its current trajectory, or worsens, such impacts could be material.

Risks Related to Litigation and Insurance

We are or may become involved in lawsuits and may experience unfavorable outcomes of such proceedings.

We may become involved in lawsuits arising from a wide variety of commercial, manufacturing, development, marketing, sales and other business-related matters, including, but not limited to, competitive issues, pricing, contract issues, intellectual property matters, false advertising, unfair competition, taxation matters, workers' compensation, product quality/recall, environmental remediation, securities law, disclosure, and regulatory issues. Litigation is unpredictable and can be costly. We intend to vigorously defend against any lawsuits, however, we cannot predict how the cases will be resolved. Adverse results in the cases could result in substantial monetary judgments. No assurance can be made that litigation will not have a material adverse effect on our financial position or results of operations in the future (refer to Note 21).

- We may be subject to liability if our products violate applicable laws or regulations in the jurisdictions where our products are distributed. The successful assertion of product liability or other product-related claims against us could result in potentially significant monetary damages, and we could incur substantial legal expenses. Even if a product liability or consumer fraud claim is unsuccessful, not merited, or not fully pursued, we may still incur substantial legal expenses defending against such a claim, and our reputation may suffer.
- We may face environmental exposures including, for example, those relating to discharges from and materials handled as part of our operations, the remediation of soil and groundwater contaminated by hazardous substances or wastes, and the health and safety of our employees. We may in the future face liability for the costs of investigation, removal or remediation of certain hazardous substances or petroleum products on, under or in our currently or formerly owned property, or from a third-party disposal facility that we may have used, without regard to whether we knew of, or caused, the presence of the contaminants. The actual or alleged presence of these substances, or the failure to remediate them, could have adverse effects, including, for example, substantial investigative or remedial obligations and limitations on our ability to sell or rent affected property or to borrow funds using affected property as collateral. There can be no assurance that environmental liabilities and costs will not have a material adverse effect on us.
- Our CSCI and CSCA segments regularly make advertising claims regarding the effectiveness of their products, which we are responsible for defending. An unsuccessful defense of a product-related claim could result in potentially significant monetary damages and substantial legal expenses. Even if a claim is unsuccessful, not merited, or not fully pursued, we may still incur substantial legal expenses defending against such a claim, and our reputation could suffer.
- Additionally, we are the target of claims asserting violations of securities fraud and derivative actions, or other litigation proceedings, and may be in the future.

Increased scrutiny on pricing practices and competition in the pharmaceutical industry, including antitrust enforcement activity by government agencies and class action litigation, may have an adverse impact on our business and results of operations.

There has been increased scrutiny regarding sales, marketing, and pricing practices in the pharmaceutical industry, including criminal antitrust investigations regarding drug pricing, multiple civil antitrust litigations initiated by governmental and private plaintiffs against pharmaceutical manufacturers and individuals, and media reports.

On May 2, 2017, we disclosed that search warrants were executed at several Perrigo facilities and other locations in connection with the Antitrust Division's ongoing investigation related to drug pricing in the pharmaceutical industry. Although no charges have been brought to date against Perrigo or any of our current employees (or, to the best of our knowledge, former employees), we take the investigation very seriously.

If criminal antitrust charges are filed involving Perrigo, we would incur substantial litigation and other costs, and could face substantial monetary penalties, injunctive relief, negative publicity and damage to our reputation. Regardless of the ultimate outcome, responding to those charges would divert management's time and attention and could impair our operations. Further, we cannot predict whether legislative or regulatory changes may result from the ongoing public scrutiny of our industry, what the nature of any such changes might be, or what impact they may have on Perrigo. Any of these developments could have a material adverse impact on our business, results of operations, and reputation. While we intend to defend these lawsuits vigorously, any adverse decision could have a material adverse impact on our business, results of operations and reputation.

We are cooperating with the government's investigation and are committed to operating our business in compliance with all applicable laws and regulations and the highest standards of ethical conduct. We do not condone, and will not countenance, any violation of these standards by our employees, agents, and business partners.

In addition, we have been named as a co-defendant with certain other generic pharmaceutical manufacturers in a number of class action lawsuits alleging that we engaged in anti-competitive behavior to fix or raise the prices of certain drugs starting, in some instances, as early as June 2013 (refer to Note 21). While we intend to defend these lawsuits vigorously, any adverse decision could have a material adverse impact on our business, results of operations and reputation.

Publishing earnings guidance subjects us to risks, including increased stock volatility, that could lead to potential lawsuits by investors.

Because we publish earnings guidance, we are subject to several risks. Actual results may vary from the guidance we provide investors from time to time, such that our stock price may decline following, among other things, any earnings release or guidance that does not meet market expectations.

It has become increasingly commonplace for investors to file lawsuits against companies following a rapid decrease in market capitalization. We have been in the past, are currently, and may be in the future, named in these types of lawsuits. These types of lawsuits can be costly and divert management attention and other resources away from our business, regardless of their merits, and could result in adverse settlements or judgments, which could have a material impact on the Company.

Third-party patents and other intellectual property rights may limit our ability to bring new products to market and may subject us to potential legal liability, causing us to incur significant costs.

The manufacture, use and sale of new products that are the subject of conflicting patent rights have been the subject of substantial litigation in the pharmaceutical industry.

- As a manufacturer of generic pharmaceutical products, the ability of our CSCA, CSCI, and RX segments to bring new products to market is often limited by third-party patents or proprietary rights and regulatory exclusivity periods awarded on products. Launching new products prior to resolution of intellectual property issues may result in us incurring legal liability if the related litigation is later resolved against us. The cost and time for us to develop prescription and Rx-to-OTC switch products is significantly greater than the rest of the new products that we introduce. Any failure to bring new products to market in a timely manner could cause us to lose market share, and our operating results could suffer.
- We could have to defend against charges that we violated patents or proprietary rights of third parties. This could require us to incur substantial expense and could divert significant effort of our technical and management personnel. If we are found to have infringed on the rights of others, we could lose our right to develop or manufacture some products or could be required to pay monetary damages or royalties to license proprietary rights from third parties. Additionally, if we choose to settle a dispute through licensing or similar arrangements, the costs associated with these arrangements may be substantial and could include ongoing royalties. An adverse determination in a judicial or administrative proceeding or failure to obtain necessary licenses could prevent us from manufacturing and selling a number of our products.
- At times, our CSCA or RX segments may seek approval to market drug products before the expiration of patents for those products, based upon our belief that such patents are invalid, unenforceable or would not be infringed by our products. In these cases we may face significant patent litigation. Depending upon a complex analysis of a variety of legal and commercial factors, we may, in certain circumstances, elect to market a generic pharmaceutical product while litigation is pending, before any court decision, or while an appeal of a lower court decision is pending, known as an "at risk" launch. The risk involved in an "at risk" launch can be substantial because, if a patent holder ultimately prevails, the remedies available to the patent holder may include, among other things, damages measured by the profits lost by the holder, which are often significantly higher than the profits we make from selling the generic version of the product. By electing to proceed in this manner, we could face substantial damages if we receive an adverse final court decision. In the case where a patent holder is able to prove that our infringement was "willful" or "exceptional," under applicable law, the patent holder may be awarded up to three times the amount of its actual damages or we may be required to pay attorneys' fees.

The success of certain of our products depends on the effectiveness of measures we take to protect our intellectual property rights and patents.

If we fail to adequately protect our intellectual property, competitors may manufacture and market similar products.

- We have been issued patents covering certain of our products, and we have filed, and expect to continue to file, patent applications seeking to protect newly developed technologies and products in various countries. Any existing or future patents issued to or licensed by us may not provide us with any significant competitive advantages for our products or may even be challenged, invalidated, or circumvented by competitors. In addition, patent rights may not prevent our competitors from developing, using, or commercializing non-infringing products that are similar or functionally equivalent to our products.
- We also rely on trade secrets, unpatented proprietary know-how, and continuing technological innovation that we seek to protect, in part by confidentiality agreements with licensees, suppliers, employees, and consultants. If these agreements are breached, we may not have adequate remedies for any such breach. Disputes may arise concerning the ownership of intellectual property or the applicability of confidentiality agreements. Furthermore, trade secrets and proprietary technology may otherwise become known or be independently developed by competitors or, if patents are not issued with respect to products arising from research, we may not be able to maintain the value of such intellectual property rights.

Significant increases in the cost or decreases in the availability of the insurance we maintain could adversely impact our financial condition.

To protect the Company against various potential liabilities, we maintain a variety of insurance programs, including property, general, product, and directors' and officers' liability. We may reevaluate and change the types and levels of insurance coverage that we purchase. We are self-insured when insurance is not available or not available at reasonable premiums. Risks associated with insurance plans include:

- Insurance costs could increase significantly, or the availability of insurance may decrease, either of which could adversely impact our financial condition;
- Deductible or retention amounts could increase, or our coverage could be reduced in the future and to the extent losses occur, there could be an adverse effect on our financial results depending on the nature of the loss and the level of insurance coverage we maintained;
- Insurance may not be available to us at an economically reasonable cost or our insurance may not adequately cover our liability in connection with claims brought against us; and
- As our business inherently exposes us to claims, we may become subject to claims for which we are not adequately insured. Unanticipated payment of a large claim may have a material adverse effect on our business.

Tax Related Risks

The resolution of uncertain tax positions, including the Notices of Proposed Adjustments and Notice of Assessment, could be unfavorable, which could have an adverse effect on our business.

Although we believe that our tax estimates are reasonable and that our tax filings are prepared in accordance with all applicable tax laws, the final determination with respect to any tax audit or any related litigation could be materially different from our estimates or from our historical income tax provisions and accruals. The results of an audit or litigation could have a material effect on operating results or cash flows in the periods for which that determination is made and in future periods after the determination. In addition, future period earnings may be adversely impacted by litigation costs, settlements, penalties or interest assessments.

We are currently involved in several audits and adjustment-related disputes, including related litigation. This includes litigation in the United States District Court for the Western District of Michigan regarding our fiscal years ended June 27, 2009, June 26, 2010, June 25, 2011, and June 30, 2012. The United States District Court for the Western District of Michigan has scheduled a trial date in late May 2020 in response to our complaint filed on August 15, 2017 to recover $163.6 million of Federal income tax, penalties and interest assessed and collected by the IRS. Additionally, the IRS has proposed adjustments regarding the deductibility of interest for the years ended June 29, 2013, June 28, 2014, and June 27, 2015 and the IRS has proposed adjustments regarding litigation costs and transfer pricing positions for Athena Neuroscience, Inc. ("Athena"), a subsidiary of Elan acquired in 1996, for the years ended December 31, 2011, December 31, 2012 and December 31, 2013. We are also involved in litigation with Irish Revenue for the years ended December 31, 2012 and December 31, 2013.

On August 22, 2019, we received a draft NOPA from the IRS with respect to our fiscal tax years ended June 28, 2014 and June 27, 2015 relating to the deductibility of interest on $7.5 billion in debts owed to Perrigo Company plc by Perrigo Company, a Michigan corporation and wholly-owned indirect subsidiary of Perrigo Company plc. The debts were incurred in connection with the Elan merger transaction in 2013. The draft NOPA would cap the interest rate on the debts for U.S. federal tax purposes at 130.0% of the Applicable Federal Rate (a blended rate reduction of 4.0% per annum from the rates agreed to by the parties), on the stated ground that the loans were not negotiated on an arms'-length basis. As a result of the proposed interest rate reduction, the draft NOPA proposes a reduction in gross interest expense of approximately $480.0 million for fiscal years 2014 and 2015. If the IRS were to prevail in its proposed adjustment, we estimate an increase in tax expense for such fiscal years of approximately $170.0 million, excluding interest and penalties. In addition, we would expect the IRS to seek similar adjustments for the period from June 28, 2015 through December 31, 2019. If those further adjustments were sustained, based on our preliminary calculations and subject to further analysis, our current best estimate is that the additional tax expense would not exceed $200.0 million, excluding interest and penalties, for the period June 28, 2015 through December 31, 2019. We do not expect any similar adjustments beyond December 31, 2019 as proposed regulations, issued under section 267A of the Internal Revenue Code, would eliminate the deductibility of interest on this debt. We strongly disagree with the IRS position and will pursue all available administrative and judicial remedies. No payment of any amount related to the proposed adjustments is required to be made, if at all, until all applicable proceedings have been completed.

Following receipt of the draft NOPA, Perrigo provided the IRS with a detailed written response on September 20, 2019. That submission included an analysis by external advisors that supported the original interest rates as being consistent with arms'-length rates for comparable debt and explained why the exam team’s analyses and conclusions were both factually and legally misguided. Based on discussions with the IRS, we had believed that the IRS staff would take our submission into account and meet with us to discuss whether this issue could be resolved at the examination level. However, in the weeks following such discussions, IRS staff advised that they would not respond in detail to our September submission or negotiate the interest rate issue prior to issuing a final NOPA consistent with the draft NOPA. Accordingly, we currently expect that we will receive a final NOPA regarding this matter that proposes substantially the same adjustments described in the draft NOPA.

On April 26, 2019, we received a revised NOPA from the IRS regarding transfer pricing positions related to the IRS audit of Athena for the years ended December 31, 2011, 2012 and 2013. The NOPA carries forward the IRS's theory from its 2017 draft NOPA that when Elan took over the future funding of Athena’s in-process research and development after acquiring Athena in 1996, Elan should have paid a substantially higher royalty rate for the right to exploit Athena’s intellectual property, rather than rates based on transfer pricing documentation prepared by Elan's external tax advisors. The NOPA proposes a payment of $843.0 million, which represents additional tax and a 40.0% penalty. This amount excludes consideration of offsetting tax attributes and potentially material interest. We strongly disagree with the IRS position and will pursue all available administrative and judicial remedies, including potentially those available under the U.S. - Ireland Income Tax Treaty to alleviate double taxation. No payment of the additional amounts is required until the matter is resolved administratively, judicially, or through treaty negotiation.

On October 30, 2018, we received an audit finding letter from the Irish Office of the Revenue Commissioners ("Irish Revenue") for the years ended December 31, 2012 and December 31, 2013. The audit finding letter relates to the tax treatment of the 2013 sale of the Tysabri® intellectual property and other assets related to Tysabri® to Biogen Idec from Elan Pharma. The consideration paid by Biogen to Elan Pharma took the form of an upfront payment and future contingent royalty payments. Irish Revenue issued a Notice of Amended Assessment ("NoA") on November 29, 2018, which assesses an Irish corporation tax liability against Elan Pharma in the amount of €1,636 million, not including interest or any applicable penalties.

We disagree with this assessment and believe that the NoA is without merit and incorrect as a matter of law. We filed an appeal of the NoA on December 27, 2018 and will pursue all available administrative and judicial avenues as may be necessary or appropriate. In connection with that, Elan Pharma was granted leave by the Irish High Court on February 25, 2019 to seek judicial review of the issuance of the NoA by Irish Revenue. The judicial review filing is based on our belief that Elan Pharma's legitimate expectations as a taxpayer have been breached, not on the merits of the NoA itself. The High Court has scheduled a hearing in this judicial review proceeding in April 2020, and we would expect a decision in this matter in the second half of 2020. If we are ultimately successful in the judicial review proceedings, the NoA will be invalidated and Irish Revenue will not be able to re-issue the NoA. The proceedings before the Tax Appeals Commission have been stayed until a decision on the judicial review

application has been made. If for any reason the judicial review proceedings are ultimately unsuccessful in establishing that Irish Revenue's issuance of the NoA breaches our legitimate expectations, Elan Pharma will reactivate its appeal to challenge the merits of the NoA before the Tax Appeals Commission.

We regularly assess the likelihood of adverse outcomes resulting from tax examinations to determine the adequacy of our tax reserves. We believe that, based on a review of the relevant facts and circumstances, this matter will not result in a material impact on our consolidated financial position, results of operations or cash flows. However, while we believe our position to be correct, there can be no assurance of an ultimate favorable outcome, and if the matter is ultimately resolved unfavorably it would have a material adverse impact on us, including on liquidity and capital resources. We will consider the financial statement impact of any additional facts as they become available.

In addition, going forward, uncertainty regarding the future outcome of tax disputes such as the NoA or draft or final NOPA may have an adverse impact on our strategy and the results of such tax disputes may have an adverse impact on our financial condition and liquidity.

At this time, we cannot predict the outcome of any audit or related litigation. Unfavorable developments in or resolutions of matters such as those discussed above could, individually or in the aggregate, have a material impact on our Consolidated Financial Statements in future periods (refer to Note 19 for further information related to uncertain tax positions and ongoing tax audits and Note 21 for further information related to legal proceedings). In addition, an adverse result with respect to any of these matters could ultimately require the use of corporate assets to pay assessments and related interest, penalties or other amounts, and any such use of corporate assets would limit the assets available for other corporate purposes.

The U.S. Internal Revenue Service ("IRS") may not agree with the conclusion that we are treated as a foreign corporation for U.S. federal tax purposes.

Although we are incorporated in Ireland, the IRS may assert that we should be treated as a U.S. corporation (and, therefore, a U.S. tax resident) for U.S. federal tax purposes pursuant to section 7874 of the U.S. Internal Revenue Code of 1986, as amended ("Code"). For U.S. federal tax purposes, a corporation generally is considered a tax resident in the jurisdiction of its organization or incorporation. Because we are an Irish incorporated entity, we would generally be classified as a foreign corporation (and, therefore, a non-U.S. tax resident) under these rules. Section 7874 of the Code provides an exception under which a foreign incorporated entity may, in certain circumstances, be treated as a U.S. corporation for U.S. federal tax purposes.

For Perrigo Company plc to be treated as a foreign corporation for U.S. federal tax purposes under section 7874 of the Code, either (i) the former stockholders of Perrigo Company must own (within the meaning of section 7874 of the Code) less than 80% (by both vote and value) of our stock by reason of holding shares in Perrigo Company (the "ownership test") as of the closing of the Elan acquisition or (ii) we must have substantial business activities in Ireland after the Elan acquisition (taking into account the activities of our expanded affiliated group).

Upon our acquisition of Elan, Perrigo Company stockholders held 71% (by both vote and value) of our shares. As a result, we believe that under current law, we should be treated as a foreign corporation for U.S. federal tax purposes. However, we cannot assure that the IRS will agree with our position that the ownership test is satisfied. There is limited guidance regarding the section 7874 provisions, including the application of the ownership test. An unfavorable determination on Perrigo Company plc’s treatment as a foreign corporation under section 7874 of the Code could have a material impact on our Consolidated Financial Statements in future periods.

Based on the limited guidance available, we currently expect that Section 7874 of the Code likely will limit our and our U.S. affiliates’ ability to use their U.S. tax attributes, such as net operating losses, to offset certain U.S. taxable income, if any, generated by the Elan acquisition or certain specified transactions for a period of time following the Elan acquisition (refer to Note 19).

Changes to tax laws could have a material adverse effect on our results of operations and the ability to utilize cash in a tax efficient manner.

We believe that under current law, we should be treated as a foreign corporation for U.S. federal tax purposes. However, any of the following could adversely affect our status as a foreign corporation for U.S. federal tax purposes:

- Changes to the inversion rules in section 7874 of the Code, the IRS Treasury regulations promulgated thereunder, or other IRS guidance; and
- Legislative proposals aimed at expanding the scope of U.S. corporate tax residence.

Since our acquisition of Elan in 2013, the United States Treasury ("Treasury") and the IRS have issued a number of Notices and proposed, temporary, and final regulations, including most recently, on July 12, 2018, new final regulations addressing various aspects of section 7874 and related provisions, including guidance to address certain specific post-inversion transactions. All the Notices and regulations are either effective for dates after the Elan acquisition occurred or do not provide guidance that we believe would have a material impact on the treatment of our status as a foreign corporation.

The Organization for Economic Co-operation and Development (“OECD”), which represents a coalition of member countries, has recommended changes to numerous long-standing tax principles relating to Base Erosion and Profit Shifting ("BEPS"). These changes are being adopted and implemented by many of the countries in which we do business and may increase our tax expense in these countries. For example, Ireland implemented "controlled foreign corporation legislation" effective January 1, 2019 as required by the EU Anti-Tax Avoidance Directive ("ATAD") and effective January 1, 2020 has implemented "anti-hybrid legislation." Such OECD initiatives, changes in domestic legislation, introduction of EU Directives and general global tax reform are actively monitored to ensure we adhere to all laws and regulations in all jurisdictions in which we operate.

On December 22, 2017, the U.S. enacted the U.S. Tax Act. The U.S. Tax Act includes several significant changes to existing U.S. tax laws that impact us. These changes include a corporate income tax rate reduction from 35% to 21%, full expensing of fixed assets placed in service in 2018 and the elimination or reduction of certain U.S. deductions and credits, including limitations on the deductibility of interest expense and executive compensation. The U.S. Tax Act also transitions international taxation from a worldwide system to a modified territorial system. This modified territorial system includes, among other items, base erosion prevention measures which have the effect of subjecting certain earnings of our U.S. owned foreign corporations to U.S. taxation as global intangible low-taxed income (“GILTI”) and the establishment of a minimum tax on certain payments from our U.S. subsidiaries to related foreign persons as base erosion and anti-abuse tax (“BEAT”). These changes became effective in 2018. The U.S. Tax Act also includes a one-time mandatory deemed repatriation tax on accumulated U.S. owned foreign corporations’ previously untaxed foreign earnings (“Transition Toll Tax”). The Transition Toll Tax can be paid over an eight-year period starting in 2018 and will not accrue interest. Based on the 2017 U.S. federal income tax return filed by the Company, the Transition Toll Tax was paid in full with the 2017 U.S. federal income tax return. During 2018, Treasury and the IRS issued various forms of guidance, including notices of proposed rule making and proposed Treasury regulations, implementing and clarifying aspects of the U.S. Tax Act and other related topics, such as:

- Transition Toll Tax;
- BEAT;
- GILTI;
- Foreign tax credit computations;
- The full expensing of fixed assets placed in service in 2018;
- Interest expense limitations under Section 163(j);
- Deductibility of interest and/or royalty payments made by U.S. corporate taxpayers to foreign related parties in so-called “hybrid mismatch” arrangements under Section 267A; and
- The limitation of deductions for key executive compensation as determined under Section 162(m).

During the year ended December 31, 2018, we considered and evaluated Treasury and IRS guidance issued as described above and reflected certain changes in our income tax provision for 2018. In 2019, Treasury and the

IRS issued final tax regulations (“Final Regulations”) on certain code sections that were introduced by, or changed as a result of, the U.S. Tax Act. The Final Regulations issued in 2019 did not result in material changes to the tax effect recorded in prior periods when Proposed Regulations were issued. We will continue to record the tax effects of any further Proposed or Final Regulations in the quarters in which they are issued.

Our preliminary estimate of the impact of the U.S. Tax Act (including the Transition Toll Tax) was recorded as of December 31, 2017 and was subject to the finalization of management's analysis related to certain matters, such as developing interpretations of the provisions of the U.S. Tax Act, changes to certain estimates and amounts related to the earnings and profits of certain U.S. owned foreign subsidiaries and the filing of our tax returns. U.S. Treasury regulations, administrative interpretations or court decisions interpreting the U.S. Tax Act required further adjustments and changes in our 2017 estimates, which did not have a material adverse effect on our business, results of operations or financial conditions. The final determination of the impact of the U.S. Tax Act (including the Transition Toll Tax) was completed in 2018, as required by SAB 118 (refer to Note 19).

Any of these changes could have a prospective or retroactive application to us, our shareholders, and affiliates, and could adversely affect us by changing our effective tax rate and limiting our ability to utilize cash in a tax efficient manner.

Our effective tax rate or cash tax payment requirements may change in the future, which could adversely impact our future results from operations.

A number of factors may adversely impact our future effective tax rate or cash tax payment requirements, which may impact our future results and cash flows from operations (refer to Note 19). These factors include, but are not limited to:

- Changes to tax laws or the interpretation of such tax laws (including additional proposals for fundamental international tax reform in a number of jurisdictions globally);
- Income tax rate changes by governments;
- The jurisdictions in which our profits are determined to be earned and taxed;
- Changes in the valuation of our deferred tax assets and liabilities;
- Adjustments to estimated taxes upon finalization of various tax returns;
- Adjustments to our interpretation of transfer pricing standards, treatment or characterization of intercompany transactions, changes in available tax credits, grants and other incentives;
- Changes in stock-based compensation expense;
- Changes in U.S. generally accepted accounting principles;
- Expiration or the inability to renew tax rulings or tax holiday incentives; and
- Divestitures of current operations.

Risks Related to Capital and Liquidity

Our indebtedness could adversely affect our ability to implement our strategic initiatives.

We anticipate that cash, cash equivalents, cash flows from operations, and borrowings available under our credit facilities will substantially fund working capital and capital expenditures. Our business requires continuous capital investments, and there can be no assurance that financial capital will always be available on favorable terms or at all. Additionally, our leverage and debt service obligations could adversely affect the business. At December 31, 2019, our total indebtedness outstanding was $3.4 billion.

- Our senior credit facilities, the agreements governing our senior notes, and agreements governing our other indebtedness contain a number of restrictions and covenants that limit our ability to make distributions or other payments to our investors and creditors unless certain financial tests or other criteria are satisfied.
- We also must comply with certain specified financial ratios and tests. These restrictions could affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities, such as acquisitions. If we do not comply with the covenants and restrictions contained in our senior credit facilities, agreements governing our senior notes, and agreements governing our other

indebtedness, we could be in default under those agreements, and the debt, together with accrued interest, could then be declared immediately due and payable.

- Any default under our senior credit facilities or agreements governing our senior notes or other indebtedness could lead to an acceleration of debt under other debt instruments that contain cross-acceleration or cross-default provisions. If our indebtedness is accelerated, there can be no assurance that we would be able to repay or refinance our debt or obtain sufficient new financing.
- Downgrades to our credit ratings may limit our access to capital and materially increase borrowing costs on current or future financing, including via trade payables with vendors. Customers' inclination to purchase goods from us may also be affected by the publicity associated with deterioration of our credit ratings.
- There are various maturity dates associated with our credit facilities, senior notes, and other debt facilities. There is no assurance that cash, future borrowings or equity financing will be available for the payment or refinancing of our indebtedness. Further, there is no assurance that future refinancing or renegotiation of our senior credit facilities, senior notes or other debt facilities, or additional agreements will not have materially different or more stringent terms.

We cannot guarantee that we will buy back our ordinary shares pursuant to our announced share repurchase plan or that our share repurchase plan will enhance long-term shareholder value.

Following the expiration of our 2015 share repurchase plan authorization (the "2015 Authorization"), in October 2018 our Board of Directors authorized up to $1.0 billion of share repurchases with no expiration date (the "2018 Authorization"), subject to the Board of Directors' approval of the pricing parameters and amount that may be repurchased under each specific share repurchase program. Through December 31, 2018, we repurchased a total of 7.8 million ordinary shares through the prior 2015 Authorization. The specific timing and amount of buybacks under the 2018 Authorization, if any, will depend upon several factors, including market and business conditions, the trading price of our ordinary shares, the nature of other investment opportunities and the availability of distributable reserves of Perrigo Company plc. Buybacks of our ordinary shares pursuant to our share repurchase plan could affect the market price of our ordinary shares or increase their volatility. Additionally, our share repurchase plan could diminish our cash reserves, which may impact our ability to finance future growth and to pursue possible future strategic opportunities and acquisitions. Although our share repurchase plan is intended to enhance long-term shareholder value, there is no assurance that it will do so, and short-term share price fluctuations could reduce the plan's effectiveness.

Any additional shares we may issue could dilute your ownership in the Company.

- Under Irish law, our authorized share capital can be increased by an ordinary resolution of our shareholders, and the directors may issue new ordinary or preferred shares up to a maximum amount equal to the authorized but unissued share capital, without shareholder approval, once authorized to do so by the articles of association or by an ordinary resolution of our shareholders.
- Subject to specified exceptions, Irish law grants statutory preemption rights to existing shareholders to subscribe for new issuances of shares for cash, but allows shareholders to authorize the waiver of the statutory preemption rights either in our articles of association or by way of a special resolution. Such disapplication of these preemption rights can either be generally applicable or be in respect of a particular allotment of shares.
- At our annual general meeting of shareholders in April 2019, our shareholders authorized our Board of Directors to issue up to a maximum of 33% of our issued ordinary capital on that date for a period of 18 months from the passing of the resolution. At the annual general meeting, our shareholders also authorized our Board of Directors to issue ordinary shares on a nonpreemptive basis in the following circumstances: (i) an issuance of shares in connection with any rights issuance and (ii) an issuance of shares for cash, if the issuance is limited to up to 5% of the Company's issued ordinary share capital (with the possibility of issuing an additional 5% of the Company's issued ordinary share capital provided the Company uses it only in connection with an acquisition or a specified capital investment that is announced contemporaneously with the issuance, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issuance), bringing the total acceptable limit to 10% of the Company's issued ordinary share capital. Once these authorizations expire, we cannot provide any assurance that they will be renewed by the shareholders at subsequent annual general meetings, which could limit our ability to issue equity and

thereby adversely affect the holders of our securities.

We are incorporated in Ireland; Irish law differs from the laws in effect in the United States and may afford less protection to, or otherwise adversely affect, our shareholders.

As an Irish company, we are governed by the Irish Companies Act 2014 (the "Act"). The Act differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including the provisions relating to interested directors, mergers, amalgamations and acquisitions, takeovers, shareholder lawsuits, and indemnification of directors.

- Under Irish law, the duties of directors and officers of a company are generally owed to the company only. As a result, shareholders of Irish companies do not have the right to bring an action against the directors or officers of a company, except in limited circumstances.
- Depending on the circumstances, shareholders may be subject to different or additional tax consequences under Irish law as a result of the acquisition, ownership and/or disposition of ordinary shares, including, but not limited to, Irish stamp duty, dividend withholding tax, Irish income tax, and capital acquisitions tax.
- There is no treaty between Ireland and the U.S. providing for the reciprocal enforcement of foreign judgments. Before a foreign judgment would be deemed enforceable in Ireland, the judgment must be (i) for a definite sum, (ii) provided by a court of competent jurisdiction and (iii) final and conclusive. An Irish High Court may exercise its right to refuse to recognize and enforce a foreign judgment if the foreign judgment was obtained by fraud, if it violated Irish public policy, if it is in breach of natural justice, or if it is irreconcilable with an earlier judgment.
- An Irish High Court may stay proceedings if concurrent proceedings are being brought elsewhere. Judgments of U.S. courts of liabilities predicated upon U.S. federal securities laws may not be enforced by Irish High Courts if deemed to be contrary to public policy in Ireland.
- It could be more difficult for us to obtain shareholder approval for a merger or negotiated transaction than if we were a U.S. company because the shareholder approval requirements for certain types of transactions differ, and in some cases are greater, under Irish law.

Irish law differs from the laws in effect in the U.S. with respect to defending unwanted takeover proposals and may give our Board of Directors less ability to control negotiations with hostile offerors.

We are subject to the Irish Takeover Panel Act, 1997, Takeover Rules, 2013. Under those Irish Takeover Rules, the Board of Directors is not permitted to take any action that might frustrate an offer for our ordinary shares once the Board of Directors has received an approach that may lead to an offer or has reason to believe that such an offer is or may be imminent, subject to certain exceptions. Potentially frustrating actions such as (i) the issuance of ordinary shares, options or convertible securities, (ii) material acquisitions or disposals, (iii) entering into contracts other than in the ordinary course of business, or (iv) any action, other than seeking alternative offers, which may result in frustration of an offer, are prohibited during the course of an offer or at any earlier time during which the Board of Directors has reason to believe an offer is or may be imminent. These provisions may give the Board of Directors less ability to control negotiations with hostile offerors and protect the interests of holders of ordinary shares than would be the case for a corporation incorporated in a jurisdiction of the United States.

We may be limited in our ability to pay dividends or repurchase shares in the future.

A number of factors may limit our ability to pay dividends in the future, including:

- Our ability to receive cash dividends and distributions from our subsidiaries;
- Compliance with applicable laws and debt covenants;
- Our financial condition, results of operations, capital requirements, general business conditions, and other factors that our Board of Directors may deem relevant; and
- The availability of Perrigo Company plc's distributable reserves, being profits of the company available for distribution to shareholders.

Under Irish law, distributable reserves are the accumulated realized profits so far as not previously utilized by distribution or capitalization, less accumulated realized losses so far as not previously written off in a reduction or a reorganization of capital duly made. In addition, no distribution or dividend may be made if, at the time of the distribution or dividend, Perrigo Company plc's net assets are not, or would not be after giving effect to such distribution or dividend, equal to, or in excess of, the aggregate of Perrigo Company plc's called-up share capital plus undistributable reserves.

While we currently expect to continue paying dividends, significant changes in our business or financial condition such as asset impairments, sustained operating losses and the selling of assets, could impact the amount of distributable reserves available to us. We could seek to create additional distributable reserves through a reduction in Perrigo Company plc's share premium, which would require 75% shareholder approval and the approval of the Irish High Court. The Irish High Court's approval is a matter for the discretion of the court, and there can be no assurances that such approval would be obtained. In the event that additional distributable reserves are not created in this way, dividends, share repurchases or other distributions would generally not be permitted under Irish law until such time as Perrigo Company plc has created sufficient distributable reserves in our audited statutory financial statements as a result of its business activities.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS

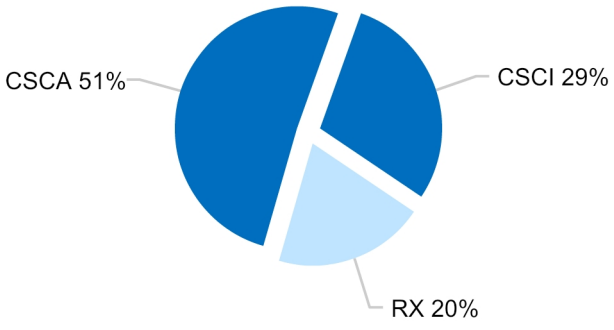
The results for the twelve months ended December 31, 2019 are provided in the Consolidated Profit and Loss Account. Included below is a summary of the results for the twelve months ended December 31, 2019 and our state of affairs.

RESULTS OF OPERATIONS

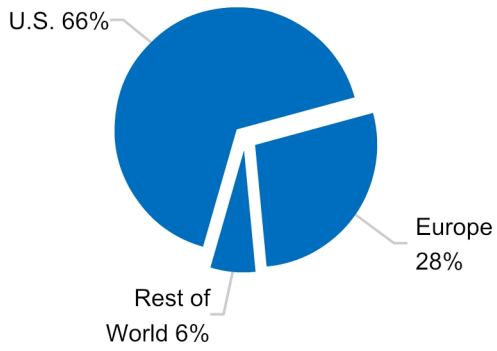
CONSOLIDATED FINANCIAL RESULTS

	Year Ended		
(in millions)	December 31, 2019	December 31, 2018	% Change Fiscal Year Ended
Net sales	$ 4,837.4	$ 4,731.7	2 %
Gross profit	$ 1,773.3	$ 1,831.5	(3)%
Gross profit %	36.7%	38.7%	
Operating income	$ 204.8	$ 236.5	(13)%
Operating income %	4.2%	5.0%	

Total Net Sales by Segment for the Year Ended December 31, 2019



Total Net Sales by Geography for the Year Ended December 31, 2019*



* Total net sales by geography is derived from the location of the entity that sells to a third party.

Highlights

Year Ended December 31, 2019

- We previously announced a plan to separate our RX business, which, when completed, will enable us to focus on expanding our consumer-focused businesses. In 2019, we continued preparations related to our planned separation, which may include a possible sale, spin-off, merger or other form of separation. While we remain committed to transforming to a consumer-focused business, we have not committed to a specific date or form for the separation. In connection with the proposed separation, we have incurred significant preparation costs and will continue to incur costs that when completed will be in the range of $45.0 million to $80.0 million, excluding restructuring expenses and transaction costs, depending on the final timing and structure of the transaction.

- On July 8, 2019, we completed the sale of our animal health business to PetIQ for cash consideration of $182.5 million, which resulted in a pre-tax gain of $71.7 million recorded in Other (income) expense, net on the Consolidated Statements of Operations.

- On July 1, 2019, we acquired 100% of the outstanding equity interest in Ranir Global Holdings, LLC ("Ranir"), a privately-held leading global supplier of private label and branded oral self-care products. After post-closing adjustments, total cash consideration paid was $747.7 million, net of $11.5 million cash acquired. This transaction advances our transformation to a consumer-focused, self-care company while enhancing our position as a global leader in consumer self-care solutions.

Unallocated Expenses

Unallocated expenses are comprised of certain corporate services not allocated to our reporting segments and are recorded above Operating income on the Consolidated Statements of Operations. Unallocated expenses were as follows (in millions):

Year Ended	
December 31, 2019	December 31, 2018
$ 231.4	$ 159.2

The $72.2 million increase for the year ended December 31, 2019 compared to the prior year was due primarily to a $31.0 million increase in legal and consulting fees partially due to the absence of a $17.8 million insurance recovery received in the prior year, a $15.6 million increase in acquisition and integration-related charges related to the Ranir acquisition, a $13.8 million increase in employee compensation expenses, and a $10.7 million increase due primarily to our strategic transformation initiative and the reorganization of our executive management team.

Interest, Other (Income) Expense and Change in Financial Assets (Consolidated)

	Year Ended	
(in millions)	December 31, 2019	December 31, 2018
Change in financial assets	$ (22.1)	$ (188.7)
Interest expense, net	$ 121.7	$ 128.0
Other (income) expense, net	$ (66.0)	$ 6.1
Loss on extinguishment of debt	$ 0.2	$ 0.5

Change in Financial Assets

The proceeds from our 2017 sale of the Tysabri® financial asset consisted of $2.2 billion in upfront cash and up to $250.0 million and $400.0 million in contingent milestone payments related to 2018 and 2020, respectively. During the year ended December 31, 2019 we received the $250.0 million contingent milestone payment.

During the year ended December 31, 2019 the fair value of the Royalty Pharma milestone payment related to 2020 increased by $22.1 million to $95.3 million. These adjustments were driven by higher projected global net sales of Tysabri® and the estimated probability of achieving the earn-out.

In order for us to receive the milestone payment related to 2020 of $400.0 million, Royalty Pharma payments from Biogen for Tysabri® sales in 2020 must exceed $351.0 million. The Royalty Pharma payments from Biogen for Tysabri® were $337.5 million in 2018. If Royalty Pharma payments from Biogen for Tysabri® sales do not meet the prescribed threshold in 2020, we will write-off the $95.3 million asset and record a loss. If the prescribed threshold is exceeded, we will increase the asset to $400.0 million and recognize income of $304.7 million in Change in financial assets on the Consolidated Statements of Operations (refer to Note 11).

During the year ended December 31, 2018, royalties on global net sales of Tysabri® received by Royalty Pharma met the 2018 threshold resulting in an increase to the asset and a gain of $170.1 million recognized in Change in financial assets on the Consolidated Statement of Operations. Also during that period, the fair value of the remaining Royalty Pharma contingent milestone payment related to 2020 increased $18.6 million due to higher projected global net sales of Tysabri® and the estimated probability of achieving the contingent milestone payment related to 2020.

Interest Expense, Net

The $6.3 million decrease during the year ended December 31, 2019 compared to the prior year was due primarily to changes in our underlying hedge exposure and interest income (refer to Note 13).

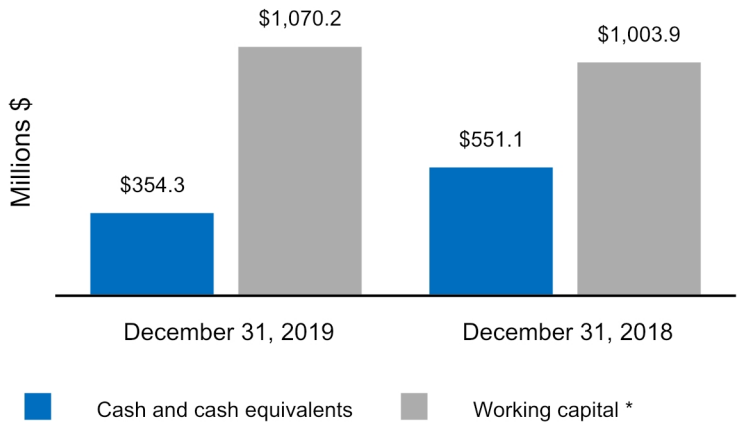
Other (Income) Expense, Net

The $72.1 million change was due primarily to a $71.7 million pre-tax gain on the sale of our animal health business (refer to Note 3).

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

We finance our operations with internally generated funds, supplemented by credit arrangements with third parties and capital market financing. We routinely monitor current and expected operational requirements and financial market conditions to evaluate other available financing sources including revolving bank credit and securities offerings. In determining our future capital requirements we regularly consider, among other factors, known trends and uncertainties, such as the Notice of Assessment ("NoA") and the draft and final Notices of Proposed Adjustment ("NOPAs") and other contingencies. We note that no payment of the additional amounts assessed by Irish Revenue pursuant to the NoA or proposed by the IRS in the NOPAs is currently required, and no such payment is expected to be required, unless and until a final determination of the matter is reached that is adverse to us, which could take several years in either case (refer to Note 19) for additional information on the NoA and NOPAs). Based on the foregoing, management believes that our operations and borrowing resources are sufficient to provide for our short-term and long-term capital requirements, as described below. However, an adverse result with respect to our appeal of any material outstanding tax assessments or litigation, including securities or drug pricing matters, could ultimately require the use of corporate assets to pay such assessments, damages resulting from third-party claims, and related interest and/or penalties, and any such use of corporate assets would limit the assets available for other corporate purposes. As such, we continue to evaluate the impact of the above factors on liquidity and may determine that modifications to our capital structure are appropriate if market conditions deteriorate, favorable capital market opportunities become available, or any change in conditions relating to the NoA, the NOPAs or other contingencies have a material impact on our capital requirements.

Cash and Cash Equivalents



* Working capital represents current assets less current liabilities, excluding cash and cash equivalents and current indebtedness.

Cash, cash equivalents, cash flows from operations, and borrowings available under our credit facilities are expected to be sufficient to finance our liquidity and capital expenditures in both the short and long term. Although our lenders have made commitments to make funds available to us in a timely fashion under our revolving credit agreements and overdraft facilities, if economic conditions worsen or new information becomes publicly available impacting the institutions' credit rating or capital ratios, these lenders may be unable or unwilling to lend money pursuant to our existing credit facilities. Should our outlook on liquidity requirements change substantially from current projections, we may seek additional sources of liquidity in the future.

