ENDO REPORTS FIRST-QUARTER 2023 FINANCIAL RESULTS

May 8, 2023

DUBLIN, May 8, 2023 /PRNewswire/ -- Endo International plc (OTC: ENDPQ) today reported financial results for the first-quarter ended March 31, 2023.

FIRST-QUARTER FINANCIAL PERFORMANCE

(in thousands, except per share amounts)

	Three Months Ended March 31,		
	2023	2022	Change
Total Revenues, Net	$ 515,267	$ 652,259	(21) %
Reported Loss from Continuing Operations	$ (2,823)	$ (65,300)	(96) %
Reported Diluted Weighted Average Shares	235,216	233,879	1 %
Reported Diluted Net Loss per Share from Continuing Operations	$ (0.01)	$ (0.28)	(96) %
Reported Net Loss	$ (3,279)	$ (71,974)	(95) %
Adjusted Income from Continuing Operations (2)(3)	$ 193,328	$ 155,939	24 %
Adjusted Diluted Weighted Average Shares (1)(2)	236,105	236,716	— %
Adjusted Diluted Net Income per Share from Continuing Operations (2)(3)	$ 0.82	$ 0.66	24 %
Adjusted EBITDA (2)(3)	$ 209,030	$ 310,926	(33) %

(1) Reported Diluted Net Loss per Share from Continuing Operations is computed based on weighted average shares outstanding and, if there is income from continuing operations during the period, the dilutive impact of ordinary share equivalents outstanding during the period. In the case of Adjusted Diluted Weighted Average Shares, Adjusted Income from Continuing Operations is used in determining whether to include such dilutive impact.

(2) The information presented in the table above includes non-GAAP financial measures such as Adjusted Income from Continuing Operations, Adjusted Diluted Weighted Average Shares, Adjusted Diluted Net Income per Share from Continuing Operations and Adjusted EBITDA. Refer to the "Supplemental Financial Information" section below for reconciliations of certain non-GAAP financial measures to the most directly comparable GAAP financial measures.

(3) Effective January 1, 2022, these non-GAAP financial measures now include acquired in-process research and development charges which were previously excluded under Endo's legacy non-GAAP policy. Refer to note (13) in the "Notes to the Reconciliations of GAAP and Non-GAAP Financial Measures" section below for additional discussion.

CONSOLIDATED FINANCIAL RESULTS

Total revenues were $515 million in first-quarter 2023, a decrease of 21% compared to $652 million in first-quarter 2022. This decrease was primarily attributable to decreased revenues from the Sterile Injectables segment, partially offset by increased revenues from the Generic Pharmaceuticals segment.

Reported loss from continuing operations in first-quarter 2023 was $3 million compared to $65 million in first-quarter 2022. Reported diluted net loss per share from continuing operations in first-quarter 2023 was $0.01 compared to $0.28 in first-quarter 2022. These results were primarily due to lower interest expenses as a result of the Chapter 11 filing as well as lower operating expenses, asset impairment and litigation-related charges, partially offset by decreased revenues and increased expenses related to the Chapter 11 reorganization process.

Adjusted income from continuing operations in first-quarter 2023 was $193 million compared to $156 million in first-quarter 2022. Adjusted diluted net income per share from continuing operations in first-quarter 2023 was $0.82 compared to $0.66 in first-quarter 2022. These results were primarily driven by lower interest and adjusted operating expenses, which were partially offset by decreased revenues.

BRANDED PHARMACEUTICALS SEGMENT

First-quarter 2023 Branded Pharmaceuticals segment revenues were $198 million, a decrease of 4% compared to $205 million during first-quarter 2022.

Specialty Products revenues decreased 5% to $142 million in first-quarter 2023 compared to $149 million in first-quarter 2022. This change was primarily due to a decrease in Supprelin® LA mainly driven by lower average net selling price as a result of business mix. First-quarter 2023 XIAFLEX® revenues were $97 million, a 3% decrease compared to first-quarter 2022 driven by channel inventory destocking. XIAFLEX® first-quarter 2023 demand growth was in-line with internal expectations and reflected steady progress in adapting to continuing market dynamics and the ongoing third-party specialty pharmacy provider transition.

