



## ENDO REPORTS THIRD-QUARTER 2023 FINANCIAL RESULTS

DUBLIN, November 6, 2023 -- Endo International plc (OTC: ENDPQ) today reported financial results for the third-quarter ended September 30, 2023.

### THIRD-QUARTER FINANCIAL PERFORMANCE

(in thousands, except per share amounts)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Change	2023	2022	Change
Total Revenues, Net	\$ 451,665	\$ 541,690	(17)%	\$ 1,513,784	\$ 1,763,063	(14)%
Reported Loss from Continuing Operations	\$ (27,936)	\$ (718,272)	(96)%	\$ (6,748)	\$ (2,664,455)	NM
Reported Diluted Weighted Average Shares	235,220	235,160	— %	235,219	234,719	— %
Reported Diluted Net Loss per Share from Continuing Operations	\$ (0.12)	\$ (3.05)	(96)%	\$ (0.03)	\$ (11.35)	NM
Reported Net Loss	\$ (28,483)	\$ (722,169)	(96)%	\$ (8,324)	\$ (2,679,570)	NM
Adjusted Income from Continuing Operations (2)(3)	\$ 131,441	\$ 111,858	18 %	\$ 555,474	\$ 274,329	NM
Adjusted Diluted Weighted Average Shares (1)(2)	235,220	236,183	— %	235,515	236,372	— %
Adjusted Diluted Net Income per Share from Continuing Operations (2)(3)	\$ 0.56	\$ 0.47	19 %	\$ 2.36	\$ 1.16	NM
Adjusted EBITDA (2)(3)	\$ 143,050	\$ 210,816	(32)%	\$ 595,497	\$ 681,948	(13)%

- (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 \$452 million in third-quarter 2023, a decrease of 17% compared to \$542 million in third-quarter 2022. This decrease was primarily attributable to decreased revenues from the Generic Pharmaceuticals and Sterile Injectables segments.

Reported loss from continuing operations in third-quarter 2023 was \$28 million compared to reported loss from continuing operations of \$718 million in third-quarter 2022. This change was primarily due to lower litigation-related and asset impairment charges and lower interest expense as a result of the August 2022 Chapter 11 filing.

Adjusted income from continuing operations in third-quarter 2023 was \$131 million compared to \$112 million in third-quarter 2022. This change was primarily driven by lower interest and adjusted operating expenses which were partially offset by decreased revenues.

## **BRANDED PHARMACEUTICALS SEGMENT**

Third-quarter 2023 Branded Pharmaceuticals segment revenues were \$203 million compared to \$204 million during third-quarter 2022.

Specialty Products revenues increased 3% to \$150 million in third-quarter 2023 compared to \$146 million in third-quarter 2022. This change was primarily due to an increase in XIAFLEX<sup>®</sup> and Other Specialty revenues, partially offset by a decrease in SUPPRELIN<sup>®</sup> LA revenues mainly driven by lower average net selling price as a result of business mix and lower overall market volumes. Third-quarter 2023 XIAFLEX<sup>®</sup> revenues were \$113 million, a 9% increase compared to third-quarter 2022 driven by increased net selling price and increased volumes.

Established Products revenues decreased 7% to \$53 million in third-quarter 2023 compared to \$57 million in third-quarter 2022 due primarily to product discontinuations.

## **STERILE INJECTABLES SEGMENT**

Third-quarter 2023 Sterile Injectables segment revenues were \$95 million, a decrease of 20% compared to \$119 million during third-quarter 2022. This change was primarily attributable to decreased VASOSTRICT<sup>®</sup> revenues due to lower price resulting from generic competition.

## **GENERIC PHARMACEUTICALS SEGMENT**

Third-quarter 2023 Generic Pharmaceuticals segment revenues were \$134 million, a decrease of 33% compared to \$201 million during third-quarter 2022. This decrease was primarily attributable to competitive pressure on varenicline tablets, the generic version of Chantix<sup>®</sup>, and lubiprostone capsules, the authorized generic of Mallinckrodt's Amitiza<sup>®</sup>, partially offset by revenue from dexlansoprazole delayed release capsules, the generic version of Dexilant<sup>®</sup>, which launched during fourth-quarter 2022.

During third-quarter 2023, two additional generic varenicline competitors entered the market, and an additional competitor entered in early fourth-quarter 2023.

## **INTERNATIONAL PHARMACEUTICALS SEGMENT**

Third-quarter 2023 International Pharmaceuticals segment revenues were \$19 million, essentially unchanged compared to \$18 million during third-quarter 2022.