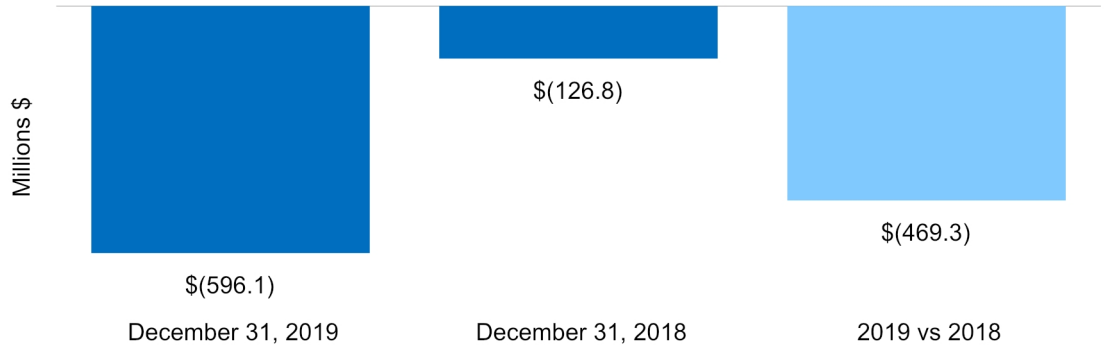
Cash Generated by (Used in) Operating Activities

Year Ended December 31, 2019 vs. December 31, 2018

The $205.2 million decrease in operating cash flow was due primarily to:

- $161.7 million decrease in cash due to the change in accounts receivable due primarily to timing of sales and receipt of payments primarily in RX and CSCI, and our acquisition of Ranir;
- $142.6 million decrease in cash due to prior year tax payments made in the current year, current year estimated tax payments, and an Israeli withholding tax payment; and
- $74.1 million decrease in cash due to the change in accrued customer programs due primarily to pricing dynamics in our RX segment, as well as timing of rebate and chargeback payments; partially offset by
- $88.9 million increase in cash due to the change in net earnings after adjustments for items such as deferred income taxes, impairment charges, restructuring charges, changes in our financial assets, share-based compensation, amortization of debt premium, gain on sale of business, and depreciation and amortization;
- $36.0 million increase in cash due primarily to changes in operating leases and litigation related settlements;
- $31.6 million decrease in the use of cash primarily due to the continued build-up of inventory at a lower level than in the prior year to support customer demands and improved supply management in our CSCA and CSCI segments, and increased volumes in CSCI due to new product launches; and
- $30.8 million decrease in the use of cash due to the change in accrued payroll and related taxes due primarily to an increase in employee incentive compensation expense.

Cash Generated by (Used in) Investing Activities



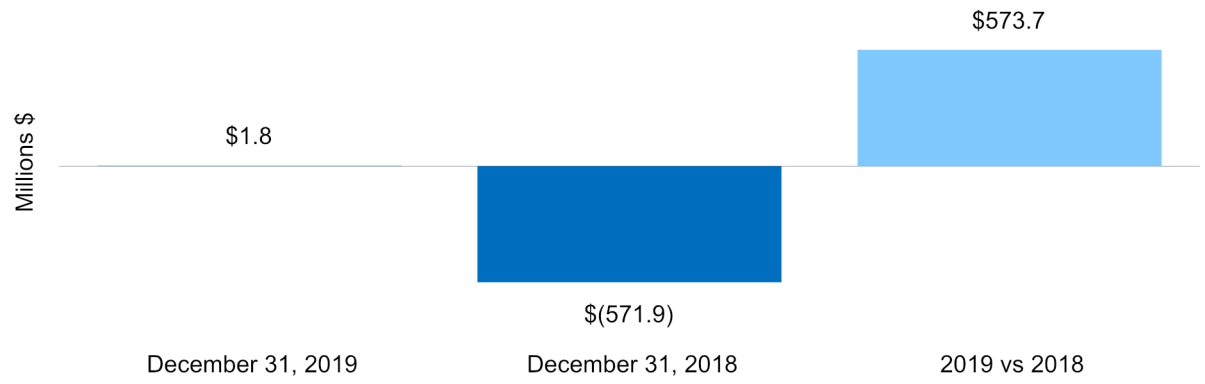
Year Ended December 31, 2019 vs. December 31, 2018

The $469.3 million decrease in investing cash flow was due primarily to:

- $747.7 million decrease in cash used for the acquisition of Ranir (refer to Note 3);
- $113.5 million decrease in cash used for other acquisitions, primarily for the branded OTC rights to Prevacid®24HR for $61.7 million, an ANDA for a generic gel product for $49.0 million, an ANDA for a generic product used to relieve pain for $15.7 million, and Budesonide Nasal Spray and Triamcinolone Nasal Spray for $14.0 million, partially offset by the absence of $35.6 million of prior year acquisitions primarily related to an ANDA for a generic topical cream (refer to Note 3); and
- $35.1 million decrease in cash used for capital spending, primarily to increase tablet and infant formula capacity and quality/regulation projects; partially offset by
- $250.0 million receipt of the Royalty Pharma contingent milestone proceeds (refer to Note 11); and
- $177.3 million in proceeds received from divestitures, primarily from our animal health business (refer to Note 3).

Capital expenditures for the next twelve months are anticipated to be between $175.0 million and $225.0 million related to manufacturing productivity and efficiency initiatives, increased tablet and infant formula capacity and quality/regulatory projects. We expect to fund these estimated capital expenditures with funds from operating cash flows.

Cash Generated by (Used in) Financing Activities



Year Ended December 31, 2019 vs. December 31, 2018

The $573.7 million increase in financing cash flow was due primarily to:

- $400.0 million absence in share repurchases;
- $169.0 million increase due to the issuance of long-term debt in our $600.0 million refinance of the 2018 Term Loan in the current period, offset by the absence of our $431.0 million refinance of the 2014 Term Loan; and
- $4.9 million increase in the change in net borrowings (repayments) of revolving credit agreements and other financing; and
- $6.5 million decrease in payments on long-term debt; partially offset by
- $7.5 million increase in dividend payments.

Share Repurchases

In October 2018, our Board of Directors authorized up to $1.0 billion of share repurchases with no expiration date, subject to the Board of Directors' approval of the pricing parameters and amount that may be repurchased under each specific share repurchase program. Share repurchases were $Nil and $400.0 million, for the years ended December 31, 2019 and December 31, 2018, respectively.

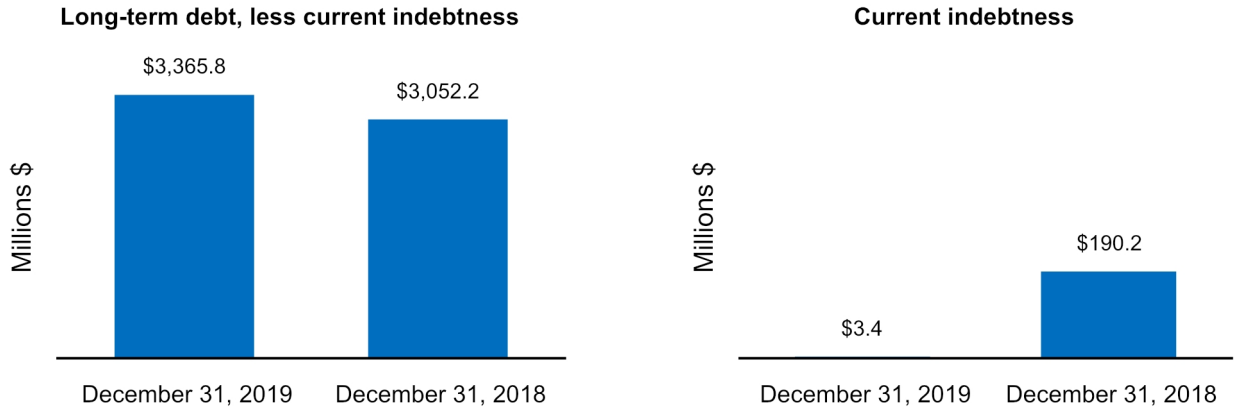
Dividends

In January 2003, the Board of Directors adopted a policy of paying quarterly dividends. We paid dividends as follows:

	Year Ended	
	December 31, 2019	December 31, 2018
Dividends paid (in millions)	$ 112.4	$ 104.9
Dividends paid per share	$ 0.82	$ 0.76

The declaration and payment of dividends, if any, is subject to the discretion of our Board of Directors and will depend on our earnings, financial condition, availability of distributable reserves, capital and surplus requirements, and other factors our Board of Directors may consider relevant.

Borrowings and Capital Resources



Overdraft Facilities

We have overdraft facilities available that we use to support our cash management operations. We report any balances outstanding in "Other Financing" in Note 9. There were no borrowings outstanding under the facilities as of December 31, 2019 or December 31, 2018.

Leases

We had $158.2 million of lease liabilities and $157.5 million of lease assets as of December 31, 2019.

Accounts Receivable Factoring

We have accounts receivable factoring arrangements with non-related third-party financial institutions (the “Factors”). Pursuant to the terms of the arrangements, we sell to the Factors certain of our accounts receivable balances on a non-recourse basis for credit approved accounts. An administrative fee per invoice is charged on the gross amount of accounts receivables assigned to the Factors, and interest is calculated at the applicable EUR LIBOR rate plus a spread. The total amount factored on a non-recourse basis and excluded from accounts receivable was $10.0 million and $24.3 million at December 31, 2019 and December 31, 2018, respectively.

Revolving Credit Agreements

On March 8, 2018, we terminated the revolving credit agreement entered into in December 2014 and entered into a $1.0 billion revolving credit agreement maturing on March 8, 2023 (the "2018 Revolver"). There were no borrowings outstanding under the 2018 Revolver as of December 31, 2019 or December 31, 2018.

Term Loans, Notes and Bonds

Total Term Loans, Notes and Bonds outstanding are summarized as follows (in millions):

			Year Ended	
			December 31, 2019	December 31, 2018
Term loan				
*	2018 Term loan due March 8, 2020		$ —	$ 351.3
	2019 Term loan due August 15, 2022		600.0	—
	Total term loans		600.0	351.3
Notes and bonds				
	Coupon	Due		
*	5.000%	May 23, 2019	—	137.6
	3.500%	March 15, 2021	280.4	280.4
	3.500%	December 15, 2021	309.6	309.6
*	5.105%	July 28, 2023	151.4	154.9
	4.000%	November 15, 2023	215.6	215.6
	3.900%	December 15, 2024	700.0	700.0
	4.375%	March 15, 2026	700.0	700.0
	5.300%	November 15, 2043	90.5	90.5
	4.900%	December 15, 2044	303.9	303.9
	Total notes and bonds		$ 2,751.4	$ 2,892.5

* Debt denominated in euros subject to fluctuations in the euro-to-U.S. dollar exchange rate.

Debt Repayments

During the year ended December 31, 2019, we made $24.7 million in scheduled principal payments. In connection with the Omega acquisition, on March 30, 2015, we assumed a 5.000% retail bond due 2019 in the amount of €120.0 million ($130.7 million). On May 23, 2019 we repaid the bond in full. On August 15, 2019, we refinanced the €284.4 million ($317.1 million) outstanding under the 2018 Term Loan with the proceeds of a new $600.0 million term loan (the "2019 Term Loan"), maturing on August 15, 2022. During the year ended December 31, 2018, we made $51.5 million in scheduled principal payments.

We are in compliance with all covenants under our debt agreements as of December 31, 2019 (refer to Note 9 and Note 14 or more information on all of the above debt facilities and lease activity, respectively).

Credit Ratings

Our credit ratings on December 31, 2019 were Baa3 (stable) and BBB- (stable) by Moody's Investors Service and S&P Global Ratings, respectively.

Credit rating agencies review their ratings periodically and, therefore, the credit rating assigned to us by each agency may be subject to revision at any time. Accordingly, we are not able to predict whether current credit ratings will remain as disclosed above. Factors that can affect our credit ratings include changes in operating performance, the economic environment, our financial position, and changes in business strategy. If changes in our credit ratings were to occur, they could impact, among other things, future borrowing costs, access to capital markets, and vendor financing terms.

FINANCIAL RISK MANAGEMENT

Foreign Exchange Risk

We are a global company with operations primarily throughout North America, Europe, Australia, Mexico, and Israel. We transact business in each location's local currency and in foreign currencies, thereby creating exposures to changes in exchange rates. Our largest exposure is the movement of the U.S. dollar relative to the euro. In addition, our U.S. operations continue to expand their export business, primarily in Canada, China, and Europe, and are subject to fluctuations in the respective exchange rates relative to the U.S. dollar. A large portion of the sales of our Israeli operations is in foreign currencies, primarily U.S. dollars and Euros, while these operations largely incur costs in their local currency. Further, a portion of Biogen's global sales of Tysabri® are denominated in local currencies, creating exposures to changes in exchange rates relative to the U.S. dollar and thereby impacting the amount of U.S. dollar royalties necessary to achieve our contingent payment threshold in 2020.

Due to different sales and cost structures, certain segments experience a negative impact and certain segments a positive impact as a result of changes in exchange rates. We estimate the translation effect of a ten percent devaluation of the U.S. dollar relative to the other foreign currencies in which we transact business would have increased operating income of our non-U.S. operating units by approximately $31.4 million for the year ended December 31, 2019. This sensitivity analysis has inherent limitations. The analysis disregards the possibility that rates of multiple foreign currencies will not always move in the same direction relative to the value of the U.S. dollar over time and does not account for foreign exchange derivatives that we utilize to mitigate fluctuations in exchange rates.

In addition, we enter into certain purchase commitments for materials that, although denominated in U.S. dollars, are linked to foreign currency valuations. These commitments generally contain a range for which the price of materials may fluctuate over time given the value of a foreign currency.

The translation of the assets and liabilities of our non-U.S. dollar denominated operations is made using local currency exchange rates as of the end of the year. Translation adjustments are not included in determining net income but are disclosed in Accumulated Other Comprehensive Income ("AOCI") within shareholders' equity on the Consolidated Balance Sheets until a sale or substantially complete liquidation of the net investment in the subsidiary takes place. In certain markets, we could recognize a significant gain or loss related to unrealized cumulative translation adjustments if we were to exit the market and liquidate our net investment. As of December 31, 2019, cumulative net currency translation adjustments increased shareholders' equity by $132.9 million.

We monitor and strive to manage risk related to foreign currency exchange rates. Exposures that cannot be naturally offset within a local entity to an immaterial amount are often hedged with foreign exchange derivatives or netted with offsetting exposures at other entities. We cannot predict future changes in foreign currency movements and fluctuations that could materially impact earnings.

Interest Rate Risk

We are exposed to interest rate changes primarily as a result of interest income earned on our investment of cash on hand and interest expense on borrowings.

We have in the past, and may in the future, enter into certain derivative financial instruments related to the management of interest rate risk, when available on a cost-effective basis. These instruments are managed on a consolidated basis to efficiently net exposures and thus take advantage of any natural offsets. Gains and losses on hedging transactions are offset by gains and losses on the underlying exposures being hedged. We do not use derivative financial instruments for speculative purposes.

See Note 13 and Note 1 for further information regarding our derivative instruments and hedging activities.

ACCOUNTING RECORDS

The directors are responsible for ensuring that we keep proper accounting records and appropriate accounting systems. On a periodic basis, regular reports, certifications and attestations on our financial matters, internal control and fraud are made to the Audit Committee of the Board of Directors, who in turn, briefs the full Board of Directors on these matters. These measures ensure the compliance with requirements of Section 281 to 285 of the Companies Acts 2014. The accounting records of Perrigo Company plc are maintained at our registered offices located at The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland.

SIGNIFICANT EVENTS SINCE YEAR END

Subsequent events have been evaluated through March 12, 2020, the date this report was approved by the Audit Committee of the Board of Directors and the Board of Directors. Refer to Note 27 to the Consolidated Financial Statements for any disclosures related to subsequent events.

DIRECTORS' INTEREST IN SHARES

No director, secretary or any member of their immediate families had any interest in shares or debentures of any subsidiary. Directors' remuneration is set forth in Note 25 to the Consolidated Financial Statements. The interest of the directors and our secretary, who held office at December 31, 2019 and December 31, 2018 in ordinary share capital of Perrigo Company plc are as follows:

	December 31, 2019			December 31, 2018		
	Ordinary shares	Stock options	Restricted share units	Ordinary shares	Stock options	Restricted share units
Directors						
Laurie Brlas [1]	—	—	—	15,329	7,225	3,971
Gary M. Cohen [1]	—	—	—	20,317	7,225	3,971
Jeffrey C. Smith[2]	—	—	—	10,044,170	—	3,971
Donal O'Connor[3]	8,487	—	6,054	6,423	—	3,971
Geoffrey Parker[4]	10,943	—	6,054	8,879	—	3,971
Theodore R. Samuels[5]	19,854	—	6,054	11,883	—	3,971
Bradley A. Alford	4,812	—	6,054	2,748	—	3,971
Jeffrey B. Kindler	4,809	—	6,054	2,745	—	3,971
Rolf Classon	4,798	—	7,568	2,217	—	4,964
Adriana Karaboutis	4,281	—	6,054	2,217	—	3,971
Erica Mann [6]	—	—	6,054	—	—	—
Murray S. Kessler	15,683	110,074	49,154	15,683	110,074	—
Secretary						
Todd W. Kingma[7]	31,984	89,012	11,866	25,587	89,012	12,408

(1) Ms. Brlas and Mr. Cohen left the Board on April 25, 2019.

(2) Mr. Smith left the Board on August 7, 2019. On December 31, 2018, shares owned included 10,041,425 shares held by certain funds and managed accounts for which Starboard Value LP served as manager or investment manager. Mr. Smith served as a Managing Member, Chief Executive Officer, and Chief Investment Officer of Starboard Value LP. Mr. Smith had shared voting and shared dispositive power over Starboard's shares.

(3) Shares owned include 1,198 shares in an approved retirement fund.

(4) Shares owned include 150 shares in a revocable trust, of which Geoffrey Parker and Jill Parker are the trustees, and 5500 shares in Geoffrey Parker Roth IRA.

(5) Shares owned include 11,618 shares in the Ted and Lori Samuels Family Trust, of which Theodore Rapp Samuels II and Lori Winters Samuels are the trustees.

(6) Ms. Mann joined the Board on April 26, 2019. Upon joining the Board, Ms. Mann held no shares.

(7) Shares owned include 2,000 shares in Todd Kingma's Charitable Remainder Uni-Trust.

POLITICAL DONATIONS

No political contributions that require disclosure under Irish law were made during the twelve months ended December 31, 2019.

DIVIDENDS

Dividend payments were $112.4 million during the twelve months ended December 31, 2019 and $104.9 million during the twelve months ended December 31, 2018. On February 18, 2020, we declared a quarterly cash dividend of $0.225 per share to shareholders of record on March 17, 2020. We expect that we will continue to pay dividends comparable to this amount to holders of our ordinary shares. The timing, declaration and payment of future dividends to holders of our ordinary shares, however, will depend upon many factors, including the statutory requirements of Irish law, our earnings and financial condition, the capital requirements of our business, industry practice and any other factors deemed relevant.

RESEARCH AND DEVELOPMENT

The Company is involved in research and development activities and we incurred $187.4 million of research and development costs that were expensed during the twelve months ended ended December 31, 2019.

SIGNIFICANT TRENDS AND DEVELOPMENTS

- We previously announced a plan to separate our RX business, which, when completed, will enable us to focus on expanding our consumer-focused businesses. In 2019, we continued preparations related to our planned separation, which may include a possible sale, spin-off, merger or other form of separation. While we remain committed to transforming to a consumer-focused business, we have not committed to a specific date or form for the separation. In connection with the proposed separation, we have incurred significant preparation costs and will continue to incur costs that when completed will be in the range of $45.0 million to $80.0 million, excluding restructuring expenses and transaction costs, depending on the final timing and structure of the transaction.

- On February 20, 2020, we entered into a definitive agreement to acquire the oral care assets of High Ridge Brands for cash of $113.0 million. The transaction is expected to close in the first quarter of 2020 subject to bankruptcy court approval in connection with High Ridge Brands' Chapter 11 cases, as well as other customary closing conditions. This transaction, in combination with our existing children's oral self-care portfolio, provides a new platform for disruptive product innovation in the form of exclusive store and value brand programs that challenge current national brand oral care offerings.

- On January 3, 2020, we acquired Steripod®, a leading toothbrush accessory brand and innovator in the toothbrush protector market, from Bonfit America Inc. The acquisition, which includes a portfolio of antibacterial toothbrush protectors, kids' toothbrush protectors and tongue cleaners, complements our current portfolio of oral self-care products, and leverages our manufacturing and marketing platform. Operating results attributable to the products will be included in our CSCA segment. Total consideration paid was $24.7 million, subject to customary post-closing adjustments (refer to Note 27).

- On November 29, 2019, we acquired the branded OTC rights to Prevacid®24HR from GlaxoSmithKline for $61.5 million. The acquisition of Prevacid®24HR expands our U.S. OTC presence with a leading brand in our digestive health product category (refer to Note 3).

- On July 8, 2019, we completed the sale of our animal health business to PetIQ for cash consideration of $182.5 million, which resulted in a pre-tax gain of $71.7 million recorded in Other (income) expense, net on the Consolidated Statements of Operations (refer to Note 3).

- On July 1, 2019, we acquired Ranir, a privately-held leading global supplier of private label and branded oral self-care products, for $747.7 million. This transaction advances our transformation to a consumer-focused, self-care company while enhancing our position as a global leader in consumer self-care solutions. Ranir's non-U.S. operations are located primarily in the United Kingdom, France, Germany, and China (refer to Note 3).

- On April 1, 2019, we purchased the ANDAs and other records and registrations of Budesonide Nasal Spray, a generic equivalent of Rhinocort Allergy® and Triamcinolone Nasal Spray, a generic equivalent of Nasacort Allergy®, from Barr Laboratories, Inc., a subsidiary of Teva Pharmaceuticals, for a total of $14.0 million in cash (refer to Note 3).

- During the three months ended December 31, 2019, following commercial launch delays relating to certain pain relief products that we licensed from a third party, the licensor determined that it would not extend the license agreement upon expiration. As a result, we recorded an asset impairment of $9.7 million relating to this license, which we had reported as a definite-lived intangible asset (refer to Note 4 and Note 11).

- During the three months ended September 28, 2019, after worldwide regulatory bodies announced that Ranitidine may potentially contain NDMA, a known environmental contaminant, we promptly began testing our externally sourced Ranitidine API and Ranitidine-based products. On October 8, 2019, we halted shipments of the product based upon preliminary results. Based on the totality of data gathered, we made the decision to conduct a voluntary retail market withdrawal, which resulted in a decrease in net sales of $1.8 million and a decrease in gross profit of $2.9 million in our CSCI segment and a decrease in net sales of $7.4 million and a decrease in gross profit of $15.5 million in our CSCA segment.

- Although pricing pressure is showing some signs of moderation, during 2019 we continued to experience a significant year-over-year reduction in pricing in our RX segment due to competitive pressure. We expect softness in pricing to continue to impact the segment for the foreseeable future.

- On February 24, 2020, along with our partner Catalent Pharma Solutions, we received approval from the FDA on our abbreviated new drug application for generic albuterol sulfate inhalation aerosol. Shortly after approval, we launched with limited commercial quantities and anticipate that we will be in a position to provide a steady supply of this product by the fourth quarter of 2020.

- During the three months ended December 31, 2019, we tested our RX U.S. reporting unit for impairment. The impairment indicators related to a combination of industry and market factors that led to reduced projections of future cash flows. We determined the reporting unit was impaired and recorded an impairment charge of $109.2 million (refer to Note 4 and Note 11).

- During the three months ended December 31, 2019, we identified impairment indicators on a definite-lived intangible asset related to our clindamycin and benzoyl peroxide topical gel (generic equivalent to Benzaclin®). Increases in competition caused price erosion that lowered our long-range revenue forecast, which indicated the asset was no longer recoverable and was partially impaired. We recorded an asset impairment of $21.2 million (refer to Note 4 and Note 11).

- On July 2, 2019, we purchased the ANDA for a generic gel product for $49.0 million in cash, which we capitalized as a developed product technology intangible asset. We launched the product during the third quarter of 2019 (refer to Note 3).

- During the three months ended September 28, 2019, we identified impairment indicators related to our Evamist® branded product, which is a definite-lived intangible asset. The indicators related to a decline in sales volume and a corresponding reduction in our long-range revenue forecast. We recorded an asset impairment of $10.8 million (refer to Note 4 and Note 11).

- On May 17, 2019, we purchased the ANDA for a generic product used to relieve pain for $15.7 million in cash, which we capitalized as a developed product technology intangible asset. We launched the product during the third quarter of 2019 (refer to Note 3).

- During the three months ended June 29, 2019, we identified impairment indicators for a certain definite-lived asset related to changes in pricing and competition in the market, which lowered the projected cash flows we expect to generate from the asset. We recorded an asset impairment of $27.8 million (refer to Note 4 and Note 11).

SUBSIDIARY COMPANIES AND BRANCHES

Information regarding subsidiary undertakings, including information regarding branches, is provided in Note 28.

GOING CONCERN

The directors have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have chosen to adopt the going concern basis in preparing the financial statements.

AUDIT COMMITTEE

Pursuant to the Company's Articles of Association the Board had established in December 2013 an Audit Committee that in all material respects meets the requirements of Section 167 of the Companies Act 2014 (the "Audit Committee"). Pursuant to the Articles of Association on the Company's Corporate Governance Guidelines the Audit Committee was fully constituted and active during the current and prior financial periods under review in these Financial Statements.

COMPLIANCE STATEMENT

The Directors acknowledge that they are responsible for securing compliance by the Company with its Relevant Obligations as defined in the Companies Act, 2014 (hereinafter called the Relevant Obligations).

The Directors confirm that they have drawn up and adopted a compliance policy statement setting out the Company's policies that, in the Directors' opinion, are appropriate to the Company in respect of its compliance with its Relevant Obligations.

The Directors further confirm the Company has put in place appropriate arrangements or structures that are, in the Directors' opinion, designed to secure material compliance with its Relevant Obligations and that they have reviewed the effectiveness of these arrangements or structures during the financial period to which this Report relates.

OTHER NON-FINANCIAL DISCLOSURES

These other non-financial disclosures are included for the purpose of addressing Statutory Instrument 360/2017 European Union (Disclosure of Non-Financial and Diversity Information by Certain Large Undertakings and Groups) Regulations 2017. The Company monitors and tracks non-financial key-performance indicators on an ongoing basis. The Company updates the Board of Directors regarding these metrics and the application and outcome of these policies, including that they are operating as intended and no material issues or incidents were identified during the year under review. Further details of our non financial disclosure metrics are reported in the 2019 Corporate Social Responsibility Report and is located on the Company's website at: www.perrigo.com.

Perrigo's business model

Perrigo's business model is presented in the 'Competitive Advantage' and 'Who we are' sections of this Directors' Report.

Key performance indicators

Perrigo has identified non-financial key performance indicators in areas which we believe are relevant to the Company. Our vision is to make lives better by bringing *Quality Affordable Self-Care Products*® that consumers trust everywhere they are sold. We bring this vision to life by investing in and continually improving all aspects of our consumer self-care strategy, underpinned by the solid foundation of our Core Values, Five Pillars and Code of Conduct. Non-financial key performance indicators have been identified in respect of environmental targets, health and safety metrics, community engagement initiatives, and employee ethics and compliance certifications as described below.

Environmental matters

Perrigo recognizes that we impact the environment in a variety of ways and is committed to promoting environmental stewardship by calculating and reducing our global footprint on energy usage, greenhouse gas emissions, water usage, waste and recycling. Perrigo has policies and procedures specific to environmental matters. In 2015, Perrigo implemented an environmental stewardship program with a core function to measure and track energy, water and waste data through each of Perrigo's global sites and facilities. This data is used to drive initiatives that will reduce Perrigo's energy and water usage and ultimately improve our environmental footprint. In 2016, Perrigo implemented a formal sustainability target to reduce our greenhouse gas emissions, energy usage, water withdrawn and total waste by 15% by 2020, using 2015 data as a baseline. This is a non-financial key performance indicator. We capture this data for approximately 80 different sites and facilities around the globe, with special focus on production factories. In order to reduce our environmental impact, we have implemented various initiatives such as installation of energy efficient infrastructure at older facilities, upgrading waste water plants and implementing recycling initiatives.

Social and employee matters

Perrigo monitors the development, performance, position and impacts of its activity on social and employee matters.

Employees are the cornerstone of our business and we take pride in ensuring they, and our overall corporate culture, remain unique. Perrigo is firmly committed to our employees and to providing a culture that not just encourages, but empowers their health and well-being, work/life balance, learning and growth, respect for each other, sense of purpose and overall engagement. As a company, we seek to have our employees as proud of their company, as their company is of its employees. As described in the Perrigo Code of Conduct, we are committed to providing a positive work environment that promotes equal employment opportunities and is free from all forms of illegal and improper discrimination and harassment. Perrigo promotes health and well-being through the HEALTHYyou program, which launched in 2016 for U.S. employees to enhance our long-running wellness program. HEALTHYyou is a voluntary program focused on five dimensions of well-being including physical, emotional, financial, work/life and community. In 2017, Perrigo was recognized as a winner of the 2017 Best and Brightest in Wellness award. Sponsored by the National Association for Business Resources, this award recognizes employers who promote a culture of wellness for their employees, making their workplace and their community a healthier place to live and work. Perrigo was also invited and presented the positive impact our HEALTHYyou program has had on employee well-being engagement at the Conference Board's Annual Employee Healthcare Conference in San Diego, CA and New York City, NY in 2018. Diversity remains a core commitment for Perrigo as demonstrated by a number of our diversity initiatives such as the ongoing Perrigo Veterans program, support of the West Michigan Hispanic Chamber of Commerce, and our women

in leadership program. From job satisfaction, to skill development, to work/life balance, understanding what engages our employees, and keeps them engaged, is a core element of Perrigo's talent strategy. Perrigo seeks to keep employees engaged and satisfied through a number of different ways including: competitive wages, bonuses and benefits, work/life balance emphasis, world-class employee development programs, total well-being and safety programs, and creating an empowering, positive and inclusive culture. Perrigo measures this impact by way of an employee engagement survey, which captures the anonymous opinions of all employees on a number of different topics.

Health and Safety

Perrigo is committed to protecting the health and safety of our employees, contractors and the public in the communities in which we operate. Since 2014, Perrigo's Environmental, Health & Safety (EHS) team has been using a risk assessment tool to evaluate and assess the inherent risk at each manufacturing site. The baseline risk assessments are used to identify the risk profile for each site and prioritize resources while also being the foundational impacts and aspects that drive the Perrigo EHS strategy. Perrigo has developed a corporate EHS strategy to drive consistency and reduce inherent risk across all our global manufacturing operations. The corporate EHS strategy identifies and enhances compliance assurance, management systems and culture related elements to drive improvements in the operating culture. The Perrigo EHS management system uses a combination of leading and lagging indicator metrics to promote and monitor continuous improvement activities. These leading indicators drive employee engagement and risk reduction activities by promoting a reporting culture, that identifies and reduces risk in areas from powered industrial equipment, combustible dust, ergonomics to machine guarding. The primary lagging metric used is Total Recordable Injury Rate (TRR), which is a non-financial key performance indicator that measures our ongoing injury reduction efforts and if we are successfully protecting our employees from workplace injuries. These EHS responsibilities and metrics are integrated into the performance review process for managers and supervisors, which further identifies EHS as a core business driver in line with production. With the development and deployment of the Safety Leadership training (MOST) and the EHS Operations Leader Workshops, Perrigo has seen the positive change by increasing the leadership engagement around safety. Outside of the US the Cultural Excellence Program has been rolled out jointly with Safety, Quality and OpEX teaming to align and promote the same cultural aspects. Our EHS programs and performance metrics are continually monitored across all sites and are published annually in our Corporate Social Responsibility Report.

Community engagement and volunteering

Perrigo has a strong history of employee volunteerism and community engagement. Founded in 2000, the Perrigo Company Charitable Foundation is a private, nonprofit organization wholly funded by the Company which allows community relations initiatives to be developed. The overall mission of the Foundation is to provide financial support to non-profit organizations that enhance the health, well-being and education of individuals and families in the communities we serve. Introduced in 2016, Perrigo's Caring for Communities program recognizes the volunteering efforts of our employees and encourages those who have not volunteered to consider donating their time to worthwhile activities in the community. Perrigo is a firm believer that volunteering time and talent is not only good for the community, but good for both the individual and company as well. The Perrigo Foundation also makes donations to support Self-Care initiatives that affect our own employees, and to various charitable initiatives which have an impact on our local communities. Perrigo monitors the value of donations and the number of volunteer hours as a non-financial key performance indicator.

Respect for human rights

Respecting human rights is a Perrigo core value and one that we expect our business partners to share. We have developed processes and policies, including our Code of Conduct, Supplier Code of Conduct, and Modern Slavery and Human Trafficking Statement to support our Core Values. Perrigo has a zero-tolerance stance, not just for modern slavery and human trafficking, but any form of human rights abuse. We are committed to ensuring we maintain robust programs and procedures to protect our people and prevent such abuse through our supply chain. Perrigo's Code of Conduct and Supplier Code of Conduct expressively prohibit the use of forced, imprisoned, bonded, indentured or involuntary labor including child labor. Other requirements include safe and clean working conditions, fair wages and no discrimination. To ensure our stringent standards are met, Perrigo monitors activities through on-site inspections, signed supplier agreements, certifications and third-party assessments. We provide training to employees on these key policies.

Bribery and corruption

Perrigo is committed to conducting business according to ethical and legal standards and complying with anti-bribery and anti-corruption laws and regulations of the countries in which we operate. The Perrigo Code of Conduct helps our employees act with integrity and safeguard our company's reputation by describing the responsibility our employees have for adherence to ethical and legal standards. Perrigo employees certify compliance with our Code of Conduct and global policies and complete required ethics and compliance trainings which is a non-financial key performance indicator of the Company. We also have an ethics and whistleblower hotline where employees can anonymously (where allowed by local data protection regulations) submit ethics or compliance concerns. These key governance processes and supporting policies guide our actions accordingly.

Due diligence

Monitoring the risks, policies and procedures, and compliance of the other non-financial matters described above is the responsibility of our Global Corporate Compliance and Privacy Department, Global Legal Department, Global Human Resources Department, Corporate Social Responsibility Department and our Executive Officers. However, strong corporate governance at Perrigo starts with our Board of Directors, which has ultimate oversight responsibility.

RELEVANT AUDIT INFORMATION

The directors hereby individually and collectively acknowledge, that so far as each director is aware, there is no Relevant Audit Information of which the Company's statutory auditors are unaware; and that he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any Relevant Audit Information and to establish that the Company's statutory auditors are aware of that information.

AUDITORS

In accordance with Section 383(2) of the Companies Act 2014, the auditor, Ernst & Young, Chartered Accountants, will continue in office.

On behalf of the Directors:

_____	_____
Murray S. Kessler	Donal O'Connor
Chief Executive Officer	Director, Audit Committee Chair

March 12, 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

Company law in the Republic of Ireland requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Parent Company and of the Group and of the profit or loss of the Group for that period.

In preparing the financial statements of the Group, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- comply with applicable U.S. generally accepted accounting principles to the extent that the use of U.S. generally accepted accounting principles does not contravene any provision of Part 6 of the Companies Act 2014, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The considerations set out above for the Group are also required to be addressed by the Directors in preparing the financial statements of the Parent Company (which are set out on pages 149 to 161), in respect of which the applicable accounting standards are those which are generally accepted in the Republic of Ireland.

While the financial statements of the Group are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), the Directors have elected to prepare the Parent Company's financial statements in accordance with accounting standards issued by the Financial Reporting Council including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (Generally Accepted Accounting Practice in Ireland).

Under company law the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the assets, liabilities and financial position, of the group and parent company as at the end of the financial period, and the profit or loss for the group for the financial period, and otherwise comply with Companies Act 2014.

The Directors are responsible for keeping accounting records which disclose with reasonable accuracy the assets, liabilities, financial position and profit and loss of the Parent Company and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable U.S. generally accepted accounting principles and comply with the provisions of the Companies Acts 2014. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors on March 12, 2020, and signed on its behalf by;

Murray S. Kessler	Donal O'Connor
Chief Executive Officer	Director, Audit Committee Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERRIGO COMPANY PLC

Opinion

We have audited the financial statements of Perrigo Company plc ('the Parent Company') and its subsidiaries ('the Group') for the year ended 31 December 2019, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Shareholders' Equity, the Consolidated Statement of Cash Flows, the Parent Company Balance Sheet, the Parent Company Statement of Shareholders' Equity, the related notes 1 to 28 in respect of the group financial statements and the related notes 1 to 12 in respect of the parent company financial statements, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in the preparation of the group financial statements is Irish law and U.S. Generally Accepted Accounting Principles (U.S. GAAP), as defined in section 279 of Part 6 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of that Part of the Companies Act 2014. The financial reporting framework that has been applied in the preparation of the parent company financial statements is Irish law and accounting standards issued by the Financial Reporting Council (Generally Accepted Accounting Practice in Ireland), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion:

- the group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2019 and of the profit for the year then ended, and have been properly prepared in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP), as defined in section 279 of Part 6 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of that Part of the Companies Act 2014;

- the parent company balance sheet gives a true and fair view of the assets, liabilities and financial position of the parent company as at 31 December 2019 and has been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;

- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Parent company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ('IAASA'), as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters, in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Parent Company's and the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERRIGO COMPANY PLC

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

GROUP AUDIT MATTERS

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of goodwill for the Rx U.S., Branded Consumer Self-Care (BCS), Consumer Self-Care UK and Australia (CSC UK and AUS) reporting units Refer to the Accounting policies (page 75); and Note 4 of the Consolidated Financial Statements (page 85). At 31 December 2019 the Group's goodwill was approximately $4,166.7 million (2018 comparative $3,979.8 million) of which $1,013.9 million, $960.5 million and $51.0 million related to the Rx U.S., BCS and CSC UK and AUS reporting units respectively. Goodwill is not amortised but rather is tested for impairment at least annually at the reporting unit level. The Group's goodwill is initially assigned to reporting units as of the acquisition date. Auditing management's annual goodwill impairment test is complex and highly judgmental due to the significant measurement uncertainty in determining the fair value of the reporting units. In particular, the fair value estimates in the Rx U.S., BCS and CSC UK and AUS reporting units were sensitive to significant assumptions such as revenue growth, margins, and discount rate, which are affected by expected future market or economic conditions	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Group's goodwill impairment assessment process. We tested controls over the Group's budgetary process as well as controls over the review of the significant assumptions in estimating the fair values of the reporting units. To test the fair value of the Group's reporting units, our audit procedures included, among others, assessing the methodologies used and testing the significant assumptions discussed above and underlying data used by the Group. We, with the assistance of our valuation specialists, compared the significant assumptions used by management to current industry and economic trends, changes in the Group's business model, customer base or product mix and other relevant factors. We performed sensitivity analyses of significant assumptions to evaluate the change in the fair value of the reporting unit resulting from changes in the assumptions. We also reviewed the reconciliation of the fair value of the reporting units to the market capitalisation of the Group and assessed the implied control premium. We also assessed the historical accuracy of management's estimates	Our observations included the excess of fair value over carrying value at 1 October 2019 for the Rx U.S., BCS and CSC UK and AUS reporting units, the result of the updated impairment test at 31 December 2019 and an impairment charge of $109.2 million for the Rx U.S. reporting unit, our evaluation of the reasonableness of the key assumptions used in the fair value estimation process and the final market capitalisation reconciliation at 31 December 2019.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERRIGO COMPANY PLC

GROUP AUDIT MATTERS (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Uncertain tax positions (2019 total value of $350.5 million, 2018 comparative $377.1 million) Refer to the Accounting policies (page 76); and Note 19 of the Consolidated Financial Statements (page 114). The Group establishes reserves for uncertain tax positions for positions that are taken on income tax returns that might not be sustained upon examination by taxing authorities. In determining whether an uncertain tax position exists, the Group first determines, based solely on its technical merits, whether the tax position is more likely than not to be sustained upon examination, and if so, a tax benefit is measured as the largest amount, determined on a cumulative probability basis, that is more likely than not to be realized upon the ultimate settlement. The Group identifies its certain and uncertain tax positions and then evaluates the recognition and measurement steps to determine the amount that should be recognised. The Group then evaluates uncertain tax positions in subsequent periods for recognition, de-recognition or re-measurement if changes have occurred, or when effective settlement or expiration of the statute of limitations occurs.	Auditing the uncertain tax reserves is challenging because of the subjectivity of the reserves and the taxing authority audit activity. Each tax position involves unique facts and circumstances that must be evaluated and the analysis of each position is complex and involves significant management judgment and estimation. Further there may be many uncertainties around initial recognition and de-recognnition of tax positions, including regulatory changes, litigation and examination activity. We tested the internal controls related to the recognition and measurement and the evaluation of changes during our audit. This included testing controls over management's review of the tax positions, assessing management's evaluation of whether they met the measurement threshold, reviewing correspondence with the taxing authorities, reviewing the advice that the Group obtained and recalculating the amounts recognised. Our audit procedures included, among others, evaluating the assumptions the Group used to develop its uncertain tax positions and related unrecognized income tax benefit amounts by jurisdiction. We also tested the completeness and accuracy of the underlying data used by the Group to calculate its uncertain tax positions. We involved our tax professional to evaluate the application of relevant tax laws in the Group's recognition determination. We have also reviewed the disclosures made by the Company.	Our observations included our evaluation of the Group's accounting policy and reasonableness of estimates in this area, our use of tax subject matter experts, and our conclusions on the Group's internal controls over the accounting for uncertain tax positions. Our observations also included an assessment of the Group's evaluation of whether they met the measurement threshold and on the advice and opinions the Group obtained.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERRIGO COMPANY PLC

GROUP AUDIT MATTERS (continued)		
Risk	**Our response to the risk**	**Key observations communicated to the Audit Committee**
Revenue recognition in respect of US OTC and Nutritionals business units (2019 total revenue recognised of $4,837.4 million, 2018 comparative $4,731.7 million) Refer to the Accounting policies (page 70); and Note 2 of the Consolidated Financial Statements (page 80). The Group generally recognises product revenue for contract performance obligations at a point in time, typically upon shipment or delivery of products to customers. Given the nature of revenue as a key performance indicator and driver of net income, a fraud risk exists that the Group may attempt to maximise revenue at period end through inappropriately accelerating revenue recognition through the distribution channels in US OTC and Nutritionals business units through side agreements.	We updated our understanding of the Group's revenue recognition process, including performing walkthroughs. We also tested internal controls in the revenue area, including the precision set by management when performing controls including the review of reports and data. We also performed various customised substantive audit procedures targeted on the significant customers in US OTC and Nutritionals business units where there is an increasing likelihood of unknown side agreements. These audit procedures included confirming a sample of invoices and contract terms with customers, inquiring and inspecting for existence of any side-agreements, side-letters, oral arrangements that impact existing customer contracts, and analytical procedures to analyse the relationship of revenue recognised with related accounts and with revenue recognised during different periods. We also tested a sample of revenue transactions to verify that revenue recognition was in accordance with the related contractual terms, evaluated the Group's ability to reasonably estimate future returns to support revenue recognition at the time of delivery, related gross-to-net adjustments, and credit memos issued subsequent to year-end. Our procedures also included enquiry of key sales personnel regarding risk or opportunity of channel stuffing to increase revenues at year end and obtaining representations from various members of management regarding their awareness of pricing negotiations which could impact revenue recognised. In addition to the above procedures which were performed across the revenue in US OTC and Nutritionals business units, we performed additional procedures specific to chargebacks and sales rebate accruals, as set out in the following key audit matter.	Our observations included a summary of our audit procedures over revenue recognition and our evaluation of the Group's revenue recognition policies.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERRIGO COMPANY PLC

GROUP AUDIT MATTERS (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Chargebacks and product return accruals (2019 total sales rebate, product return and discount accruals of $394.4 million, 2018 comparative $442.4 million) Refer to the Accounting policies (page 70); and Note 10 of the Consolidated Financial Statements (page 95). The Group establishes provisions for chargebacks and product returns in the same period as the related sales occur. A large portion of these liabilities are chargeback payments to wholesalers representing the difference between the list price and the contracted price with the pharmacies, and product returns. Auditing the chargeback and product return liabilities is challenging because of the subjectivity of certain assumptions required to estimate the liabilities. In calculating the appropriate accrual amount, the Group considers their historical sales mix, current forecast and contract prices with pharmacies to establish an estimate of the related accrual at the point of sale. The Group then performs look-backs and analyzes payment data to adjust the accrual based on the actual payments. Specific to product returns, the Group's products typically have expiration dates that are generally up to eighteen months after manufacture. The Group's product returns liabilities can vary based on new product launches, changes in return experience or changes in pricing at which they accept returns.	We tested the Group's internal controls addressing the identified audit risks for chargebacks and product returns. This included testing controls over management's review of the significant assumptions used to calculate the chargeback and product return liabilities, including contract testing, sales mix, payment testing, return period, look-back analysis and analytics around the lag in payment timing. We also tested management's controls to compare actual activity to forecasted activity or estimates accrued to the actual amounts paid, and controls to ensure the data used to evaluate the significant assumptions was complete and accurate. To test the Group's chargebacks and product return liabilities, we performed substantive audit procedures that included, among others, testing the accuracy and completeness of the underlying data used in the calculations and evaluating the significant assumptions used by management to estimate its reserves. For example, we considered the reasonableness of management's assessment of future trends based on our knowledge of the industry and other macro-economic considerations. We also tested the Group's retrospective review of the accuracy of the reserves for returns on product revenue, compared the results of the retrospective review to the current year and performed analytical procedures, based on internal and external data sources, to evaluate the completeness of the reserves, including assessing whether there were any unusual sales trends at each period end.	Our observations included a summary of our audit procedures in this area and our evaluation of the quality and application of the Group's related accounting policies and reasonableness of estimate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERRIGO COMPANY PLC

GROUP AUDIT MATTERS (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Accounting for acquisitions Ranir Global Holdings, LLC ("Ranir") for base consideration of $750.0 million. Refer to the Accounting policies (page 78); and Note 3 of the Consolidated Financial Statements (page 82). The transaction was accounted for as a business combination. The recognition and measurement of the Group's acquisition of Ranir in the 2019 consolidated financial statements was considered especially challenging and required significant auditor judgment due to the complex determination by management of the appropriate assumptions, such as discount rates, revenue growth rates, and projected profit margins, for the valuation of acquired assets, including customer relationships.	We obtained an understanding, evaluated the design and tested the operating effectiveness of the Group's controls over its accounting for Ranir acquisition. For example, we tested the effectiveness of controls over the estimation process supporting the recognition and measurement of consideration transferred and customer relationships. We also tested the effectiveness of controls over management's review of the significant assumptions used in the valuation models. To test the Group's accounting for the Ranir acquisition, we performed audit procedures that included, among others, evaluating management's identification of assets acquired and liabilities assumed and assessing significant assumptions used for the fair value measurements, including the discount rates, revenue growth rates and projected profit margins used in valuing the customer relationships. We involved our valuation specialists to assist with the evaluation of methodologies used by the Group and significant assumptions included in the fair value estimates. We also evaluated the Group's disclosures to the consolidated financial statements.	Our observations included a summary of our audit procedures in this area, our evaluation of the reasonableness of the key assumptions used in the fair value estimation process and application of the Group's related accounting policies.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERRIGO COMPANY PLC

PARENT COMPANY AUDIT MATTERS

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of investments in subsidiaries (2019 total value of $15,501.0 million, 2018 comparative $12,598.3 million) Refer to the Accounting policies (page 153); and Note 3 of the Parent Company's balance sheet (page 155). The Parent Company records investments in subsidiaries at cost less permanent diminution in value. The carrying value of the financial assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Where there are indicators of impairment of investments in Parent Company undertakings, management performs an impairment test, comparing the carrying value of the investments in subsidiaries with the higher of fair value less cost to sell or value in use. We identified a significant risk of error that the carrying value of investments in subsidiaries may be higher than the recoverable amount in light of the continued competitive environment in which the Group operates. As a result of the Parent Company's impairment review completed during the year, an impairment charge of $4,777.3 million was recognised.	We tested the design and implementation of key controls addressing the identified audit risks for valuation in investments in subsidiaries. We performed audit procedures to evaluate the appropriateness of management's impairment test. We reviewed the appropriateness of management's value in use calculations, which are based on a discounted cash flow model. Our audit procedures included, among others, assessing the methodologies used and testing the significant assumptions and underlying data used by the Parent Company to prepare the discounted cash flow model. In addition, we involved our internal valuation specialists to perform an analysis to help us evaluate the work performed by management and their third party specialists to test the components and assumptions that are most significant to the discounted cash flow model. We also reviewed the reconciliation of the estimated cash flows prepared by management for goodwill valuation purposes to those applied in the valuation of investments. We reviewed the reconciliation of the valuation of investments to the market capitalisation of the Group and assessed the resulting implied control premium. We have also reviewed the disclosures made by the Parent Company.	Our observations included our evaluation of the reasonableness of key assumptions used in the value in use calculations, our use of specialists and our conclusions on the Parent Company's internal controls over the valuation of investments in subsidiaries.