Established Products revenues decreased 1% to $55 million in first-quarter 2023 compared to $56 million in first-quarter 2022 due primarily to generic competition.

STERILE INJECTABLES SEGMENT

First-quarter 2023 Sterile Injectables segment revenues were $101 million, a decrease of 58% compared to $240 million during first-quarter 2022. This change was primarily attributable to decreased VASOSTRICT® revenues due to lower price and market share resulting from generic competition and lower overall market volumes.

GENERIC PHARMACEUTICALS SEGMENT

First-quarter 2023 Generic Pharmaceuticals segment revenues were $198 million, an increase of 7% compared to $186 million during first-quarter 2022. This increase was primarily attributable to revenues from dexlansoprazole delayed release capsules, the generic version of Dexilant® which launched during fourth-quarter 2022, and from varenicline tablets, the

first generic version of Chantix® which launched during third-quarter 2021, partially offset by competitive pressure on certain generic products. During first-quarter 2023, a generic varenicline competitor entered the market and additional competitors are anticipated in 2023.

INTERNATIONAL PHARMACEUTICALS SEGMENT

First-quarter 2023 International Pharmaceuticals segment revenues were $18 million, a decrease of 15% compared to $21 million during first-quarter 2022. This decrease was primarily attributable to a 2022 product discontinuation.

FINANCIAL EXPECTATIONS

On February 14, 2023, Endo disclosed that its Board of Directors reviewed the Company's long-term plan, including a presentation prepared by the Company's management. Endo's first-quarter 2023 results exceeded the expectations assumed in the February long-term plan primarily driven by higher varenicline and dexlansoprazole delayed release capsules revenues due to fewer than expected competitors. The below updated financial expectations for the full-year ending December 31, 2023 contemplate a range of potential outcomes reflecting uncertainties in key assumptions for the timing of varenicline and dexlansoprazole competitive entrants and recognition of the Novavax settlement. Endo does not currently anticipate a material impact to its previously provided long-term financial outlook beyond 2023. All financial expectations provided by Endo are forward-looking, and actual results may differ materially from such expectations, as further discussed below under the heading "Cautionary Note Regarding Forward-Looking Statements."

($ in millions)	2023
Total Revenues, Net	$1,890 - $2,075
Adjusted EBITDA	$690 - $820
Assumptions:	
Segment Revenues:	
Branded Pharmaceuticals	~$870
Sterile Injectables	$400 - $430
Generic Pharmaceuticals	$555 - $710
International Pharmaceuticals	~$65
Adjusted Gross Margin as a Percentage of Total Revenues, Net	~67%
Adjusted Operating Expenses	~$635

CASH, CASH FLOW AND OTHER UPDATES

As of March 31, 2023, the Company had approximately $0.9 billion in unrestricted cash. First-quarter 2023 net cash provided by operating activities was approximately $62 million compared to approximately $201 million provided by operating activities during first-quarter 2022. This decrease was primarily attributable to a decrease in adjusted EBITDA, coupled with increases in net working capital and restructuring-related payments, which were partially offset by reductions in cash interest and litigation related payments.

Dexilant® is a registered trademark of Takeda Pharmaceutical U.S.A., Inc.

Chantix® is a registered trademark of Pfizer Inc.

FINANCIAL SCHEDULES

The following table presents Endo's unaudited Total revenues, net for the three months ended March 31, 2023 and 2022 (dollars in thousands):

	Three Months Ended March 31,		
	2023	2022	Percent Growth
Branded Pharmaceuticals:			
Specialty Products:			
XIAFLEX®	$ 96,910	$ 99,484	(3) %
SUPPRELIN® LA	23,577	28,830	(18) %
Other Specialty (1)	21,694	20,744	5 %
Total Specialty Products	$ 142,181	$ 149,058	(5) %
Established Products:			
PERCOCET®	$ 26,056	$ 26,175	— %
TESTOPEL®	10,989	8,880	24 %
Other Established (2)	18,347	20,748	(12) %
Total Established Products	$ 55,392	$ 55,803	(1) %
Total Branded Pharmaceuticals (3)	$ 197,573	$ 204,861	(4) %
Sterile Injectables:			
VASOSTRICT®	$ 25,951	$ 155,890	(83) %
ADRENALIN®	25,575	33,823	(24) %
Other Sterile Injectables (4)	49,729	50,315	(1) %
Total Sterile Injectables (3)	$ 101,255	$ 240,028	(58) %
Total Generic Pharmaceuticals (5)	$ 198,180	$ 185,944	7 %
Total International Pharmaceuticals (6)	$ 18,259	$ 21,426	(15) %
Total revenues, net	$ 515,267	$ 652,259	(21) %