In the prior year, our auditor's report included a key audit matter in relation to deferred tax valuation allowances. In the current year, this matter is not included in the audit report as it did not have a significant effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $18 million (2018: $20 million), which is 5% (2018: 5%) of adjusted profit before tax. We considered adjusted profit before tax to be the most appropriate performance metric on which to base our materiality calculation as we consider it to be the most relevant performance measure to the stakeholders of the Group.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERRIGO COMPANY PLC

Starting Basis	•Starting basis - $171.0million •Starting basis represents profit before tax
Adjustments	•Decrease due to Tysabri royalty stream fair value- $22.1million •Increase due to restructuring charges - $26.3 million •Increase due to impairment charges - $184.5 million •Decrease due to other exceptional charges - $14.1 million
Materiality	•Totals $345.6 million adjusted profit before tax (rounded up to $360 million based on professional judgment) •Materiality of $18 million (5% of adjusted profit before tax, as rounded)

During the course of our audit, we reassessed initial materiality and adjusted it to reflect the actual performance of the Group in the year.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2018: 50%) of our planning materiality, namely $9 million (2018: $10 million). We have set performance materiality at this percentage due to our past history of misstatements, our ability to assess the likelihood of misstatements, both corrected and uncorrected, the effectiveness of the control environment and other factors affecting the entity and its financial reporting.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statements accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $1.8 million to $6.3 million (2018: $2.2 million to $7 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $0.9 million (2018: $1 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERRIGO COMPANY PLC

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 96 reporting components of the Group, we selected 27 components covering entities within Americas, Asia, Europe and Australia, which represent the principal business units within the Group.

Of the 27 components selected, we performed an audit of the complete financial information of 3 components ("full scope component") which were selected based on their size and risk characteristics. For the remaining 24 components ("specific scope" and "specified procedures" components), we performed audit procedures on specific accounts within those components that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

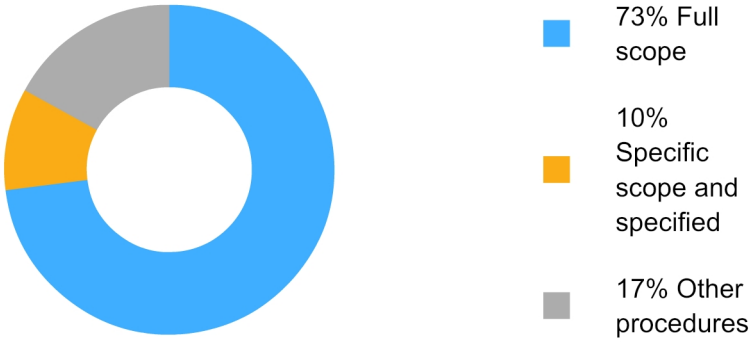
The reporting components where we performed audit procedures accounted for 83% (2018: 95%) of the Group's adjusted Profit before tax, 87% (2018: 87%) of the Group's Revenue and 85% (2018: 88%) of the Group's Total assets. For the current year, the full scope components contributed 73% (2018: 122%) of the Group's adjusted Profit before tax, 63% (2018: 63%) of the Group's Revenue and 44% (2018: 44%) of the Group's Total assets. The specific scope and specified procedures components contributed10% (2018: -27%) of the Group's adjusted Profit before tax, 24% (2018: 24%) of the Group's Revenue and 41% (2018: 44%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining 69 components that together represent 17% (2018: 5%) of the Group's adjusted Profit before tax, none are individually greater than 5% of the Group's adjusted Profit before tax. For these components, we performed other procedures, including assigning 'review scope' to 9 components representing 15% (2018: 8%) of the Group adjusted Profit before tax and performing analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

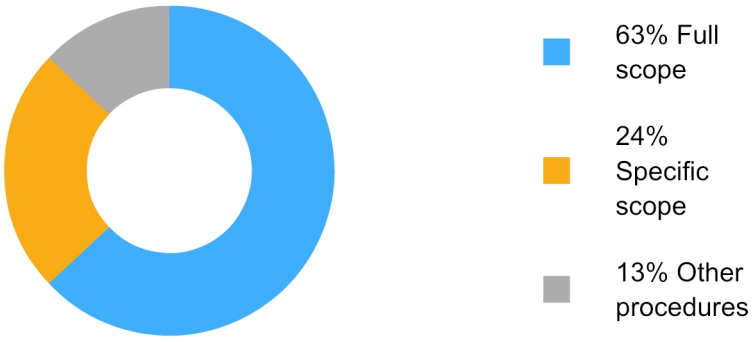
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERRIGO COMPANY PLC

The charts below illustrate the coverage obtained from the work performed by our component audit teams.

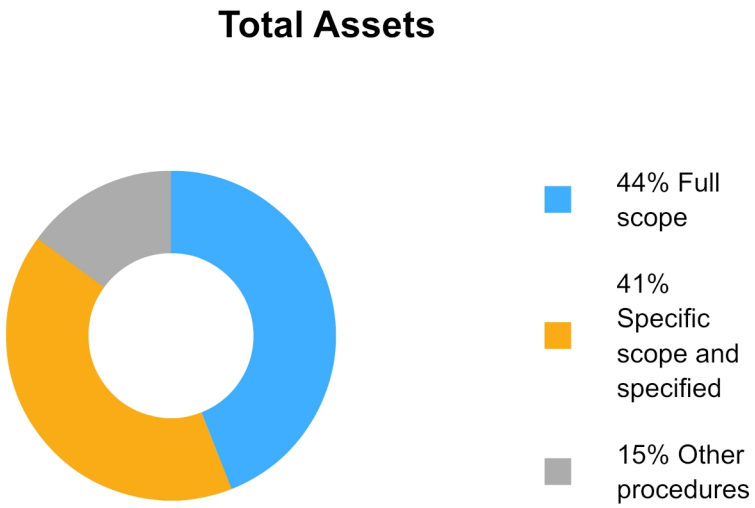
Adjusted Profit before tax



Revenue



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERRIGO COMPANY PLC



Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, EY Dublin, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. For 1 specific scope component, audit procedures were performed directly by the primary audit team. For the 3 full scope component and the 23 specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole. The primary team interacted with component teams where appropriate during various stages of the audit, most particularly the full scope component team, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at a group level, gave us appropriate evidence for our opinion on the Group financial statements.

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERRIGO COMPANY PLC

Opinions on other matters prescribed by the Companies Act 2014

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

- the information given in the directors' report, other than those parts dealing with the non-financial disclosure pursuant to the requirements of the European Union (Disclosure of non-financial and diversity Information by certain large undertakings and groups) Regulations 2017 (as amended) on which we are not required to report, for the financial year for which the statutory financial statements are prepared is consistent with the statutory financial statements in respect of the financial year concerned; and

- the directors' report, other than those parts dealing with the non-financial disclosure pursuant to the requirements of the European Union (Disclosure of non-financial and diversity Information by certain large undertakings and groups) Regulations 2017 (as amended) on which we are not required to report, has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Parent Company Balance Sheet is in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

We have nothing to report in respect of section 13 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended), which require us to report to you if, in our opinion, the Company has not provided in the non-financial disclosure the information required by Section 5(2) to (7) of those Regulations, in respect of year ended 31 December 2018.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 49, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERRIGO COMPANY PLC

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

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

George Deegan

for and on behalf of

Ernst & Young Chartered Accountants and Statutory Audit Firm

Dublin

12 March 2020

CONSOLIDATED PROFIT AND LOSS ACCOUNT
(in millions, except per share amounts)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
Net sales	2	$ 4,837.4	$ 4,731.7
Cost of sales		3,064.1	2,900.2
Gross profit		1,773.3	1,831.5
Operating expenses			
Distribution		96.1	94.2
Research and development		187.4	218.6
Selling		567.0	595.7
Administration		503.0	435.9
Impairment charges	4	184.5	224.4
Restructuring	21	26.3	21.0
Other operating expense (income)		4.2	5.2
Total operating expenses		1,568.5	1,595.0
Operating income		204.8	236.5
Change in financial assets	11	(22.1)	(188.7)
Interest expense, net	9	121.7	128.0
Other (income) expense, net		(66.0)	6.1
Loss on extinguishment of debt	9	0.2	0.5
Income before income taxes		171.0	290.6
Income tax expense	19	24.9	159.6
Net income		$ 146.1	$ 131.0
Earnings per share			
Basic		$ 1.07	$ 0.95
Diluted		$ 1.07	$ 0.95
Weighted-average shares outstanding	15		
Basic		136.0	137.8
Diluted		136.5	138.3
Dividends declared per share		$ 0.82	$ 0.76

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in millions)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
Net income		$ 146.1	$ 131.0
Other comprehensive income (loss):			
Foreign currency translation adjustments		28.4	(156.1)
Change in fair value of derivative financial instruments	18	28.2	(5.7)
Change in post-retirement and pension liability	18	(1.8)	(5.7)
Other comprehensive income (loss), net of tax		54.8	(167.5)
Comprehensive income (loss)		$ 200.9	$ (36.5)

CONSOLIDATED BALANCE SHEET
(in millions)

Assets	Note	December 31, 2019	December 31, 2018
Fixed assets			
Goodwill and indefinite-lived intangible assets	4	$ 4,185.5	$ 4,029.1
Definite-lived intangible assets, net	4	2,921.2	2,858.9
Property, plant and equipment, net	6	902.8	829.1
Investment in associates	12	17.8	15.1
Pension assets	20	15.8	15.7
Financial assets		366.1	332.1
Operating lease assets	14	129.9	—
Current assets			
Inventories	8	967.3	878.0
Debtors	7	1,434.1	1,464.9
Investment securities	12	6.6	9.4
Cash at bank and in hand		354.3	551.1
Total assets		$ 11,301.4	$ 10,983.4
Liabilities			
Shareholders' equity	16		
Called up share capital			
Ordinary shares, €0.001 par value, 10 billion shares authorized		$ 0.2	$ 0.2
Share premium		8,565.7	8,564.8
Profit and loss account		(3,143.4)	(3,173.8)
Other reserves	18	381.3	276.8
Total Perrigo shareholders' equity		5,803.8	5,668.0
Minority interest		0.3	0.1
Total shareholders' equity		5,804.1	5,668.1
Provision for liabilities			
Deferred income taxes	19	280.6	282.3
Other provisions	21	33.6	58.3
Creditors			
Debt	9	3,369.2	3,242.4
Creditors	10	1,813.9	1,732.3
Total for provisions and creditors		5,497.3	5,315.3
Total liabilities and shareholders' equity		$ 11,301.4	$ 10,983.4

The consolidated Financial Statements were approved by the Audit Committee of the Board of Directors and the Board of Directors on March 12, 2020, and signed on its behalf by;

Murray S. Kessler	Donal O'Connor
Chief Executive Officer	Director, Audit Committee Chair

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(in millions, except per share amounts)

	Called up share capital					
	Shares	Amount	Share Premium	Other Reserves	Profit and Loss Account	Total
Balance at December 31, 2017	140.8	0.2	8,563.5	412.9	(2,806.1)	6,170.5
Net income	—	—	—	—	131.0	131.0
Other comprehensive income	—	—	—	(167.5)	—	(167.5)
Issuance of common stock under:						
Stock options	0.1	—	1.3	—	—	1.3
Restricted stock plan	0.2	—	—	—	—	—
Compensation for stock options	—	—	—	8.1	—	8.1
Compensation for restricted stock	—	—	—	29.6	—	29.6
Cash dividends, $0.76 per share	—	—	—	—	(104.9)	(104.9)
Shares withheld for payment of employee's withholding tax liability	(0.1)	—	—	(5.3)	—	(5.3)
Adoption of new accounting standards	—	—	—	(1.0)	6.2	5.2
Share repurchases [1]	(5.1)	—	—	—	(400.0)	(400.0)
Balance at December 31, 2018	135.9	0.2	8,564.8	276.8	(3,173.8)	5,668.0
Net income	—	—	—	—	146.1	146.1
Other comprehensive loss	—	—	—	54.8	—	54.8
Issuance of common stock under:						
Stock options	—	—	0.9	—	—	0.9
Restricted stock plan	0.3	—	—	—	—	—
Compensation for stock options	—	—	—	4.7	—	4.7
Compensation for restricted stock	—	—	—	50.6	—	50.6
Cash dividends, $0.82 per share	—	—	—	—	(112.4)	(112.4)
Shares withheld for payment of employee's withholding tax liability	(0.1)	—	—	(5.6)	—	(5.6)
Adoption of new accounting standards	—	—	—	—	(3.3)	(3.3)
Balance at December 31, 2019	136.1	$ 0.2	$ 8,565.7	$ 381.3	$ (3,143.4)	$ 5,803.8

[1] A capital redemption reserve fund has been created in respect of the nominal value of shares repurchased.

CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions)

	Year Ended	
	December 31, 2019	December 31, 2018
Cash Flows From (For) Operating Activities		
Net income	$ 146.1	$ 131.0
Adjustments to derive cash flows:		
Depreciation and amortization	396.5	423.6
Gain on sale of business	(71.7)	—
Share-based compensation	52.2	37.7
Impairment charges	184.5	224.4
Loss on extinguishment of debt	0.2	0.5
Asset abandonments	11.0	—
Change in financial assets	(22.1)	(188.7)
Restructuring charges	26.3	21.0
Deferred income taxes	(43.9)	(17.9)
Amortization of debt premium	(4.4)	(8.1)
Other non-cash adjustments, net	26.6	(11.1)
Subtotal	701.3	612.4
Increase (decrease) in cash due to:		
Accounts receivable	(140.7)	21.0
Inventories	(67.0)	(98.6)
Accounts payable	17.0	28.8
Payroll and related taxes	(3.7)	(34.5)
Accrued customer programs	(48.6)	25.5
Accrued liabilities	(23.2)	(20.9)
Accrued income taxes	(74.5)	68.1
Other, net	27.2	(8.8)
Subtotal	(313.5)	(19.4)
Net cash from operating activities	387.8	593.0
Cash Flows From (For) Investing Activities		
Proceeds from royalty rights	2.9	13.7
Acquisitions of businesses, net of cash acquired	(747.7)	—
Asset acquisitions	(149.1)	(35.6)
Purchase of investment securities	—	(7.5)
Proceeds from the Royalty Pharma contingent milestone	250.0	—
Additions to property, plant and equipment	(137.7)	(102.6)
Net proceeds from sale of business	182.5	5.2
Proceeds from sale of the Tysabri® financial asset	—	—
Other investing, net	3.0	—
Net cash from (for) investing activities	(596.1)	(126.8)
Cash Flows From (For) Financing Activities		
Borrowings (repayments) of revolving credit agreements and other financing, net	0.5	(4.4)
Issuances of long-term debt	600.0	431.0
Payments on long-term debt	(476.0)	(482.5)
Deferred financing fees	(1.0)	(2.4)
Issuance of ordinary shares	0.9	1.3
Repurchase of ordinary shares	—	(400.0)
Cash dividends	(112.4)	(104.9)
Other financing, net	(10.2)	(10.0)
Net cash from (for) financing activities	1.8	(571.9)
Effect of exchange rate changes on cash and cash equivalents	9.7	(21.9)
Net increase (decrease) in cash and cash equivalents	(196.8)	(127.6)
Cash and cash equivalents, beginning of period	551.1	678.7
Cash and cash equivalents, end of period	$ 354.3	$ 551.1

	Year Ended	
	December 31, 2019	December 31, 2018
Supplemental Disclosures of Cash Flow Information		
Cash paid/received during the year for:		
Interest paid	$ 136.8	$ 133.8
Interest received	$ 15.1	$ 5.0
Income taxes paid	$ 136.2	$ 144.2
Income taxes refunded	$ 28.0	$ 5.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. General Information

The Company

Perrigo Company plc was incorporated under the laws of Ireland on June 28, 2013 and became the successor registrant of Perrigo Company, a Michigan corporation, on December 18, 2013 in connection with the acquisition of Elan Corporation, plc ("Elan"). Unless the context requires otherwise, the terms "Perrigo," the "Company," "we," "our," "us," and similar pronouns used herein refer to Perrigo Company plc, its subsidiaries, and all predecessors of Perrigo Company plc and its subsidiaries.

We are dedicated to making lives better by bringing “Quality, Affordable Self-Care Products™” that consumers trust everywhere they are sold. We are a leading provider of over-the-counter ("OTC") health and wellness solutions that enhance individual well-being by empowering consumers to proactively prevent or treat conditions that can be self-managed. We are also a leading producer of generic prescription pharmaceutical topical products such as creams, lotions, gels and nasal sprays.

Basis of Presentation

Our fiscal year begins on January 1 and ends on December 31 of each year. We end our quarterly accounting periods on the Saturday closest to the end of the calendar quarter, with the fourth quarter ending on December 31 of each year.

Our consolidated financial statements have been prepared in accordance with Section 279 of the Companies Act 2014, which provides that a true and fair view of the state of affairs and profit or loss may be given by preparing the financial statements in accordance with generally accepted accounting principles in the United States (U.S. GAAP), as defined in Section 279(1) of the Companies Act 2014 to the extent that the use of those principles in the preparation of the consolidated financial statements does not contravene any provisions of the Companies Acts or of any regulations made thereunder.

These consolidated financial statements were prepared in accordance with Irish Company Law, to present to the shareholders of the Company and file with the Companies Registration Office in Ireland. Accordingly, these consolidated financial statements include presentation and additional disclosures required by the Republic of Ireland’s Companies Act 2014 in addition to those disclosures required under U.S. GAAP.

Terminology typically utilized in a set of U.S. GAAP financial statements has been retained for the benefit of those users of these financial statements who also access form 10-K U.S. GAAP financial statements, rather than defaulting to the terminology set out under Irish Company Law. Accordingly, references to net sales, net interest, income tax expense, net income and inventory have the same meaning as references to turnover, other interest receivable and similar income, interest payable and similar charges, tax on profit on ordinary activities after taxation and stocks under Irish Company Law.

The consolidated financial statements include our accounts and accounts of all majority-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

We have research and development ("R&D") arrangements with certain biotechnology companies that we determined to be variable interest entities ("VIEs"). We did not consolidate the VIEs in our financial statements because we lack the power to direct the activities that most significantly impact their economic performance and thus are not considered the primary beneficiaries of these entities. These arrangements provide us with certain rights and obligations to purchase product candidates from the VIEs, dependent upon the outcome of the development activities.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions, which affect the reported earnings, financial

position and various disclosures. Although the estimates are considered reasonable, actual results could differ from the estimates.

Our functional currency is United States Dollars ("USD"). We translate our non-U.S. operations' assets and liabilities denominated in foreign currencies into USD at current rates of exchange as of the balance sheet date and income and expense at the weighted average exchange rates. All resulting translation adjustments are recognized in Other Reserves. Gains or losses from foreign currency transactions are included in Other (income) expense, net.

Segment Reporting

During the three months ended March 30, 2019, we changed the composition of our operating and reporting segments. We moved our pharmaceuticals and diagnostic businesses in Israel from the Consumer Self-Care International segment to the Prescription Pharmaceuticals segment and we made certain adjustments to our allocations between segments. These changes were made to reflect changes in the way in which management makes operating decisions, allocates resources, and manages the growth and profitability of the Company. Financial information related to our business segments and geographic locations can be found in Note 2 and Note 23.

Our operating and reportable segments are as follows:

- **Consumer Self-Care Americas ("CSCA")**, formerly Consumer Healthcare Americas, comprises our consumer self-care business (OTC, contract manufacturing, infant formula, and oral self-care categories and our divested animal health category) in the U.S., Mexico and Canada.
- **Consumer Self-Care International ("CSCI")**, formerly Consumer Healthcare International, comprises our branded consumer self-care business primarily in Europe and Australia, our consumer-focused business in the United Kingdom and parts of Asia, and our liquid licensed products business in the United Kingdom.
- **Prescription Pharmaceuticals ("RX")**, comprises our prescription pharmaceuticals business in the U.S. and our pharmaceuticals and diagnostic businesses in Israel, which were previously in our CSCI segment.

b. Reconciliation to amounts reported in Perrigo's annual report on Form 10-K filed with the United States Securities and Exchange Commission

These Consolidated Financial Statements are prepared using U.S. GAAP to the extent that the use of such principles does not contravene Irish Company Law. The Consolidated Financial Statements included in the annual report on Form 10-K as filed on February 27, 2020 with the United States Securities and Exchange Commission are prepared using U.S. GAAP. The primary differences between these statutory financial statements and the Consolidated Financial Statements included on Form 10-K are the presentation format of the income statement and balance sheet and the inclusion of certain additional disclosures.

It is noted that there are no material differences to be reconciled between the two financial statements.

c. Revenue

We generally recognize product revenue for our contract performance obligations at a point in time, typically upon shipment or delivery of products to customers. For point in time customers for which control transfers on delivery to the customer due to free on board destination terms ("FOB"), an adjustment is recorded to defer revenue recognition over an estimate of days until control transfers at the point of delivery. Where we recognize revenue at a point in time, the transfer of title is the primary indicator that control has transferred. In other limited instances, primarily relating to those contracts that relate to contract manufacturing performed for our customers and certain store branded products, control transfers as the product is manufactured. Control is deemed to transfer over time for these contracts as the product does not have an alternative use and we have a contractual right to payment for performance completed to date. Revenue for contract manufacturing contracts is recognized over the transfer period using an input method that measures progress towards completion of the performance obligation as costs are incurred. For store branded product revenue recognized over time, an output method is used to recognize

revenue when production of a unit is completed because product customization occurs when the product is packaged as a finished good under the store brand label of the customer.

Net product sales include estimates of variable consideration for which accruals and allowances are established. Variable consideration for product sales consists primarily of chargebacks, rebates, and administrative fees and other incentive programs recorded on the Consolidated Balance Sheets as Accrued customer programs, and sales returns and shelf stock allowances recorded on the Consolidated Balance Sheets as a reduction to Accounts receivable. Where appropriate, these estimates take into consideration a range of possible outcomes in which relevant factors, such as historical experience, current contractual and statutory requirements, specific known market events and trends, industry data and forecasted customer buying and payment patterns, are either probability weighted to derive an estimate of expected value or the estimate reflects the single most likely outcome. Overall, these reserves reflect the best estimates of the amount of consideration to which we are entitled based on the terms of the contract. Actual amounts of consideration ultimately received may differ from our estimates. If actual results in the future vary from the estimates, these estimates are adjusted, which would affect revenue and earnings in the period such variances become known. Accrued customer programs and allowances were $483.7 million and $534.8 million at December 31, 2019 and December 31, 2018, respectively.

We receive payments from our customers based on billing schedules established in each contract. Amounts are recorded as accounts receivable when our right to consideration is unconditional. In most cases, the timing of the unconditional right to payment aligns with shipment or delivery of the product and the recognition of revenue; however, for those customers where revenue is recognized at a time prior to shipment or delivery due to over time revenue recognition, a contract asset is recorded and is reclassified to accounts receivable when it becomes unconditional under the contract upon shipment or delivery to the customer.

Our performance obligations are generally expected to be fulfilled in less than one year. Therefore, we do not provide quantitative information about remaining performance obligations.

We do not assess whether a contract has a significant financing component if the expectation at contract inception is such that the period between payment by the customer and the transfer of the promised products to the customer will be one year or less, which is the case with substantially all customers.

Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenue.

Shipping and handling costs billed to customers are included in Net sales. Conversely, shipping and handling expenses we incur are included in Cost of sales.

d. Cash and Cash Equivalents

Cash and cash equivalents consist primarily of demand deposits and other short-term investments with maturities of three months or less at the date of purchase. The carrying amount of cash and cash equivalents approximates its fair value.

e. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in first-out method. Costs include material and conversion costs. Inventory related to R&D is expensed when it is determined the materials have no alternative future use.

We maintain reserves for estimated obsolete or unmarketable inventory based on the difference between the cost of the inventory and its estimated net realizable value. In estimating the reserves, management considers factors such as excess or slow-moving inventories, product expiration dating, products on quality hold, current and future customer demand and market conditions. Changes in these conditions may result in additional reserves (refer to Note 8).

f. Investments

Fair Value Method Investments

Equity investments in which we own less than a 20% interest and cannot exert significant influence are recorded at fair value with unrealized gains and losses included in net income. For equity investments without readily determinable fair values, we may use the Net Asset Value ("NAV") per share as a practical expedient to measure the fair value, if eligible. If the NAV practical expedient cannot be applied, we may elect to use a measurement alternative until the investment's fair value becomes readily determinable. Under the alternative method, the equity investments are accounted for at cost, less any impairment, plus or minus changes resulting from observable price changes in an orderly transaction for an identical or similar investment of the same issuer.

Equity Method Investments

The equity method of accounting is used for unconsolidated entities over which we have significant influence; generally, this represents ownership interests of at least 20% and not more than 50%. Under the equity method of accounting, we record the investments at carrying value and adjust for a proportionate share of the profits and losses of these entities each period. We evaluate our equity method investments for recoverability. If we determine that a loss in the value of an investment is other than temporary, the investment is written down to its estimated fair value. Evaluations of recoverability are based primarily on projected cash flows.

For more information on our investments, refer to Note 12.

g. Derivative Instruments

On January 1, 2019, we adopted Accounting Standards Update No. 2017-12 Targeted Improvements to Accounting for Hedging Activities ("ASU 2017-12") using a modified retrospective approach. Among other provisions, the new standard required modifications to existing presentation and disclosure requirements on a prospective basis. As such, disclosures for the year ended December 31, 2018 conform to the disclosure requirements prior to the adoption of ASU 2017-12.

Prior to the adoption of ASU 2017-12, we were required to separately measure and reflect the amount by which the hedging instrument did not offset the changes in the fair value or cash flows of hedged items, which was referred to as the ineffective amount. We assessed hedge effectiveness on a quarterly basis and recorded the gain or loss related to the ineffective portion of derivative instruments, if any, in Other (income) expense, net on the Consolidated Statements of Operations. Pursuant to the provisions of ASU 2017-12, we are no longer required to separately measure and recognize hedge ineffectiveness. Therefore, we no longer recognize hedge ineffectiveness separately on our Consolidated Statements of Operations, but instead recognize the entire change in the fair value of:

- Cash flow hedges included in the assessment of hedge effectiveness in Other Comprehensive Income ("OCI"). The amounts recorded in OCI will subsequently be reclassified to earnings in the same line item on the Consolidated Statements of Operations as impacted by the hedged item when the hedged item affects earnings; and

- Fair value hedges included in the assessment of hedge effectiveness in the same line item on the Consolidated Statements of Operations that is used to present the earnings effect of the hedged item.

Prior to the adoption of ASU 2017-12, we excluded option premiums and forward points (excluded components) from our assessment of hedge effectiveness for our foreign exchange cash flow hedges. We recognized all changes in fair value of the excluded components in Other (income) expense, net, on the Consolidated Statements of Operations. The amendments in ASU 2017-12 continue to allow those components to be excluded from the assessment of hedge effectiveness and add cross-currency basis spread as an allowable excluded component for cash flow and fair value hedges. The provisions of ASU 2017-12 allow a policy election to either continue to recognize changes in the fair value of the excluded components currently in earnings or to recognize the initial value of the excluded component using an amortization approach.

For our cash flow hedges, we have elected to recognize the initial value of the excluded component on a straight-line basis over the life of the derivative instrument, within the same line item on the Consolidated Statements of Operations that is used to present the earnings effect of the hedged item. The cumulative effect adjustment between Accumulated Other Comprehensive Income ("AOCI") and Retained earnings (accumulated deficit) from applying this policy on existing hedges at the date of adoption was immaterial.

We record derivative instruments on the balance sheet on a gross basis as either an asset or liability measured at fair value (refer to Note 13). Additionally, changes in a derivative's fair value, which are measured at the end of each period, are recognized in earnings unless a derivative can be designated in a qualifying hedging relationship. All realized and unrealized gains and losses are included within operating activities in the Consolidated Statements of Cash Flows.

Designated derivatives meet hedge accounting criteria, which means the fair value of the hedge is recorded in shareholders' equity as a component of OCI, net of tax. The deferred gains and losses are recognized in income in the period in which the hedged item affects earnings. All of our designated derivatives are assessed for hedge effectiveness quarterly.

We also have economic non-designated derivatives that do not meet hedge accounting criteria. These derivative instruments are adjusted to current market value at the end of each period through earnings. Gains or losses on these instruments are offset substantially by the remeasurement adjustment on the hedged item.

We are exposed to credit loss in the event of nonperformance by the counterparties on derivative contracts. It is our policy to manage our credit risk on these transactions by dealing only with financial institutions having a long-term credit rating of "Aa3" or better and by distributing the contracts among several financial institutions to diversify credit concentration risk. Should a counterparty default, our maximum exposure to loss is the asset balance of the instrument. The maximum term of our forward currency exchange contracts is 18 months.

We enter into certain derivative financial instruments, when available on a cost-effective basis, to mitigate our risk associated with changes in interest rates and foreign currency exchange rates as follows:

Interest rate risk management - We are exposed to the impact of interest rate changes through our cash investments and borrowings. We utilize a variety of strategies to manage the impact of changes in interest rates including using a mix of debt maturities along with both fixed-rate and variable-rate debt. In addition, we may enter into treasury-lock agreements and interest rate swap agreements on certain investing and borrowing transactions to manage our exposure to interest rate changes and our overall cost of borrowing.

Foreign currency exchange risk management - We conduct business in several major currencies other than the U.S. dollar and are subject to risks associated with changing foreign exchange rates. Our objective is to reduce cash flow volatility associated with foreign exchange rate changes on a consolidated basis to allow management to focus its attention on business operations. Accordingly, we enter into various contracts that change in value as foreign exchange rates change to protect the value of existing foreign currency assets and liabilities, commitments, and anticipated foreign currency sales and expenses.

Interest rate swaps - Interest rate swap agreements are contracts to exchange floating rate for fixed rate payments (or vice versa) over the life of the agreement without the exchange of the underlying notional amounts. The notional amounts of the interest rate swap agreements are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The differential paid or received on the interest rate swap agreements is recognized as an adjustment to interest expense.

Cross currency swaps - In a cross currency swap, interest payments and principal in one currency are exchanged for principal and interest payments in a different currency. Interest payments are exchanged at fixed intervals during the life of the agreement. Changes in the fair value of these swaps are recorded in equity as a component of AOCI in the same manner as foreign currency translation adjustments. In assessing the effectiveness of these hedges, we use a method based on changes in spot rates to measure the impact of the foreign currency exchange rate fluctuations on both our foreign subsidiary net investment and the related swap. Under this method, changes in the fair value of the hedging instrument, other than those due to changes in the spot rate, are initially recorded in AOCI as a translation adjustment.

The excluded component is recognized on a systematic and rational basis by accruing the swap payments and receipts within Interest expense, net. Changes in the fair value associated with the effective portion (i.e. those changes due to the spot rate) are recorded in AOCI as a translation adjustment and are released and recognized in earnings only upon the sale or liquidation of the hedged net investment.

All derivative instruments are managed on a consolidated basis to efficiently net exposures and thus take advantage of any natural offsets. Gains and losses related to the derivative instruments are expected to be offset largely by gains and losses on the original underlying asset or liability. We do not use derivative financial instruments for speculative purposes.

The impact of gains and losses on foreign exchange contracts not designated as hedging instruments related to changes in the fair value of assets and liabilities denominated in foreign currencies are generally offset by net foreign exchange gains and losses, which are also included on the Consolidated Statements of Operations in Other (income) expense, net for all periods presented. When we enter into foreign exchange contracts not designated as hedging instruments to mitigate the impact of exchange rate volatility in the translation of foreign earnings, gains and losses will generally be offset by fluctuations in the U.S. dollar-translated amounts of each Income Statement account in current and/or future periods.

For more information on our derivatives, refer to Note 13.

h. Property, Plant and Equipment, net

Property, plant and equipment, net is recorded at cost and is depreciated using the straight-line method. Useful lives for financial reporting range from 3 to 20 years for machinery and equipment and 10 to 45 years for buildings. Maintenance and repair costs are charged to earnings, while expenditures that increase asset lives are capitalized. Depreciation expense includes amortization of assets recorded under finance leases and totaled $91.0 million and $90.0 million for the years ended December 31, 2019 and December 31, 2018, respectively.

We held the following property, plant and equipment, net (in millions):

	December 31, 2019	December 31, 2018
Land	$ 50.4	$ 49.0
Buildings	578.7	552.3
Machinery and equipment	1,195.8	1,079.3
Gross property, plant and equipment	1,824.9	1,680.6
Less accumulated depreciation	(922.1)	(851.5)
Property, plant and equipment, net	$ 902.8	$ 829.1

i. Leases

We adopted ASU 2016-02, Leases, as of January 1, 2019, using the modified retrospective transition approach, with a cumulative-effect adjustment to the opening balance of retained earnings as of the effective date. The financial results reported in periods prior to 2019 are unchanged. In addition, we elected the package of practical expedients permitted under the transition guidance within the new standard, which, among other things, allowed us to carry forward the historical lease classification.

Adoption of the new standard resulted in additional operating lease liabilities and lease assets, including the transition of existing capital lease liabilities and lease assets to finance classification, of approximately $166.5 million and $164.0 million, respectively, as of January 1, 2019. Upon adoption, there were two primary reasons for the differences between the lease assets and liabilities recognized: (1) the transition requirement to reduce the operating lease asset carrying value by the deferred lease liabilities that existed prior to the adoption date; and (2) the transition of capital leases to finance leases which occurred at their existing carrying values. Additionally, historical build-to-suit assets and liabilities were removed on transition and recorded as an adjustment to retained earnings, net of deferred tax impact.

The standard did not materially impact our consolidated net income or cash flow classification.

We lease certain office buildings, warehouse facilities, vehicles, and plant, office, and computer equipment. Lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease.

We evaluate arrangements at inception to determine if lease components are included. An arrangement includes a lease component if it identifies an asset and we have control over the asset. For new leases beginning January 1, 2019 or later, we have elected not to separate lease components from the non-lease components included in an arrangement when measuring the leased asset and leased liability for all asset classes.

Lease assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet. We recognize lease expense for leases on a straight-line basis over the lease term. We apply the portfolio approach to certain groups of computer equipment and vehicle leases when the term, classification, and asset type are identical. The discount rate selected is the incremental borrowing rate we would obtain for a secured financing of the lease asset over a similar term.

Many of our leases include one or more options to extend the lease term. Certain leases also include options to terminate early or purchase the leased property, all of which are executed at our sole discretion. Optional periods may be included in the lease term and measured as part of the lease asset and lease liability if we are reasonably certain to exercise our right to use the leased asset during the optional periods. We generally consider renewal options to be reasonably certain of execution and included in the lease term when significant leasehold improvements have been made by us to the leased assets. The depreciable lives of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Certain of our lease agreements include contingent rental payments based on per unit usage over contractual levels (e.g., miles driven or machine hours used) and others include rental payments adjusted periodically for market reviews or inflationary indexes. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

For more information on our leases, refer to Note 14.

j. Goodwill and Intangible Assets

Goodwill

Irish Company law requires that goodwill is written off over a period of time which does not exceed its useful economic life. However, we do not believe this gives a true and fair view as not all goodwill and intangible assets decline in value. In addition, since goodwill that does decline in value rarely does so on a straight-line basis, straight-line amortization of goodwill over an arbitrary period does not reflect the economic reality. Consistent with U.S. GAAP, we consider goodwill an indefinite-lived intangible asset that is not amortized over an arbitrary period. Rather, we account for goodwill in accordance with U.S. GAAP. Therefore in order to present a true and fair view of the economic reality, goodwill is considered indefinite-lived and is not amortized. We are not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful economic of goodwill cannot be predicted with a satisfactory level of reliability nor can the pattern in which goodwill diminishes be known.

Goodwill represents amounts paid for an acquisition in excess of the fair value of net assets acquired. Goodwill is tested for impairment annually on the first day of our fourth quarter, or more frequently if changes in circumstances or the occurrence of events suggest an impairment exists.

The test for impairment requires us to make several estimates about fair value, most of which are based on projected future cash flows and market valuation multiples. The estimates associated with the goodwill impairment tests are considered critical due to the judgments required in determining fair value amounts, including projected discounted future cash flows. Changes in these estimates may result in the recognition of an impairment loss. We have six reporting units that are evaluated for impairment.

Intangible Assets

We have intangible assets that we have acquired through various business acquisitions and include trademarks, trade names and brands, in-process research and development ("IPR&D"), developed product technology/formulation and product rights, distribution and license agreements, customer relationships and distribution networks, and non-compete agreements. The assets are typically valued initially using the relief from royalty method or the multi-period excess earnings method ("MPEEM").

We test indefinite-lived trademarks, trade names, and brands for impairment annually, or more frequently if changes in circumstances or the occurrence of events suggest impairment exists, by comparing the carrying value of the assets to their estimated fair values. An impairment loss is recognized if the carrying amount of the asset exceeds its fair value.

Definite-lived intangible assets consist of a portfolio of developed product technology/formulation and product rights, distribution and license agreements, customer relationships, non-compete agreements, and certain trademarks, trade names, and brands. The assets are amortized on either a straight-line basis or proportionately to the benefits derived from those relationships or agreements. Useful lives vary by asset type and are determined based on the period over which the intangible asset is expected to contribute directly or indirectly to our future cash flows. We also review all other long-lived assets that have finite lives and that are not held for sale for impairment when indicators of impairment are evident by comparing the carrying value of the assets to their estimated future undiscounted cash flows.

IPR&D assets are recognized at fair value and are classified as indefinite-lived assets until the successful completion or abandonment of the associated R&D efforts. If the associated R&D is completed, the IPR&D asset becomes a definite-lived intangible asset and is amortized over the asset's assigned useful life. If it is abandoned, an impairment loss is recorded.

Goodwill, indefinite-lived intangible asset, and definite-lived intangible asset impairments are recorded in Impairment charges on the Consolidated Statement of Operations.

See Note 4 for further information on our goodwill and intangible assets.

k. Share-Based Awards

We measure and record compensation expense for all share-based awards based on estimated grant date fair values. For awards with only service conditions that are based on graded vesting schedules, we recognize the compensation expense on a straight-line basis over the entire award. Forfeitures on share-based awards are recognized in compensation expense in the period in which they occur.

We estimate the fair value of stock option awards granted based on the Black-Scholes option pricing model, which requires the use of subjective and complex assumptions. These assumptions include estimating the expected term that awards granted are expected to be outstanding, the expected volatility of our stock price for a period commensurate with the expected term of the related options, and the risk-free rate with a maturity closest to the expected term of the related awards. Restricted stock and restricted stock units are valued based on our stock price on the day the awards are granted. The estimated fair value of outstanding Relative Total Shareholder Return performance units (“RTSR”) is based on the grant date fair value of RTSR awards using a Monte Carlo simulation, which includes estimating the movement of stock prices and the effects of volatility, interest rates, and dividends (refer to Note 17).

l. Income Taxes

We record deferred income tax assets and liabilities on the balance sheet as noncurrent based upon the difference between the financial reporting and the tax reporting basis of assets and liabilities using the enacted tax rates. To the extent that available evidence raises doubt about the realization of a deferred income tax asset, a valuation allowance is established.

We have provided for income taxes for certain earnings of certain foreign subsidiaries which have not been

deemed to be permanently reinvested. For those foreign subsidiaries we have deemed to be permanently reinvested, we have provided no further tax provision.

We record reserves for uncertain tax positions to the extent it is more likely than not that the tax authority position will be sustained on audit, based on the technical merits of the position. Periodic changes in reserves for uncertain tax positions are reflected in the provision for income taxes. We include interest and penalties attributable to uncertain tax positions and income taxes as a component of our income tax provision (refer to Note 19).

m. Legal Contingencies

We are involved in product liability, patent, commercial, regulatory and other legal proceedings that arise in the normal course of business. We record a liability when a loss is considered probable and the amount can be reasonably estimated. If the reasonable estimate of a probable loss is a range and no amount within that range is a better estimate, the minimum amount in the range is accrued. If a loss is not probable or a probable loss cannot be reasonably estimated, no liability is recorded. We have established reserves for certain of our legal matters (refer to Note 21). We do not incorporate insurance recoveries into our reserves for legal contingencies. We separately record receivables for amounts due under insurance policies when we consider the realization of recoveries for claims to be probable, which may be different than the timing in which we establish the loss reserves.

n. Research and Development

All R&D costs, including payments related to products under development and research consulting agreements, are expensed as incurred. We incur costs throughout the development cycle, including costs for research, clinical trials, manufacturing validation, and other pre-commercialization approval costs that are included in R&D. We may continue to make non-refundable payments to third parties for new technologies and for R&D work that has been completed. These payments may be expensed at the time of payment depending on the nature of the payment made. R&D expense was $187.4 million and $218.6 million for the years ended December 31, 2019 and December 31, 2018 respectively. During the year ended December 31, 2018, we paid an up-front license fee of $50.0 million allowing us to develop and commercialize an OTC version of Nasonex-branded products (refer to Note 3).

We actively collaborate with other pharmaceutical companies to develop, manufacture and market certain products or groups of products. We may choose to enter into these types of agreements to, among other things, leverage our or others' scientific research and development expertise or utilize our extensive marketing and distribution resources. Our policy on accounting for costs of strategic collaborations determines the timing of the recognition of certain development costs. In addition, this policy determines whether the cost is classified as a development expense or capitalized as an asset. Management is required to form judgments with respect to the commercial status of such products in determining whether development costs meet the criteria for immediate expense or capitalization. For example, when we acquire certain products for which there is already an Abbreviated New Drug Application ("ANDA") or New Drug Application ("NDA") approval directly related to the product, and there is net realizable value based on projected sales for these products, we capitalize the amount paid as an intangible asset. If we acquire product rights that are in the development phase and as to which we have no assurance that the third party will successfully complete its development milestones, we expense the amount paid (refer to Note 22).

o. Advertising Costs

Advertising costs relate primarily to print advertising, direct mail, on-line advertising, social media communications and television advertising are expensed as incurred. For the year ended December 31, 2019, 90% of advertising expense was attributable to our CSCI segment. Advertising costs were as follows (in millions):

Year Ended	
December 31, 2019	December 31, 2018
$ 142.8	$ 159.2

p. Earnings per Share ("EPS")

Basic EPS is calculated using the weighted-average number of ordinary shares outstanding during each period. It excludes both the dilutive effects of additional common shares that would have been outstanding if the shares issued under stock incentive plans had been exercised and the dilutive effect of restricted share units, to the extent those shares and units have not vested. Diluted EPS is calculated including the effects of shares and potential shares issued under stock incentive plans, following the treasury stock method.

q. Defined Benefit Plans

We operate a number of defined benefit plans for employees globally.

Two significant assumptions, the discount rate and the expected rate of return on plan assets, are important elements of expense and liability measurement. We evaluate these assumptions annually. Other assumptions involve employee demographic factors, such as retirement patterns, mortality, turnover, and the rate of compensation increase.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated periodically by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of either high quality corporate bonds or long term government bonds depending on the depth and liquidity of the high quality corporate bond market in the different geographies where we have pension liabilities. The bonds are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses are recognized on the Consolidated Statement of Operations using the corridor method. Under the corridor method, to the extent that any cumulative unrecognized net actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets, that portion is recognized over the expected average remaining working lives of the plan participants. Otherwise, the net actuarial gain or loss is recorded in OCI. We recognize the funded status of benefit plans on the Consolidated Balance Sheets. In addition, we recognize the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic pension cost of the period as a component of OCI (refer to Note 20).

r. Acquisition Accounting

We account for acquired businesses using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at fair value, with limited exceptions. Any excess of the purchase price over the fair value of the specifically identified assets is recorded as goodwill. If the acquired net assets do not constitute a business, or substantially all of the fair value is in a single asset or group of similar assets, the transaction is accounted for as an asset acquisition and no goodwill is recognized. In an asset acquisition, acquired IPR&D with no alternative future use is charged to expense at the acquisition date.

Significant judgment is required in estimating the fair value of intangible assets and in assigning their respective useful lives. The acquired intangible assets can include customer relationships, trademarks, trade names, brands, developed product technology and IPR&D assets. In some of our acquisitions, we acquire IPR&D intangible assets. For acquisitions accounted for as business combinations, IPR&D is considered to be an indefinite-lived intangible asset until the research is completed, at which point it then becomes a definite-lived intangible asset, or is determined to have no future use and is then impaired. There are several methods that can be used to determine the fair value of our intangible assets. We typically use an income approach to value the specifically identifiable intangible assets which is based on forecasts of the expected future cash flows. We have historically used a relief from royalty or multi-period excess earnings methodology. The fair value estimates are based on available historical information and on future expectations and assumptions deemed reasonable by management but are inherently uncertain. We typically consult with an independent advisor to assist in the valuation of these intangible assets. Significant estimates and assumptions inherent in the valuations include discount rates, revenue growth assumptions and expected profit margins. We consider marketplace participant assumptions in determining the amount and timing of future cash flows along with the length of our customer relationships, the attrition, product or technology life cycles, barriers to entry and the risk associated with the cash flows in concluding upon our discount rate. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, we may record adjustments to the purchase accounting. In addition, unanticipated market or macroeconomic events and circumstances may occur that could affect the accuracy or validity of the estimates and assumptions.

Determining the useful life of an intangible asset also requires judgment, as different types of intangible assets will have different useful lives and certain assets may even be considered to have indefinite useful lives. With the exception of certain trademarks, trade names, and brands and IPR&D, the majority of our acquired intangible assets are expected to have determinable useful lives. Our assessment as to the useful lives of these intangible assets is based on a number of factors including competitive environment, market share, trademark, brand history, underlying product life cycles, operating plans and the macroeconomic environment of the countries in which the trademarked or branded products are sold. Definite-lived intangible assets are amortized to expense over their estimated useful life.

2. REVENUE RECOGNITION

Revenue is recognized when or as a customer obtains control of promised products. The amount of revenue recognized reflects the consideration we expect to be entitled to receive in exchange for these products.

Disaggregation of Revenue

We generated third-party revenue in the following geographic locations[(1)] during each of the periods presented below (in millions):

	Year Ended	
	December 31, 2019	December 31, 2018
U.S.	$ 3,225.6	$ 3,098.3
Europe[(2)]	1,335.8	1,347.6
All other countries[(3)]	276.0	285.8
	$ 4,837.4	$ 4,731.7

(1) The net sales by geography is derived from the location of the entity that sells to a third party.
(2) Includes Ireland net sales of $23.4 million and $25.7 million for the years ended December 31, 2019 and December 31, 2018 respectively.
(3) Includes revenue generated primarily in Israel, Mexico, Australia, and Canada.

Product Category

We re-aligned our product categories in our CSCA and CSCI segments as of December 31, 2019. The realignment standardizes our categories and product level detail to provide consistency. This transformative step will optimize the way in which management reports and evaluates our business.

The following is a summary of our revenue by category (in millions), comparative periods reflect the product category re-alignment:

	Year Ended	
	December 31, 2019	December 31, 2018
CSCA[1]		
Upper respiratory	$ 515.2	$ 492.5
Digestive health	413.9	403.6
Nutrition	394.4	432.4
Pain and sleep-aids	383.6	388.1
Healthy lifestyle	352.4	333.6
Skincare and personal hygiene	182.9	164.1
Oral self-care	106.4	—
Animal health	43.7	93.9
Vitamins, minerals, and supplements	28.6	26.1
Other CSCA[2]	66.6	77.3
Total CSCA	2,487.7	2,411.6
CSCI		
Skincare and personal hygiene	371.6	396.5
Upper respiratory	276.8	276.5
Vitamins, minerals, and supplements	180.2	187.2
Healthy lifestyle	173.8	180.7
Pain and sleep-aids	167.9	170.0
Oral self-care	51.2	8.9
Digestive health	27.1	29.5
Other CSCI[3]	133.6	150.0
Total CSCI	1,382.2	1,399.3
RX	967.5	920.8
Other	—	—
Total net sales	$ 4,837.4	$ 4,731.7

(1) Includes net sales from our OTC contract manufacturing business.
(2) Consists primarily of diagnostic products and other miscellaneous or otherwise uncategorized product lines and markets, none of which is greater than 10% of the segment net sales.
(3) Consists primarily of liquid licensed products, our distribution business and other miscellaneous or otherwise uncategorized product lines and markets, none of which is greater than 10% of the segment net sales.

While the majority of revenue is recognized at a point in time, certain of our product revenue is recognized on an over time basis. Predominately, over time customer contracts exist in contract manufacturing arrangements, which occur in both the CSCA and CSCI segments. Contract manufacturing revenue was $286.8 million and $300.5 million for the years ended December 31, 2019 and December 31, 2018, respectively.

We also recognize a portion of the store brand OTC product revenues in the CSCA segment on an over time basis; however, the timing difference between over time and point in time revenue recognition for store brand contracts is not significant due to the short time period between the customization of the product and shipment or delivery.

Contract Balances

The following table provides information about contract assets from contracts with customers (in millions):

	Balance Sheet Location	December 31, 2019	December 31, 2018
Short-term contract assets	Prepaid expenses and other current assets	$ 26.3	$ 25.5

3. ACQUISITIONS AND DIVESTITURES

Acquisitions During the Year Ended December 31, 2019

Prevacid®24HR

On November 29, 2019, we acquired the branded OTC rights to Prevacid®24HR from GlaxoSmithKline for $61.5 million in cash. We capitalized $61.7 million, inclusive of closing costs, as a brand named intangible asset and began amortizing it over a 20-year useful life. Operating results attributable to the product are included within our CSCA segment.

Generic Product Acquisition

On July 2, 2019, we purchased the Abbreviated New Drug Application ("ANDA") for a generic gel product for $49.0 million in cash, which we capitalized as a developed product technology intangible asset. We launched the product during the third quarter of 2019 and began amortizing it over a 20-year useful life. Operating results attributable to the product are included within our RX segment.

Ranir Global Holdings, LLC

On July 1, 2019, we acquired 100% of the outstanding equity interest in Ranir Global Holdings, LLC ("Ranir"), a privately-held company, for total base consideration of $750.0 million in a debt-free, cash-free transaction. After post-closing adjustments, total cash consideration paid was $747.7 million, net of $11.5 million cash acquired. We funded the transaction with cash on hand and borrowings under the 2018 Revolver (refer to Note 9).

Ranir is headquartered in Grand Rapids, Michigan and is a leading global supplier of private label and branded oral self-care products. Ranir's U.S. operations are reported in our CSCA segment and its non-U.S. operations are reported in our CSCI segment. During the year ended December 31, 2019, we incurred $15.6 million of general transaction costs (legal, banking and other professional fees). The amounts were recorded in Administration expenses and were not allocated to an operating segment.

The acquisition of Ranir was accounted for as a business combination and has been reported in our Consolidated Statements of Operations as of the acquisition date. From July 1, 2019 through December 31, 2019, Ranir generated Net sales of $151.4 million and had $7.6 million of Net income, which is inclusive of a non-recurring charge of $5.7 million related to inventory costs stepped up to acquisition date fair value.

We are in the process of finalizing the allocation of goodwill and other identifiable assets to their respective tax jurisdictions. As a result, the deferred tax balance sheet amounts remain subject to adjustments once the allocation is complete. Additionally, we are finalizing the useful lives of acquired property, plant and equipment. The provisional acquisition amounts recognized for deferred taxes and the useful lives of property, plant and equipment will be finalized as soon as possible but no later than one year from the acquisition date. The final determination may result in tax bases that differ from the preliminary amount of deferred taxes and goodwill recognized, and may result in measurement period adjustments to the depreciation recorded subsequent to acquisition.

The following table summarizes the consideration paid for Ranir and the provisional amounts of the assets acquired and liabilities assumed (in millions):

		Ranir
Purchase price paid	$	759.2
Contingent consideration		—
Total purchase consideration	$	759.2
Assets acquired:		
Cash and cash equivalents	$	11.5
Accounts receivable		40.6
Inventories		59.0
Prepaid expenses and other current assets		4.0
Property, plant and equipment, net		40.8
Operating lease assets		3.7
Goodwill		291.1
Definite-lived intangibles:		
Developed product technology, formulations, and product rights	$	48.6
Customer relationships and distribution networks		260.0
Trademarks, trade names, and brands		41.0
Indefinite-lived intangibles:		
In-process research and development		39.7
Total intangible assets	$	389.3
Other non-current assets		2.7
Total assets	$	842.7
Liabilities assumed:		
Accounts payable	$	17.6
Other accrued liabilities		7.7
Payroll and related taxes		5.5
Accrued customer programs		5.7
Deferred income taxes		44.2
Other non-current liabilities		2.8
Total liabilities	$	83.5
Net assets acquired	$	759.2

The goodwill of $291.1 million arising from the acquisition consists largely of the anticipated growth from new product sales, sales to new customers, the assembled workforce, and the synergies expected from combining the operations of Perrigo and Ranir. Preliminarily, goodwill of $223.0 million and $68.1 million was allocated to our CSCA and CSCI segments, respectively. We are currently evaluating the tax deductibility of the provisional goodwill. We expect some portion to be deductible for income tax purposes. The definite-lived intangible assets acquired consisted of trademarks and trade names, developed product technologies, and customer relationships. Trademarks and trade names were assigned useful lives that ranged from 20 to 25-years. Developed product technologies were assigned 10-year useful lives and customer relationships were assigned 24-year useful lives. Customer relationships were valued using the multi-period excess earnings method. Trademarks and trade names, developed technology, and in-process research and development were valued using the relief from royalty method. Significant judgment was applied in estimating the fair value of the intangible assets acquired, which involved the use of significant estimates and assumptions with respect to the timing and amounts of cash flow projections, including revenue growth rates, projected profit margins, and discount rates.

During the three months ended December 31, 2019, we recorded measurement period adjustments to the valuation of identifiable intangible assets of $46.6 million, deferred tax liabilities of $11.6 million and miscellaneous

asset adjustments of $1.3 million. Therefore, goodwill, which was previously reported at acquisition date of $327.4 million, was adjusted to $291.1 million.

Pro Forma Impact of Ranir Acquisition

The following table presents unaudited pro forma information as if the Ranir acquisition had occurred on January 1, 2018 and had been combined with the results reported in our Consolidated Statements of Operations for all periods presented (in millions):

	Year Ended	
(Unaudited)	December 31, 2019	December 31, 2018
Net sales	$ 4,975.6	$ 5,018.9
Net income	$ 159.3	$ 96.8

The unaudited pro forma information is presented for information purposes only and is not indicative of the results that would have been achieved if the acquisition had taken place at such time. The unaudited pro forma information presented above includes adjustments primarily for amortization charges for acquired intangible assets, depreciation adjustments for property, plant and equipment that have been revalued, adjustments for certain acquisition-related charges, and related tax effects.

Generic Product Acquisition

On May 17, 2019, we purchased the ANDA for a generic product used to relieve pain, for $15.7 million in cash, which we capitalized as a developed product technology intangible asset. We launched the product during the third quarter of 2019 and begin amortizing it over a 20-year useful life. Operating results attributable to the product are included within our RX segment.

Budesonide Nasal Spray and Triamcinolone Nasal Spray

On April 1, 2019, we purchased product ANDAs and other records and registrations of Budesonide Nasal Spray, a generic equivalent of Rhinocort Allergy®, and Triamcinolone Nasal Spray, a generic equivalent of Nasacort Allergy®, from Barr Laboratories, Inc. ("Barr"), a subsidiary of Teva Pharmaceuticals, for $14.0 million in cash. We previously developed and marketed the products in collaboration with Barr under a development, marketing and commercialization agreement that originated in August 2003. Under this prior agreement, we paid Barr a percentage of net income from products sold by Perrigo in the U.S. By purchasing the assets from Barr and terminating the original development, marketing and commercialization agreement, we are now entitled to 100% of the income from sales of the product. Operating results attributable to these products are included within our CSCA segment. The intangible assets acquired are classified as developed product technology with a 10-year useful life.

Acquisitions During the Year Ended December 31, 2018

Generic Product Acquisition

On August 24, 2018, we purchased the ANDA for a generic topical cream for $30.4 million in cash, which we capitalized as a developed product technology intangible asset. We launched this product during the three months ended December 31, 2018 and began amortizing the developed product technology over a 20-year useful life. Operating results attributable to the product are included within our RX segment. Subsequently, during the year ended December 31, 2019, we identified impairment indicators related to changes in pricing and competition in the market, which lowered the projected cash flows that we expect to generate from the asset. We determined the asset was impaired (refer to Note 4 and Note 11).

Nasonex-branded Products

On May 29, 2018, we entered into a license agreement with Merck Sharp & Dohme Corp. ("Merck"), which allows us to develop and commercialize an OTC version of Nasonex-branded products containing the compound, mometasone furoate monohydrate. The acquisition was accounted for as an asset acquisition based on our

assessment that substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset to be used for R&D. In accordance with Accounting Standards Codification Topic 730 Research and Development ("ASC 730"), the non-refundable upfront license fee of $50.0 million was recorded in R&D expense in our CSCA segment because the intangible research and development asset acquired has no alternative use. The agreement requires us to make contingent payments if we obtain regulatory approval and achieve certain sales milestones. We will also be obligated to make royalty payments on potential future sales. The contingent consideration will be included in the measurement of the cost of the asset when the contingency is resolved and the consideration is paid or becomes payable. Consideration paid after U.S. Food and Drug Administration ("FDA") approval will be capitalized and amortized to cost of goods sold over the economic life of each product.

Divestitures During the Year Ended December 31, 2019

Animal Health Business

On July 8, 2019, we completed the sale of our animal health business to PetIQ for cash consideration of $182.5 million, which resulted in a pre-tax gain of $71.7 million recorded in our CSCA segment in Other (income) expense, net on the Consolidated Statements of Operations.

4. GOODWILL AND INTANGIBLE ASSETS

Goodwill

During the year ended December 31, 2019, we early adopted ASU No. 2017-04 which removed the Step 2 requirement in instances when the carrying value of a reporting unit exceeds its fair value. Prospectively, if a reporting unit's carrying value exceeds its fair value, we will record an impairment charge in the amount of the difference, limited to the amount of goodwill attributed to that reporting unit.

Changes in the carrying amount of goodwill, by reportable segment, were as follows (in millions):

	CSCA	CSCI[(1)]	RX[(2)]	Total
Balance at December 31, 2017	$ 1,847.4	$ 1,205.7	$ 1,122.3	$ 4,175.4
Impairments	(136.7)	—	—	(136.7)
Currency translation adjustments	3.0	(54.4)	(7.5)	(58.9)
Balance at December 31, 2018	1,713.7	1,151.3	1,114.8	3,979.8
Business divestitures	(42.2)	—	—	(42.2)
Business acquisitions	223.0	68.1	—	291.1
Impairments	—	—	(109.2)	(109.2)
Currency translation adjustments	4.6	(15.7)	8.3	(2.8)
Balance at December 31, 2019	$ 1,899.1	$ 1,203.7	$ 1,013.9	$ 4,116.7

(1) We had accumulated impairments of $868.4 million as of December 31, 2019 and December 31, 2018.
(2) We had accumulated impairments of $109.2 million as of December 31, 2019.

RX U.S. Reporting Unit Goodwill

During the three months ended June 29, 2019, our RX U.S. reporting unit had an indication of potential impairment which was driven by a combination of industry and market factors and uncertainty related to the timing and associated cash flows of the projected albuterol sulfate inhalation aerosol. We prepared an impairment test as of June 29, 2019 and determined that the fair value of the RX U.S. reporting unit continued to exceed net book value by approximately 10%. The excess was lower than our annual impairment test as of September 30, 2018, in which fair value exceeded carrying value by more than 25%. While no impairment was recorded as of June 29, 2019, we continue monitoring developments such as deterioration in business performance or market multiples which could reduce the fair value of this reporting unit and lead to impairment.

In conjunction with our annual impairment test, during the three months ended December 31, 2019, we tested our RX U.S. reporting unit for impairment. As a result, we determined its carrying value exceeded estimated

fair value by $109.2 million, therefore, we recognized an impairment. The change in fair value from previous estimates was driven by industry and market factors that led to reduced projections of future cash flows (refer to Note 11). As a result of adjusting the reporting unit's carrying value to its fair value as of the annual impairment testing date, the fair value of the RX U.S. reporting unit exceeds its net book value by less than 10%.

Other Reporting Unit Goodwill

During our annual goodwill testing as of September 29, 2019, we determined the fair value of the CSC UK and Australia reporting unit was less than 20% higher than its net book value, and the Branded Consumer Self-care ("BCS") reporting unit was less than 10% higher than its net book value. Both reporting units are included in the CSCI segment. The fair value of the Oral Care International reporting unit, also in the CSCI segment, was less than 10% higher than its net book value, which is due to the recent application of fair value acquisition accounting to the reporting unit's net assets rather than the presence of impairment indicators. The fair value of the remaining reporting units, CSCA and RX UK, exceed their net book value by greater than 20%.

Animal Health Goodwill

During the three months ended September 29, 2018, the animal health reporting unit continued to experience declines in its year-to-date financial results and had additional indications of potential impairment due to changes in channel dynamics, a strategic decision to re-prioritize our brands, and a decline in the forecasted outlook of the reporting unit. Step one of the goodwill impairment test indicated that the fair value of the animal health reporting unit was below its net book value. We recorded an $136.7 million goodwill impairment charge in the third quarter of 2018 within our CSCA segment.

Intangible assets and the related accumulated amortization consisted of the following (in millions):

	December 31, 2019		December 31, 2018	
	Gross	Accumulated Amortization	Gross	Accumulated Amortization
Indefinite-lived intangibles:				
Trademarks, trade names, and brands	$ 18.8	$ —	$ 18.1	$ —
In-process research and development	50.0	—	31.2	—
Total indefinite-lived intangibles	$ 68.8	$ —	$ 49.3	$ —
Definite-lived intangibles:				
Distribution and license agreements and supply agreements	$ 126.7	$ 81.1	$ 178.6	$ 99.0
Developed product technology, formulations, and product rights	1,392.8	755.3	1,318.8	654.6
Customer relationships and distribution networks	1,805.6	671.4	1,586.6	566.5
Trademarks, trade names, and brands	1,353.5	250.1	1,282.4	188.5
Non-compete agreements	6.5	6.0	12.9	11.8
Total definite-lived intangibles	$ 4,685.1	$ 1,763.9	$ 4,379.3	$ 1,520.4
Total intangible assets	$ 4,753.9	$ 1,763.9	$ 4,428.6	$ 1,520.4

Certain intangible assets are denominated in currencies other than U.S. dollar; therefore, their gross and net carrying values are subject to foreign currency movements.

The remaining weighted-average useful life for our amortizable intangible assets by asset class at December 31, 2019 was as follows:

Amortizable Intangible Asset Category	Remaining Weighted-Average Useful Life (Years)
Distribution and license agreements and supply agreements	7
Developed product technology, formulations, and product rights	13
Customer relationships and distribution networks	17
Trademarks, trade names, and brands	16
Non-compete agreements	1

We recorded amortization expense of $305.5 million and $333.6 million during the years ended December 31, 2019 and December 31, 2018, respectively.

Our estimated future amortization expense is as follows (in millions):

Year	Amount
2020	$ 284.4
2021	255.5
2022	226.0
2023	211.9
2024	200.9
Thereafter	$ 1,742.5

Generic Product (equivalent to Benzaclin®)

During the year ended December 31, 2019, we identified impairment indicators on a definite-lived intangible asset related to our clindamycin and benzoyl peroxide topical gel (generic equivalent to Benzaclin®) in our RX segment. Increases in competition caused price erosion that lowered our long-range revenue forecast, which indicated the asset was no longer recoverable and was impaired. We recorded an asset impairment of $21.2 million (refer to Note 11).

Licensed Pain Relief Products

During the year ended December 31, 2019, following commercial launch delays relating to certain pain relief products that we licensed from a third party, the licensor determined that it would not extend the license agreement upon expiration. As a result, we determined the asset was fully impaired and recorded an asset impairment of $9.7 million relating to this license, which we had reported as a definite-lived intangible asset in our CSCI segment (refer to Note 11).

Evamist Branded Product

During the year ended December 31, 2019, we identified impairment indicators related to our Evamist branded product, which is a definite-lived intangible asset in our RX segment. The indicators related to a decline in sales volume and a corresponding reduction in our long-range revenue forecast. We recorded an asset impairment of $10.8 million (refer to Note 11).

Generic Product

During the year ended December 31, 2019, we identified impairment indicators for a certain definite-lived asset related to changes in pricing and competition in the market, which lowered the projected cash flows we expect to generate from the asset. We recorded an asset impairment of $27.8 million in our RX segment (refer to Note 3 and Note 11).

In-process R&D ("IPR&D")

We recorded an impairment charge of $5.8 million and $8.7 million on certain IPR&D assets during the years ended December 31, 2019 and December 31, 2018 respectively, due to changes in the projected development and regulatory timelines for various projects.

Animal Health Intangible Assets

During the three months ended September 29, 2018, we performed a recoverability test of the definite-lived intangibles and determined a significant asset group was not recoverable and determined the fair value of the indefinite-lived intangible asset had fallen below its net book value. We recorded an impairment charge in the third quarter of 2018 in our CSCA segment comprised of a brand indefinite-lived intangible asset impairment charge of $27.7 million, a developed product technology and distribution agreement definite-lived intangible asset impairment of $41.6 million, a supply agreement definite-lived intangible asset impairment of $2.8 million, and a trade name and trademark definite-lived intangible asset impairment of $4.5 million (refer to Note 11).

As a result of the strategic decision to re-prioritize a brand within the indefinite-lived asset, we reassessed the useful life of the indefinite-lived intangible asset and reclassified a $5.4 million indefinite-lived intangible asset to a definite-lived asset within the CSCA segment as of September 29, 2018. Subsequently, during the three months ended September 28, 2019, we completed the sale of our animal health business to PetIQ (refer to Note 3).

Changes in the carrying amount of goodwill, by reportable segment, were as follows (in millions):

Intangible Assets

Other intangible assets and the related accumulated amortization consisted of the following (in millions):

	Distribution and license arrangements	Developed product technology	Customer relationships	Definite-lived trade names and trademarks	Non-compete agreements	Indefinite-lived trade names and trademarks	IPR&D	Total
December 31, 2017								
Cost	$ 311.2	$ 1,358.4	$ 1,642.0	$ 1,335.4	$ 14.7	$ 52.1	$ 38.2	$ 4,752.0
Accumulated Amortization	(169.8)	(598.7)	(460.6)	(129.5)	(12.6)	—	—	(1,371.2)
Net book value	$ 141.4	$ 759.7	$ 1,181.4	$ 1,205.9	$ 2.1	$ 52.1	$ 38.2	$ 3,380.8
Amortization expense	$ (30.0)	$ (108.5)	$ (120.1)	$ (66.1)	$ (1.0)	$ —	$ —	$ (325.7)
Acquisitions	2.1	30.4	0.4	—	—	—	2.9	35.8
Impairments	(29.7)	(15.4)	—	(4.5)	—	(27.6)	(9.0)	(86.2)
Transfers	0.5	—	—	5.4	—	(5.4)	(0.5)	—
Currency translation	(4.7)	(2.0)	(41.6)	(46.8)	—	(1.0)	(0.4)	(96.5)
December 31, 2018								
Cost	$ 178.6	$ 1,318.8	$ 1,586.6	$ 1,282.4	$ 12.9	$ 18.1	$ 31.2	$ 4,428.6
Accumulated Amortization	(99.0)	(654.6)	(566.5)	(188.5)	(11.8)	—	—	(1,520.4)
Net book value	$ 79.6	$ 664.2	$ 1,020.1	$ 1,093.9	$ 1.1	$ 18.1	$ 31.2	$ 2,908.2
Amortization expense	$ (10.2)	$ (107.1)	$ (117.8)	$ (65.3)	$ (0.6)	$ —	$ —	$ (301.0)
Acquisitions	4.7	129.9	261.2	102.7	—	—	37.2	535.7
Divestitures	(8.7)	(9.5)	(11.9)	(6.3)	—	—	—	(36.4)
Impairments	(21.2)	(48.3)	—	—	—	—	(5.7)	(75.2)
Reclass	3.9	9.7	—	—	—	—	(13.6)	—
Currency translation	(2.6)	(1.3)	(17.6)	(21.5)	—	0.7	1.0	(41.3)
December 31, 2019								
Cost	$ 126.7	$ 1,392.8	$ 1,805.6	$ 1,353.5	$ 6.5	$ 18.8	$ 50.0	$ 4,753.9
Accumulated Amortization	(81.1)	(755.3)	(671.4)	(250.1)	(6.0)	—	—	(1,763.9)
Net book value	$ 45.6	$ 637.5	$ 1,134.2	$ 1,103.4	$ 0.5	$ 18.8	$ 50.0	$ 2,990.0

5. ACCOUNTS RECEIVABLE FACTORING

We have accounts receivable factoring arrangements with non-related third-party financial institutions (the "Factors"). Pursuant to the terms of the arrangements, we sell to the Factors certain of our accounts receivable balances on a non-recourse basis for credit approved accounts. An administrative fee per invoice is charged on the gross amount of accounts receivables assigned to the Factors, and interest is calculated at the applicable EUR LIBOR rate plus a spread. The total amount factored on a non-recourse basis and excluded from accounts receivable was $10.0 million and $24.3 million at December 31, 2019 and December 31, 2018, respectively.

6. PROPERTY, PLANT, AND EQUIPMENT

We held the following property, plant, and equipment at December 31, 2019 and December 31, 2018 (in millions):

	Land	Buildings	Machinery and equipment	Total
December 31, 2017				
Cost	$ 45.5	$ 514.3	$ 1,078.6	$ 1,638.4
Accumulated depreciation	(9.0)	(218.3)	(578.0)	(805.3)
Net book value	$ 36.5	$ 296.0	$ 500.6	$ 833.1
Additions	$ 0.1	$ 2.0	$ 87.8	$ 89.9
Acquisitions	—	1.8	0.6	2.4
Step up	—	(0.1)	(0.1)	(0.2)
Transfers - net	4.6	43.2	(47.8)	—
Disposals, gross asset	(0.1)	(1.8)	(31.9)	(33.8)
Disposals, accumulated depreciation	0.1	0.7	29.6	30.4
Depreciation expense	(0.7)	(16.8)	(49.8)	(67.3)
Currency translation	(1.1)	(9.6)	(14.6)	(25.3)
Impairments	—	(0.1)	—	(0.1)
December 31, 2018				
Cost	$ 49.0	$ 552.3	$ 1,079.3	$ 1,680.6
Accumulated depreciation	(9.6)	(237.0)	(604.9)	(851.5)
Net book value	$ 39.4	$ 315.3	$ 474.4	$ 829.1
Additions	—	7.9	134.9	142.8
Acquisitions	0.8	6.9	22.3	30.0
Step up	—	(0.1)	9.5	9.4
Transfers - net	2.5	11.4	(13.9)	—
Disposals, gross asset	(2.1)	(10.7)	(54.6)	(67.4)
Disposals, accumulated depreciation	0.2	2.6	32.2	35.0
Depreciation expense	(0.8)	(13.3)	(60.0)	(74.1)
Currency translation	0.2	(1.8)	(0.4)	(2.0)
December 31, 2019				
Cost	50.4	578.7	1,195.8	1,824.9
Accumulated depreciation	(10.2)	(260.5)	(651.4)	(922.1)
Net book value	$ 40.2	$ 318.2	$ 544.4	$ 902.8

7. DEBTORS

Debtors consisted of the following (in millions):

Debtors	December 31, 2019	December 31, 2018
Amounts falling due within one year		
Accounts receivable net	$ 1,243.2	$ 1,073.1
Tysabri Milestone	11.2	250.0
Held for sale assets	—	0.9
Value added tax refund receivable	45.0	44.4
Refundable income tax	12.1	7.9
Prepaid expenses and other debtors	117.1	87.4
	1,428.6	1,463.7
Amounts falling due after one year		
Deferred income taxes	5.5	1.2
	5.5	1.2
Total debtors	$ 1,434.1	$ 1,464.9

8. INVENTORY

Major components of inventory were as follows (in millions):

	December 31, 2019	December 31, 2018
Finished goods	$ 530.3	$ 444.9
Work in process	186.9	197.5
Raw materials	250.1	235.6
Total inventories	$ 967.3	$ 878.0

The replacement cost of inventory does not differ materially from its carrying value. The expense recognized in respect of write downs of inventory was $27.4 million and $26.8 million for the years ended December 31, 2019 and December 31, 2018, respectively.

9. INDEBTEDNESS

Total borrowings outstanding are summarized as follows (in millions):

			Year Ended December 31, 2019	Year Ended December 31, 2018
Term loan				
*	2018 Term loan due March 8, 2020		$ —	$ 351.3
	2019 Term loan due August 15, 2022		600.0	—
	Total term loans		600.0	351.3
Notes and bonds				
	Coupon	Due		
*	5.000%	May 23, 2019[3]	—	137.6
	3.500%	March 15, 2021[4]	280.4	280.4
	3.500%	December 15, 2021[1]	309.6	309.6
*	5.105%	July 28, 2023[3]	151.4	154.9
	4.000%	November 15, 2023[2]	215.6	215.6
	3.900%	December 15, 2024[1]	700.0	700.0
	4.375%	March 15, 2026[4]	700.0	700.0
	5.300%	November 15, 2043[2]	90.5	90.5
	4.900%	December 15, 2044[1]	303.9	303.9
	Total notes and bonds		2,751.4	2,892.5
Other financing			24.6	2.8
Unamortized premium (discount), net			7.3	12.2
Deferred financing fees			(14.1)	(16.4)
Total borrowings outstanding			3,369.2	3,242.4
	Current indebtedness		(3.4)	(190.2)
Total long-term debt less current portion			$ 3,365.8	$ 3,052.2

(1) Discussed below collectively as the "2014 Notes"
(2) Discussed below collectively as the "2013 Notes"
(3) Debt assumed from Omega
(4) Discussed below collectively as the "2016 Notes"

* Debt denominated in euros subject to fluctuations in the euro-to-U.S. dollar exchange rate.

During the Year Ended December 31, 2019, interest expense net, totaled $121.7 million, comprised of $136.8 million of interest on our existing debt offset by $15.1 million of interest income. During the Year Ended December 31, 2018, interest expense net, totaled $128.0 million, comprised of $133.1 million of interest on our existing debt offset by $5.0 million of interest income. See below for detail on losses incurred on the extinguishment of debt.

We are in compliance with all covenants under our debt agreements as of December 31, 2019.

Revolving Credit Agreements

On March 8, 2018, we terminated the revolving credit agreement entered into on December 5, 2014 and entered into a $1.0 billion revolving credit agreement maturing on March 8, 2023 (the "2018 Revolver"). There were no borrowings outstanding under the 2018 Revolver as of December 31, 2019 or December 31, 2018.

Term Loans

On December 5, 2014, Perrigo Finance entered into a term loan agreement consisting of a €500.0 million ($614.3 million) tranche, maturing on December 5, 2019. On March 8, 2018, we repaid the €350.0 million outstanding under our term loan with the proceeds of a new €350.0 million ($431.0 million) term loan, maturing March 8, 2020 (the "2018 Term Loan"). In addition, as a result of the refinancing during the three months ended March 31, 2018, we recorded a loss of $0.5 million, consisting of the write-off of deferred financing fees in Loss on extinguishment of debt on the Consolidated Statements of Operations. During the year ended December 31, 2019, we made $24.7 million in scheduled principal payments.

On August 15, 2019, we refinanced the €284.4 million ($317.1 million) outstanding under the 2018 Term Loan with the proceeds of a new $600.0 million term loan, maturing on August 15, 2022 (the "2019 Term Loan"). As a result of the refinancing, during the year ended December 31, 2019, we recorded a loss of $0.2 million, consisting of the write-off of deferred financing fees in Loss on extinguishment of debt on the Consolidated Statements of Operations.

Notes and Bonds

2016 Notes

On March 7, 2016, Perrigo Finance issued $500.0 million in aggregate principal amount of 3.500% senior notes due 2021 and $700.0 million in aggregate principal amount of 4.375% senior notes due 2026 (together, the "2016 Notes") and received net proceeds of $1.2 billion after fees and market discount. Interest on the 2016 Notes is payable semiannually in arrears in March and September of each year, beginning in September 2016. The 2016 Notes are governed by a base indenture and a second supplemental indenture (collectively, the "2016 Indenture"). The 2016 Notes are fully and unconditionally guaranteed on a senior basis by Perrigo, and no other subsidiary of Perrigo guarantees the 2016 Notes. The proceeds were used to repay our revolving credit agreement entered into in December 2014 and amounts borrowed under a $750.0 million revolving credit agreement Perrigo Finance had entered into in December 2015. There are no restrictions under the 2016 Notes on our ability to obtain funds from our subsidiaries. Perrigo Finance may redeem the 2016 Notes in whole or in part at any time for cash at the make-whole redemption prices described in the 2016 Indenture.

Notes and Bonds Assumed from Omega

In connection with the Omega acquisition, on March 30, 2015, the remaining assumed debt is as follows:

- €135.0 million ($147.0 million) in aggregate principal amount of 5.105% senior notes due 2023 (the "2023 Notes"); and
- €120.0 million ($130.7 million) in aggregate principal amount of 5.000% retail bonds due 2019 which was repaid on May 23, 2019 in full (collectively, the "Retail Bonds").

The fair value of the 2023 Notes and Retail Bonds exceeded par value by €93.6 million ($101.9 million) on the date of the Omega acquisition. As a result, a fair value adjustment was recorded as part of the carrying value of the underlying debt and will be amortized as a reduction of interest expense over the remaining terms of the respective debt instruments. The adjustment does not affect cash interest payments.

2014 Notes

On December 2, 2014, Perrigo Finance issued $500.0 million in aggregate principal amount of 3.500% senior notes due 2021 (the "2021 Notes”), $700.0 million in aggregate principal amount of 3.900% senior notes due 2024 (the “2024 Notes”), and $400.0 million in aggregate principal amount of 4.900% senior notes due 2044 (the “2044 Notes” and, together with the 2021 Notes and the 2024 Notes, the “2014 Notes”) and received net proceeds of $1.6 billion after fees and market discount. Interest on the 2014 Notes is payable semiannually in arrears in June and December of each year, beginning in June 2015. The 2014 Notes are governed by a base indenture and a first supplemental indenture (collectively, the "2014 Indenture"). The 2014 Notes are fully and unconditionally guaranteed on a senior unsecured basis by Perrigo, and no other subsidiary of Perrigo guarantees the 2014 Notes. There are no restrictions under the 2014 Notes on our ability to obtain funds from our subsidiaries.

Perrigo Finance may redeem the 2014 Notes in whole or in part at any time for cash at the make-whole redemption prices described in the 2014 Indenture.

2013 Notes

On November 8, 2013, Perrigo Company issued $500.0 million aggregate principal amount of its 1.300% senior notes due 2016 (the "1.300% 2016 Notes"), $600.0 million aggregate principal amount of its 2.300% senior notes due 2018 (the "2018 Notes"), $800.0 million aggregate principal amount of its 4.000% senior notes due 2023 (the "4.000% 2023 Notes") and $400.0 million aggregate principal amount of its 5.300% senior notes due 2043 (the "2043 Notes" and, together with the 1.300% 2016 Notes, the 2018 Notes and the 4.000% 2023 Notes, the "2013 Notes") in a private placement with registration rights. We received net proceeds of $2.3 billion from the issuance of the 2013 Notes after fees and market discount. On September 29, 2016, we repaid all $500.0 million of the 1.300% 2016 Notes outstanding.

Interest on the 2013 Notes is payable semiannually in arrears in May and November of each year, beginning in May 2014. The 2013 Notes are governed by a base indenture and a first supplemental indenture (collectively, the "2013 Indenture"). The 2013 Notes are our unsecured and unsubordinated obligations, ranking equally in right of payment to all of our existing and future unsecured and unsubordinated indebtedness. The 2013 Notes are not entitled to mandatory redemption or sinking fund payments. We may redeem the 2013 Notes in whole or in part at any time for cash at the make-whole redemption prices described in the 2013 Indenture. The 2013 Notes were guaranteed on an unsubordinated, unsecured basis by the same entities that guaranteed our then-outstanding credit agreement until November 21, 2014, at which time the 2013 Indenture was amended to remove all guarantors.

On September 2, 2014, we offered to exchange our private placement senior notes for public bonds (the "Exchange Offer"). The Exchange Offer expired on October 1, 2014, at which time substantially all of the private placement notes had been exchanged for bonds registered with the Securities and Exchange Commission. As a result of the changes in the guarantor structure noted above, we are no longer required to present guarantor financial statements.

Other Financing

Overdraft Facilities

We have overdraft facilities available that we use to support our cash management operations. We report any balances outstanding in the above table under "Other financing". There were no borrowings outstanding under the facilities as of December 31, 2019 or December 31, 2018.

We have financing leases that are reported in the above table under "Other financing" (refer to Note 14).