(1) Products included within Other Specialty include AVEED®, NASCOBAL® Nasal Spray and QWO®.

(2) Products included within Other Established include, but are not limited to, EDEX®.

(3) Individual products presented above represent the top two performing products in each product category for the three months ended March 31, 2023 and/or any product having revenues in excess of $25 million during any completed quarterly period in 2023 or 2022.

(4) Products included within Other Sterile Injectables include APLISOL®, ertapenem for injection and others.

(5) The Generic Pharmaceuticals segment is comprised of a portfolio of products that are generic versions of branded products, are distributed primarily through the same wholesalers, generally have limited or no intellectual property protection and are sold within the U.S. During the three months ended March 31, 2023 and 2022, varenicline tablets (Endo's generic version of Pfizer Inc.'s Chantix®), which launched in September 2021, made up 15% and 10%, respectively, of consolidated total revenues. During the three months ended March 31, 2023, dexlansoprazole delayed release capsules (Endo's generic version of Takeda Pharmaceuticals USA, Inc.'s Dexilant®), which launched in November 2022, made up 6% of consolidated total revenues. No other individual product within this segment has exceeded 5% of consolidated total revenues for the periods presented.

(6) The International Pharmaceuticals segment, which accounted for less than 5% of consolidated total revenues for each of the periods presented, includes a variety of specialty pharmaceutical products sold outside the U.S., primarily in Canada through Endo's operating company Paladin Labs Inc.

The following table presents unaudited Condensed Consolidated Statement of Operations data for the three months ended March 31, 2023 and 2022 (in thousands, except per share data):

	Three Months Ended March 31,	
	2023	2022
TOTAL REVENUES, NET	$ 515,267	$ 652,259
COSTS AND EXPENSES:		
Cost of revenues	232,742	273,215
Selling, general and administrative	150,793	227,161
Research and development	27,703	36,130
Acquired in-process research and development	—	2,900
Litigation-related and other contingencies, net	15,200	25,154
Asset impairment charges	146	19,953
Acquisition-related and integration items, net	397	(1,377)
Interest expense, net	109	134,949
Reorganization items, net	85,352	—
Other (income) expense, net	(125)	1,289
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX	$ 2,950	$ (67,115)
INCOME TAX EXPENSE (BENEFIT)	5,773	(1,815)
LOSS FROM CONTINUING OPERATIONS	$ (2,823)	$ (65,300)
DISCONTINUED OPERATIONS, NET OF TAX	(456)	(6,674)
NET LOSS	$ (3,279)	$ (71,974)
NET (LOSS) INCOME PER SHARE—BASIC:		
Continuing operations	$ (0.01)	$ (0.28)
Discontinued operations	—	(0.03)
Basic	$ (0.01)	$ (0.31)
NET (LOSS) INCOME PER SHARE—DILUTED:		
Continuing operations	$ (0.01)	$ (0.28)
Discontinued operations	—	(0.03)
Diluted	$ (0.01)	$ (0.31)
WEIGHTED AVERAGE SHARES:		
Basic	235,216	233,879
Diluted	235,216	233,879

The following table presents unaudited Condensed Consolidated Balance Sheet data at March 31, 2023 and December 31, 2022 (in thousands):