Future Maturities

The annual future maturities of our short-term and long-term debt, including capitalized leases, are as follows (in millions):

Payment Due	Amount
2020	$ 3.4
2021	594.2
2022	604.2
2023	371.2
2024	704.2
Thereafter	1,098.8

10. CREDITORS

Creditors consisted of the following (in millions):

Creditors	December 31, 2019	December 31, 2018
Amounts falling due within one year[1]		
Accounts payable	$ 520.3	$ 474.9
Accrued payroll	144.0	116.9
Accrued payroll taxes	12.4	15.2
Accrued income taxes	38.7	99.8
Accrued customer programs	394.4	442.4
Accrued value added tax	13.8	11.8
Deferred income	14.8	3.8
Accrued liabilities	160.4	124.1
	1,298.8	1,288.9
Amounts falling due after one year		
Accrued income taxes	292.9	311.3
Other long term liabilities	222.2	132.1
	515.1	443.4
Total creditors	$ 1,813.9	$ 1,732.3

(1) No securities have been given by us in respect of any items disclosed above. All of the above amounts are interest free and due within one year.

11. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy is used in selecting inputs, with the highest priority given to Level 1, as these are the most transparent or reliable.

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not observable.

The table below summarizes the valuation of our financial instruments carried at fair value by the above pricing categories (in millions):

	Year Ended					
	December 31, 2019			December 31, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis:						
Assets:						
Investment securities	$ 6.6	$ —	$ —	$ 9.4	$ —	$ —
Foreign currency forward contracts	—	4.3	—	—	3.8	—
Cross-currency swap	—	26.3	—	—	—	—
Funds associated with Israeli severance liability	—	14.6	—	—	13.0	—
Royalty Pharma contingent milestone	—	—	95.3	—	—	323.2
Total assets	$ 6.6	$ 45.2	$ 95.3	$ 9.4	$ 16.8	$ 323.2
Liabilities:						
Foreign currency forward contracts	$ —	$ 8.4	$ —	$ —	$ 9.2	$ —
Contingent consideration payments	—	—	11.9	—	—	15.3
Total liabilities	$ —	$ 8.4	$ 11.9	$ —	$ 9.2	$ 15.3
Measured at fair value on a non-recurring basis:						
Assets:						
Goodwill[(1)]	$ —	$ —	$ 1,013.1	$ —	$ —	$ 42.2
Indefinite-lived intangible assets[(2)]	—	—	—	—	—	10.5
Definite-lived intangible assets[(3)]	—	—	23.3	—	—	22.4
Total assets	$ —	$ —	$ 1,036.4	$ —	$ —	$ 75.1

(1) During the year ended December 31, 2019, goodwill with a carrying amount of $1,122.3 million was written down to a fair value of $1,013.1 million. As of December 31, 2018, goodwill with a carrying amount of $178.9 million was written down to a fair value of $42.2 million.

(2) During the year ended December 31, 2018, indefinite-lived intangible assets with a carrying amount of $46.9 million were written down to a fair value of $10.5 million.

(3) During the year ended December 31, 2019, definite-lived intangible assets with a carrying amount of $55.3 million were written down to a fair value of $23.3 million. As of December 31, 2018, definite-lived intangible assets with a carrying amount of $72.0 million were written down to a fair value of $22.4 million.

There were no transfers among Level 1, 2, and 3 during the years ended December 31, 2019 or December 31, 2018. Our policy regarding the recording of transfers between levels is to record any such transfers at the end of the reporting period (refer to Note 12 for information on our investment securities and Note 13 for a discussion of derivatives).

Foreign Currency Forward Contracts

We value the foreign currency forward contracts based on notional amounts, contractual rates, and observable market inputs, such as currency exchange rates and credit risk.

Cross-currency Swaps

We value the cross-currency swaps using a method which discounts the expected cash flows resulting from the derivative. We estimate the cash flows using the contractual term of the derivative, including the period to maturity and we use observable market-based inputs, including interest rate curves, and foreign exchange rates.

Funds Associated with Israel Severance Liability

Israeli labor laws and agreements require us to pay benefits to employees dismissed or retiring under certain circumstances. Severance pay is calculated on the basis of the most recent employee salary levels and the length of employee service. We make regular deposits to retirement funds and purchase insurance policies to partially fund these liabilities. The funds are determined using prices for recently traded financial instruments with similar underlying terms, as well as directly or indirectly observable inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Financial Assets

We divested the Tysabri® financial asset to Royalty Pharma for up to $2.85 billion, consisting of $2.2 billion in cash and up to $250.0 million and $400.0 million in milestone payments if the royalties on global net sales of Tysabri® that are received by Royalty Pharma meet specific thresholds in 2018 and 2020, respectively. As a result of this transaction, we transferred the entire financial asset to Royalty Pharma and recorded a $17.1 million gain on Change in financial assets in the Consolidated Statement of Operations.

Royalty Pharma Contingent Milestone

The table below summarizes the change in fair value of the Royalty Pharma contingent milestone (in millions):

	Year Ended	
	December 31, 2019	December 31, 2018
Beginning balance	$ 323.2	$ 134.5
Payments received	(250.0)	—
Change in fair value	22.1	188.7
Ending balance	$ 95.3	$ 323.2

We value our contingent milestone payments from Royalty Pharma using a modified Black-Scholes Option Pricing Model ("BSOPM"). Key inputs in the BSOPM are the estimated volatility and rate of return of royalties on global net sales of Tysabri® that are received by Royalty Pharma until the contingent milestones are resolved. Volatility and the estimated fair value of the milestones have a positive relationship such that higher volatility translates to a higher estimated fair value of the contingent milestone payments. We assess volatility and rate of return inputs quarterly by analyzing certain market volatility benchmarks and the risk associated with Royalty Pharma achieving the underlying projected royalties. The table below represents the volatility and rate of return:

	Year Ended	
	December 31, 2019	December 31, 2018
Volatility	30.0%	30.0%
Rate of return	7.92%	8.05%

During the year ended December 31, 2019 the fair value of the Royalty Pharma milestone payment related to 2020 increased by $22.1 million. These adjustments were driven by higher projected global net sales of Tysabri® and the estimated probability of achieving the earn-out.

During the year ended December 31, 2018, royalties on global net sales of Tysabri® received by Royalty Pharma met the 2018 threshold resulting in an increase to the asset and a gain of $170.1 million recognized in Change in financial assets on the Consolidated Statement of Operations. Also during that period, the fair value of the remaining Royalty Pharma contingent milestone payment related to 2020 increased $18.6 million due to higher projected global net sales of Tysabri® and the estimated probability of achieving the contingent milestone payment related to 2020.

In order for us to receive the milestone payment related to 2020 of $400.0 million, Royalty Pharma payments from Biogen for Tysabri® sales in 2020 must exceed $351.0 million. The Royalty Pharma payments from Biogen for Tysabri® were $337.5 million in 2018. If Royalty Pharma payments from Biogen for Tysabri® sales do not meet the prescribed threshold in 2020, we will write-off the $95.3 million asset and record a loss. If the prescribed threshold is exceeded, we will increase the asset to $400.0 million and recognize income of $304.7 million in Change in financial assets on the Consolidated Statements of Operations.

Guarantee Liability Related to The Israel API Sale

During the year ended December 31, 2017, we completed the sale of our Israel API business to SK Capital (refer to Note 3), resulting in a guarantee liability of $13.8 million, classified as a Level 3 liability within the fair value hierarchy. Per the agreement, we will be reimbursed for tax receivables for tax years prior to closing and will need to reimburse SK Capital for the settlement of any uncertain tax liability positions for tax years prior to closing. In addition, after closing and going forward, the Israel API business will be assessed by and liable to the Israel Tax Authority ("ITA") for any audit findings. We are no longer the primary obligor on the liabilities transferred to SK Capital, but we have provided a guarantee on certain obligations. During the year ended December 31, 2019, we reduced the liability in the amount of $1.8 million. At December 31, 2019, the remaining guarantee liability was $12.0 million.

Contingent Consideration Payments

The table below summarizes the change in fair value of contingent consideration payments (in millions):

	Year ended	
	December 31, 2019	December 31, 2018
Beginning balance	$ 15.3	$ 22.0
Changes in value	(1.4)	(1.5)
Divestiture	—	—
Currency translation adjustments	—	(0.2)
Settlements and other adjustments	(2.0)	(5.0)
Ending balance	$ 11.9	$ 15.3

Contingent consideration represents milestone payment obligations obtained through product acquisitions, which are valued using estimates based on probability-weighted outcomes, sensitivity analysis, and discount rates reflective of the risk involved. The estimates are updated quarterly and the liabilities are adjusted to fair value depending on a number of assumptions, including the competitive landscape and regulatory approvals that may impact the future sales of a product.

Non-recurring Fair Value Measurements

The non-recurring fair values represent only those assets whose carrying values were adjusted to fair value during the reporting period.

Goodwill and Intangible Assets

RX U.S. Reporting Unit Goodwill

When determining the fair value of our RX U.S. reporting unit for the year ended December 31, 2019, we utilized a combination of comparable company and discounted cash flow techniques. In our comparable company market approach, we considered observable market information and transactions for companies that we deemed to be of a comparable nature, scope, and size of our RX U.S. reporting unit (Level 2 inputs). Our cash flow projections included revenue assumptions related to new and existing products, plus gross margin and operating expenses based on the reporting unit's growth plans (Level 3 inputs). In our discounted cash flow analysis, we used a long-term growth rate of 0.0%, which assumes new product launches will, over time, offset decreases in cash flows of existing portfolio products with definite lives. We used a discount rate of 10.2% in this analysis. The discount rate correlates with the required investment return and risk that we believe market participants would apply to the projected growth rate. In addition, we burdened projected free cash flows with the capital spending deemed necessary to support the cash flows and applied blended jurisdictional tax rates ranging from 19.1% to 21.7%. We weighted indications of fair value resulting from the market approach and present value techniques, considering the reasonableness of the range of measurements and the point within the range that we determined was most representative of fair market conditions (refer to Note 4).

Generic product (equivalent to Benzaclin®)

During the year ended December 31, 2019, we measured the impairment of our clindamycin and benzoyl peroxide topical gel (generic equivalent to Benzaclin®), a definite-lived intangible asset. We utilized a discounted cash flow technique to estimate the fair value of the asset. Significant valuation inputs and assumptions relate to our projected future cash flows, including the total market size, our estimated market share, and our average selling price (refer to Note 4).

Licensed Pain Relief Products

During the year ended December 31, 2019, we measured the impairment of certain pain relief products that we license from a third party, a definite-lived intangible asset. We determined the asset was fully impaired because the agreement with the licensor would not be extended upon expiration (refer to Note 4).

Evamist branded product

When measuring the impairment of our Evamist branded product, a definite-lived intangible asset, during the year ended December 31, 2019, we utilized a discounted cash flow technique to estimate the fair value of the asset. Significant valuation inputs and assumptions relate to our projected future cash flows, including volume and average selling price (refer to Note 4).

Generic product

When measuring the impairment of a certain definite-lived asset during the year ended December 31, 2019, we utilized a discounted cash flow technique to estimate the fair value of the asset. Significant valuation inputs and assumptions relate to our projected future cash flows, including the total market size, our estimated market share, and our average selling price (refer to Note 3 and Note 4).

Animal Health

When determining the fair value of our animal health reporting unit for the year ended December 31, 2018, we utilized a combination of comparable company market and discounted cash flow techniques. In our comparable company market approach, we considered observable market information and transactions for companies that we deemed to be of a comparable nature, scope, and size of animal health (Level 2 inputs). Our cash flow projections included revenue assumptions related to new products, product line extensions, and existing products, plus gross margin, advertising and promotion, and other operating expenses based on the growth plans (Level 3 inputs). In our discounted cash flow analysis, we utilized projected sales growth rate and discount rate assumptions of 2.5% and 9.8%, respectively. The discount rate correlates with the required investment return and risk that we believe market participants would apply to the projected growth. In addition, we burdened projected free cash flows with the capital spending deemed necessary to support the cash flows and applied the jurisdictional tax rate of 22.8%. We weighted

indications of fair value resulting from the market approach and present value techniques, considering the reasonableness of the range of measurements and the point within the range that we determined was most representative of fair market conditions (refer to Note 4).

When assessing our animal health indefinite-lived intangible asset for the year ended December 31, 2018, we utilized a multi-period excess earnings method ("MPEEM") to determine the fair value of the intangible asset. Our cash flow projections included revenue assumptions related to new products, product line extensions, and existing products. We utilized long-term growth rate and discount rate assumptions of (0.3)% and 9.8%, respectively, and we applied a jurisdictional tax rate of 22.8% (refer to Note 4).

When assessing our animal health definite-lived assets for impairment for the year ended December 31, 2018, we utilized a combination of MPEEM and relief from royalty methods to determine the fair values of definite-lived assets within the asset group. The projected financial information, inputs, and assumptions utilized were consistent with those utilized in the goodwill discounted cash flow analysis described above (refer to Note 4).

Fixed Rate Long-term Debt

Our fixed rate long-term debt consisted of the following (in millions):

	Year Ended			
	December 31, 2019		December 31, 2018	
	Level 1	Level 2	Level 1	Level 2
Public bonds				
Carrying value (excluding discount)	$ 2,600.0		$ 2,600.0	
Fair value	$ 2,618.4		$ 2,316.6	
Retail bond and private placement note				
Carrying value (excluding premium)		$ 151.4		$ 292.5
Fair value		$ 168.4		$ 307.9

The fair values of our public bonds for all periods were based on quoted market prices. The fair values of our retail bond and private placement note for all periods were based on interest rates offered for borrowings of a similar nature and remaining maturities. The fair value of our retail bond for the year ended December 31, 2018 was based on interest rates offered for borrowings of a similar nature and remaining maturities. On May 23, 2019, we repaid the retail bond in full (refer to Note 9).

The carrying amounts of our other financial instruments, consisting of cash and cash equivalents, accounts receivable, accounts payable, short-term debt, revolving credit agreements, and variable rate long-term debt, approximate their fair value.

12. INVESTMENTS

The following table summarizes the measurement category, balance sheet location, and balances of our equity securities (in millions):

		Year Ended	
Measurement Category	**Balance Sheet Location**	**December 31, 2019**	**December 31, 2018**
Fair value method	Prepaid expenses and other current assets	$ 6.6	$ 9.4
Fair value method[(1)]	Other non-current assets	$ 2.3	$ 4.4
Equity method	Other non-current assets	$ 17.8	$ 15.1

(1) Measured at fair value using the Net Asset Value practical expedient.

The following table summarizes the expense (income) recognized in earnings of our equity securities (in millions):

		Year ended	
Measurement Category	**Income Statement Location**	**December 31, 2019**	**December 31, 2018**
Fair value method	Other (income) expense, net	$ 4.9	$ 9.5
Equity method	Other (income) expense, net	$ (2.7)	$ (2.7)

On January 1, 2018, as a result of the adoption of ASU 2016-01 Financial Instruments - Recognition and Measurement of Financial Assets and Liabilities ("ASU 2016-01"), we made a $1.0 million cumulative-effect adjustment to Retained earnings (accumulated deficit) net of tax that consisted of net unrealized losses on previously classified as available for sale securities from OCI.

During the year ended December 31, 2018, we increased our equity method investment in Zibo Xinhua - Perrigo Pharmaceutical Company Limited by $7.5 million.

13. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Cross Currency Swaps

We entered into a cross-currency swap designated as a net investment hedge on August 15, 2019, to hedge the Euro currency exposure of our net investment in European operations. This agreement is a contract to exchange floating-rate Euro payments for floating-rate U.S. dollar payments. The payments are based on a notional basis of €450.0 million ($498.0 million) and settle quarterly.

Foreign Currency Forwards

Foreign currency forward contracts entered into to hedge forecasted revenue and expenses were as follows (in millions):

	Notional Amount	
	December 31, 2019	December 31, 2018
Israeli Shekel (ILS)	$ 712.7	$ 232.6
European Euro (EUR)	157.6	134.2
United States Dollar (USD)	92.4	39.3
British Pound (GBP)	86.9	90.2
Danish Krone (DKK)	51.7	56.5
Swedish Krona (SEK)	42.0	38.7
Canadian Dollar (CAD)	41.3	31.7
Polish Zloty (PLZ)	21.5	18.2
Chinese Yuan (CNY)	20.9	—
Mexican Peso (MPX)	9.7	25.9
Norwegian Krone (NOK)	6.6	6.2
Switzerland Franc (CHF)	4.1	2.6
Romanian New Leu (RON)	2.3	4.4
Other	7.5	6.1
Total	$ 1,257.2	$ 686.6

Effects of Derivatives on the Financial Statements

The below tables indicate the effects of all derivative instruments on the Consolidated Financial Statements. All amounts exclude income tax effects.

The balance sheet location and gross fair value of our outstanding derivative instruments were as follows (in millions):

		Asset Derivatives Fair Value Year Ended	
	Balance Sheet Location	December 31, 2019	December 31, 2018
Designated derivatives			
Foreign currency forward contracts	Prepaid expenses and other current assets	$ 1.0	$ 2.0
Cross-currency swap	Prepaid expenses and other current assets	26.3	—
Total designated derivatives		$ 27.3	$ 2.0
Non-designated derivatives			
Foreign currency forward contracts	Prepaid expenses and other current assets	$ 3.3	$ 1.8

		Liability Derivatives Fair Value Year Ended	
	Balance Sheet Location	December 31, 2019	December 31, 2018
Designated derivatives			
Foreign currency forward contracts	Other accrued liabilities	$ 4.7	$ 6.4
Non-designated derivatives			
Foreign currency forward contracts	Other accrued liabilities	$ 3.7	$ 2.8

The following tables summarize the effect of derivative instruments designated as hedging instruments in AOCI (in millions):

	Year Ended December 31, 2019				
Instrument	Amount of Gain/(Loss) Recorded in OCI[1]	Classification of Gain/(Loss) Reclassified from AOCI into Earnings	Amount of Gain/(Loss) Reclassified from AOCI into Earnings	Classification of Gain/(Loss) Recognized into Earnings Related to Amounts Excluded from Effectiveness Testing	Amount of Gain/(Loss) Recognized in Earnings on Derivatives Related to Amounts Excluded from Effectiveness Testing
Cash flow hedges					
Treasury locks	$ —	Interest expense, net	$ (0.1)	Interest expense, net	$ —
Interest rate swap agreements	—	Interest expense, net	(1.8)	Interest expense, net	—
Foreign currency forward contracts	(1.2)	Net sales	2.5	Net sales	(2.1)
		Cost of sales	0.1	Cost of sales	(1.5)
	$ (1.2)		$ 0.7		$ (3.6)
Net investment hedges					
Cross-currency swap	$ 31.2			Interest expense, net	$ 4.9

(1) Net loss of $2.8 million is expected to be reclassified out of AOCI into earnings during the next 12 months.

	Year Ended December 31, 2018 Effective Portion		
Instrument	Amount of Gain/ (Loss) Recorded in OCI	Classification of Gain/ (Loss) Reclassified from AOCI into Earnings	Amount of Gain/ (Loss) Reclassified from AOCI into Earnings
Treasury locks	$ —	Interest expense, net	$ (0.1)
Interest rate swap agreements	—	Interest expense, net	(1.8)
Foreign currency forward contracts	(9.1)	Net sales	0.5
		Cost of sales	1.9
		Interest expense, net	(4.8)
		Other (income) expense, net	2.1
	$ (9.1)		$ (2.2)

The amounts of gain/(loss) recognized in earnings related to our non-designated derivatives on the Consolidated Statements of Operations were as follows (in millions):

Non-Designated Derivatives	Income Statement Location	Year Ended December 31, 2019	Year Ended December 31, 2018
Foreign currency forward contracts	Other (income) expense, net	$ (25.4)	$ 7.6
	Interest expense, net	1.8	(1.0)
		$ (23.6)	$ 6.6

The classification and amount of gain/(loss) recognized in earnings on fair value and hedging relationships are as follows (in millions):

	Year Ended December 31, 2019			
	Net Sales	Cost of Sales	Interest Expense, net	Other (Income) Expense, net
Total amounts of income and expense line items presented on the Consolidated Statements of Operations in which the effects of fair value or cash flow hedges are recorded	$ 4,837.4	$ 3,064.1	$ 121.7	$ (66.0)
The effects of cash flow hedging:				
Gain (loss) on cash flow hedging relationships				
Foreign currency forward contracts				
Amount of gain or (loss) reclassified from AOCI into earnings	$ 2.5	$ 0.1	$ —	$ —
Amount excluded from effectiveness testing recognized using a systematic and rational amortization approach	$ (2.1)	$ (1.5)	$ —	$ —
Treasury locks				
Amount of gain or (loss) reclassified from AOCI into earnings	$ —	$ —	$ (0.1)	$ —
Interest rate swap agreements				
Amount of gain or (loss) reclassified from AOCI into earnings	$ —	$ —	$ (1.8)	$ —

14. LEASES

We held the following leases assets at December 31, 2019 (in millions):

	December 31, 2019
January 1, 2019	$ 164.0
Assets recognised for new leases	30.6
Other (expense, terminations, modifications, currency transaction and other)	(37.1)
December 31,2019	$ 157.5

The balance sheet locations of our lease assets and liabilities were as follows (in millions):

Assets	**Balance Sheet Location**	**December 31, 2019**
Operating	Operating lease assets	$ 129.9
Finance	Other non-current assets	27.6
Total		$ 157.5

Liabilities	**Balance Sheet Location**	**December 31, 2019**
Current		
Operating	Other accrued liabilities	$ 32.0
Finance	Current indebtedness	3.4
Non-Current		
Operating	Other non-current liabilities	101.7
Finance	Long-term debt, less current portion	21.1
Total		$ 158.2

The below table shows our lease assets and liabilities by reporting segment (in millions):

	Assets		**Liabilities**	
	Operating	**Financing**	**Operating**	**Financing**
	December 31, 2019	**December 31, 2019**	**December 31, 2019**	**December 31, 2019**
CSCA	$ 22.4	$ 16.8	$ 22.8	$ 16.6
CSCI	41.6	5.8	42.4	2.9
RX	35.1	0.8	36.3	0.8
Unallocated	30.8	4.2	32.2	4.2
Total	$ 129.9	$ 27.6	$ 133.7	$ 24.5

Lease expense was as follows (in millions):

	Year Ended December 31, 2019
Operating leases[(1)]	$ 43.7
Finance leases	
Amortization	$ 3.2
Interest	0.6
Total finance leases	$ 3.8

(1) Includes short-term leases and variable lease costs, which are immaterial.

Total operating lease expense for the year ended December 31, 2018 was $51.2 million.

The annual future maturities of our leases as of December 31, 2019 are as follows (in millions):

	Operating Leases	Finance Leases	Total
2020	$ 37.2	$ 4.1	$ 41.3
2021	27.4	5.4	32.8
2022	20.2	2.7	22.9
2023	15.0	1.7	16.7
2024	11.9	1.3	13.2
After 2024	41.5	14.2	55.7
Total lease payments	153.2	29.4	182.6
Less: Interest	19.5	4.9	24.4
Present value of lease liabilities	$ 133.7	$ 24.5	$ 158.2

Our weighted average lease terms and discount rates are as follows:

	December 31, 2019
Weighted-average remaining lease term (in years)	
Operating leases	6.56
Finance leases	10.33
Weighted-average discount rate	
Operating leases	4.11%
Finance leases	3.47%

Our lease cash flow classifications are as follows (in millions):

	Year Ended December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows for operating leases	$ 43.9
Operating cash flows for finance leases	$ 0.6
Financing cash flows for finance leases	$ 3.0
Leased assets obtained in exchange for new finance lease liabilities	$ 20.2
Leased assets obtained in exchange for new operating lease liabilities	$ 10.3

15. EARNINGS PER SHARE

Earnings per Share

A reconciliation of the numerators and denominators used in our basic and diluted EPS calculation is as follows (in millions):

	Year Ended December 31, 2019	Year Ended December 31, 2018
Numerator:		
Net income	$ 146.1	$ 131.0
Denominator:		
Weighted average shares outstanding for basic EPS	136.0	137.8
Dilutive effect of share-based awards	0.5	0.5
Weighted average shares outstanding for diluted EPS	136.5	138.3
Anti-dilutive share-based awards excluded from computation of diluted EPS	1.5	1.4

16. SHAREHOLDERS' EQUITY

Our common stock consists of ordinary shares of Perrigo Company plc, a public limited company incorporated under the laws of Ireland.

We trade our ordinary shares on the New York Stock Exchange under the symbol PRGO. Our ordinary shares are also traded on the Tel Aviv Stock Exchange.

Dividends

We paid dividends as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Dividends paid (in millions)	$ 112.4	$ 104.9
Dividends paid (per share)	$ 0.82	$ 0.76

The declaration and payment of dividends and the amount paid, if any, are subject to the discretion of the

Board of Directors and depend on our earnings, financial condition, availability of distributable reserves, capital and surplus requirements and other factors the Board of Directors may consider relevant.

Share Repurchases

In October 2015, the Board of Directors approved a three-year share repurchase plan of up to $2.0 billion. Following the expiration of our 2015 share repurchase plan authorization, in October 2018, our Board of Directors authorized up to $1.0 billion of share repurchases with no expiration date, subject to the Board of Directors' approval of the pricing parameters and amount that may be repurchased under each specific share repurchase program. We did not repurchase any shares during the year ended December 31, 2019. During the year ended December 31, 2018, we repurchased 5.1 million ordinary shares at an average repurchase price of $77.93 per share, for a total of $400.0 million.

17. SHARE-BASED COMPENSATION PLANS

All share-based compensation for employees and directors is granted under the 2019 Long-Term Incentive Plan, as amended (the "Plan"). The Plan has been approved by our shareholders and provides for the granting of awards to our employees and directors. The purpose of the Plan is to attract and retain individuals of exceptional talent and encourage these individuals to acquire a vested interest in our success and prosperity. The awards that may be granted under this program include non-qualified stock options, restricted stock, restricted share units, and performance share units based on relative total shareholder return ("RTSR"). Restricted shares are generally service-based, requiring a certain length of service before vesting occurs, while restricted share units can be either service-based or performance-based. Performance-based restricted share units require a certain length of service until vesting; however, they contain an additional performance feature, which can vary the amount of shares ultimately paid out based on certain performance criteria specified in the Plan. RTSR performance share units are subject to a market condition. Awards granted under the Plan vest and may be exercised and/or sold from one year to ten years after the date of grant based on a vesting schedule. As of December 31, 2019, there were 7.2 million shares available to be granted.

Share-based compensation expense was as follows (in millions):

Year Ended	
December 31, 2019	December 31, 2018
$ 52.2	$ 37.7

As of December 31, 2019, unrecognized share-based compensation expense was $50.6 million, and the weighted-average period over which the expense is expected to be recognized was approximately 1.8 years. Proceeds from the exercise of stock options are credited to ordinary shares.

Stock Options

A summary of activity related to stock options is presented below (options in thousands):

	Number of Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Term in Years	Aggregate Intrinsic Value
Options outstanding at December 31, 2017	1,072	$ 94.90		
Granted	521	$ 82.43		
Exercised	(33)	$ 42.06		
Forfeited or expired	(26)	$ 97.82		
Options outstanding at December 31, 2018	1,534	$ 91.56	6.9	$ 0.1
Granted	—	$ —		
Exercised	(27)	$ 34.30		
Forfeited or expired	(43)	$ 99.58		
Options outstanding December 31, 2019	1,464	$ 92.33	5.8	$ —
Options exercisable	1,012	$ 98.27	5.3	$ —
Options expected to vest	437	$ 79.11	7.0	$ —

The aggregate intrinsic value for options exercised was as follows (in millions):

Year Ended	
December 31, 2019	December 31, 2018
$ 0.5	$ 1.1

The weighted-average fair value per share at the grant date for options granted was as follows:

Year Ended
December 31, 2018
$ 24.43

The fair value was estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year Ended
	December 31, 2018
Dividend yield	0.8%
Volatility, as a percent	31.2%
Risk-free interest rate	2.8%
Expected life in years	5.6

The valuation model utilizes historical volatility. The risk-free interest rate is based on the yield of U.S. government securities with a maturity date that coincides with the expected term of the option. The expected life in years is estimated based on past exercise behavior of employees.

Non-Vested Service-Based Restricted Share Units

A summary of activity related to non-vested service-based restricted share units is presented below (units in thousands):

	Number of Non-vested Service-Based Share Units	Weighted-Average Grant Date Fair Value Per Share	Weighted-Average Remaining Term in Years	Aggregate Intrinsic Value
Non-vested service-based share units outstanding at December 31, 2017	599	$ 107.26		
Granted	385	$ 81.51		
Vested	(204)	$ 121.10		
Forfeited	(52)	$ 107.31		
Non-vested service-based share units outstanding at December 31, 2018	728	$ 89.47	1.4	$ 28.2
Granted	818	$ 47.48		
Vested	(269)	$ 95.09		
Forfeited	(66)	$ 71.03		
Non-vested service-based share units outstanding at December 31, 2019	1,211	$ 60.96	1.4	$ 62.5

The weighted-average fair value per share at the date of grant for service-based restricted share units granted was as follows (in millions):

Year Ended	
December 31, 2019	December 31, 2018
$ 47.48	$ 81.51

The total fair value of service-based restricted share units that vested was as follows (in millions):

Year Ended	
December 31, 2019	December 31, 2018
$ 25.6	$ 24.6

Non-Vested Performance-Based Restricted Share Units

A summary of activity related to non-vested performance-based restricted share units is presented below (units in thousands):

	Number of Non-vested Performance-Based Share Units	Weighted-Average Grant Date Fair Value Per Share	Weighted-Average Remaining Term in Years	Aggregate Intrinsic Value
Non-vested performance-based share units outstanding at December 31, 2017	303	$ 93.65		
Granted	207	$ 85.01		
Vested	(13)	$ 176.59		
Forfeited	(55)	$ 85.94		
Non-vested performance-based share units outstanding at December 31, 2018	442	$ 86.61	1.5	$ 17.2
Granted	298	$ 47.54		
Vested	(68)	$ 116.35		
Forfeited	(19)	$ 72.83		
Non-vested performance-based share units outstanding at December 31, 2019	653	$ 61.44	1.5	$ 33.7

The weighted-average fair value of performance-based restricted share units can fluctuate depending upon the success or failure of the achievement of performance criteria as set forth in the Plan. The weighted-average fair value per share at the date of grant for performance-based restricted share units granted was as follows:

Year Ended	
December 31, 2019	December 31, 2018
$ 47.54	$ 85.01

The total fair value of performance-based restricted share units that vested was as follows (in millions):

Year Ended	
December 31, 2019	December 31, 2018
$ 8.0	$ 2.4

Non-vested Relative Total Shareholder Return Performance Share Units

The fair value of the RTSR performance share units is determined using the Monte Carlo pricing model as the number of shares to be awarded is subject to a market condition. The valuation model considers a range of possible outcomes, and compensation cost is recognized regardless of whether the market condition is actually satisfied.

The assumptions used in estimating the fair value of the RTSR performance share units granted during each year were as follows:

	Year Ended	
	December 31, 2019	December 31, 2018
Dividend yield	1.6%	0.9%
Volatility, as a percent	40.2%	35.3%
Risk-free interest rate	1.9%	2.4%
Expected life in years	2.4	2.8

A summary of activity related to non-vested RTSR performance share units is presented below (units in thousands):

	Number of Non-vested RTSR Performance Share Units	Weighted-Average Grant Date Fair Value Per Share	Weighted-Average Remaining Term in Years*	Aggregate Intrinsic Value
Non-vested RTSR performance share units outstanding at December 31, 2017	39	$ 64.82		
Granted	38	$ 101.13		
Forfeited	(15)	$ 101.13		
Non-vested RTSR performance share units outstanding at December 31, 2018	62	$ 78.35	1.7	$ 2.4
Granted	80	$ 55.61		
Vested	—	$ —		
Forfeited	—	$ —		
Non-vested RTSR performance share units outstanding at December 31, 2019	142	$ 63.02	1.5	$ 7.3

* Midpoint used in calculation.

The weighted-average fair value per share at the date of grant for RTSR performance share units granted was as follows:

Year Ended	
December 31, 2019	December 31, 2018
$ 55.61	$ 101.13

18. OTHER RESERVES

Changes in our Other Reserves balances, net of tax were as follows (in millions):

	Fair Value of Derivative Financial Instruments, net of tax	Foreign Currency Translation Adjustments	Fair Value of Investment Securities, net of tax	Post-Retirement and Pension Liability Adjustments, net of tax	Other	Total Other Reserves
Balance at December 31, 2017	$ (9.8)	$ 260.6	$ 1.0	$ 1.3	$ 159.8	$ 412.9
ASU 2016-01 adoption impact	—	—	(1.0)	—		(1.0)
Balance at December 31, 2017 after adoption impact	$ (9.8)	$ 260.6	$ —	$ 1.3	$ 159.8	$ 411.9
OCI before reclassifications	(7.5)	(156.1)	—	0.2	—	(163.4)
Amounts reclassified from OCI	1.8	—	—	(5.9)	—	(4.1)
Other comprehensive (loss)	(5.7)	(156.1)	—	(5.7)	—	(167.5)
Other equity-based compensation	—	—	—	—	37.7	37.7
Shares withheld for payment of taxes	—	—	—	—	(5.3)	(5.3)
Balance at December 31, 2018	$ (15.5)	$ 104.5	$ —	$ (4.4)	$ 192.2	$ 276.8
OCI before reclassifications	26.8	28.4	—	4.9	—	60.1
Amounts reclassified from OCI	1.4	—	—	(6.7)	—	(5.3)
Other comprehensive (loss)	28.2	28.4	—	(1.8)	—	54.8
Other equity-based compensation	—	—	—	—	55.3	55.3
Shares withheld for payment of taxes	—	—	—	—	(5.6)	(5.6)
Balance at December 31, 2019	$ 12.7	$ 132.9	$ —	$ (6.2)	$ 241.9	$ 381.3

19. INCOME TAXES

Pre-tax income (loss) and the (benefit) provision for income taxes from continuing operations are summarized as follows (in millions):

	Year Ended	
	December 31, 2019	December 31, 2018
Pre-tax income (loss):		
Ireland	$ (300.3)	$ (109.0)
United States	(291.9)	(428.6)
Other foreign	763.2	828.2
Total pre-tax income	171.0	290.6
Current provision (benefit) for income taxes:		
Ireland	(2.2)	22.7
United States	51.0	66.4
Other foreign	16.1	75.1
Subtotal	64.9	164.2
Deferred provision (benefit) for income taxes:		
Ireland	—	(13.9)
United States	(30.2)	7.3
Other foreign	(9.8)	2.0
Subtotal	(40.0)	(4.6)
Total provision for income taxes	$ 24.9	$ 159.6

A reconciliation of the provision based on the Irish statutory income tax rate to our effective income tax rate is as follows:

	Year Ended	
	December 31, 2019	December 31, 2018
Provision at statutory rate	12.5%	12.5%
Foreign rate differential	3.1	(7.1)
State income taxes, net of federal benefit	2.7	3.0
Provision to return	0.8	(1.0)
Tax credits	(2.7)	(1.3)
Change in tax law	(1.1)	(6.2)
Change in valuation allowance	(29.1)	51.0
Change in unrecognized taxes	(4.7)	13.8
Permanent differences	31.2	(14.1)
Taxes on unremitted earnings	3.6	3.9
Other	(1.7)	0.4
Effective income tax rate	14.6%	54.9%

Pursuant to changes made by the U.S. Tax Cuts and Jobs Act ("U.S. Tax Act"), remittances from subsidiaries held by Perrigo Company U.S. made in 2018 and future years are generally not subject to U.S. federal income tax. These remittances are either excluded from U.S. taxable income as earnings that are already subject to taxation or are subject to a 100% dividends received deduction. We are indefinitely reinvested in historic U.S. earnings beyond those previously taxed in the U.S. and other unremitted earnings of our foreign subsidiaries, excluding Israel. Due to the complexity of the legal entity structure and the complexity of the tax laws in various jurisdictions, we believe it is not practicable to estimate the additional income taxes that may be payable on the remittance of such undistributed earnings.

Deferred income taxes arise from temporary differences between the financial reporting and the tax reporting basis of assets and liabilities and operating loss and tax credit carryforwards for tax purposes. The components of our net deferred income tax asset (liability) were as follows (in millions):

	Year Ended	
	December 31, 2019	December 31, 2018
Deferred income tax asset (liability):		
Depreciation and amortization	$ (366.7)	$ (371.2)
Investment in partnership	(38.1)	—
Right of use assets	(30.5)	—
Unremitted earnings	(29.0)	(8.3)
Inventory basis differences	32.7	27.8
Accrued liabilities	91.3	87.1
Lease obligations	30.5	—
Share-based compensation	23.2	19.6
Federal benefit of unrecognized tax positions	20.7	18.2
Loss and credit carryforwards	373.3	359.2
R&D credit carryforwards	54.1	58.8
Interest carryforwards	60.5	76.1
Other, net	4.1	9.5
Subtotal	$ 226.1	$ 276.8
Valuation allowance [(1)]	(501.3)	(557.9)
Net deferred income tax liability:	$ (275.2)	$ (281.1)

(1) The movement in the valuation allowance balance differs from the amount in the effective tax rate reconciliation due to adjustments affecting balance sheet only items and foreign currency.

The above amounts are classified on the Consolidated Balance Sheets as follows (in millions):

	Year Ended	
	December 31, 2019	December 31, 2018
Assets	$ 5.4	$ 1.2
Liabilities	(280.6)	(282.3)
Net deferred income tax liability	$ (275.2)	$ (281.1)

We have U.S. federal and state credit carryforwards and U.S. R&D credit carryforwards of $73.9 million as well as U.S. federal and state net operating loss carryforwards and non-U.S. net operating loss carryforwards of $373.1 million, which will expire at various times through 2039. The remaining U.S. state credit carryforwards of $4.1 million, U.S. federal and non-US loss carryforwards of $1,273.3 million, and U.S. interest carryforwards of $263.0 million have no expiration.

For the year ended December 31, 2019 we recorded a net decrease in valuation allowances of $56.6 million, comprised primarily of a decrease in the U.S. valuation allowance related to the acquisition of Ranir and disposal of the Perrigo Animal Health business. Valuation allowances are determined based on management's assessment of its deferred tax assets that are more likely than not to be realized.

The Company operates in multiple jurisdictions with complex tax policy and regulatory environments and establishes reserves for uncertain positions in accordance with the accounting guidance governing uncertainty in income taxes. Uncertainty in a tax position may arise because tax laws are subject to interpretation. The following table summarizes the activity related to the liability recorded for uncertain tax positions, excluding interest and penalties (in millions):

	Unrecognized Tax Benefits
Balance at December 31, 2017	$ 347.9
Additions:	
Positions related to the current year	39.4
Positions related to prior years	6.8
Reductions:	
Settlements with taxing authorities	(6.5)
Lapse of statutes of limitation	(1.1)
Decrease in prior year positions	(6.4)
Cumulative translation adjustment	(3.0)
Balance at December 31, 2018	377.1
Additions:	
Positions related to the current year	8.2
Positions related to prior years	3.1
Reductions:	
Settlements with taxing authorities	(3.0)
Lapse of statutes of limitation	(23.5)
Decrease in prior year positions	(12.1)
Cumulative translation adjustment	0.7
Balance at December 31, 2019	$ 350.5

We recognize interest and penalties related to uncertain tax positions as a component of income tax expense. The total amount accrued for interest and penalties in the liability for uncertain tax positions was $98.1 million and $86.8 million as of December 31, 2019 and December 31, 2018, respectively.

If recognized, of the total liability for uncertain tax positions, $204.6 million and $203.7 million as of December 31, 2019 and December 31, 2018, respectively, would impact the effective tax rate in future periods.

Our major income tax jurisdictions are Ireland, the U.S., Israel, Belgium, France, and the United Kingdom. We are routinely audited by the tax authorities in our major jurisdictions. We have substantially concluded all Ireland income tax matters through the year ended December 31, 2011, all U.S. federal income tax matters through the year ended June 28, 2008, all Israel income tax matters through the year ended June 28, 2014. All significant matters in our remaining major tax jurisdictions have been concluded for tax years through 2016.

IRS Audit of Fiscal Years Ended June 29, 2013, June 28, 2014, and June 27, 2015

On August 22, 2019, we received a draft Notice of Proposed Adjustment (“NOPA”) from the IRS with respect to our fiscal tax years ended June 28, 2014 and June 27, 2015 relating to the deductibility of interest on $7.5 billion in debts owed to Perrigo Company plc by Perrigo Company, a Michigan corporation and wholly-owned indirect subsidiary of Perrigo Company, plc. The debts were incurred in connection with the Elan merger transaction in 2013. The draft NOPA would cap the interest rate on the debts for U.S. federal tax purposes at 130.0% of the Applicable Federal Rate (a blended rate reduction of 4.0% per annum from the rates agreed to by the parties), on the stated ground that the loans were not negotiated on an arms’-length basis. As a result of the proposed interest rate reduction, the draft NOPA proposes a reduction in gross interest expense of approximately $480.0 million for fiscal years 2014 and 2015. If the IRS were to prevail in its proposed adjustment, we estimate an increase in tax expense for such fiscal years of approximately $170.0 million, excluding interest and penalties. In addition, we would expect the IRS to seek similar adjustments for the period from June 28, 2015 through December 31, 2019. If those further adjustments were sustained, based on our preliminary calculations and subject to further analysis, our current best estimate is that the additional tax expense would not exceed $200.0 million, excluding interest and

penalties, for the period June 28, 2015 through December 31, 2019. We do not expect any similar adjustments beyond December 31, 2019 as proposed regulations, issued under section 267A of the Internal Revenue Code, would eliminate the deductibility of interest on this debt. We strongly disagree with the IRS position and will pursue all available administrative and judicial remedies. No payment of any amount related to the proposed adjustments is required to be made, if at all, until all applicable proceedings have been completed.

Following receipt of the draft NOPA, Perrigo provided the IRS with a detailed written response on September 20, 2019. That submission included an analysis by external advisors that supported the original interest rates as being consistent with arms'-length rates for comparable debt and explained why the exam team's analyses and conclusions were both factually and legally misguided. Based on discussions with the IRS, we had believed that the IRS staff would take our submission into account and meet with us to discuss whether this issue could be resolved at the examination level. However, in the weeks following such discussions, IRS staff advised that they would not respond in detail to our September submission or negotiate the interest rate issue prior to issuing a final NOPA consistent with the draft NOPA. Accordingly, we currently expect that we will receive a final NOPA regarding this matter that proposes substantially the same adjustments described in the draft NOPA.

IRS Audit of Fiscal Years ended June 27, 2009, June 26, 2010, June 25, 2011, and June 30, 2012

On August 15, 2017, we filed a complaint in the United States District Court for the Western District of Michigan to recover $163.6 million of Federal income tax, penalties, and interest assessed and collected by the IRS, plus statutory interest thereon from the dates of payment, for the fiscal tax years ended June 27, 2009, June 26, 2010, June 25, 2011, and June 30, 2012 (the "2009 tax year," "2010 tax year," "2011 tax year," and "2012 tax year," respectively). In response to our complaint, the United States District Court for Western District of Michigan has scheduled a trial date for late May 2020. The IRS audits of those years culminated in the issuances of two statutory notices of deficiency: (1) on August 27, 2014 for the 2009 and 2010 tax years and (2) on April 20, 2017 for the 2011 and 2012 tax years. The statutory notices of deficiency both included un-agreed income adjustments related principally to transfer pricing adjustments regarding the purchase, distribution, and sale of store-brand OTC pharmaceutical products in the United States. In addition, the statutory notice of deficiency for the 2011 and 2012 tax years included the capitalization of certain expenses that were deducted when paid or incurred in defending against certain patent infringement lawsuits. We fully paid the assessed amounts of tax, interest, and penalties set forth in the statutory notices and filed timely claims for refund on June 11, 2015 and June 7, 2017 for the 2009-2010 tax years and 2011-2012 tax years, respectively. Upon the disallowance of such refund claims, we timely filed the above complaint, which seeks refunds of tax, interest, and penalties of $37.2 million for the 2009 tax year, $61.5 million for the 2010 tax year, $40.2 million for the 2011 tax year, and $24.7 million for the 2012 tax year. The amounts sought in the complaint for the 2009 and 2010 tax years were recorded as deferred charges in Other non-current assets on our balance sheet during the three months ended March 28, 2015, and the amounts sought in the complaint for the 2011 and 2012 tax years were recorded as deferred charges in Other non-current assets on our balance sheet during the three months ended July 1, 2017. The cumulative deferred charge as recorded on the balance sheet is $29.7 million lower than the amounts reflected above due to overpayments credited to succeeding years, such that the actual refund the company is seeking to receive will be reduced by that amount. In addition, we recently conceded a royalty due to Perrigo U.S. on all omeprazole sales that equates to 24% of the above refund claims and any omeprazole adjustments that may be asserted by the IRS for future years.

IRS Audit of Fiscal Years Ended December 31, 2011, December 31, 2012, and December 31, 2013

On April 26, 2019, we received a revised NOPA from the IRS regarding transfer pricing positions related to the IRS audit of Athena for the years ended December 31, 2011, December 31, 2012, and December 31, 2013. The NOPA carries forward the IRS's theory from its 2017 draft NOPA that when Elan took over the future funding of Athena's in-process research and development after acquiring Athena in 1996, Elan should have paid a substantially higher royalty rate for the right to exploit Athena's intellectual property, rather than rates based on transfer pricing documentation prepared by Elan's external tax advisors. The NOPA proposes a payment of $843.0 million, which represents additional tax and a 40.0% penalty. This amount excludes consideration of offsetting tax attributes and potentially material interest. We strongly disagree with the IRS position and will pursue all available administrative and judicial remedies, including potentially those available under the U.S. - Ireland Income Tax Treaty to alleviate double taxation. No payment of the additional amounts is required until the matter is resolved administratively, judicially, or through treaty negotiation.

On December 22, 2016, we received a NOPA from the IRS regarding the deductibility of litigation costs related to the IRS audit of Athena for the years ended December 31, 2011, December 31, 2012, and December 31, 2013. We disagree with the IRS's position asserted in the NOPA and are contesting it.

Irish Revenue Audit of Fiscal Years Ended December 31, 2012 and December 31, 2013

On October 30, 2018, we received an audit finding letter from the Irish Office of the Revenue Commissioners ("Irish Revenue") for the years ended December 31, 2012 and December 31, 2013. The audit finding letter relates to the tax treatment of the 2013 sale of the Tysabri® intellectual property and other assets related to Tysabri® to Biogen Idec from Elan Pharma. The consideration paid by Biogen to Elan Pharma took the form of an upfront payment and future contingent royalty payments. Irish Revenue issued a Notice of Amended Assessment ("NoA") on November 29, 2018 which assesses an Irish corporation tax liability against Elan Pharma in the amount of €1,636 million, not including interest or any applicable penalties.

We disagree with this assessment and believe that the NoA is without merit and incorrect as a matter of law. We filed an appeal of the NoA on December 27, 2018 and will pursue all available administrative and judicial avenues as may be necessary or appropriate. In connection with that, Elan Pharma was granted leave by the Irish High Court on February 25, 2019 to seek judicial review of the issuance of the NoA by Irish Revenue. The judicial review filing is based on our belief that Elan Pharma's legitimate expectations as a taxpayer have been breached, not on the merits of the NoA itself. The High Court has scheduled a hearing in this judicial review proceeding in April 2020, and we would expect a decision in this matter in the second half of 2020. If we are ultimately successful in the judicial review proceedings, the NoA will be invalidated and Irish Revenue will not be able to re-issue the NoA. The proceedings before the Tax Appeals Commission have been stayed until a decision on the judicial review application has been made. If for any reason the judicial review proceedings are ultimately unsuccessful in establishing that Irish Revenue's issuance of the NoA breaches our legitimate expectations, Elan Pharma will reactivate its appeal to challenge the merits of the NoA before the Tax Appeals Commission.

The Israel Tax Authority is auditing our fiscal tax years ended June 27, 2015, December 31, 2015, December 31, 2016 and December 31, 2017.

Although we believe that our tax estimates are reasonable and that we prepare our tax filings in accordance with all applicable tax laws, the final determination with respect to any tax audit and any related litigation could be materially different from our estimates or from our historical income tax provisions and accruals. The results of an audit or litigation could have a material effect on operating results and/or cash flows in the periods for which that determination is made. In addition, future period earnings may be adversely impacted by litigation costs, settlements, penalties, and/or interest assessments.

Based on the final resolution of tax examinations, judicial or administrative proceedings, changes in facts or law, expirations of statute of limitations in specific jurisdictions or other resolutions of, or changes in, tax positions - one or more of which may occur within the next twelve months - it is reasonably possible that unrecognized tax benefits for certain tax positions taken on previously filed tax returns may change materially from those recorded as of December 31, 2019. However, we are not able to estimate a reasonably possible range of how these events may impact our unrecognized tax benefits in the next twelve months.

Recent Tax Law Changes

On December 22, 2017, the United States enacted the U.S. Tax Act. The U.S. Tax Act includes a number of significant changes to existing U.S. tax laws that impact us. These changes include a corporate income tax rate reduction from 35% to 21% and the elimination or reduction of certain U.S. deductions and credits including limitations on the U.S. deductibility of interest expense and executive compensation. The U.S. Tax Act also transitions the U.S. taxation of international earnings from a worldwide system to a modified territorial system. These changes were effective beginning in 2018. The U.S. Tax Act also includes a one-time mandatory deemed repatriation tax on accumulated U.S. owned foreign corporations' previously untaxed foreign earnings ("Transition Toll Tax"). We paid our full Transition Toll Tax liability as of December 31, 2018.

On December 22, 2017, Staff Accounting Bulletin No. 118 ("SAB 118") was issued to address the application of the U.S. GAAP ASC 740 income tax accounting for tax law changes enacted in the U.S. during 2017, in situations when a registrant does not have the necessary information available, prepared, or analyzed (including

computations) in reasonable detail to complete the accounting for certain income tax effects of the U.S. Tax Act. In accordance with SAB 118, for the year ended December 31, 2018, we recorded an income tax benefit of $2.4 million in connection with the remeasurement of certain deferred tax assets and liabilities and also recorded a $17.5 million increase of current tax expense in connection with the Transition Toll Tax on cumulative U.S. owned foreign earnings of $1.2 billion. For the year ended December 31, 2018, we completed the accounting for the income tax effects of the U.S. Tax Act. Based on additional guidance issued by the IRS and updates to our calculations we recorded a benefit of $6.3 million related to the Transition Toll Tax. There were no other material changes to the amounts recorded at December 31, 2018. We also finalized the provisional estimate related to our assertion on unremitted earnings of foreign subsidiaries recording an additional deferred tax liability of $8.3 million for the state income tax impacts of repatriating undistributed foreign earnings.

The U.S. Tax Act subjects a U.S. shareholder to tax on global intangible low-taxed income ("GILTI") earned by certain foreign subsidiaries. The FASB Staff Q&A, Topic 740, No. 5, Accounting for Global Intangible Low-Taxed Income states that an entity can make an accounting policy election to either recognize deferred taxes for temporary basis differences expected to reverse as GILTI in future years or provide for the tax expense related to GILTI in the year the tax is incurred. We have elected an accounting policy to provide for the tax expense related to GILTI in the year the tax is incurred ("period cost method").

On December 22, 2017, the Belgian Parliament approved Belgian tax reform legislation (“Belgium Tax Act”), which was signed by the Belgian King and enacted on December 25, 2017. The Belgium Tax Act provides for a reduction to the corporate income tax rate from 34% to 30%, for 2018 and 2019, as well as a reduced corporate income tax rate of 25% for 2020 and beyond. The Belgium Tax Act also increased the participation exemption on dividend distributions to Belgium entities from 95% to 100%. The Belgium Tax Act also introduces Belgium tax consolidation and other anti-tax avoidance directives. For the year ended December 31, 2018, we recorded additional income tax expense of $24.1 million for the remeasurement of certain deferred tax assets and additional income tax benefit of $33.2 million for the remeasurement of certain deferred tax liabilities as a result of the Belgium Tax Act. Lastly, for the year ended December 31, 2018, we fully reversed the deferred tax liability recorded for Belgian Fairness Tax assessment on unrepatriated earnings, as this tax was ruled unconstitutional in the first quarter of 2018.

On January 1, 2019, we adopted ASU 2018-02 Income Statement - Reporting Comprehensive Income. Upon adoption, we did not elect to reclassify the income tax effects of the U.S. Tax Cuts and Jobs Act from AOCI to Retained earnings (accumulated deficit).

20. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

We have a qualified profit-sharing and investment plan under Section 401(k) of the IRS, which covers substantially all U.S. employees. Our contributions to the plan include an annual nondiscretionary contribution of 3% of an employee's eligible compensation and a discretionary contribution at the option of the Board of Directors. Additionally, we match a portion of employees' contributions.

We also have a defined contribution plan that covers our Ireland employees. We contribute up to 18% of each participating employee’s annual eligible salary on a monthly basis.

We assumed a number of defined contribution plans associated with the Omega acquisition and we pay contributions to the pension insurance plans.

Our contributions to all of the plans were as follows (in millions):

Year Ended	
December 31, 2019	December 31, 2018
$ 26.6	$ 25.2

Pension and Post-Retirement Healthcare Benefit Plans

We have a liability related to two defined benefit plans (staff and executive plan) for employees based in Ireland. These plans were subsequently merged and all plan assets and liabilities were transferred from the executive scheme to the staff scheme as a result of a plan combination.

We have a liability related to a number of defined benefit plans covering employees based primarily in the Netherlands, Belgium, Germany, Switzerland, Greece and France. Omega companies operate various pension plans across each country.

Our defined benefit pension plans are managed externally and the related pension costs and liabilities are assessed at least annually in accordance with the advice of a qualified professional actuary. We used a December 31, 2019 measurement date and all plan assets and liabilities are reported as of that date.

We provide certain healthcare benefits to eligible U.S. employees and their dependents who meet certain age and service requirements when they retire. Generally, benefits are provided to eligible retirees after age 65 and to their dependents. Increases in our contribution for benefits are limited to increases in the Consumer Price Index. Additional healthcare cost increases are paid through participant contributions. We accrue the expected costs of such benefits during a portion of the employees’ years of service. The plan is not funded. Under current plan provisions, the plan is not eligible for any U.S. federal subsidy related to the Medicare Modernization Act of 2003 Part D Subsidy.

The change in the projected benefit obligation and plan assets consisted of the following (in millions):

	Pension Benefits		Other Benefits	
	Year Ended		Year Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Projected benefit obligation at beginning of period	$ 168.6	$ 174.0	$ 5.6	$ 6.2
Curtailment	(2.5)	(1.2)	—	—
Service costs	2.5	3.0	0.6	0.6
Interest cost	3.8	3.8	0.2	0.2
Actuarial loss (gain)	22.7	(1.6)	0.3	(1.3)
Amendments	—	—	(2.9)	—
Contributions paid	0.3	0.3	—	—
Benefits paid	(1.6)	(1.6)	(0.1)	(0.1)
Settlements	(3.8)	(0.5)	—	—
Foreign currency translation	(3.1)	(7.6)	—	—
Projected benefit obligation at end of period	$ 186.9	$ 168.6	$ 3.7	$ 5.6
Fair value of plan assets at beginning of period	151.9	162.5	—	—
Actual return on plan assets	19.8	(3.1)	—	—
Benefits paid	(1.6)	(1.6)	(0.1)	(0.1)
Settlements	(3.8)	(0.5)	—	—
Employer contributions	2.0	1.2	0.1	0.1
Contributions paid	0.3	0.3	—	—
Foreign currency translation	(3.2)	(6.9)	—	—
Fair value of plan assets at end of period	$ 165.4	$ 151.9	$ —	$ —
Unfunded status	$ (21.5)	$ (16.7)	$ (3.7)	$ (5.6)
Presented as:				
Other non-current assets	$ 15.8	$ 15.7	$ —	$ —
Other non-current liabilities	$ (37.3)	$ (32.4)	$ —	$ —

The total accumulated benefit obligation for the defined benefit pension plans was as follows (in millions):

Year Ended	
December 31, 2019	December 31, 2018
$ 180.8	$ 163.2

The following unrecognized actual gain for the other benefits liability was included in OCI, net of tax (in millions):

Year Ended	
December 31, 2019	December 31, 2018
$ 2.6	$ 1.3

The unamortized net actuarial loss (gain) in AOCI net of tax for defined benefit pension and other benefits was as follows (in millions):

Year Ended	
December 31, 2019	December 31, 2018
$ 6.2	$ 4.4

The total estimated credit amount to be recognized from AOCI into net periodic cost during the next year is $0.8 million.

At December 31, 2019, the total estimated future benefit payments to be paid by the plans for the next five years is approximately $11.9 million for pension benefits and $0.9 million for other benefits as follows (in millions):

Payment Due	Pension Benefits	Other Benefits
2020	$ 2.0	$ 0.1
2021	1.9	0.2
2022	2.4	0.2
2023	2.3	0.2
2024	3.3	0.2
Thereafter	22.8	1.3

The expected benefits to be paid are based on the same assumptions used to measure our benefit obligation at December 31, 2019, including the expected future employee service. We expect to contribute $2.3 million to the defined benefit plans within the next year.

Net periodic pension cost consisted of the following (in millions):

	Pension Benefits		Other Benefits	
	Year Ended		Year Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Service cost	$ 2.5	$ 3.0	$ 0.6	$ 0.6
Interest cost	3.8	3.8	0.2	0.2
Expected return on assets	(4.9)	(5.3)	—	—
Settlement	0.9	—	—	—
Curtailment	(2.5)	(1.2)	—	—
Net actuarial loss	0.8	0.6	(0.3)	(0.1)
Net periodic pension cost	$ 0.6	$ 0.9	$ 0.5	$ 0.7

The components of the net periodic pension cost, other than the service cost component, are included in the line item Other (income) expense, net in the Consolidated Statement of Operations.

The weighted-average assumptions used to determine net periodic pension cost and benefit obligation were:

	Pension Benefits		Other Benefits	
	Year Ended		Year Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Discount rate	1.06%	2.04%	4.25%	3.59%
Inflation	1.18%	1.45%		
Expected return on assets	2.54%	2.94%		

The discount rate is based on market yields at the valuation date and chosen with reference to the yields available on high quality corporate bonds, with regards to the duration of the plan's liabilities.

As of December 31, 2019, the expected weighted-average long-term rate of return on assets of 2.5% was calculated based on the assumptions of the following returns for each asset class:

Equities	5.9%
Bonds	1.8%
Absolute return fund	4.0%
Insurance contracts	2.5%
Other	1.5%

The investment mix of the pension plans' assets is a blended asset allocation, with a diversified portfolio of shares listed and traded on recognized exchanges.

Certain of our plans have target asset allocation ranges. As of December 31, 2019, these ranges were as follows:

Equities	20%-30%
Bonds	30%-40%
Absolute return	40%-50%

Other plans do not have target asset allocation ranges, for such plans, the strategy is to invest mainly in Insurance Contracts.

The purpose of the pension funds is to provide a flow of income for members in retirement. A flow of income delivered through fixed interest bonds provides a costly but close match to this objective. Equities are held within the portfolio as a means of reducing this cost, but holding equities creates a strategic risk because they give a very different pattern of return. Property investments are held to help diversify the portfolio. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset/liability studies, and investment portfolio reviews.

The following table sets forth the fair value of the pension plan assets (in millions):

	Year Ended							
	December 31, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Equities	$ 0.1	$ 24.5	$ —	$ 24.6	$ 0.1	$ 16.2	$ —	$ 16.3
Bonds	1.1	32.7	—	33.8	1.0	28.6	—	29.6
Insurance contracts	—	—	56.1	56.1	—	—	49.9	49.9
Absolute return fund	—	44.9	—	44.9	—	50.5	—	50.5
Other	—	6.0		6.0	—	5.6	—	5.6
Total	$ 1.2	$ 108.1	$ 56.1	$ 165.4	$ 1.1	$ 100.9	$ 49.9	$ 151.9

The following table sets forth a summary of the changes in the fair value of the Level 3 pension plan assets, which were measured at fair value on a recurring basis (in millions):

	Year Ended	
	December 31, 2019	December 31, 2018
Assets at beginning of year	$ 49.9	$ 50.8
Actual return on plan assets	8.1	0.6
Purchases, sales and settlements, net	(0.5)	0.4
Foreign exchange	(1.4)	(1.9)
Assets at end of year	$ 56.1	$ 49.9

The fair value of the insurance contracts is an estimate of the amount that would be received in an orderly sale to a market participant at the measurement date. The amount the plan would receive from the contract holder if the contracts were terminated is the primary input and is unobservable. The insurance contracts are therefore classified as Level 3 investments.

Deferred Compensation Plans

We have non-qualified plans related to deferred compensation and executive retention that allow certain employees and directors to defer compensation subject to specific requirements. Although the plans are not formally funded, we own insurance policies that had a cash surrender value of $34.4 million and $31.5 million at December 31, 2019 and December 31, 2018, respectively, that are intended as a long-term funding source for these plans. The assets, which are recorded in Other non-current assets, are not a committed funding source and may, under certain circumstances, be subject to claims from creditors. The deferred compensation liability of $31.3 million and $28.8 million at December 31, 2019 and December 31, 2018, respectively, was recorded in Other non-current liabilities.

21. OTHER PROVISIONS AND COMMITMENTS AND CONTINGENCIES

Changes in Other provisions are illustrated below (in millions):

	Legal liabilities	Contingent consideration	Restructuring	Total
Balance at December 31, 2017	$ 32.5	$ 22.0	$ 21.4	$ 75.9
Provisions, net	3.5	—	21.0	24.5
Utilization	(16.1)	(5.0)	(18.8)	(39.9)
Acquisitions and Other	(0.9)	(1.7)	0.4	(2.2)
Balance at December 31, 2018	19.0	15.3	24.0	58.3
Provisions, net	(0.3)	—	25.0	24.7
Utilization	(16.9)	(2.0)	(29.4)	(48.3)
Acquisitions and Other	—	(1.4)	—	(1.4)
Balance at December 31, 2019	$ 1.8	$ 11.9	$ 19.6	$ 33.3

Operating Leases

We lease certain assets, principally warehouse facilities and computer equipment, under agreements that expire at various dates through the year ended December 31, 2032. Certain leases contain provisions for renewal and purchase options and require us to pay various related expenses. The annual future maturities of our leases as of December 31, 2019 was $158.2 million (refer to Note 14).

Rent expense under all leases was $48.8 million and $51.2 million for the years ended December 31, 2019 and December 31, 2018, respectively.

At December 31, 2019, we had non-cancelable purchase obligations totaling $845.9 million consisting of contractual commitments to purchase materials and services to support operations. The majority of the obligations are expected to be paid within one year.

In view of the inherent difficulties of predicting the outcome of various types of legal proceedings, we cannot determine the ultimate resolution of the matters described below. We establish reserves for litigation and regulatory matters when losses associated with the claims become probable and the amounts can be reasonably estimated. The actual costs of resolving legal matters may be substantially higher or lower than the amounts reserved for those matters. For matters where the likelihood or extent of a loss is not probable or cannot be reasonably estimated as of December 31, 2019, we have not recorded a loss reserve. If certain of these matters are determined against us, there could be a material adverse effect on our financial condition, results of operations, or cash flows. We currently believe we have valid defenses to the claims in these lawsuits and intend to defend these lawsuits vigorously regardless of whether or not we have a loss reserve. Other than what is disclosed below, we do not expect the outcome of the litigation matters to which we are currently subject to, individually or in the aggregate, have a material adverse effect on our financial condition, results of operations, or cash flows.

Price-Fixing Lawsuits

We are a defendant in several cases in the generic pricing multidistrict litigation *MDL No. 2724 (United States District Court for Eastern District of Pennsylvania)*. This multidistrict litigation, which has many cases that do not include Perrigo, includes class action and opt-out cases for federal and state antitrust claims.

We have been named as a co-defendant with certain other generic pharmaceutical manufacturers in a number of class actions alleging single-product conspiracies to fix or raise the prices of certain drugs and/or allocate customers starting, in some instances, as early as June 2013. The class actions were filed on behalf of putative classes of (a) direct purchasers, (b) end payors, and (c) indirect resellers. The products in question are Clobetasol gel, Desonide, and Econazole. Pursuant to the court's schedule staging various cases in phases, we moved to dismiss the complaints relating to Clobetasol and Econazole. The court issued a decision denying the motions in part in October 2018 and issued a second decision in February 2019 dismissing various state law claims, but allowing other state law claims to proceed. We filed answers to the Clobetasol gel complaints on December 31, 2018. We filed answers to the Desonide and Econazole complaints on March 15, 2019. The cases are proceeding in document discovery.

The same three putative classes have each filed complaints naming us as a co-defendant, along with 27 other manufacturers, alleging an overarching conspiracy to fix or raise the prices of 15 generic prescription pharmaceutical products starting in 2011. Perrigo manufactures only two of the products at issue, Nystatin cream and Nystatin ointment. Motions to dismiss certain single-product and overarching complaints listed above were filed on February 21, 2019. Plaintiffs' oppositions were due on May 2, 2019 and defendants' replies were filed on June 13, 2019. On August 15, 2019, the Court denied the Defendants' joint motions to dismiss certain overarching conspiracy allegations. The cases are proceeding in document discovery.

In December 2019, both the end payor and indirect reseller class plaintiffs filed new overarching complaints against us, dozens of other manufacturers of generic prescription pharmaceuticals, and certain individuals. The complaints also allege conspiracies relating to the sale of various new products, the majority of which Perrigo neither makes nor sells. The indirect reseller complaint alleges that Perrigo conspired in connection with its sales of Immiquimod cream, Desonide cream and ointment, and Hydrocortisone Valerate cream. The end payor complaint alleges that Perrigo conspired in connection with its sale of the following drugs: Betamethasone Dipropionate, Bromocriptine Mesylate, Clindamycin Phosphate, Fenofibrate, Halobetasol Proprionate, Hydrocortisone Valerate, Permethrin, and Triamcinolone Acetonide.

We have also been named a co-defendant along with 35 other manufacturers in a complaint filed by three supermarket chains alleging that defendants conspired to fix prices of 31 generic prescription pharmaceutical products starting in 2013. The only allegations specific to us relate to Clobetasol, Desonide, Econazole, Nystatin cream, and Nystatin ointment. Perrigo moved to dismiss this complaint on February 21, 2019. The motion was denied on August 15, 2019. The case is proceeding in document discovery.

On August 3, 2018, a large managed care organization filed a complaint against us alleging price-fixing and customer allocation concerning 17 different products among 27 manufacturers including Perrigo. The only allegations specific to us concern Clobetasol. Perrigo moved to dismiss this complaint on February 21, 2019. The motion was denied on August 15, 2019. The case is proceeding in document discovery.

On July 18, 2019, 87 health plans filed a Praecipe to Issue Writ of Summons in Pennsylvania state court to commence an action against 53 generic pharmaceutical manufacturers and 17 individuals, alleging antitrust violations concerning generic pharmaceutical drugs. While Perrigo was named as a defendant, no complaint has been filed. A stipulation is currently being drafted to defer further action pending developments in the Generics Antitrust MDL described above. At this stage, we cannot reasonably predict the outcome of the liability, if any, associated with these claims. This case has not yet been consolidated into the MDL.

On January 16, 2019, a similar suit was brought by a health insurance carrier in the U.S. District Court for the District of Minnesota alleging a conspiracy to fix prices of 30 products among 30 defendants. The only allegations specific to us concern Clobetasol gel, Desonide, Econazole, Nystatin cream, and Nystatin ointment.

On December 11, 2019, a health care service company filed a complaint against us and 38 other pharmaceutical companies alleging an overarching conspiracy to fix, raise or stabilize prices of dozens of products, most of which Perrigo neither makes nor sells. The product conspiracies allegedly involving Perrigo focus on the same products as those involved in other MDL complaints naming Perrigo: Clobetasol, Desonide, Econazole, and Nystatin cream/ ointment.

On December 16, 2019, a Medicare Advantage claims recovery company filed a complaint against us and 39 other pharmaceutical companies alleging an overarching conspiracy to fix, raise or stabilize prices of dozens products, most of which Perrigo neither makes nor sells. The product conspiracies allegedly involving Perrigo focus on the same products as those involved in other MDL complaints naming Perrigo: Clobetasol, Desonide, Econazole, and Nystatin cream/ointment. The complaint was originally filed in the District of Connecticut but will likely be consolidated into the MDL.

On December 23, 2019, several counties in New York filed an amended complaint against us and 28 other pharmaceutical companies alleging an overarching conspiracy to fix, raise or stabilize prices of dozens products, most of which Perrigo neither makes nor sells. The product conspiracies allegedly involving Perrigo focus on the same products as those involved in other MDL complaints naming Perrigo: Clobetasol, Desonide, and Econazole. The

complaint was originally filed in New York State court but was removed to federal court and will likely be consolidated into the MDL.

On December 27, 2019, a healthcare management organization filed a complaint against us and 25 other pharmaceutical companies alleging an overarching conspiracy to fix, raise or stabilize prices of dozens of products, most of which Perrigo neither makes nor sells. The product conspiracies allegedly involving Perrigo focus on the same products as those involved in other MDL complaints naming Perrigo: Cobetasol, Desonide, and Econazole. The complaint was filed originally in the Northern District of California but will likely be consolidated into the MDL.

At this stage, we cannot reasonably predict the outcome of the liability if any, associated with the claims listed above.

Securities Litigation

In the United States (cases related to events in 2015-2017)

On May 18, 2016, a shareholder filed a securities case against us and our former CEO, Joseph Papa, in the U.S. District Court for the District of New Jersey (*Roofers' Pension Fund v. Papa, et al.)*. The plaintiff purported to represent a class of shareholders for the period from April 21, 2015 through May 11, 2016, inclusive. The original complaint alleged violations of Securities Exchange Act sections 10(b) (and Rule 10b-5) and 14(e) against both defendants and 20(a) control person liability against Mr. Papa. In general, the allegations concerned the actions taken by us and the former executive to defend against the unsolicited takeover bid by Mylan in the period from April 21, 2015 through November 13, 2015. The plaintiff also alleged that the defendants provided inadequate disclosure concerning alleged integration problems related to the Omega acquisition in the period from April 21, 2015 through May 11, 2016. On July 19, 2016, a different shareholder filed a securities class action against us and our former CEO, Joseph Papa, also in the District of New Jersey (*Wilson v. Papa, et al*.). The plaintiff purported to represent a class of persons who sold put options on our shares between April 21, 2015 and May 11, 2016. In general, the allegations and the claims were the same as those made in the original complaint filed in the *Roofers' Pension Fund* case described above. On December 8, 2016, the court consolidated the *Roofers' Pension Fund* case and the *Wilson* case under the *Roofers' Pension Fund* case number. In February 2017, the court selected the lead plaintiffs for the consolidated case and the lead counsel to the putative class. In March 2017, the court entered a scheduling order.

On June 21, 2017, the court-appointed lead plaintiffs filed an amended complaint that superseded the original complaints in the *Roofers' Pension Fund* case and the *Wilson* case. In the amended complaint, the lead plaintiffs seek to represent three classes of shareholders - shareholders who purchased shares during the period April 21, 2015 through May 3, 2017 on the U.S. exchanges; shareholders who purchased shares during the same period on the Tel Aviv exchange; and shareholders who owned shares on November 12, 2015 and held such stock through at least 8:00 a.m. on November 13, 2015 (the final day of the Mylan tender offer) regardless of whether the shareholders tendered their shares. The amended complaint names as defendants us and 11 current or former directors and officers of Perrigo (Mses. Judy Brown, Laurie Brlas, Jacqualyn Fouse, Ellen Hoffing, and Messrs. Joe Papa, Marc Coucke, Gary Cohen, Michael Jandernoa, Gerald Kunkle, Herman Morris, and Donal O'Connor). The amended complaint alleges violations of Securities Exchange Act sections 10(b) (and Rule 10b-5) and 14(e) against all defendants and 20(a) control person liability against the 11 individuals. In general, the allegations concern the actions taken by us and the former executives to defend against the unsolicited takeover bid by Mylan in the period from April 21, 2015 through November 13, 2015 and the allegedly inadequate disclosure throughout the entire class period related to purported integration problems related to the Omega acquisition, alleges incorrect reporting of organic growth at the Company and at Omega, alleges price fixing activities with respect to six generic prescription pharmaceuticals, and alleges improper accounting for the Tysabri® royalty stream. The amended complaint does not include an estimate of damages. During 2017, the defendants filed motions to dismiss, which the plaintiffs opposed. On July 27, 2018, the court issued an opinion and order granting the defendants' motions to dismiss in part and denying the motions to dismiss in part. The court dismissed without prejudice defendants Laurie Brlas, Jacqualyn Fouse, Ellen Hoffing, Gary Cohen, Michael Jandernoa, Gerald Kunkle, Herman Morris, Donal O'Connor, and Marc Coucke. The court also dismissed without prejudice claims arising from the Tysabri® accounting issue described above and claims alleging incorrect disclosure of organic growth described above. The defendants who were not dismissed are Perrigo Company plc, Joe Papa, and Judy Brown. The claims (described above) that were not dismissed relate to the integration issues regarding the Omega acquisition, the defense against the Mylan tender offer, and the alleged price fixing activities with respect to six generic prescription pharmaceuticals. The

defendants who remain in the case (the Company, Mr. Papa, and Ms. Brown) have filed answers denying liability, and the discovery stage of litigation has begun. We intend to defend the lawsuit vigorously.

On November 14, 2019, the court granted the lead plaintiffs' motion and certified three classes for the case: (i) all those who purchased shares between April 21, 2015 through May 2, 2017 inclusive on a U.S. exchange and were damaged thereby; (ii) all those who purchased shares between April 21, 2015 through May 2, 2017 inclusive on the Tel Aviv exchange and were damaged thereby; and (iii) all those who owned shares as of November 12, 2015 and held such stock through at least 8:00 a.m. on November 13, 2015 (whether or not a person tendered shares in response to the Mylan tender offer)(the "tender offer class"). Defendants filed a petition for leave to appeal in the Third Circuit challenging the certification of the tender offer class, and the class plaintiffs have filed an opposition. The Third Circuit has not yet determined if leave to appeal will be granted.

On November 1, 2017, Carmignac Gestion, S.A., filed a securities lawsuit against us and three individuals (former Chairman and CEO Joseph Papa, former CFO Judy Brown, and former Executive Vice President and Board member Marc Coucke). This lawsuit is not a securities class action. The case is styled *Carmignac Gestion, S.A. v. Perrigo Company plc, et al.*, and was filed in the U.S. District Court for the District of New Jersey. The complaint asserts claims under Securities Exchange Act sections 10(b) (and Rule 10b-5), 14(e), and 18 against all defendants as well as 20(a) control person liability against the individual defendants. In general, the plaintiff's allegations focus on events during the period from April 2015 through April 2016. Plaintiff contends that the defendants provided inadequate disclosure throughout the period concerning the valuation and integration of Omega, the financial guidance provided by us during that period, our reporting about the generic prescription pharmaceutical business and its prospects, and the activities surrounding the efforts to defeat the Mylan tender offer during 2015. Many of the allegations in this case overlap with the allegations of the June 2017 amended complaint in the *Roofers' Pension Fund* case described above. The plaintiff does not provide an estimate of damages. After the court issued its July 2018 opinion in the *Roofers' Pension Fund* case (described above) the parties to this case conferred about how this case should proceed. Because this plaintiff made some factual allegations that were not asserted in the *Roofers' Pension Fund* case, the parties agreed that the ruling in the *Roofers' Pension Fund* case would apply equally to the common allegations in this case and the remaining defendants (the Company, Mr. Papa, and Ms. Brown) filed a motion to dismiss addressing the additional allegations in this case. On July 31, 2019, the court granted the motion to dismiss in part and denied it in part. The defendants (the Company, Mr. Papa, and Ms. Brown) filed answers denying liability. The case is now in the discovery phase. We intend to defend the lawsuit vigorously.

On January 16, 2018, Manning & Napier Advisors, LLC filed a securities lawsuit against us and three individuals (former Chairman and CEO Joseph Papa, former CFO Judy Brown, and former Executive Vice President and Board member Marc Coucke). This lawsuit is not a securities class action. The case is styled *Manning & Napier Advisors, LLC v. Perrigo Company plc, et al.*, and was filed in the U.S. District Court for the District of New Jersey. The complaint asserts claims under Securities Exchange Act sections 10(b) (and Rule 10b-5) and 18 against all defendants as well as 20(a) control person liability against the individual defendants. In general, the plaintiff's allegations focus on events during the period from April 2015 through May 2017. Plaintiff contends that the defendants provided inadequate disclosure at various times during the period concerning valuation and integration of Omega, the financial guidance provided by us during that period, alleged price fixing activities with respect to six generic prescription pharmaceuticals, and alleged improper accounting for the Tysabri® asset. Many of the allegations in this case overlap with the allegations of the June 2017 amended complaint in the *Roofers' Pension Fund* case described above. The plaintiff did not provide an estimate of damages. After the court issued its July 2018 opinion in the *Roofers' Pension Fund* case (described above) the parties to this case conferred about how this case should proceed. Because this plaintiff made some factual allegations that were not asserted in the *Roofers' Pension Fund* case, the parties agreed that the ruling in the *Roofers' Pension Fund* case would apply equally to the common allegations in this case and the remaining defendants (the Company, Mr. Papa, and Ms. Brown) filed a motion to dismiss addressing the additional allegations in this case. On July 31, 2019, the court granted the motion to dismiss in part and denied it in part. The defendants (the Company, Mr. Papa, and Ms. Brown) filed answers denying liability. On January 3, 2020, the plaintiff filed a consented notice of voluntary dismissal dismissing its section 18 claims with prejudice and dismissing its 10(b) and 20(a) claims without prejudice. The Court approved the dismissal on January 7, 2020, and this case has now ended.

On January 26, 2018, two different plaintiff groups (the Mason Capital group and the Pentwater group) each filed a lawsuit against us and the same individuals who are defendants in the amended complaint in the securities class action case described above (*Roofers' Pension Fund* case). The same law firm represents these two plaintiff groups, and the two complaints are substantially similar. These two cases are not securities class actions. One case

is styled *Mason Capital L.P., et al. v. Perrigo Company plc, et al.*, and was filed in the U.S. District Court for the District of New Jersey. The other case is styled *Pentwater Equity Opportunities Master Fund Ltd., et al. v. Perrigo Company plc, et al.*, and also was filed in the U.S. District Court for the District of New Jersey. Both cases are assigned to the same federal judge that is hearing the class action case and the other individual cases described above (*Carmignac* and *Manning & Napier*). Each complaint asserts claims under Securities Exchange Act sections 14(e) (related to tender offer disclosures) against all defendants as well as 20(a) control person liability against the individual defendants. In general, the plaintiffs' allegations describe events during the period from April 2015 through May 2017. Plaintiffs contend that the defendants provided inadequate disclosure during the tender offer period in 2015 and point to disclosures at various times during the period concerning valuation and integration of Omega, the financial guidance provided by us during that period, alleged price fixing activities with respect to six generic prescription pharmaceuticals, and alleged improper accounting for the Tysabri® asset. Many of the factual allegations in these two cases overlap with the allegations of the June 2017 amended complaint in the *Roofers' Pension Fund* case described above and the allegations in the *Carmignac* case described above. The plaintiffs do not provide an estimate of damages. After the court issued its July 2018 opinion in the *Roofers' Pension Fund* case (described above), the parties to these cases conferred about how these cases should proceed. The parties agreed that the ruling in the *Roofers' Pension Fund* case would apply equally to the common allegations in these cases. The defendants (the Company, Mr. Papa, and Ms. Brown) filed answers denying liability, and the discovery stage of the cases has begun. We intend to defend the lawsuits vigorously.

On February 13, 2018, a group of plaintiff investors affiliated with Harel Insurance Investments & Financial Services, Ltd. filed a lawsuit against us and the same individuals who are defendants in the amended complaint in the securities class action case described above (*Roofers' Pension Fund* case). This lawsuit is not a securities class action. The new complaint is substantially similar to the amended complaint in the *Roofers' Pension Fund* case. The relevant period in the new complaint stretches from February 2014 to May 2, 2017. The complaint adds as defendants two individuals who served on our Board prior to 2016. The case is styled *Harel Insurance Company, Ltd., et al. v. Perrigo Company plc, et al.*, and was filed in the U.S. District Court for the District of New Jersey and is assigned to the same federal judge that is hearing the class action cases and the four other individual cases described above (*Carmignac*, *Manning & Napier*, *Mason Capital*, and *Pentwater*). The *Harel Insurance Company* complaint asserts claims under Securities Exchange Act section 10(b) (and related SEC Rule 10b-5) and section 14(e) (related to tender offer disclosures) against all defendants as well as 20(a) control person liability against the individual defendants. The complaint also asserts claims based on Israeli securities laws. In general, the plaintiffs' allegations describe events during the period from February 2014 through May 2017. Plaintiffs contend that the defendants provided inadequate disclosure during the tender offer events in 2015 and point to disclosures at various times during the period concerning valuation and integration of Omega, the financial guidance provided by us during that period, alleged price fixing activities with respect to six generic prescription pharmaceuticals, and alleged improper accounting for the Tysabri® asset from February 2014 until the withdrawal of past financial statements in April 2017. Many of the factual allegations in this case overlap with the allegations of the June 2017 amended complaint in the *Roofers' Pension Fund* case described above and the allegations in the four opt out cases also described above. The plaintiffs do not provide an estimate of damages. After the court issued its July 2018 opinion in the *Roofers' Pension Fund* case (described above), the parties to this case conferred about how this case should proceed. The parties agreed that the ruling in the *Roofers' Pension Fund* case would apply equally to the common allegations in this case and the remaining defendants (the Company, Mr. Papa, and Ms. Brown) filed answers denying liability, and the discovery stage of the litigation has begun. We intend to defend the lawsuit vigorously.

On February 16, 2018, First Manhattan Company filed a securities lawsuit against us and three individuals (former Chairman and CEO Joseph Papa, former CFO Judy Brown, and former Executive Vice President and Board member Marc Coucke). This lawsuit is not a securities class action. The case is styled *First Manhattan Co. v. Perrigo Company plc, et al.*, and was filed in the U.S. District Court for the District of New Jersey. The case was assigned to the same judge hearing the class action case and the five other opt out cases. The complaint asserts claims under Securities Exchange Act sections 10(b) (and Rule 10b-5), 14(e), and 18 against all defendants as well as 20(a) control person liability against the individual defendants. In general, the plaintiff's allegations focus on events during the period from April 2015 through May 2017. Plaintiff contends that the defendants provided inadequate disclosure at various times during the period concerning valuation and integration of Omega, the financial guidance provided by us during that period, alleged price fixing activities with respect to six generic prescription pharmaceuticals, and alleged improper accounting for the Tysabri® asset. This lawsuit was filed by the same law firm that filed the *Manning & Napier Advisors* case and the *Carmignac* case described above and generally makes the same factual assertions as in the *Manning & Napier Advisors* case. Many of the allegations in

this case overlap with the allegations of the June 2017 amended complaint in the *Roofers' Pension Fund* case described above. The plaintiff does not provide an estimate of damages. On April 20, 2018, the plaintiff filed an amended complaint that did not materially change the factual allegations of the original complaint. After the court issued its July 2018 opinion in the *Roofers' Pension Fund* case (described above), the parties to this case conferred about how this case should proceed. Because this plaintiff made some factual allegations that were not asserted in the *Roofers' Pension Fund* case, the parties agreed that the ruling in the *Roofers' Pension Fund* case would apply equally to the common allegations in this case and the remaining defendants filed a motion to dismiss addressing the additional allegations in this case. On July 31, 2019, the court granted the motion to dismiss in part and denied it in part. The defendants (the Company, Mr. Papa, and Ms. Brown) filed answers denying liability. The case is now in the discovery phase. We intend to defend the lawsuit vigorously.

On April 20, 2018, a group of plaintiff investors affiliated with TIAA-CREF filed a lawsuit against us and the same individuals who are the defendants in the Harel Insurance case complaint. This lawsuit is not a securities class action. The law firm representing the plaintiffs in the *Harel Insurance* case also represents the TIAA-CREF plaintiff entities in this case, and the new complaint is substantially similar to the *Harel Insurance* complaint. The relevant period in the new complaint is August 14, 2014 to May 2, 2017 inclusive. The case is styled *TIAA-CREF Investment Management, LLC., et al. v. Perrigo Company plc, et al*., and was filed in the U.S. District Court for the District of New Jersey and is assigned to the same federal judge that is hearing the class action case and the six other individual cases described above (*Carmignac, Manning & Napier, Mason Capital, Pentwater, Harel Insurance,* and *First Manhattan*). The *TIAA-CREF Investment Management* complaint asserts claims under Securities Exchange Act section 10(b) (and related SEC Rule l0b-5), section 14(e) (related to tender offer disclosures) against all defendants as well as section 20(a) control person liability against the individual defendants. In general, plaintiffs' allegations describe events during the period from August 2014 through May 2017. Plaintiffs contend that the defendants provided inadequate disclosure during the tender offer events in 2015 and point to disclosures at various times during the period concerning valuation and integration of Omega, the financial guidance provided by us during that period, alleged price fixing activities with respect to six generic prescription pharmaceuticals, and alleged improper accounting for the Tysabri® asset from August 2014 until the withdrawal of past financial statements in April 2017. Many of the factual allegations in this case also overlap with the allegations of the June 2017 amended complaint in the *Roofers' Pension Fund* case described above. The plaintiffs do not provide an estimate of damages. After the court issued its July 2018 opinion in the *Roofers' Pension Fund* case (described above) the parties to this case conferred about how this case should proceed. The parties agreed that the ruling in the *Roofers' Pension Fund* case would apply equally to this case and the remaining defendants (the Company, Mr. Papa, and Ms. Brown) filed answers denying liability, and the discovery stage of the litigation has begun. We intend to defend the lawsuit vigorously.