	March 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 903,613	$ 1,018,883
Restricted cash and cash equivalents	157,039	145,358
Accounts receivable	459,355	493,988
Inventories, net	285,284	274,499
Other current assets	126,465	144,040
Total current assets	$ 1,931,756	$ 2,076,768
TOTAL NON-CURRENT ASSETS	3,634,349	3,681,169
TOTAL ASSETS	$ 5,566,105	$ 5,757,937
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses, including legal settlement accruals	$ 603,933	$ 687,183
Other current liabilities	2,710	2,444
Total current liabilities	$ 606,643	$ 689,627
OTHER LIABILITIES	72,321	61,700
LIABILITIES SUBJECT TO COMPROMISE	9,040,746	9,168,782
SHAREHOLDERS' DEFICIT	(4,153,605)	(4,162,172)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	$ 5,566,105	$ 5,757,937

The following table presents unaudited Condensed Consolidated Statement of Cash Flow data for the three months ended March 31, 2023 and 2022 (in thousands):

	Three Months Ended March 31,	
	2023	2022
OPERATING ACTIVITIES:		
Net loss	$ (3,279)	$ (71,974)
Adjustments to reconcile Net loss to Net cash provided by operating activities:		
Depreciation and amortization	77,873	106,315
Asset impairment charges	146	19,953
Other, including cash payments to claimants from Qualified Settlement Funds	(12,644)	147,025
Net cash provided by operating activities	$ 62,096	$ 201,319
INVESTING ACTIVITIES:		
Capital expenditures, excluding capitalized interest	$ (31,280)	$ (23,025)
Acquisitions, including in-process research and development, net of cash and restricted cash acquired	—	(24,520)
Proceeds from sale of business and other assets	978	541
Other	8,938	(1,840)
Net cash used in investing activities	$ (21,364)	$ (48,844)
FINANCING ACTIVITIES:		
Payments on borrowings, including certain adequate protection payments, net (a)	$ (144,508)	$ (186,812)
Other	(207)	(2,386)

Net cash used in financing activities	$ (144,715)	$ (189,198)
Effect of foreign exchange rate	394	331
NET DECREASE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS	$ (103,589)	$ (36,392)
CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, BEGINNING OF PERIOD	1,249,241	1,631,310
CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, END OF PERIOD	$ 1,145,652	$ 1,594,918

(a) Beginning during the third quarter of 2022, Endo became obligated to make certain adequate protection payments as a result of the Chapter 11 proceedings, which are currently being accounted for as a reduction of the carrying amount of the related debt instruments and presented as financing cash outflows. Some or all of the adequate protection payments may later be recharacterized as interest expense and/or as operating cash outflows depending upon certain developments in the Chapter 11 proceedings, which could result in increases in interest expense and/or decreases in operating cash flows in future periods that may be material.

SUPPLEMENTAL FINANCIAL INFORMATION

To supplement the financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses certain non-GAAP financial measures. For additional information on the Company's use of such non-GAAP financial measures, refer to Endo's Current Report on Form 8-K furnished today to the U.S. Securities and Exchange Commission, which includes an explanation of the Company's reasons for using non-GAAP measures.

The tables below provide reconciliations of certain of the Company's non-GAAP financial measures to their most directly comparable GAAP amounts. Refer to the "Notes to the Reconciliations of GAAP and Non-GAAP Financial Measures" section below for additional details regarding the adjustments to the non-GAAP financial measures detailed throughout this Supplemental Financial Information section.

Reconciliation of EBITDA and Adjusted EBITDA (non-GAAP)

The following table provides a reconciliation of Net loss (GAAP) to Adjusted EBITDA (non-GAAP) for the three months ended March 31, 2023 and 2022 (in thousands):

	Three Months Ended March 31,	
	2023	2022
Net loss (GAAP)	$ (3,279)	$ (71,974)
Income tax expense (benefit)	5,773	(1,815)
Interest expense, net	109	134,949
Depreciation and amortization (1)	77,873	102,638
EBITDA (non-GAAP)	$ 80,476	$ 163,798
Amounts related to continuity and separation benefits, cost reductions and strategic review initiatives (2)	11,673	57,649
Certain litigation-related and other contingencies, net (3)	15,200	25,154
Certain legal costs (4)	1,560	32,732
Asset impairment charges (5)	146	19,953
Fair value of contingent consideration (6)	397	(1,377)
Share-based compensation (1)	2,091	4,929
Other (income) expense, net (7)	(125)	1,289
Reorganization items, net (8)	85,352	—
Other (9)	11,804	125
Discontinued operations, net of tax (10)	456	6,674
Adjusted EBITDA (non-GAAP) (13)	$ 209,030	$ 310,926