On October 29, 2018, Nationwide Mutual Funds and Nationwide Variable Insurance Trust (both on behalf of several fund series) filed a securities lawsuit against us and two individuals (former Chairman and CEO Joseph Papa and former CFO Judy Brown). This lawsuit is not a securities class action. The case is styled *Nationwide Mutual Funds, et al. v. Perrigo Company plc, et al.*, and was filed in the U.S. District Court for the District of New Jersey. The case was assigned to the same judge hearing the class action case and the seven other opt out cases. The complaint asserts claims under Securities Exchange Act sections 10(b) (and Rule 10b-5), and 14(e) against all defendants as well as 20(a) control person liability against the individual defendants. In general, the plaintiffs' allegations focus on events during the period from April 2015 through May 2017 (including the period of the Mylan tender offer). Plaintiffs contend that the defendants provided inadequate disclosure at various times during the period concerning the valuation and integration of Omega, the financial guidance provided by us during that period, and alleged price fixing activities with respect to six generic prescription pharmaceuticals. This lawsuit was filed by the same law firm that filed the *First Manhattan* case, the *Manning & Napier Advisors* case, and the *Carmignac* case described above and generally makes the same factual assertions as in the *Manning & Napier* case. The complaint does not include factual allegations that the Court dismissed in the July 2018 ruling in the *Roofers' Pension Fund* case also described above. Many of the allegations in this case also overlap with the allegations of the June 2017 amended complaint in the *Roofers' Pension Fund* case described above. The plaintiff does not provide an estimate of damages. The defendants (the Company, Mr. Papa, and Ms. Brown) filed a motion to dismiss addressing the additional allegations in this case. On July 31, 2019, the court granted the motion to dismiss in part and denied it in part. The defendants (the Company, Mr. Papa, and Ms. Brown) filed answers denying liability. The case is now in the discovery phase. We intend to defend the lawsuit vigorously.

On November 15, 2018, a group of plaintiff investors affiliated with Westchester Capital Funds filed a lawsuit against us, our former Chairman and CEO Joseph Papa and our former CFO Judy Brown. This lawsuit is

not a securities class action. The same law firm that represents the plaintiffs in the *Mason Capital L.P.* case and the *Pentwater Equity Opportunities Master Fund Ltd.* case (described above) represents the affiliates of the Westchester Funds in this lawsuit. The factual allegations of the complaint are substantially similar to the factual allegations of the complaints in the *Mason Capital* and in the *Pentwater* cases described above. The case is styled *WCM Alternative: Event-Drive Fund, et al. v. Perrigo Co., plc, et al.*, and is filed in the U.S. District Court for the District of New Jersey. The *WCM* case is assigned to the same federal judge that is hearing the *Roofers' Pension Fund* class action case and the eight other individual cases described above. The complaint asserts claims under Securities Exchange Act sections 10(b) (and SEC Rule 10b-5) and 14(e) against all defendants as well as 20(a) control person claims against the individual defendants. In general, the plaintiffs' allegations describe events during the period from April 2015 through May 2017. Plaintiffs contend that the defendants provided inadequate disclosure during the tender offer period in 2015 as well us up through May 3, 2017. Plaintiffs identify disclosures concerning the valuation and integration of Omega, the financial guidance provided by us during that period, alleged price fixing activities with respect to six generic prescription pharmaceuticals, and alleged improper accounting for the Tysabri® asset. Many of the factual allegations in this complaint overlap with the allegations of the June 2017 amended complaint in the *Roofers' Pension Fund* case described above. The plaintiffs do not provide an estimate of damages. In view of the court's July 2018 opinion in the *Roofers' Pension Fund* case (described above), the parties to this case conferred about how this case should proceed. The parties agreed that the ruling in the *Roofers' Pension Fund* case would apply equally to the common allegations in this case. The defendants (the Company, Mr. Papa, and Ms. Brown) filed answers denying liability, and the discovery stage of the cases has begun. We intend to defend the lawsuit vigorously.

On November 15, 2018, a group of plaintiff investors affiliated with Hudson Bay Capital Management LP filed a lawsuit against us, our former Chairman and CEO Joseph Papa and our former CFO Judy Brown. This lawsuit is not a securities class action. The same law firm that represents the plaintiffs in the *Mason Capital L.P.*, the *Pentwater Equity Opportunities Master Fund Ltd.*, and the *WCM* cases (described above) represents the affiliates of Hudson Bay Capital Management in this lawsuit. The factual allegations of the complaint are substantially similar to the factual allegations of the complaints in the *Mason Capital*, in the *Pentwater*, and in the *WCM* cases described above. The case is styled *Hudson Bay Master Fund Ltd., et al. v. Perrigo Co., plc, et al.*, and is filed in the U.S. District Court for the District of New Jersey. The *Hudson Bay Fund* case is assigned to the same federal judge that is hearing the *Roofers' Pension Fund* class action case and the nine other individual cases described above. The complaint asserts claims under Securities Exchange Act section 14(e) against all defendants and section 20(a) control person claims against the individual defendants. In general, the plaintiffs' allegations describe events during the period from April 2015 through May 2017. Plaintiffs contend that the defendants provided inadequate disclosure during the tender offer period in 2015 and point to disclosures at various times during the period concerning the valuation and integration of Omega, the financial guidance provided by us during that period, alleged price fixing activities with respect to six generic prescription pharmaceuticals, and alleged improper accounting for the Tysabri® asset. Many of the factual allegations in this complaint overlap with the allegations of the June 2017 amended complaint in the *Roofers' Pension Fund* case described above. The plaintiffs do not provide an estimate of damages. In view of the court's July 2018 opinion in the *Roofers' Pension Fund* case (described above), the parties to this case conferred about how this case should proceed. The parties agreed that the ruling in the *Roofers' Pension Fund* case would apply equally to the common allegations in this case. The defendants (the Company, Mr. Papa, and Ms. Brown) filed answers denying liability, and the discovery stage of the cases has begun. We intend to defend the lawsuit vigorously.

On January 31, 2019, Schwab Capital Trust and a variety of other Schwab entities filed a securities lawsuit against us and two individuals (former Chairman and CEO Joseph Papa and former CFO Judy Brown). This lawsuit is not a securities class action. The case is styled *Schwab Capital Trust, et al. v. Perrigo Company plc, et a*l., and was filed in the U.S. District Court for the District of New Jersey. The case was assigned to the same judge hearing the class action case and the ten other opt out cases. The complaint asserts claims under Securities Exchange Act sections 10(b) (and Rule 10b-5), and 14(e) against all defendants as well as 20(a) control person liability against the individual defendants. In general, the plaintiffs' allegations focus on events during the period from April 2015 through May 2017 (including the period of the Mylan tender offer). Plaintiffs contend that the defendants provided inadequate disclosure at various times during the period concerning the valuation and integration of Omega, the financial guidance provided by us during that period, and alleged price fixing activities with respect to six generic prescription pharmaceuticals. This lawsuit was filed by the same law firm that filed the *Carmignac* case, the *Manning & Napier* case, the *First Manhattan* case, and the *Nationwide Mutual Funds* case described above and generally makes the same factual assertions as in the *Nationwide Mutual Funds* case. The complaint does not include factual allegations that the court dismissed in the July 2018 ruling in the *Roofers' Pension Fund* case also

described above. Many of the allegations in this case also overlap with the allegations of the June 2017 amended complaint in the *Roofers' Pension Fund* case described above. The plaintiff does not provide an estimate of damages. The parties agreed that the defendants would not respond to the complaint until 45 days after the court decided the motion to dismiss then-pending in the *Carmignac, Manning & Napier, First Manhattan*, and *Nationwide Mutua*l cases described above. On July 31, 2019, the court granted in part and denied in part that motion to dismiss. The defendants (the Company, Mr. Papa, and Ms. Brown) filed answers denying liability. This case has now also moved into the discovery phase. We intend to defend the lawsuit vigorously.

On February 6, 2019, OZ Master Fund, Ltd. and a related entity filed a securities lawsuit against us and two individuals (former Chairman and CEO Joseph Papa and former CFO Judy Brown). This lawsuit is not a securities class action. The case is styled *OZ Master Fund, Ltd., et al. v. Perrigo Company plc, et al*., and was filed in the U.S. District Court for the District of New Jersey. The case was assigned to the same judge hearing the class action case and the eleven other opt out cases described above. The complaint asserts claims under Securities Exchange Act sections 10(b) (and SEC Rule 10b-5), and 14(e) against all defendants as well as 20(a) control person liability against the individual defendants. In general, the plaintiffs' allegations focus on events during the period from April 2015 through May 2017 (including the period of the Mylan tender offer). Plaintiffs contend that the defendants provided inadequate disclosure at various times during the period concerning the valuation and integration of Omega, the financial guidance provided by us during that period, alleged price fixing activities with respect to six generic prescription pharmaceuticals, and alleged improper accounting for the Tysabri® asset. Many of the allegations in this case overlap with the allegations of the June 2017 amended complaint in the *Roofers' Pension Fund* case described above. The plaintiff does not provide an estimate of damages. The parties agreed that the court's rulings in July 2018 in the *Roofers' Pension Fund* case (discussed above) and in July 2019 in the *Carmignac* and other cases (discussed above) will apply to this case as well. The defendants (the Company, Mr. Papa, and Ms. Brown) filed answers denying liability. The parties agreed to a proposed schedule, which the court approved in July 2019, by which the plaintiffs are participating in the discovery proceedings in the *Roofers' Pension Fund* case described above and the various individual cases also described above. We intend to defend the lawsuit vigorously.

On February 14, 2019, Highfields Capital I LP and related entities filed a securities lawsuit against the Company and two individuals (former Chairman and CEO Joseph Papa and former CFO Judy Brown). This lawsuit is not a securities class action. The case is styled *Highfields Capital I LP, et al. v. Perrigo Company plc, et al*., and was filed in the U.S. District Court for the District of Massachusetts. The complaint asserts claims under Securities Exchange Act sections 14(e) and 18 against all defendants, as well as 20(a) control person liability against the individual defendants. The complaint also asserts Massachusetts state law claims under Massachusetts Unfair Business Methods Law (chapter 93A § 11), and Massachusetts common law claims of tortious interference with prospective economic advantage, common law fraud, negligent misrepresentation, and unjust enrichment. In general, the plaintiffs' allegations focus on events during the period from April 2015 through May 2017 (including the period of the Mylan tender offer). Plaintiffs contend that the defendants provided inadequate disclosure at various times during the period concerning the valuation and integration of Omega, the financial guidance provided by the Company during that period, and alleged improper accounting for the Tysabri® asset. Some of the allegations in this case overlap with the allegations of the June 2017 amended complaint in the *Roofers' Pension Fund* case described above and with allegations in one or more of the opt out cases described above. Plaintiffs do not provide a clear calculation of how they estimated damages and seek treble damages, punitive damages, and attorney's fees. On May 7, 2019, defendants filed a motion to transfer this case to the U.S. District Court for the District of New Jersey so that the proceedings in this case can be coordinated with the other cases (discussed above) pending in that court. The transfer motion has been fully briefed and the court heard oral argument on January 29, 2020. The court has not yet ruled on the transfer motion. We intend to defend the lawsuit vigorously.

On February 22, 2019, Aberdeen Canada Funds -- Global Equity Funds (and 30 other entities, some unrelated to Aberdeen) filed a securities lawsuit against the Company and two individuals (former Chairman and CEO Joseph Papa and former CFO Judy Brown). This lawsuit is not a securities class action. The case is styled *Aberdeen Canada Funds -- Global Equity Fund, et al. v. Perrigo Company plc, et al.*, and was filed in the U.S. District Court for the District of New Jersey. The case was assigned to the same judge hearing the class action case and the twelve other opt-out cases pending in that court. The complaint asserts claims under Securities Exchange Act sections 10(b) (and Rule 10b-5) against all defendants and 20(a) control person liability against the individual defendants. In general, the plaintiffs' allegations focus on events during the period from April 2015 through May 2017 (including the period of the Mylan tender offer). Plaintiffs contend that the defendants provided inadequate disclosure at various times during the period concerning the valuation and integration of Omega, the financial guidance provided by the Company during that period, and alleged undisclosed pricing pressure for generic

prescription pharmaceuticals, and alleged price fixing activities with respect to six generic prescription pharmaceuticals. This lawsuit was filed by the same law firm that filed the *Carmignac* case, the *Manning & Napier* case, the *First Manhattan* case, the *Nationwide Mutual Funds* case, and the *Schwab Capital Trust* case described above, and generally makes the same factual assertions as in the *Nationwide Mutual Funds* case. The complaint does not include factual allegations that the Court dismissed in the July 2018 ruling in the *Roofer's Pension Fund* case also described above. Many of the allegations in this case also overlap with the allegations of the June 2017 amended complaint in the *Roofers' Pension Fund* case described above. The plaintiff does not provide an estimate of damages. On July 31, 2019, the court granted in part and denied in part the motion to dismiss in the *Carmignac* and related cases, which ruling also applies to this case. The defendants (the Company, Mr. Papa, and Ms. Brown) filed answers denying liability. This case has now moved into the discovery phase. We intend to defend the lawsuit vigorously.

On December 18, 2019, Discovery Global Citizens Master Fund, Ltd., and three other funds from the same group of companies filed a lawsuit against us, our former Chairman and CEO Joseph Papa and our former CFO Judy Brown. This lawsuit is not a securities class action. The same law firm that represents the plaintiffs in the *Mason Capital L.P.*, the *Pentwater Equities Opportunities Master Fund Ltd.*, the *WCM*, and the *Hudson Bay Master Fund, Ltd.* cases represents the plaintiffs in this lawsuit. The factual allegations of the complaint are substantially similar to the factual allegations in those four earlier cases. The case is styled *Discovery Global Citizens Master Fund, Ltd., et al. v. Perrigo Co. plc, et al.*, and is filed in the U.S. District Court for the District of New Jersey. The *Discovery Global* case is assigned to the same federal judge that is hearing the *Roofer's Pension Fund* class action case and the twelve other individual cases described above. The complaint asserts claims under Securities Exchange Act section § 14(e) against all defendants and section 20(a) control person claims against the individual defendants. In general, the plaintiffs' allegations describe events during the period from April 2015 through May 2017. Plaintiffs contend that the defendants provided inadequate disclosure during the tender offer period in 2015 and point to disclosures at various times during the period concerning valuation and integration of Omega, the financial guidance provided by us during that period, alleged price fixing activities with respect to six generic prescription pharmaceuticals, and alleged improper accounting for the Tysabri® asset. Many of the factual allegations in this complaint overlap with the allegations of the June 2017 amended complaint in the *Roofer's Pension Fund* case described above. The plaintiffs do not provide an estimate of damages. The parties are conferring about the applicability of the rulings in prior cases described above to this case and a date for defendants to answer the complaint. We intend to defend this case vigorously.

On December 20, 2019, York Capital Management, L.P. and six other related funds from the same group of companies filed a lawsuit against us, our former Chairman and CEO Joseph Papa and our former CFO Judy Brown. This lawsuit is not a securities class action. The same law firm that represents the plaintiffs in the *Mason Capital L.P.*, the *Pentwater Equities Opportunities Master Fund Ltd.*, the *WCM*, the *Hudson Bay Master Fund, Ltd.* , and the *Discovery Global* cases represents the plaintiffs in this lawsuit. The factual allegations of the complaint are substantially similar to the factual allegations in those four earlier cases. The case is styled *York Capital Management, L.P., et al. v. Perrigo Co. plc, et al.*, and is filed in the U.S. District Court for the District of New Jersey. The *York Capital* case is assigned to the same federal judge that is hearing the *Roofer's Pension Fund* class action case and the thirteen other individual cases in described above. The complaint asserts claims under Securities Exchange Act section § 14(e) against all defendants and section 20(a) control person claims against the individual defendants. In general, the plaintiffs' allegations describe events during the period from April 2015 through May 2017. Plaintiffs contend that the defendants provided inadequate disclosure during the tender offer period in 2015 and point to disclosures at various times during the period concerning valuation and integration of Omega, the financial guidance provided by us during that period, alleged price fixing activities with respect to six generic prescription pharmaceuticals, and alleged improper accounting for the Tysabri® asset. Many of the factual allegations in this complaint overlap with the allegations of the June 2017 amended complaint in the *Roofer's Pension Fund* case described above. The plaintiffs do not provide an estimate of damages. The parties are conferring about the applicability of the rulings in prior cases described above to this case and a date for defendants to answer the complaint. We intend to defend this case vigorously.

On February 12, 2020, Burlington Loan Management DAC filed a lawsuit against us, our former Chairman and CEO Joseph Papa and our former CFO Judy Brown. This lawsuit is not a securities class action. The same law firm that represents the plaintiffs in the *Mason Capital L.P.*, the *Pentwater Equities Opportunities Master Fund Ltd.*, the *WCM*, the *Hudson Bay Master Fund, Ltd.*, the *Discovery Global*, and the *York Capital* cases represents the plaintiff in this lawsuit. The factual allegations of the complaint are substantially similar to the factual allegations in those six earlier cases. The case is styled *Burlington Loan Management DAC v. Perrigo Co. plc, et al.*, and is filed in

the U.S. District Court for the District of New Jersey. The *Burlington Loan* case is assigned to the same federal judge that is hearing the *Roofer's Pension Fund* class action case and the fourteen other individual cases in described above. The complaint asserts claims under Securities Exchange Act section 14(e) against all defendants and section 20(a) control person claims against the individual defendants. In general, the plaintiff's allegations describe events during the period from April 2015 through May 2017. Plaintiff contends that the defendants provided inadequate disclosure during the tender offer period in 2015 and point to disclosures at various times during the period concerning valuation and integration of Omega, the financial guidance provided by us during that period, alleged price fixing activities with respect to six generic prescription pharmaceuticals, and alleged improper accounting for the Tysabri® asset. Many of the factual allegations in this complaint overlap with the allegations of the June 2017 amended complaint in the *Roofer's Pension Fund* case described above. The plaintiff does not provide an estimate of damages. The parties are conferring about the applicability of the rulings in prior cases described above to this case and a date for defendants to answer the complaint. We intend to defend this case vigorously.

In Israel (cases related to events in 2015-2017)

Because our shares are traded on the Tel Aviv exchange under a dual trading arrangement, we are potentially subject to securities litigation in Israel. Three cases were filed; one was voluntarily dismissed in each of 2017 and 2018 and one was stayed in 2018. We are consulting Israeli counsel about our response to these allegations and we intend to defend this case vigorously.

On June 28, 2017, a plaintiff filed a complaint in Tel Aviv District Court styled *Israel Elec. Corp. Employees' Educ. Fund v. Perrigo Company plc, et al.* The lead plaintiff seeks to represent a class of shareholders who purchased Perrigo stock on the Tel Aviv exchange during the period April 24, 2015 through May 3, 2017 and also a claim for those that owned shares on the final day of the Mylan tender offer (November 13, 2015). The amended complaint names as defendants the Company, Ernst & Young LLP (the Company's auditor), and 11 current or former directors and officers of Perrigo (Mses. Judy Brown, Laurie Brlas, Jacqualyn Fouse, Ellen Hoffing, and Messrs. Joe Papa, Marc Coucke, Gary Cohen, Michael Jandernoa, Gerald Kunkle, Herman Morris, and Donal O'Connor). The complaint alleges violations under U.S. securities laws of Securities Exchange Act sections 10(b) (and Rule 10b-5) and 14(e) against all defendants and 20(a) control person liability against the 11 individuals or, in the alternative, under Israeli securities laws. In general, the allegations concern the actions taken by us and our former executives to defend against the unsolicited takeover bid by Mylan in the period from April 21, 2015 through November 13, 2015 and the allegedly inadequate disclosure concerning purported integration problems related to the Omega acquisition, alleges incorrect reporting of organic growth at the Company, alleges price fixing activities with respect to six generic prescription pharmaceuticals, and alleges improper accounting for the Tysabri® royalty stream. The plaintiff indicates an initial, preliminary class damages estimate of 2.7 billion NIS (approximately $760.0 million at 1 NIS = 0.28 cents). After the other two cases filed in Israel were voluntarily dismissed, the plaintiff in this case agreed to stay this case pending the outcome of the *Roofers' Pension Fund* case in the U.S. (described above). The Israeli court approved the stay, and this case is now stayed. We intend to defend the lawsuit vigorously.

In the United States (cases related to Irish Tax events)

On January 3, 2019, a shareholder filed a complaint against the Company, our CEO Murray Kessler, and our former CFO Ronald Winowiecki in the U.S. District Court for the Southern District of New York (*Masih v. Perrigo Company, et al.*). Plaintiff purports to represent a class of shareholders for the period November 8, 2018 through December 20, 2018, inclusive. The complaint alleges violations of Securities Exchange Act section 10(b) (and Rule 10b-5) against all defendants and section 20(a) control person liability against the individual defendants. In general the allegations contend that the Company, in its Form 10-Q filed November 8, 2018, disclosed information about an October 31, 2018 audit finding letter received from Irish tax authorities but failed to disclose enough material information about that letter until December 20, 2018, when we filed a current report on Form 8-K about Irish tax matters. The plaintiff does not provide an estimate of class damages. The Court selected lead plaintiffs and changed the name of the case to *In re Perrigo Company plc Sec. Litig.* The lead plaintiffs filed an amended complaint on April 12, 2019, which named the same defendants, asserted the same class period, and invoked the same Exchange Act sections. The amended complaint generally repeated the allegations of the original complaint with a few additional details and adds that the defendants also failed to timely disclose the Irish tax authorities' Notice of Amended Assessment received on November 29, 2018. Defendants filed a motion to dismiss on May 3, 2019. On May 31, 2019, the plaintiffs filed a second amended complaint, which asserted a longer class period (March 1, 2018 through December 20, 2018) and added one additional individual defendant, former CEO Uwe Roehrhoff. In general, the second amended complaint contends that Perrigo's disclosures about the Irish tax audit

were inadequate beginning with Perrigo's 10-K filed on March 1, 2018 through December 20, 2018 and repeats many of the allegations of the April 2019 amended complaint. The second amended complaint alleges violations of Securities Exchange Act section 10(b) (and SEC Rule 10b-5) against all defendants and section 20(a) control person liability against the three individual defendants. All defendants filed a joint motion to dismiss. On January 23, 2020, the court granted the motion to dismiss in part and denied it in part, dismissing Mr. Roehrhoff as a defendant and dismissing allegations of inadequate disclosures related to the audit by Irish Revenue during the period March 2018 through October 30, 2018. The court permitted the plaintiffs to pursue their claims against us, Mr. Kessler, and Mr. Winowiecki related to disclosures after Perrigo received the October 30, 2018 audit findings letter and later events through December 20, 2018. The Defendants filed answers on February 13, 2020 denying liability, and the Court held a scheduling conference on February 14, 2020. Discovery on the remaining issues has begun. We intend to defend the lawsuit vigorously.

In Israel (cases related to Irish Tax events)

On December 31, 2018, a shareholder filed an action against the Company, our CEO Murray Kessler, and our former CFO Ronald Winowiecki in Tel Aviv District Court (*Baton v. Perrigo Company plc, et. al*.). The case is a securities class action brought in Israel making similar factual allegations for the same period as those asserted in the *In re Perrigo Company plc Sec. Litig* case in New York federal court. This case alleges that persons who invested through the Tel Aviv stock exchange can assert claims under Israeli securities law that will follow the liability principles of Sections 10(b) and 20(a) of the U.S. Securities Exchange Act. The plaintiff does not provide an estimate of class damages. In 2019, the court granted two requests by Perrigo to stay the proceedings. Perrigo filed a further request for a stay in February 2020, and the court has not yet ruled on that request. We intend to defend the lawsuit vigorously.

Claim Arising from the Omega Acquisition

On December 16, 2016, we and Perrigo Ireland 2 brought an arbitral claim ("Claim") against Alychlo NV ("Alychlo") and Holdco I BE NV (together the "Sellers") in accordance with clause 26.2 of the Share Purchase Agreement dated November 6, 2014 ("SPA") and the rules of the Belgian Centre for Arbitration and Mediation ("CEPANI"). Our Claim relates to the accuracy and completeness of information about Omega provided by the Sellers as part of the sale process, the withholding of information by the Sellers during that process and breaches of Sellers' warranties. We are seeking monetary damages from the Sellers. The Sellers served their respective responses to the Claim on February 20, 2017. In its response, Alychlo has asserted a counterclaim for monetary damages contending that we breached a warranty in the SPA and breached the duty of good faith in performing the SPA. Alychlo subsequently filed papers seeking permission to introduce an additional counterclaim theory of recovery related to the Irish tax issues disclosed by the Company such that if the position of the Irish tax authorities prevails, Alychlo would have further basis for its counterclaim against Perrigo. In June 2019, the Tribunal denied permission for Alychlo to introduce the additional counterclaim and dismissed certain aspects of the original Alychlo counterclaim. There can be no assurance that our Claim will be successful, and the Sellers deny liability for the Claim. To the extent that aspects of Alychlo's counterclaim survived the Tribunal's ruling in June 2019, we deny that Alychlo is entitled to any relief (including monetary relief). The arbitration proceedings are confidential as required by the SPA and the rules of the CEPANI.

Other Matters

Our Board of Directors received a shareholder demand letter dated October 30, 2018 relating to the allegations in the securities cases and price fixing lawsuits described above. The letter demands that the Board of Directors initiate an action against certain current and former executives and Board members to recover damages allegedly caused to the Company. In response, the Company reminded the shareholder that any derivative claim can only proceed in accordance with Irish law, the law that governs the Company's internal affairs. The shareholder responded that he would file a lawsuit asserting derivative claims.

On October 2, 2019, the shareholder filed a derivative action in the U.S. District Court for the District of New Jersey styled *Krueger derivatively on behalf of nominal defendant Perrigo Company plc v. Alford, et al.* The case was assigned to the same judge who is handling the *Roofers' Pension Fund* securities class action and related opt out cases described above. In addition to the Company, the lawsuit names as defendants current Board members Alford, Classon, Karaboutis, Kindler, O'Connor, Parker, and Samuels, current CEO Kessler, former Board members Smith, Brlas, Cohen, Fouse, Hoffing, Jandernoa, Kunkle, and Morris, former CEO Hendrickson, former CEO Papa,

former CFO Brown, former CFO Winowiecki, and former Executive Vice Presidents Boothe and Coucke. The lawsuit seeks to authorize the shareholder to pursue claims on behalf of the Company against all the individual defendants for breach of their fiduciary duties and for unjust enrichment, and against the current director defendants, former director Mr. Smith, and current CEO Mr. Kessler for violations of Exchange Act §§ 14(a) (proxy statement disclosures) and 29(b) (disgorgement as a result of alleged violations of § 14(a)). The complaint alleges that the following events indicate that the individuals in their respective capacities failed to exercise appropriate control over the management of the Company and made inadequate public disclosures concerning the integration of Omega after acquisition; the Company's past and prospective organic growth; the defense against the Mylan 2015 tender offer; the alleged collusive pricing activities regarding generic prescription products; the accounting by the Company for the Tysabri® royalty stream; the 2018 Irish tax audit including potential liabilities for Irish taxes; and the April 2019 assertion of tax liabilities by the U.S. Internal Revenue Service (many of these factual events also underlie the securities cases discussed earlier in this Note 17). All defendants have filed motions to dismiss asserting various reasons to dismiss. Plaintiff's oppositions are due in March 2020; defendants' replies in support of dismissal are due in April 2020. We intend to defend the lawsuit vigorously.

Contingent Consideration

Please refer to Note 11 for discussion on contingent consideration.

Restructuring

We periodically take action to reduce redundant expenses and improve operating efficiencies. Restructuring activity includes severance, lease exit costs and related consulting fees.

The charges incurred during the year ended December 31, 2019, were primarily associated with our strategic transformation initiative and the reorganization of our executive management team. The charges incurred during the years ended December 31, 2018 and December 31, 2017 were primarily associated with actions taken to streamline our organization, as well as lease exit costs.

Of the amount recorded during the year ended December 31, 2019, $12.2 million related to our CSCI segment, due primarily to the sales force reorganization in France, and $10.1 million was not allocated to a segment and was primarily related to our strategic transformation initiative and the reorganization of our executive management team. Of the amount recorded during the year ended December 31, 2018, $17.4 million related to our CSCI segment. Of the amount recorded during the year ended December 31, 2017, $27.4 million and $17.1 million related to our CSCA and CSCI segments, respectively. There were no other material restructuring programs in any of the periods presented.

All charges are recorded in Restructuring expense on the Consolidated Financial Statements. The remaining $19.6 million liability for employee severance benefits is expected to be paid within the next year.

22. COLLABORATION AGREEMENTS

Terms of our various collaboration agreements may require us to make or receive milestone payments upon the achievement of certain product research and development objectives and pay or receive royalties on the future sale, if any, of commercial products resulting from the collaboration. Milestone and up-front payments made are generally recorded in research and development expense if the payments relate to drug candidates that have not yet received regulatory approval. Milestone and up-front payments made related to approved drugs will generally be capitalized and amortized to cost of goods sold over the economic life of the product. Royalties received are generally reflected as revenue, and royalties paid are generally reflected as cost of goods sold. We enter into a number of collaboration agreements in the ordinary course of business. The following is a brief description of notable agreements entered into.

Development Agreements

On May 15, 2015, we entered into a contractual arrangement with a third party that specializes in R&D and obtaining approval for various drug candidates to develop specific products. We entered into additional contractual arrangements in 2016 with the same counterparty. If the products receive FDA approval, we are required to acquire the ANDAs at pre-determined multiples of the associated development costs. If we acquire approved products under these arrangements, we will capitalize these as intangible assets and amortize them over their useful lives. During the three months ended September 29, 2018, we paid $30.4 million to acquire the ANDA for a generic topical cream. During the three months ended June 29, 2019, we paid $15.7 million to acquire the ANDA for a generic product used to relieve pain. During the three months ended September 28, 2019, we paid $49.0 million for a generic gel product (refer to Note 3). The contractual future purchase obligations for other products in development by the third party as of December 31, 2019 totaled an estimated $89.0 million. Purchase obligations could be higher or lower than the estimated contractual amounts based on the third party's actual development costs to obtain regulatory approval.

Development-Stage Rx Products

On May 1, 2015, we entered into a development agreement with a clinical stage biotechnology company for the development of two specialty pharmaceutical products. We paid $18.0 million for an option to acquire the two products, which we reported in R&D expense. On March 1, 2016, we exercised the purchase option to acquire both products, which obligated us to make additional potential milestone payments of up to $30.0 million in the event of regulatory approval and certain sales milestones. We were also obligated to make royalty payments over periods ranging from seven years to ten years from the launch of each product. On December 20, 2017, we completed the sale of one of the Development-Stage Rx Products (refer to Note 3), which reduced our potential milestone payment obligations from $30.0 million to $17.5 million, plus royalties. On November 30, 2019, we terminated our remaining potential payment obligations by transferring the remaining Development-Stage Rx product back to the clinical stage biotechnology company with which we had the original development agreement.

Generic Injectable Products

In December 2017, we entered into a collaboration agreement with a generic pharmaceutical development company, pursuant to which the parties will collaborate in the ongoing development and commercialization of a generic injectable product. We will provide assistance, including preparing and filing the product ANDA, and be responsible for commercializing the product. As part of the agreement, we paid a $2.5 million milestone payment on the effective date of the agreement, and we subsequently paid a milestone of $0.7 million. The milestones paid to date were reported in Research and development on the Consolidated Financial Statements. We will make additional payments if regulatory approval is obtained and certain other development milestones are achieved. As of December 31, 2019, the remaining contingent milestone payments could total $13.8 million in the aggregate. There can be no assurance that any such products will be approved by the FDA on the anticipated schedule or at all.

Additional future milestone payments and receipts related to agreements not specifically discussed above are not material.

23. SEGMENT AND GEOGRAPHIC INFORMATION

Our segment reporting structure is consistent with the way our management makes operating decisions, allocates resources and manages the growth and profitability of the business (refer to Note 1).

Below is a summary of our results by reporting segment (in millions):

	CSCA	CSCI	RX	Other[1]	Unallocated	Total
Year Ended December 31, 2019						
Net sales	$ 2,487.7	$ 1,382.2	$ 967.5	$ —	$ —	$ 4,837.4
Operating income (loss)	$ 414.0	$ 19.6	$ 2.6	$ —	$ (231.4)	$ 204.8
Operating margin	16.6%	1.4 %	0.3%	—%	—%	4.2%
Total assets	$ 3,990.2	$ 4,682.7	$ 2,628.5	$ —	$ —	$ 11,301.4
Capital expenditures	$ 98.4	$ 18.8	$ 20.5	$ —	$ —	$ 137.7
Property, plant and equipment, net	$ 599.8	$ 149.9	$ 153.1	$ —	$ —	$ 902.8
Depreciation/amortization	$ 97.4	$ 194.3	$ 104.8	$ —	$ —	$ 396.5
Change in financial assets	$ —	$ —	$ —	$ —	$ (22.1)	$ (22.1)
Year Ended December 31, 2018						
Net sales	$ 2,411.6	$ 1,399.3	$ 920.8	$ —	$ —	$ 4,731.7
Operating income (loss)	$ 174.4	$ 6.8	$ 214.6	$ —	$ (159.3)	$ 236.5
Operating margin	7.2%	0.5 %	23.3%	—%	—%	5.0%
Total assets	$ 3,571.7	$ 4,613.0	$ 2,798.7	$ —	$ —	$ 10,983.4
Capital expenditures	$ 65.0	$ 19.1	$ 18.6	$ —	$ —	$ 102.7
Property, plant and equipment, net	$ 530.3	$ 154.8	$ 144.0	$ —	$ —	$ 829.1
Depreciation/amortization	$ 104.8	$ 219.2	$ 99.6	$ —	$ —	$ 423.6
Change in financial assets	$ —	$ —	$ —	$ —	$ (188.7)	$ (188.7)

(1) Includes our former Specialty Sciences segment.

The net book value of Property, plant and equipment, net by location was as follows (in millions):

	Year Ended	
	December 31, 2019	December 31, 2018
U.S.	$ 614.5	$ 548.7
Europe[1]	146.8	152.3
Israel	86.1	77.6
All other countries	55.4	50.5
	$ 902.8	$ 829.1

(1) Includes Ireland Property, plant and equipment, net of $9.3 million and $9.8 million, for the years ended December 31, 2019 and December 31, 2018, respectively.

Sales to Walmart as a percentage of Consolidated Net sales (reported primarily in our CSCA segment) were as follows:

Year Ended	
December 31, 2019	December 31, 2018
13.0%	12.8%

24. EMPLOYEES

The average number of persons employed by us were located as follows:

Country	December 31, 2019	December 31, 2018
U.S.	5,180	4,827
Israel	870	825
Mexico	1,268	1,299
Europe	3,331	3,349
Rest of the world	238	243
Total	10,887	10,543

The main components of employee costs were as follows (in millions):

	December 31, 2019	December 31, 2018
Salaries and wages	$ 721.4	$ 661.1
Social security costs	79.6	81.8
Pension and other postretirement benefits	34.0	34.0
Other benefits[(1)]	123.3	105.9
Total employee costs	$ 958.3	$ 882.8

[(1)] Other benefits is primarily comprised of share based compensation costs, health insurance and other allowances.

There was $445.6 million of employee expenses capitalized to inventory during the year ended December 31, 2019 and $412.5 million capitalized during the year ended December 31, 2018.

25. DIRECTORS' REMUNERATION

Directors' remuneration is set forth in the table below (in millions):

	December 31, 2019	December 31, 2018
Aggregate emoluments in respect of qualifying services	$ 2.1	$ 4.7
Aggregate amounts of the money or value of other assets under long term incentive plans	10.5	12.4
Payments for loss of office	—	7.3
	$ 12.6	$ 24.4

In addition, the aggregate amount of the gains by directors on the exercise of options during the twelve months ended December 31, 2019 was $Nil (December 31, 2018: $0.1 million).

26. AUDITOR'S REMUNERATION

Fees paid to Ernst & Young for services provided follow (in millions):

	December 31, 2019	December 31, 2018
Audit fees	$ 12.0	$ 12.3
Other assurance services	3.7	1.2
Tax fees		
Tax compliance services	0.1	0.2
Tax consulting and advisory services	0.1	1.8
Total	$ 15.9	$ 15.5

The fees paid to Ernst & Young Ireland in respect of the audit of the group accounts were $0.5 million and $0.5 million for the twelve months ended December 31, 2019 and December 31, 2018. In addition, Ernst & Young Ireland received $0.7 million and $0.4 million for statutory audit services for the twelve months ended December 31, 2019 and December 31, 2018. Ernst & Young Ireland received fees of $0.1 million and $0.1 million for tax compliance and advisory services for the twelve months ended December 31, 2019 and December 31, 2018. Ernst & Young Ireland received no fees for other non-audit services for the twelve months ended December 31, 2019 and December 31, 2018.

27. SUBSEQUENT EVENTS

Oral Care Acquisitions

Steripod®

On January 3, 2020, we acquired Steripod®, a leading toothbrush accessory brand and innovator in the toothbrush protector market, from Bonfit America Inc. Total consideration paid was $24.7 million, subject to customary post-closing adjustments. We funded the transaction with cash on hand.

The acquisition, which includes a portfolio of antibacterial toothbrush protectors, kids' toothbrush protectors and tongue cleaners, complements our current portfolio of oral self-care products and leverages our manufacturing and marketing platform. Operating results attributable to the products will be included in our CSCA segment.

High Ridge Brands

On February 20, 2020, we entered into a definitive agreement to acquire the oral care assets of High Ridge Brands for $113.0 million in cash. The transaction is expected to close in the first quarter of 2020 subject to bankruptcy court approval in connection with High Ridge Brands' Chapter 11 cases, as well as other customary closing conditions.

The acquisition includes the children's oral care value brand, Firefly®, in addition to the REACH® and Dr. Fresh® brands. This transaction, in combination with our existing children's oral self-care portfolio, provides a new platform for disruptive product innovation in the form of exclusive store and value brand programs that challenge current national brand oral care offerings. Operating results attributable to the products will be included in our CSCA segment.