Reconciliation of Adjusted Income from Continuing Operations (non-GAAP)

The following table provides a reconciliation of the Company's Loss from continuing operations (GAAP) to Adjusted income from continuing operations (non-GAAP) for the three months ended March 31, 2023 and 2022 (in thousands):

	Three Months Ended March 31,	
	2023	2022
Loss from continuing operations (GAAP)	$ (2,823)	$ (65,300)
Non-GAAP adjustments:		
Amortization of intangible assets (11)	65,256	90,234
Amounts related to continuity and separation benefits, cost reductions and strategic review initiatives (2)	11,673	57,649
Certain litigation-related and other contingencies, net (3)	15,200	25,154
Certain legal costs (4)	1,560	32,732
Asset impairment charges (5)	146	19,953
Fair value of contingent consideration (6)	397	(1,377)
Reorganization items, net (8)	85,352	—
Other (9)	12,089	1,323
Tax adjustments (12)	4,478	(4,429)
Adjusted income from continuing operations (non-GAAP) (13)	$ 193,328	$ 155,939

Reconciliation of Other Adjusted Income Statement Data (non-GAAP)

The following tables provide detailed reconciliations of various other income statement data between the GAAP and non-GAAP amounts for the three months ended March 31, 2023 and 2022 (in thousands, except per share data):

Three Months Ended March 31, 2023

	Total revenues, net	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating income from continuing operations	Operating margin %	Other non-operating expense (income), net	Income from continuing operations before income tax	Income tax expense	Effective tax rate	(Loss) income from continuing operations	Discontinued operations, net of tax	Net (loss) income	Diluted net (loss) income per share from continuing

																operations (14)
Reported (GAAP)	$ 515,267	$ 232,742	$ 282,525	54.8 %	$ 194,239	37.7 %	$ 88,286	17.1 %	$ 85,336	$ 2,950	$ 5,773	195.7 %	$ (2,823)	$ (456)	$ (3,279)	$ (0.01)
Items impacting comparability:																
Amortization of intangible assets (11)	—	(65,256)	65,256		—		65,256		—	65,256	—		65,256	—	65,256	
Amounts related to continuity and separation benefits, cost reductions and strategic review initiatives (2)	—	(1,982)	1,982		(9,691)		11,673		—	11,673	—		11,673	—	11,673	
Certain litigation-related and other contingencies, net (3)	—	—	—		(15,200)		15,200		—	15,200	—		15,200	—	15,200	
Certain legal costs (4)	—	—	—		(1,560)		1,560		—	1,560	—		1,560	—	1,560	
Asset impairment charges (5)	—	—	—		(146)		146		—	146	—		146	—	146	
Fair value of contingent consideration (6)	—	—	—		(397)		397		—	397	—		397	—	397	
Reorganization items, net (8)	—	—	—		—		—		(85,352)	85,352	—		85,352	—	85,352	
Other (9)	—	(653)	653		(11,152)		11,805		(284)	12,089	—		12,089	—	12,089	
Tax adjustments (12)	—	—	—		—		—		—	—	(4,478)		4,478	—	4,478	
Discontinued operations, net of tax (10)	—	—	—		—		—		—	—	—		—	456	456	
After considering items (non-GAAP) (13)	$ 515,267	$ 164,851	$ 350,416	68.0 %	$ 156,093	30.3 %	$ 194,323	37.7 %	$ (300)	$ 194,623	$ 1,295	0.7 %	$ 193,328	$ —	$ 193,328	$ 0.82

Three Months Ended March 31, 2022

	Total revenues, net	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating income from continuing operations	Operating margin %	Other non-operating expense, net	(Loss) income from continuing operations before income tax	Income tax (benefit) expense	Effective tax rate	(Loss) income from continuing operations	Discontinued operations, net of tax	Net (loss) income	Diluted net (loss) income per share from continuing operations (14)
Reported (GAAP)	$ 652,259	$ 273,215	$ 379,044	58.1 %	$ 309,921	47.5 %	$ 69,123	10.6 %	$ 136,238	$ (67,115)	$ (1,815)	2.7 %	$ (65,300)	$ (6,674)	$ (71,974)	$ (0.28)
Items impacting comparability:																
Amortization of intangible assets (11)	—	(90,234)	90,234		—		90,234		—	90,234	—		90,234	—	90,234	
Amounts related to continuity and separation benefits, cost reductions and strategic review initiatives (2)	—	(15,737)	15,737		(41,912)		57,649		—	57,649	—		57,649	—	57,649	
Certain litigation-related and other contingencies, net (3)	—	—	—		(25,154)		25,154		—	25,154	—		25,154	—	25,154	

Certain legal costs (4)	—	—	—		(32,732)		32,732		—	32,732	—		32,732	—	32,732				
Asset impairment charges (5)	—	—	—		(19,953)		19,953		—	19,953	—		19,953	—	19,953				
Fair value of contingent consideration (6)	—	—	—		1,377		(1,377)		—	(1,377)	—		(1,377)	—	(1,377)				
Other (9)	—	(125)	125		—		125		(1,198)	1,323	—		1,323	—	1,323				
Tax adjustments (12)	—	—	—		—		—		—	—	4,429		(4,429)	—	(4,429)				
Discontinued operations, net of tax (10)	—	—	—		—		—		—	—	—		—	6,674	6,674				
After considering items (non-GAAP) (13)	$ 652,259	$ 167,119	$ 485,140	74.4 %	$ 191,547	29.4 %	$ 293,593	45.0 %	$ 135,040	$ 158,553	$ 2,614	1.6 %	$ 155,939	$ —	$ 155,939	$	0.66		

Notes to the Reconciliations of GAAP and Non-GAAP Financial Measures

Notes to certain line items included in the reconciliations of the GAAP financial measures to the non-GAAP financial measures for the three months ended March 31, 2023 and 2022 are as follows:

(1) Depreciation and amortization and Share-based compensation amounts per the Adjusted EBITDA reconciliations do not include amounts reflected in other lines of the reconciliations, including Amounts related to continuity and separation benefits, cost reductions and strategic review initiatives.

(2) Adjustments for amounts related to continuity and separation benefits, cost reductions and strategic review initiatives included the following (in thousands):

	Three Months Ended March 31,			
	2023		2022	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Continuity and separation benefits	$ 1,124	$ 9,673	$ 5,252	$ 27,075
Accelerated depreciation	—	—	2,164	1,513
Inventory adjustments	267	—	766	1,557
Other, including strategic review initiatives	591	18	7,555	11,767
Total	$ 1,982	$ 9,691	$ 15,737	$ 41,912

The amounts in the tables above include adjustments related to previously announced restructuring activities, certain continuity and transitional compensation arrangements, certain other cost reduction initiatives and certain strategic review initiatives.

(3) To exclude adjustments to accruals for litigation-related settlement charges.

(4) To exclude amounts related to opioid-related legal expenses.

(5) Adjustments for asset impairment charges included in the following (in thousands):

	Three Months Ended March 31,	
	2023	2022
Other intangible asset impairment charges	$ —	$ 19,953
Property, plant and equipment impairment charges	146	—
Total	$ 146	$ 19,953

(6) To exclude the impact of changes in the fair value of contingent consideration liabilities resulting from changes to estimates regarding the timing and amount of the future revenues of the underlying products and changes in other assumptions impacting the probability of incurring, and extent to which the Company could incur, related contingent obligations.

(7) To exclude Other (income) expense, net per the Condensed Consolidated Statements of Operations.

(8) Amounts relate to the net expense or income recognized during Endo's bankruptcy proceedings required to be presented as Reorganization items, net under *Accounting Standards Codification Topic 852, Reorganizations*.