28. SUBSIDIARIES AND AFFILIATED UNDERTAKINGS

The principal subsidiaries of us or our affiliated companies where we have an ownership of 20% or more are listed below:

Consolidated subsidiaries and equity accounted affiliate	Nature of Business	Registered Address	Percent ownership
Abtei Omega Pharma GmbH	General Corporate Administration	Abtei 1, 37696 Marienmunster, Germany	100%
Aco Hud Nordic AB	Operations	PO Box 622, 194 26 Upplands Vasby, Sweden	100%
Adriatic BST Trgovina in Storitve D.o.o.	Operations	Verovskova ulica 55, 1000 Ljublijana, Slovenia	100%
Adriatic Distribution doo Beograd	Operations	Ljubostinjska 2/C 5, 11000 Belgrade, Serbia	100%
Arginet Investments and Property (2003) Ltd.	Inactive	Lehi 29 Street, Bnei-Brak 51200 Israel	100%
Athena Neurosciences, LLC	General Corporate Administration	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
Aurora Pharmaceuticals Pty Ltd	Operations	Suite 14, 13B Narabang Way, Belrose NSW 2085, Australia	100%
Belgian Cycling Company NV	Inactive	Venecoweg 26, 9810 Nazareth, Belgium	100%
Bional Nederland B.V.	Inactive	Kralingseweg 201, 3062 CE Rotterdam, The Netherlands	100%
Biover NV	Operations	Venecoweg 26, 9810 Nazareth, Belgium	100%
Biover NV Sucursal En España	Branch	L CL La Torre 6, 24002 Leon, Spain	100%
Bioxydiet France SAS	Operations	Avenue de Lossburg 470, ZI Nord, 69480 Anse, France	100%
Brush Buddies, LLC	Operations	251 Little Falls Drive, Wilmington, New Castle, Delaware, 19808	100%
Chefaro Ireland Designated Activity Company	Operations	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Cinetic Laboratories Argentina SA	Operations	Av. Triunverato 2734, City of Buenos Aires, Argentina	100%
Cobrek Pharmaceuticals, Inc.	Operations	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
Cosmediet - Biotechnie SAS	Operations	Avenue de Lossburg 470, ZI Nord, 69480 Anse, France	100%
CP Kayak Holdings, Inc.	General Corporate Administration	515 Eastern Avenue, Allegan, Michigan, 49010	100%
Despharma Kft.	General Corporate Administration	Madarasz u. 47-49, 1138 Budapest, Hungary	100%
Elan Europa Finance S.á r.l.	General Corporate Administration	412F route d'Esch, L-2086, Luxembourg	100%
Elan International Services Limited	General Corporate Administration	H.P. House, 21 Laffan Street, Hamilton HM 09 Bermuda	100%
Elan Pharmaceuticals, LLC	General Corporate Administration	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
Galpharm Healthcare Limited	General Corporate Administration	Wrafton, Braunton, Devon, EX33 2DL	100%
Galpharm International Limited	Operations	Wrafton, Braunton, Devon, EX33 2DL	100%

Geiss, Destin & Dunn, Inc	Operations	40 Technology Pkwy South, #300, Norcross, GA 3009	100%
Gelcaps Exportadora de Mexico, S.A. de C.V.	Operations	Calle Siete No. 6, Fraccionamiento Industrial Alce Blanco, Naucalpan de Juárez, Estado de México, 53370, C.P., Mexico	100%
Habsont Unlimited Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Hud SA	General Corporate Administration	2, rue Thoull, 6492 Echternach, Luxembourg	100%
Insect Repellents B.V.	Inactive	Kralingseweg 201, 3062 CE Rotterdam, The Netherlands	100%
Interdelta S.A.	Operations	Route Andre Piller 21, 1762 Givisiez, Switzerland	82%
Jaico R.D.P. NV	Operations	Venecoweg 26, 9810 Nazareth, Belgium	100%
JLR Pharma S.A.	General Corporate Administration	Route Andre Piller 21, 1762 Givisiez, Switzerland	100%
Kiteacre Limited	Inactive	Wrafton, Braunton, Devon, EX33 2DL	100%
L. Perrigo Company	Operations	601 Abbot Road, East Lansing, Michigan 48823	100%
Laboratoire de la Mer SAS	Operations	ZAC de la Madeleine, Avenue du General Patton, CS 61848,35400 Saint-Malo, France	100%
Laboratoires Omega Pharma France SAS	Operations	20, rue Andre Gide BP80, 92320 Chatillon Cedex, France	100%
Laboratorios DIBA S.A.	Operations	Calle Los Robles No. 1000, Colonia Capellanía, Ramos Arizpe, Coahuila, 25903, C.P., Mexico	100%
Luxembourg Investment Company 289 Sàrl	Operations	6 Rue Eugene Ruppert, L- 2453, Luxembourg	100%
Medgenix Benelux NV	Operations	Vliegveld 21, 8560 Wevelgem, Belgium	100%
Monksland Holdings B.V.	General Corporate Administration	Prins Bernhardplein 200, 1097 JB Amsterdam	100%
Naturwohl Pharma GmbH	Operations	Benzstrasse 25, 71083 Herrenberg, Germany	100%
Oce Bio BV	Operations	Nieuwe Weg 1, 2070 Zwijndrecht, Belgium	100%
Oce-Bio Nederland B.V.	Operations	Lichtenauerlaan 102-120, 3062ME Rotterdam , The Netherlands	100%
Omega Alpharm Cyprus Ltd.	Operations	2-4 Arch Makarios III, Avenue Capital Center, 9th floor, 1065 Nicosia, Cyprus	100%
Omega Pharma AS	Operations	Drazni 253/7, 627 00 Brno, Czech Republic	100%
Omega Pharma Australia Pty Ltd	General Corporate Administration	Suite 14, 13A Narabang Way, Belrose NSW 2085, Australia	100%
Omega Pharma Austria Healthcare GmbH	Operations	Rennweg 17, 1030 Wien, Austria	100%
Omega Pharma Baltics SIA	Operations	K. Ulmana gatve 110, Marupes pag., 2167 Rigas raj., Latvia	100%
Omega Pharma Belgium NV	Operations	Venecoweg 26, 9810 Nazareth, Belgium	100%
Omega Pharma Capital NV	Financing	Venecoweg 26, 9810 Nazareth, Belgium	100%

Omega Pharma Deutschland GmbH	Operations	Benzstrasse 25, 71083 Herrenberg, Germany	100%
Omega Pharma GmbH	General Corporate Administration	Reisnerstrasse 55-57, 1030 Vienna, Austria	100%
Omega Pharma Hellas SA Health and Beauty Products	Operations	19 km of Athens-Lamia Nat. Road, 14671 - Nea Erythraia, ASTIR building 1st Floor, Greece	100%
Omega Pharma Holding (Nederland) B.V.	General Corporate Administration	Kralingseweg 201, 3062 CE Rotterdam, The Netherlands	100%
Omega Pharma Hungary Kft.	Operations	Madarasz u. 47-49, 1138 Budapest, Hungary	100%
Omega Pharma Innovation & Development NV	General Corporate Administration	Venecoweg 26, 9810 Nazareth, Belgium	100%
Omega Pharma International NV	General Corporate Administration	Venecoweg 26, 9810 Nazareth, Belgium	100%
Omega Pharma Limited	Operations	First Floor, 32 Vauxhall Bridge Road, SW1V2SA London, United Kingdom	100%
Omega Pharma Luxembourg SarL	Inactive	2, rue Thoull, 6492 Echternach, Luxembourg	100%
Omega Pharma Manufacturing GmbH & Co. KG	Operations	Benzstrasse 25, 71083 Herrenberg, Germany	100%
Omega Pharma Manufacturing Verwaltungs GmbH	Inactive	Benzstrasse 25, 71083 Herrenberg, Germany	100%
Omega Pharma Nederland B.V.	Operations	Kralingseweg 201, 3062 CE Rotterdam, The Netherlands	100%
Omega Pharma Poland Sp.z.o.o.	Operations	BTD Office Center, 4th Floor, Al. Niepodleglosci 18, 02-653 Warszawa, Poland	100%
Omega Pharma s.r.o.	Operations	Tomasikova 30, Bratislava 821 01, Slovakia	100%
Omega Pharma Trading NV	Operations	Venecoweg 26, 9810 Nazareth, Belgium	100%
Omega Teknika Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
OmegaLabs (Pty) Ltd	Operations	Central Office Park Unit 4, 257 Jean Avenue, Centurion, Gauteng, 0157, South Africa	51%
Oralys Italia Societa A Responsabilita Limita	Operations	DR Gasloli- via giulietti 9, Novarra, 28100, Italy	100%
Orion Laboratories (NZ) Ltd.	Operations	Level 20, 88 Shortland Street, Auckland 1010, New Zealand	100%
Orion Laboratories PTY Limited	Operations	25 Delawney Street, Balcatta, WA 6021	100%
P2C, Inc.	Operations	601 Abbot Road, East Lansing, Michigan 48823	100%
Paddock Laboratories, LLC	Operations	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
Paracelsia Pharma GmbH	Operations	Benzstrasse 25, 71083 Herrenberg, Germany	100%
PBM Canada Holdings, LLC	Operations	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%

PBM China Holdings, LLC	General Corporate Administration	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
PBM Foods, LLC	Operations	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
PBM Holdings, LLC	Operations	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
PBM International Holdings, LLC	Operations	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
PBM Mexico Holdings, LLC	General Corporate Administration	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
PBM Nutritionals, LLC	Operations	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
PBM Products Mexico S de R.L. de C.V.	Inactive	Av. Homero No.205, piso9-901 y 902. Chapultepec Morales. Delegación Miguel Hidalgo. México, D.F. c.p.11570	100%
PBM Products, LLC	Operations	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
P-Direct NL B.V.	Operations	Kralingseweg 201, 3062 CE Rotterdam, The Netherlands	100%
Perrigo Asia Holding Company Ltd.	General Corporate Administration	33, Edith Cavell Street, Port-Louis, Maruitius	100%
Perrigo Australian Holding Company II PTY Limited	General Corporate Administration	Minter Ellison, 'Governor Macquarie Tower', Level 40, 1 Farrer Place, Sydney NSW 2000 Australia	100%
Perrigo Belgium Holding 1 NV	Inactive	Venecoweg 26, 9810 Nazareth, Belgium	100%
Perrigo Bulgaria OOD	Operations	Eurotour Business Center, floor 5, office 20 12 Mihail Tenev Str., Mladost District, Sofia 1784, Bulgaria	100%
Perrigo China Business Trust	Operations	515 Eastern Avenue, Allegan, Michigan 49010	100%
Perrigo China Business Trustee, LLC	General Corporate Administration	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
Perrigo Company	General Corporate Administration	601 Abbot Road, East Lansing, Michigan 48823	100%
Perrigo Company Charitable Foundation	General Corporate Administration	601 Abbot Road, East Lansing, Michigan 48823	100%
Perrigo Company of South Carolina, Inc.	Operations	601 Abbot Road, East Lansing, Michigan 48823	100%
Perrigo Company of Tennessee	Operations	2908 Poston Avenue, Nashville, Tennessee 37203	100%
Perrigo Corporation Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Danmark A/S	Operations	Slotsmarken 18, 2980 Horsholm, Denmark	100%
Perrigo de Mexico S.A. de C.V.	Operations	Av. Industria Automotriz No. 3089, Parque Industrial, Ramos Arizpe, Coahuila, México C.P. 25900	100%
Perrigo Denmark Holdings K/S	Operations	Slotsmarken 18, 2970 Horsholm, Denmark	100%
Perrigo Diabetes Care, LLC	Operations	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
Perrigo Do Brasil Serviços E Participações LTDA.	Operations	Av. Nove de Julho, 3.452, conj. 83, São Paulo, SP, Brazil, CEP 01406-000	100%

Perrigo España SA	Operations	Parque de Officinas San Cugat, Plaza Javier Cugat 2 - Edificio D, Planta Primera, 08174 San Cugat del Valles, Spain	100%
Perrigo Europe Invest NV	General Corporate Administration	Venecoweg 26, 9810 Nazareth, Belgium	100%
Perrigo Finance Unlimited Company	Financing	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Florida, Inc.	Operations	1201 Hays Street, Tallahassee, Florida 32301	100%
Perrigo France SAS	General Corporate Administration	20, rue Andre Gide BP80, 92320 Chatillon Cedex, France	100%
Perrigo Holding NV	General Corporate Administration	Venecoweg 26, 9810 Nazareth, Belgium	100%
Perrigo Holdings Limited	Inactive	Wrafton, Braunton, Devon, EX33 2DL, United Kingdom	100%
Perrigo Holdings Unlimited Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo International Finance Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo International Holdings II, Inc.	General Corporate Administration	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
Perrigo International Holdings, LLC	General Corporate Administration	601 Abbot Road, East Lansing, Michigan 48823	100%
Perrigo International Insurance Limited	General Corporate Administration	H.P. House, 21 Laffan Street, Hamilton HM 09 Bermuda	100%
Perrigo International, Inc.	General Corporate Administration	601 Abbot Road, East Lansing, Michigan 48823	100%
Perrigo Ireland 1 Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Ireland 10 Unlimited Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Ireland 11 Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Ireland 12 Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Ireland 13 Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Ireland 2 Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Ireland 3 Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Ireland 4 Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Ireland 5 Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%

Perrigo Ireland 6 Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Ireland 7 Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Ireland 8 Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Ireland 9 Unlimited Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Ireland Holding Company B.V.	General Corporate Administration	Prins Bernhardplein 200, 1097 JB Amsterdam	100%
Perrigo Ireland Management Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Israel Agencies Ltd	Operations	Lehi 29 Street, Bnei-Brak 51200 Israel	100%
Perrigo Israel Enterprises & Investments Ltd.	Operations	Lehi 29 Street, Bnei-Brak 51200 Israel	100%
Perrigo Israel Holdings II B.V.	General Corporate Administration	Prins Bernhardplein 200, 1097 JB Amsterdam	100%
Perrigo Israel Holdings Ltd	General Corporate Administration	Lehi 29 Street, Bnei-Brak 51200 Israel	100%
Perrigo Israel Opportunities II Ltd.	General Corporate Administration	Lehi 29 Street, Bnei-Brak 51200 Israel	100%
Perrigo Israel Pharmaceuticals Ltd.	Operations	1 Rakefet Street, Shoham Israel	100%
Perrigo Israel Trading Limited Partnership	General Corporate Administration	Raul Wallenberg 24, Tel Aviv 69719 Israel	100%
Perrigo Italia S.r.l	Operations	Via dell'Arte 25 , 00144 Rome, Italy	100%
Perrigo Kişisel Bakım Ürünleri Sanayi ve Ticaret Limited Şirketi	Operations	Merdivenkoy Mah. Bora Sok. No:1 A, Ofis Blok Kat:5 Goztepe, Kadikoy/Istanbul, Turkey	100%
Perrigo Laboratories India Private Limited	Operations	Plot No. N 39/ N39-1, Additional MIDC, Anand Nagar, Ambernath (E), Pin-421 506, District Thane, Maharashtra, India	100%
Perrigo LLC	Operations	Kral Ingseiveg 201, 3062 CE Rotterdam	100%
Perrigo Management Company	General Corporate Administration	601 Abbot Road, East Lansing, Michigan 48823	100%
Perrigo Mexico Holdings S.A. de C.V.	General Corporate Administration	Autopista Saltillo-Monterrey, km. 11.5. Col. Capellanía. C.P. 25900 Ramos Arizpe, Coahuila, México	100%
Perrigo Mexico Investment Holdings, LLC	General Corporate Administration	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
Perrigo Netherlands B.V.	General Corporate Administration	Prins Bernhardplein 200, 1097 JB Amsterdam	100%
Perrigo Netherlands Finco 1 Coöperatief U.A.	General Corporate Administration	Prins Bernhardplein 200, 1097 JB Amsterdam	100%
Perrigo Netherlands Finco 2 B.V.	General Corporate Administration	Prins Bernhardplein 200, 1097 JB Amsterdam	100%
Perrigo Netherlands International Partnership C.V.	General Corporate Administration	515 Eastern Avenue, Allegan, Michigan 49010	100%

Perrigo New York, Inc.	Operations	251 Little Falls Drive, Wilmington, Delaware, 19808.	100%
Perrigo Norge AS	Operations	Pb. 95, Okern, 0509 Oslo, Norway	100%
Perrigo Oral Health Care Holdings, Inc.	General Corporate Administration	515 Eastern Avenue, Allegan, Michigan, 49010	100%
Perrigo Pharma International Designated Activity Company	Operations	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Pharma Limited	Operations	Wrafton, Braunton, Devon, EX33 2DL	100%
Perrigo Pharmaceuticals Company	Operations	601 Abbot Road, East Lansing, Michigan 48823	100%
Perrigo Portugal LDA	Operations	Lagoas Park, Edifício 15, 3ºpiso, 2740-262 Porto Salvo, Portugal	100%
Perrigo Research & Development Company	Operations	601 Abbot Road, East Lansing, Michigan 48823	100%
Perrigo Sales Corporation	Operations	601 Abbot Road, East Lansing, Michigan 48823	100%
Perrigo Science Eight Unlimited Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Science One Designated Activity Company	General Corporate Administration	The Sharp Building, 10-12 Hogan Place, Dublin 2, Ireland	100%
Perrigo Sourcing Solutions, Inc.	Inactive	601 Abbot Road, East Lansing, Michigan 48823	100%
Perrigo Suomi OY	Operations	Gardsbrinken 1 A, 02240 Esbo, Finland	100%
Perrigo Sverige AB	Operations	PO Box 7009, 164 07 Kista, Sweden	100%
Perrigo Trading (Shanghai) Co., Ltd.	Operations	Room 403, No. 4 Building, No. 56 Meisheng Road, Waigaoqiao Free Trade Zone, Shanghai, China	100%
Perrigo UK Acquisition Limited	General Corporate Administration	Wrafton, Braunton, Devon, EX33 2DL	100%
Perrigo UK FINCO Limited Partnership	General Corporate Administration	Wrafton, Braunton, Devon, EX33 2DL	100%
Perrigo Ukraine LLC	Operations	9, Boryspilska St, 02099 Kiev, Ukraine	100%
Perrigo Ventures Limited Partnership	General Corporate Administration	Wrafton, Braunton, Devon, EX33 2DL	100%
Pharma Clal (1983) Ltd.	Inactive	Lehi 29 Street, Bnei-Brak 51200 Israel	100%
PMI Branded Pharmaceuticals, Inc.	Operations	601 Abbot Road, East Lansing, Michigan 48823	100%
Promedent SA	Inactive	2, rue Thoull, 6492 Echternach, Luxembourg	100%
Quimica Y Farmacia S.A. de C.V.	Operations	Autopista Saltillo-Monterrey, km. 11.5. Col. Capellanía. C.P. 25900 Ramos Arizpe, Coahuila, México	100%
Ranir (Holdings) Limited	General Corporate Administration	4th Floor Charles House, 100-110 Finchley Road, London, NW3 5JJ	100%
Ranir Changshu Oral Care CO., Ltd.	Operations	Building 2, Export Processing Zone, Wangan North Road, CEDZ Changshu City, 215513, China	100%
Ranir Global Holdings, LLC	General Corporate Administration	4th Floor Charles House, 108/110 Finchley Road, London NW3 5JJ	100%

Ranir GmbH	Operations	Auf dem Seidenberg 1, Siegburg, D-53721, Germany	100%
Ranir Limited	Operations	4th Floor, Charles House, 108-110 Finchley Road, London, NW3 5JJ, England	100%
Ranir, LLC	Operations	251 Little Falls Drive, Wilmington, New Castle, Delaware, 19808	100%
Ranir, SAS	Operations	36, rue Salvador Allende, Bât. I N°49-50, Beauvais, 60000, France	100%
Richard Bittner AG	Operations	Ossiacher Strasse 7, 9560 Feldkirchen, Austria	100%
Rosemont Pharmaceuticals Limited	Operations	Wrafton, Braunton, Devon, EX33 2DL	100%
Rubicon Healthcare holdings Pty Ltd	Inactive	Suite 14,13A Narabang Way, Belrose NSW 2085, Australia	100%
Samenwerkende Apothekers Nederland B.V.	Inactive	Kralingseweg 201, 3062 CE Rotterdam, The Netherlands	100%
SC Hipocrate 2000 SRL	Operations	6A Prahova Street, 1st District, 012423 Bucharest, Romania	100%
Servicios PBM S. de R.L. de C.V.	Inactive	Mariano Escobedo No.510 Penthouse, Anzures. Delegación Miguel Hidalgo. México, D.F., C.P.11590	100%
Solent Dental Company Limited	Operations	Suite 1004, 10/F, Tower 2, Harbour Centre 8 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong	100%
Solent Oral Care Limited	General Corporate Administration	4th Floor Charles House, 108/110 Finchley Road, London NW3 5JJ	100%
The Learning Pharmacy Limited	Operations	First Floor, 32 Vauxhall Bridge Road, SW1V2SA London, United Kingdom	100%
Totalcare International Corp	General Corporate Administration	4th Floor Charles House, 108/110 Finchley Road, London NW3 5JJ	100%
Vianatura NV	Inactive	Venecowag 26, 9810 Nazareth, Belgium	100%
Wartner Europe B.V.	Inactive	Kralingseweg 201, 3062 CE Rotterdam, The Netherlands	100%
Wrafton Laboratories Limited	Operations	Wrafton, Braunton, Devon, EX33 2DL	100%
Ymea B.V.	General Corporate Administration	Kralingseweg 201, 3062 CE Rotterdam, The Netherlands	100%
Zibo Xinhua - Perrigo Pharmaceutical Company Ltd.	Operations	Chemical Area, Zibo Hi-tech Industrial Development Zone, Shandong, China	50%

COMPANY STATEMENT OF COMPREHENSIVE INCOME
(in millions)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
Net loss		$ (1,087.2)	$ (5,430.2)
Other comprehensive income:			
Unrealised dividend income		22.6	—
Other comprehensive income, net of tax		22.6	—
Comprehensive loss		$ (1,064.6)	$ (5,430.2)

COMPANY BALANCE SHEET
As at December 31, 2019

(in millions of U.S. dollars)	Note	December 31, 2019 USD	December 31, 2018 USD
Fixed Assets			
Financial assets - Investments in group undertakings	3	15,501.0	12,598.3
Tangible assets		0.1	0.5
		15,501.1	12,598.8
Current Assets			
Cash at bank and in hand		32.5	155.9
Prepaid insurance and other assets		9.1	2.9
Debtors (amounts falling due within one year)	4	76.2	7,105.4
		117.8	7,264.2
Creditors (amounts falling due within one year)	5	(4,249.4)	(7,132.4)
Net Current (Liabilities) / Assets		(4,131.6)	131.8
Creditors (amounts falling due in greater than one year)			
Amounts due to group undertakings	6	—	(235.0)
Senior notes and term loans	7	(303.7)	(303.4)
Net Assets		11,065.8	12,192.2
Capital and Reserves	8		
Called up share capital		0.2	0.2
Share premium		5,420.3	5,419.4
Other reserves		200.2	127.9
Profit and loss account[(1)]		5,445.1	6,644.7
Shareholders' funds		11,065.8	12,192.2

[(1)]In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting the individual profit and loss account. The loss for the financial year amounted to USD 1,087.2 million and USD 5,430.2 million for the years ended December 31, 2019 and December 31, 2018, respectively.

The Company Financial Statements were approved by the Audit Committee of the Board of Directors and the Board of Directors on March 12, 2020 , and signed on its behalf by;

Murray S. Kessler	Donal O'Connor
Chief Executive Officer	Director, Audit Committee Chair

COMPANY STATEMENT OF SHAREHOLDERS' EQUITY

(in millions of U.S dollars)

	Called up share capital		Share Premium	Other Reserves	Profit and Loss Account	Total
	Shares	Amount				
Balance at December 31, 2017	140.8	0.2	5,418.1	95.5	12,579.8	18,093.6
Issued shares under stock compensation plans	0.3	—	1.3	—	—	1.3
Share based payment (see note 9)	—	—	—	37.7	—	37.7
Share withheld for payment of employee's withholding tax liability	(0.1)	—	—	(5.3)	—	(5.3)
Profit and loss for the year	—	—	—	—	(5,430.2)	(5,430.2)
Dividends	—	—	—	—	(104.9)	(104.9)
Share repurchases [1]	(5.1)	—	—	—	(400.0)	(400.0)
Balance at December 31, 2018	135.9	0.2	5,419.4	127.9	6,644.7	12,192.2
Issued shares under stock compensation plans	0.3	—	0.9	—	—	0.9
Share based payment (see note 9)	—	—	—	55.3	—	55.3
Share withheld for payment of employee's withholding tax liability	(0.1)	—	—	(5.6)	—	(5.6)
Profit and loss for the year	—	—	—	—	(1,087.2)	(1,087.2)
Other comprehensive income	—	—	—	22.6	—	22.6
Dividends	—	—	—	—	(112.4)	(112.4)
Share repurchases [1]	—	—	—	—	—	—
Balance at December 31, 2019	136.1	0.2	5,420.3	200.2	5,445.1	11,065.8

[1] A Capital redemption reserve fund has been created in respect of the nominal value of shares repurchased.

NOTES TO THE COMPANY BALANCE SHEET

Amounts are in millions of USD unless otherwise indicated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The financial statements of Perrigo Company plc (“PCplc” or the “Company”) have been prepared on the going concern basis under the historical cost convention in accordance with the Companies Act 2014. These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (“FRS 102”).

Under FRS 102, a "qualifying entity" may take advantage of certain disclosure exemptions. A qualifying entity is a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation. The Company falls to be classified as a qualifying entity under this guidance and has taken advantage of the following disclosure exemptions:

- The requirements of Section 7, Statement of Cash Flows, and Section 3, Financial Statement Presentation, paragraph 3.17(d).

- The requirements of Section 11 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available) with regards to financial instruments, as disclosures equivalent to those required by FRS 102 are included in the consolidated financial statements of the group.

- The requirements of Section 26, Share-based Payment, paragraphs 26.18(b), 26.19 to 26.21 and 26.23, as the Company is the ultimate parent, and the share-based payment arrangement concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the group, and equivalent disclosures required by FRS 102 are included in the consolidated financial statements of the group.

- The requirement of Section 33, Related Party Disclosures, paragraph 33.7 regarding key management personnel compensation, except for directors' remuneration which is disclosed in Note 25 to the consolidated financial statements.

b. Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgment has the most significant effect on amounts recognized in the financial statements.

Impairment of investments in group undertakings

Where there are indicators of impairment of investment's in group undertakings, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

c. Functional currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in the United States dollars ("USD"), which is the Company's functional and presentation currency.

Transactions during the period denominated in foreign currencies have been translated at the rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated to United States dollars at the rate of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

d. Investment in group companies

Financial fixed assets are stated at cost less provisions for permanent diminution in value.

The carrying value of financial fixed assets is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Under FRS102, impairment is assessed by comparing the carrying value of an asset with its recoverable amount (being the higher of net realisable value and value in use). Net realisable value is defined as the amount at which an asset could be disposed of net of any direct selling costs. Value in use is defined as the present value of the future cash flows obtainable through continuing use of an asset including those anticipated to be realised on its eventual disposal.

e. Contingencies

The Company has guaranteed certain liabilities and credit arrangements of the group. The company reviews the status of these guarantees at each reporting date and considers whether it is required to make a provision for payment on those guarantees based on the probability of the commitment being called.

f. Profit and loss account

The Company's loss for the twelve months ended December 31, 2019 was USD 1,087.2 million (twelve months ended December 31, 2018: USD 5,430.2 million).

g. Dividends in specie

Dividends received in specie are recognised at fair value. All realised dividend income is recorded in the profit and loss account and all unrealised dividend income is recorded in other reserves through other comprehensive income.

h. Non-monetary capital contributions

The cost of non-monetary capital contributions to subsidiaries is determined as the fair value of the assets contributed.

i. Cash at bank and in hand

Cash consists primarily of demand deposits and other short-term investments with maturities of three months or less at the date of purchase. The carrying amount of cash approximates its fair value.

j. Financial assets and liabilities

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligation upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavorable to the Company; and

- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that included no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of finance expenses.

Recognition of financial assets and liabilities

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments.

De-recognition of financial assets and liabilities

A financial asset or liability is de-recognised when the obligation specified in the contract is discharged, canceled or expired.

Principal due under the notes and term loans

The principal due under the notes and term loans is initially recognised at fair value net of transaction costs directly attributable to the issue of the notes.

Amortised cost

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount.

Effective interest rate method

The effective interest rate method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial liability.

k. Financial derivatives

The Company utilises derivative financial instruments to manage exposure to certain risks related to the Company's ongoing operations. The primary risk managed through the use of derivative instruments is interest rate risk and foreign currency risk. The Company recognises gains and losses arising from derivative instruments upon maturity.

l. Taxation

Deferred taxation is accounted for in respect of all timing differences at tax rates enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. A deferred tax asset is only recognised when it is more likely than not the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be recovered.

m. Share based payments

The Company and its subsidiaries operate various share based payment plans. The Company issues Ordinary shares related to these employee equity share programs at various subsidiaries.

The share based payment expense associated with the share plans is recognised as an expense by the entity which receives services in exchange for the share based compensation. In these Company only accounts, the expense related to the options vested are recorded in other reserves and charged to the appropriate entity that receives services.

2. HISTORY AND DESCRIPTION OF THE COMPANY

Perrigo Company plc was incorporated under the laws of Ireland on June 28, 2013, and became the successor registrant of Perrigo Company on December 18, 2013 in connection with the consummation of the acquisition of Elan Corporation ("Elan") subsequently renamed Perrigo Corporation D.A.C. As of December 31, 2019, it owns 100% of the outstanding ordinary shares in Perrigo Corporation D.A.C., Habsont Unlimited Company, Perrigo Ireland Management D.A.C., Luxembourg Investment Company S.A.R.L, Perrigo Ireland Holding Company, B.V., Perrigo Ireland 1 D.A.C., Perrigo Ireland 3 D.A.C., Perrigo Ireland 4 D.A.C., Perrigo Ireland 7 D.A.C., Perrigo Ireland 8 D.A.C., Perrigo Ireland 9 Unlimited Company, Perrigo Ireland 10 Unlimited Company, Perrigo Ireland 11 D.A.C., Perrigo Ireland 12 D.A.C., Perrigo Ireland 13 D.A.C., and The Learning Pharmacy Ltd. (see note 3).

On December 18, 2013, the Company acquired Elan. At the close of the transaction on December 18, 2013, Perrigo and Elan became wholly-owned, indirect and direct subsidiaries of the Company respectively. Under the terms of the Transaction Agreement, (i) at the effective time of the Scheme (the “Effective Time”), Elan shareholders were entitled to receive USD 6.25 in cash and 0.07636 of a newly issued PCplc ordinary share in exchange for each Elan ordinary share held by such shareholders and (ii) at the effective time of the Merger, each share of Perrigo’s common stock were converted into the right to receive one PCplc ordinary share and USD 0.01 in cash.

3. FINANCIAL FIXED ASSETS

(in millions of U.S. dollars)	December 31, 2019	December 31, 2018
Investment in subsidiary undertakings	**USD**	**USD**
Balance at beginning of the year	12,598.3	17,840.5
Capital contributions	511.7	—
Share subscription	1,784.1	—
Additions	4,995.0	84.4
Transfers	472.7	—
Disposals	(83.5)	—
Impairment	(4,777.3)	(5,326.6)
Balance at the closing of the year	**15,501.0**	**12,598.3**

Capital contributions

During the year ended December 31, 2019, the Company made capital contributions of USD 323.1 million to Perrigo Ireland One D.A.C., USD 3.9 million to Perrigo Ireland 3 D.A.C., USD 28.6 million to Perrigo Ireland 4 D.A.C., USD 13.9 million to Perrigo Ireland 10 Unlimited Company, USD 50 thousand to Habsont Unlimited Company, USD 112.0 million to Perrigo Corporation D.A.C. and USD 30.2 million to Perrigo Oral Healthcare Inc.

During the year ended December 31, 2018, the Company made capital contributions of USD 77.5 million to Perrigo Ireland One D.A.C., USD 4.7 million to The Learning Pharmacy Ltd, USD 2.0 million to Perrigo Ireland 3 D.A.C., USD 80 thousand to Perrigo Ireland Holding Company B.V., USD 50 thousand to Habsont Unlimited Company, USD 20 thousand to Perrigo Ireland 7 D.A.C. and USD 10 thousand to Perrigo Ireland 8 D.A.C.

Share subscription

During the year ended December 31, 2019, the Company subscribed for shares to the value of USD 1,700.6 million in Perrigo Ireland 1 D.A.C. and shares to the value of USD 83.5 million in Perrigo Finance Unlimited Company.

Additions

During the year ended December 31, 2019, the Company received shares in Perrigo Oral Healthcare Inc. and Perrigo Ireland 4 D.A.C. from Perrigo Ireland Management D.A.C. to the value of USD 120.0 million and USD 255.0 million respectively. The Company also acquired shares in Perrigo Oral Healthcare Inc. from Perrigo Ireland 9 Unlimited Company for USD 451.2 million.

Also, during the year ended December 31, 2019, the Company acquired convertible preference shares in Perrigo Company of USD 4,067.2 million from Perrigo Ireland Management D.A.C. The Company also acquired convertible preference shares in Perrigo Company from Perrigo Ireland 9 Unlimited Company for USD 101.6 million. Subsequent to the receipt of shares in Perrigo Company, the Company then contributed these Perrigo Company convertible preferred shares to Habsont Unlimited Company for USD 4,168.8 million.

Transfers

During the year ended December 31, 2019, the Company increased its shareholding in Perrigo Ireland 10 by USD 2.7 million and decreased its shareholding in Elan Finance Europa S.A.R.L though a share exchange agreement. Perrigo Pharma International D.A.C. transferred its shareholding in Perrigo Ireland 4 D.A.C. to the Company for USD 1. Perrigo Ireland 4 D.A.C. transferred its entire shareholding in Perrigo Ireland 9 Unlimited Company to the Company for USD 450.0 million. Perrigo Ireland 10 Unlimited Company transferred its shares in Luxembourg Investment Company S.A.R.L to the Company for USD 22.7 million. The Company contributed its shares in Perrigo Oral Healthcare Inc. to Habsont Unlimited Company in exchange for the Company receiving shares in Habsont Unlimited Company to the value of USD 601.4 million.

Disposals

During the year ended December 31, 2019, the Company disposed of its shareholding of USD 83.5 million in Perrigo Finance Unlimited Company.

Impairment

During the year ended December 31, 2019 and December 31, 2018, the Company recorded an impairment charge of USD 4,777.3 million (2018: USD 5,326.6 million), as a result of the overall decline in the enterprise value of the Group, which resulted in a reduction in the estimated fair value of the Company's investment in subsidiary undertakings.

In the opinion of the Directors, the total value of financial fixed assets held on December 31, 2019 and December 31, 2018 of USD 15,501.0 million and USD 12,598.3 million, respectively is at least equal to the carrying value on the balance sheet.

4. DEBTORS (amounts falling due within one year)

(in millions of U.S. dollars)

	Balance receivable by Perrigo Company Plc	
	December 31, 2019	**December 31, 2018**
	USD	**USD**
Amounts due from subsidiary undertakings	76.2	15.4
Note receivable due from Perrigo Ireland Management Limited	—	7,090.0
Debtors	**76.2**	**7,105.4**

Amounts due from subsidiary undertakings consist of intercompany receivables and stock compensation net of management fees charged for services provided. Amounts are receivable upon demand.

At December 31, 2019, the interest free note receivable due from Perrigo Ireland Management Limited was fully repaid (December 31, 2018: USD 7,090 million). On July 11, July 15, December 16, December 17, December 19 and December 27, 2019, Perrigo Ireland Management Limited repaid USD 185.0 million, USD 139.4 million, USD 42.0 million, USD 83.5 million, USD 375.0 million and USD 4,067.2 million, respectively. On December 17, 2019, the Company novated USD 497.3 million of this interest free note to Elan International Services Limited. On the same date, the Company novated USD 1,700.6 million of this note to Perrigo Ireland 1 D.A.C. This loan was payable upon demand.

In addition, the Company has entered into a Master Demand Note agreement with Perrigo Company. Under the terms of the Master Demand Note, the Company has committed to providing a loan facility to Perrigo Company up to a maximum amount of USD 200 million. Any drawdowns on the note are subject to interest at a rate of USD Libor plus 375 basis points, and the facility matured on December 17, 2018. As such, there are no drawdowns on the Master Demand Note at the balance sheet date.

The Company has entered into a loan agreement with Omega Pharma Capital N.V. Under the terms of the loan agreement, the Company has committed to providing a loan facility to Omega Pharma Capital N.V up to a maximum amount of EUR 300 million and is repayable on demand. Any drawdowns are subject to interest at a rate of 1 month Euribor plus 130 basis points and the facility matures on March 30, 2020. There are no drawdowns on the loan facility at December 31, 2019.

5. CREDITORS (amounts falling due within one year)

(in millions of U.S. dollars)

	December 31, 2019	December 31, 2018
	USD	USD
Trade payables[1]	3.0	9.6
Accruals[1]	12.3	9.9
Amounts due to subsidiary undertakings[1]	55.6	28.0
Non-interest bearing note payable to Elan International Services	4,078.1	4,559.4
Non-interest bearing note payable to Perrigo Science Eight Unlimited	—	2,511.3
Interest bearing note payable to Perrigo Finance Unlimited Company	—	2.6
Non-interest bearing note payable to Perrigo Ireland 4 D.A.C.	75.0	—
Interest bearing note payable to Luxembourg Investment Company S.A.R.L	13.8	—
Accrued interest	1.7	1.7
Accrued tax	9.9	9.9
Total Creditors (amounts falling due within one year)	**4,249.4**	**7,132.4**

(1) No securities have been given by the Company in respect of any items disclosed. The amounts are interest free and due within one year.

On February 14, 2014, the Company entered into a USD 2,000.0 million loan agreement with Elan International Services Ltd. On March 15, 2017, the loan facility increased to USD 5,000.0 million. The loan does not incur interest, and is repayable on demand. The loan may not be transferred, assigned, or converted into other types of securities, and is subordinate to all other third party debts of the Company.
On May 1, July 1 and November 1, 2019, Elan International Services Ltd advanced an additional USD 5.0 million, USD 30.0 million and USD 11.0 million under this loan facility, respectively. On July 1, 2019, the Company repaid USD 391.2 million. On December 17, 2019, the Company novated USD 497.3 million of its interest free note from Perrigo Ireland Management D.A.C., to Elan International Services Limited. On December 19, 2019, the Company settled USD 361.2 million of its liability with Luxembourg Investment Company SARL by agreeing to take over over Luxembourg Investment Company SARL's USD 361.2 million liability with Elan International Services Ltd.

The loan amount outstanding as of December 31, 2019 was USD 4,078.1 million (December 31, 2018: USD 4,559.4 million).

On March 3, 2014, the Company entered into a USD 2,000.0 million loan agreement with Perrigo Science Eight Unlimited Company. On December 11, 2017, the loan facility increased to USD 5,000.0 million. The loan does not incur interest, and is repayable on demand. The loan may not be transferred, assigned, or converted into other types of securities, and is subordinate to all other third party debts of the Company. During the year ended December 31, 2019, Perrigo Science Eight Unlimited Company advanced an additional USD 126.6 million under this facility to the Company. On December 30, 2019, Perrigo Science Eight Unlimited Company novated this interest free note from the Company to another group undertaking. As a result, the loan amount outstanding as of December 31, 2019 was USD 0.0 million (December 31, 2018: USD 2,511.3 million).

On November 11, 2015, the Company entered into a USD 1,000.0 million loan agreement for a period of five years with Perrigo Finance Unlimited Company. The loan incurs interest on a monthly basis at a rate equal to 1 month USD Libor plus a margin of 130 basis points (1.3%) and is repayable on demand. The loan may not be transferred, assigned, or converted into other types of securities, and is subordinate to all other third party debts of the Company. The loan was paid in full during the year ended December 31, 2018 and, as such, the loan amount outstanding as of December 31, 2019 was USD 0.0 million. (December 31, 2018: USD 0.0 million and 2.6 million accrued interest).

On December 19, 2019, the Company entered into a USD 75.0 million loan agreement with Perrigo Ireland 4 D.A.C. The loan does not incur interest and is repayable on demand. The loan amount outstanding as of December 31, 2019 was USD 75.0 million.

On December 19, 2019, the Company entered into a USD 375.0 million loan with Luxembourg Investment Company S.A.R.L. The loan incurs interest at a fixed rate of .0493% per month and is repayable on demand. On December 19, 2019, the Company agreed to settle USD 361.2 million of this loan by agreeing to take over Luxembourg Investment Company's USD 361.2 million liability with Elan International Services Ltd. The loan amount outstanding as of December 31, 2019 was USD 13.8 million.

Please see note 7 for further discussion of accrued interest and the current portion of debt.

The Company has guaranteed certain liabilities and credit arrangements of a group entity. The Company reviews the status of this guarantee at each reporting date and considers whether it is required to make a provision for payment on the guarantee based on the probability of the commitment being called. The Company concluded that as the likelihood of the guarantee being called upon is not probable, no provisions for any guarantee have been booked to these financial statements.

6. AMOUNTS DUE TO GROUP UNDERTAKINGS

On May 3, 2016 the Company entered into a USD 500.0 million loan agreement for a period of five years with Perrigo Finance Unlimited Company. The loan incurs interest on an annual basis at a fixed interest rate of 3.5%. The loan may not be transferred, assigned or converted into other types of securities, and is subordinate to all other third party debts of the Company. During the year ended December 31, 2019, the principal and accrued interest amounts were fully repaid. As such, the loan and accrued interest amounts outstanding at December 31, 2019 were USD 0.0 million (December 31, 2018: USD 235.0 million) and USD 0.0 million (December 31, 2018: USD 2.6 million), respectively. The accrued interest balance at December 31, 2018 is recorded in creditors.

7. SENIOR NOTES AND TERM LOANS

(in millions of U.S. dollars)	Balance (net of discount and financing fees)	Interest payable
	USD	USD
Senior Notes	303.4	1.7
Deferred financing fees - Revolver	—	—
Balance at December 31, 2018	**303.4**	**1.7**
Due within one year	—	1.7
Due greater than one year	303.4	—
Balance at December 31, 2018	**303.4**	**1.7**
Senior Notes	303.7	1.7
Deferred financing fees - Revolver	—	—
Balance at December 31, 2019	**303.7**	**1.7**
Due within one year	—	1.7
Due greater than one year	303.7	—
Balance at December 31, 2019	**303.7**	**1.7**

Senior Notes

On November 8, 2013, the Company issued USD 500.0 million aggregate principal amount of its 1.30% senior notes due 2016 (the "1.30% 2016 Notes"), USD 600.0 million aggregate principal amount of its 2.30% senior notes due 2018 (the "2018 Notes"), USD 800.0 million aggregate principal amount of its 4.00% senior notes due 2023 (the "4.00% 2023 Notes") and USD 400.0 million aggregate principal amount of its 5.30% senior notes due 2043 (the "2043 Notes" and, together with the 1.30% 2016 Notes, the 2018 Notes and the 4.00% 2023 Notes, the "2013 Notes") in a private placement with registration rights. The Company received net proceeds of USD 2.3 billion from the issuance of the 2013 Notes after fees and market discount. During prior years, the Company reduced outstanding debt through a variety of transactions (in millions):

Date	Series	Transaction Type	Principal Repayment USD (millions)
29 Sept 2016	$500 1.3% Senior notes due 2016	Early Redemption	500.0
8 May 2017	$600 2.3% Senior notes due 2018	Early Redemption	600.0
15 June 2017	$800 4.0% Senior notes due 2023	Tender offer	584.4
15 June 2017	$400 5.3% Senior notes due 2043	Tender offer	309.5

Interest on the 2013 Notes is payable semiannually in arrears in May and November of each year, beginning in May 2014. The 2013 Notes are governed by a base indenture and a first supplemental indenture (collectively, the "2013 Indenture"). The 2013 Notes are unsecured and unsubordinated obligations, ranking equally in right of payment to all of our existing and future unsecured and unsubordinated indebtedness. The 2013 Notes are not entitled to mandatory redemption or sinking fund payments. The Company may redeem the 2013 Notes in whole or in part at any time for cash at the make-whole redemption prices described in the 2013 Indenture. The 2013 Notes were guaranteed on an unsubordinated, unsecured basis by the same entities that guaranteed the then-outstanding credit agreement until November 21, 2014, at which time the 2013 Indenture was amended to remove all guarantors.

On September 2, 2014, the Company offered to exchange our private placement senior notes for public bonds (the "Exchange Offer"). The Exchange Offer expired on October 1, 2014, at which time substantially all of the private placement notes had been exchanged for bonds registered with the Securities and Exchange Commission.

Tranche	Maturity	Issue price	Coupon
2023 Notes	November 23, 2023	99.583%	4%
2043 Notes	November 15, 2043	99.582%	5.3%

Date	Nominal value	Discount	Issuing fees and other capitalised expenses	Total
Balance at December 31, 2017	306.1	(0.9)	(2.1)	303.1
Debt extinguishment	—	—	—	—
Amortised during period	—	0.1	0.2	0.3
Balance at December 31, 2018	**306.1**	**(0.8)**	**(1.9)**	**303.4**
Amortised during period	—	0.1	0.2	0.3
Balance at December 31, 2019	**306.1**	**(0.7)**	**(1.7)**	**303.7**

8. SHARE CAPITAL

(in millions of U.S. dollars)

Authorised share capital	December 31, 2019	December 31, 2018
	USD	USD
10,000,000,000 ordinary shares of par value EUR 0.001	13.5	13.5
10,000,000 preferred shares of par value USD 0.0001	—	—
	13.5	**13.5**
Allotted, called-up and fully paid share capital		
	USD	**USD**
136,093,592 and 135,842,682 ordinary shares of par value EUR 0.001 for December 31, 2019 and December 31, 2018, respectively	**0.2**	**0.2**

EUR shares are converted at the equivalent USD rate on date of issuance.

Ordinary shares

The holders of the ordinary shares shall be entitled to receive notice, attend and vote at general meetings of the Company. Without prejudice to any special rights previously conferred on the holders of the deferred ordinary shares and preferred ordinary shares, holders of the ordinary shares shall be entitled to participate in the profits or assets of the Company by way of payment of any dividends on a winding up or otherwise.

Preferred shares

The holders of the preferred shares shall be entitled to receive cash dividends when and as they are declared by the Board of Directors at such rate per share per annum, cumulatively if so provided, and with preferences as fixed by the Directors. The holders of the preferred shares shall be entitled to be paid dividends before paid or set apart for ordinary shareholders or any other junior ranking share class. None of the preference shareholders are entitled to vote at any general meeting of the Company. On a return of assets, whether on liquidation or otherwise, the preferred shares shall entitle the holder thereof only to receive payment of the amount per share fixed in the resolution adopted by the Board of Directors providing for the issuance of the shares plus an amount equal to all dividends accrued thereon to the date of final distribution to such holders.

Authorised Shares

There were 10,000,000,000 of ordinary shares with par value of EUR 0.001 each authorised at December 31, 2019 and December 31, 2018. There were 10,000,000 of Preferred shares with a par value of USD 0.0001 each authorised at December 31, 2019 and December 31, 2018.

Share Repurchases

In October 2015, the Board of Directors approved a three year share repurchase plan of up to $2.0 billion (the "2015 Authorization"). Following the expiration of our 2015 Authorization, in October 2018, our Board of Directors authorized up to $1.0 billion of share repurchases with no expiration date, subject to the Board of Directors' approval of the pricing parameters and amount that may be repurchased under each specific share repurchase program. During the twelve months ended December 31, 2018, the Company repurchased 5.133056 million ordinary shares at an average repurchase price of $77.93 per share, for a total of $400 million. During the twelve months ended December 31, 2019, there were no share repurchases.

9. SHARE BASED PAYMENTS

Share based payment expense of USD 55.3 million and USD 37.7 million has been primarily included within amounts due from subsidiaries for the twelve months ended December 31, 2019 and December 31, 2018, respectively. See Note 17 to the Consolidated Financial Statements for full details on share based payment arrangements. The expense related to the options vested are initially recorded in other reserves and Investment in Subsidiaries as no portion has been incurred by the Company. These expenses are then recharged to the appropriate entity that receives the related services thereby increasing the amount due from subsidiaries and reducing the Investment in Subsidiaries.

10. RELATED PARTY TRANSACTIONS

The Profit and Loss account includes USD 0.8 million and USD 0.9 million of Directors' fees for the twelve months ended December 31, 2019 and December 31, 2018, respectively.

The Company has not disclosed any other related party transactions as it has availed of the exemption available under FRS 102, which exempts disclosures of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

11. AUDITOR'S REMUNERATION

Fees paid to Ernst & Young Ireland with respect to the audit of the Company individual accounts were as follows (in millions):

	December 31, 2019	December 31, 2018
Audit fees	$ 0.1	$ 0.1
Other assurance services	0.1	0.1
Total	$ 0.2	$ 0.2

Note 26 to the Consolidated Financial Statements provides additional information regarding auditor remuneration.

12. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue on March 12, 2020.