(9) The "Other" rows included in each of the above reconciliations of GAAP financial measures to non-GAAP financial measures (except for the reconciliations of Net loss (GAAP) to Adjusted EBITDA (non-GAAP)) include the following (in thousands):

	Three Months Ended March 31,					
	2023			2022		
	Cost of revenues	Operating expenses	Other non-operating expenses	Cost of revenues	Operating expenses	Other non-operating expenses
Foreign currency impact related to the re-measurement of intercompany debt instruments	$ —	$ —	$ 284	$ —	$ —	$ 1,198
Other miscellaneous	653	11,152	—	125	—	—
Total	$ 653	$ 11,152	$ 284	$ 125	$ —	$ 1,198

The "Other" row included in the reconciliations of Net loss (GAAP) to Adjusted EBITDA (non-GAAP) primarily relates to the items enumerated in the foregoing "Cost of revenues" and "Operating expenses" columns.

(10) To exclude the results of the businesses reported as discontinued operations, net of tax.

(11) To exclude amortization expense related to intangible assets.

(12) Adjusted income taxes are calculated by tax effecting adjusted pre-tax income and permanent book-tax differences at the applicable effective tax rate that will be determined by reference to statutory tax rates in the relevant jurisdictions in which the Company operates. Adjusted income taxes include current and deferred income tax expense commensurate with the non-GAAP measure of profitability.

(13) Amounts of Acquired in-process research and development charges included within these non-GAAP financial measures are set forth in the table below (in thousands):

	Three Months Ended March 31,	
	2023	2022

Acquired in-process research and development charges	$	—	$	2,900

(14) Calculated as income or loss from continuing operations divided by the applicable weighted average share number. The applicable weighted average share numbers are as follows (in thousands):

	Three Months Ended March 31,	
	2023	2022
GAAP	235,216	233,879
Non-GAAP Adjusted	236,105	236,716

Non-GAAP Financial Measures

The Company utilizes certain financial measures that are not prescribed by or prepared in accordance with accounting principles generally accepted in the U.S. (GAAP). These non-GAAP financial measures are not, and should not be viewed as, substitutes for GAAP net income and its components and diluted net income per share amounts. Despite the importance of these measures to management in goal setting and performance measurement, the company stresses that these are non-GAAP financial measures that have no standardized meaning prescribed by GAAP and, therefore, have limits in their usefulness to investors. Because of the non-standardized definitions, non-GAAP adjusted EBITDA and non-GAAP adjusted net income from continuing operations and its components (unlike GAAP net income from continuing operations and its components) may not be comparable to the calculation of similar measures of other companies. These non-GAAP financial measures are presented solely to permit investors to more fully understand how management assesses performance.

Investors are encouraged to review the reconciliations of the non-GAAP financial measures used in this press release to their most directly comparable GAAP financial measures. However, the Company does not provide reconciliations of projected non-GAAP financial measures to GAAP financial measures, nor does it provide comparable projected GAAP financial measures for such projected non-GAAP financial measures. The Company is unable to provide such reconciliations without unreasonable efforts due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations, including adjustments that could be made for asset impairments, contingent consideration adjustments, legal settlements, gain / loss on extinguishment of debt, adjustments to inventory and other charges reflected in the reconciliation of historic numbers, the amounts of which could be significant.

See Endo's Current Report on Form 8-K furnished today to the U.S. Securities and Exchange Commission for an explanation of Endo's non-GAAP financial measures.

About Endo

Endo (OTC: ENDPQ) is a specialty pharmaceutical company committed to helping everyone we serve live their best life through the delivery of quality, life-enhancing therapies. Our decades of proven success come from passionate team members around the globe collaborating to bring treatments forward. Together, we boldly transform insights into treatments benefiting those who need them, when they need them. Learn more at www.endo.com or connect with us on LinkedIn.

Cautionary Note Regarding Forward-Looking Statements

Certain information in this press release may be considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation, including, but not limited to, statements with respect to financial guidance, expectations or outlook, the restructuring support agreement and the sale transaction, the Chapter 11 proceedings, and any other statements that refer to Endo's expected, estimated or anticipated future results or that do not relate solely to historical facts. Statements including words or phrases such as "believe," "expect," "anticipate," "intend," "estimate," "plan," "will," "may," "look forward," "guidance," "future," "potential" or similar expressions are forward-looking statements. All forward-looking statements in this communication reflect the Company's current views as of the date of this communication about its plans, intentions, expectations, strategies and prospects, which are based on the information currently available to it and on assumptions it has made. Actual results may differ materially and adversely from current expectations based on a number of factors, including, among other things, the following: the timing, impact or results of any pending or future litigation, investigations, proceedings or claims, including opioid, tax and antitrust related matters; actual or contingent liabilities; settlement discussions or negotiations; the Company's liquidity, financial performance, cash position and operations; the Company's strategy; risks and uncertainties associated with Chapter 11 proceedings; the negative impacts on the Company's businesses as a result of filing for and operating under Chapter 11 protection; the time, terms and ability to confirm a sale of the Company's businesses under Section 363 of the U.S. Bankruptcy Code; the adequacy of the capital resources of the Company's businesses and the difficulty in forecasting the liquidity requirements of the operations of the Company's businesses; the unpredictability of the Company's financial results while in Chapter 11 proceedings; the Company's ability to discharge claims in Chapter 11 proceedings; negotiations with the holders of the Company's indebtedness and its trade creditors and other significant creditors; risks and uncertainties with performing under the terms of the restructuring support agreement and any other arrangement with lenders or creditors while in Chapter 11 proceedings; the Company's ability to conduct business as usual; the Company's ability to continue to serve customers, suppliers and other business partners at the high level of service and performance they have come to expect from the Company; the Company's ability to continue to pay employees, suppliers and vendors; the ability to control costs during Chapter 11 proceedings; adverse litigation; the risk that the Company's Chapter 11 Cases may be converted to cases under Chapter 7 of the Bankruptcy Code; the Company's ability to secure operating capital; the Company's ability to take advantage of opportunities to acquire assets with upside potential; the Company's ability to execute on its strategic plan to pursue, evaluate and close an asset sale of the Company's businesses pursuant to Section 363 of the U.S. Bankruptcy Code; the impact of competition; Endo's ability to satisfy judgments or settlements or pursue appeals including bonding requirements; Endo's ability to adjust to changing market conditions; Endo's ability to attract and retain key personnel; supply chain interruptions or difficulties; changes in competitive or market conditions; changes in legislation or regulatory developments; Endo's ability to obtain and maintain adequate protection for Endo's intellectual property rights; the timing and uncertainty of the results of both the research and development and regulatory processes, including regulatory decisions, product recalls, withdrawals and other unusual items; domestic and foreign health care and cost containment reforms, including government pricing, tax and reimbursement policies; technological advances and patents obtained by competitors; the performance, including the approval, introduction, and consumer and physician acceptance of new products and the continuing acceptance of currently marketed products; Endo's ability to integrate any newly acquired products into Endo's portfolio and achieve any financial or commercial expectations; the impact that known and unknown side effects may have on market perception and consumer preference for Endo's products; the effectiveness of advertising and other promotional campaigns; the timely and successful implementation of any strategic initiatives; unfavorable publicity regarding the misuse of opioids; the uncertainty associated with the identification of and successful consummation and execution of external corporate development initiatives and strategic partnering transactions; Endo's ability to advance its strategic priorities, develop its product pipeline and continue to develop the market for XIAFLEX® and other branded and unbranded products; and Endo's ability to obtain and successfully manufacture, maintain and distribute a sufficient supply of products to meet market demand in a timely manner. In addition, U.S. and international economic conditions, including consumer confidence and debt levels, inflation, taxation, changes in interest and currency exchange rates, international relations, capital and credit availability, the status of financial markets and institutions and the impact of continued economic volatility, can materially affect Endo's results. Therefore, the reader is cautioned not to rely on these forward-looking statements. Endo expressly disclaims any intent or obligation to update these forward-looking statements, except as required to do so by law.

Additional information concerning risk factors, including those referenced above, can be found in press releases issued by Endo, as well as Endo's public periodic filings with the U.S. Securities and Exchange Commission and with securities regulators in Canada, including the discussion under the heading "Risk Factors" in Endo's most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q or other filings with the U.S. Securities and Exchange Commission. Copies of Endo's press releases and additional information about Endo are available at www.endo.com or you can contact the Endo Investor Relations Department at relations.investor@endo.com.

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