## FINANCIAL EXPECTATIONS

Endo's third-quarter 2023 adjusted financial results exceeded the expectations assumed in the low end of the prior outlook for the full-year ending December 31, 2023, primarily driven by higher revenue from dextansoprazole delayed release capsules due to fewer than expected competitors, partially offset by lower varenicline revenues due to increased competition. Additionally, expected full-year 2023 adjusted financial results reflect lower-than-expected XIAFLEX<sup>®</sup> demand and SUPPRELIN<sup>®</sup> LA net selling price as well as better than expected Sterile Injectables performance.

The financial expectations reflect adjusted results. 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)	Full-Year 2023 Adjusted Results	
	Prior Outlook	Current Outlook
Total Revenues, Net	\$1,975 - \$2,035	~\$1,990
EBITDA	\$750 - \$790	~\$750
<b>Assumptions:</b>		
Segment Revenues:		
Branded Pharmaceuticals	~\$870	~\$845
Sterile Injectables	~\$430	~\$440
Generic Pharmaceuticals	\$610 - \$670	~\$635
International Pharmaceuticals	~\$65	~\$70
Gross Margin as a Percentage of Total Revenues, Net	~67%	~66%
Operating Expenses	~\$635	~\$625

## CASH, CASH FLOW AND OTHER UPDATES

As of September 30, 2023, the Company had approximately \$823 million in unrestricted cash and cash equivalents. Third-quarter 2023 net cash provided by operating activities was approximately \$131 million compared to approximately \$92 million net cash provided by operating activities during third-quarter 2022. This increase was primarily attributable to a decrease in cash interest payments and certain one-time payments made in third-quarter 2022 but not in third-quarter 2023, partially offset by a decrease in adjusted EBITDA.

Amitiza<sup>®</sup> is a registered trademark of a Mallinckrodt company.  
Dexilant<sup>®</sup> is a registered trademark of Takeda Pharmaceutical U.S.A., Inc.  
Chantix<sup>®</sup> is a registered trademark of Pfizer Inc.

## FINANCIAL SCHEDULES

The following table presents Endo's unaudited Total revenues, net for the three and nine months ended September 30, 2023 and 2022 (dollars in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Percent Growth	2023	2022	Percent Growth
<i>Branded Pharmaceuticals:</i>						
<i>Specialty Products:</i>						
XIAFLEX®	\$ 113,053	\$ 104,014	9 %	\$ 327,254	\$ 324,376	1 %
SUPPRELIN® LA	21,590	31,283	(31)%	73,390	84,852	(14)%
Other Specialty (1)	15,749	11,033	43 %	57,282	50,023	15 %
Total Specialty Products	\$ 150,392	\$ 146,330	3 %	\$ 457,926	\$ 459,251	— %
<i>Established Products:</i>						
PERCOCET®	\$ 26,290	\$ 25,052	5 %	\$ 78,791	\$ 77,483	2 %
TESTOPEL®	9,610	9,430	2 %	32,199	28,331	14 %
Other Established (2)	17,076	22,689	(25)%	44,402	62,249	(29)%
Total Established Products	\$ 52,976	\$ 57,171	(7)%	\$ 155,392	\$ 168,063	(8)%
Total Branded Pharmaceuticals (3)	\$ 203,368	\$ 203,501	— %	\$ 613,318	\$ 627,314	(2)%
<i>Sterile Injectables:</i>						
ADRENALIN®	\$ 22,873	\$ 24,917	(8)%	\$ 75,581	\$ 85,514	(12)%
VASOSTRICT®	20,827	33,697	(38)%	71,197	225,217	(68)%
Other Sterile Injectables (4)	51,681	60,079	(14)%	186,886	171,161	9 %
Total Sterile Injectables (3)	\$ 95,381	\$ 118,693	(20)%	\$ 333,664	\$ 481,892	(31)%
Total Generic Pharmaceuticals (5)	\$ 134,382	\$ 201,435	(33)%	\$ 511,141	\$ 590,756	(13)%
Total International Pharmaceuticals (6)	\$ 18,534	\$ 18,061	3 %	\$ 55,661	\$ 63,101	(12)%
Total revenues, net	\$ 451,665	\$ 541,690	(17)%	\$ 1,513,784	\$ 1,763,063	(14)%

- (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 either the three or nine months ended September 30, 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, but are not limited to, APLISOL®. No individual product within Other Sterile Injectables has exceeded 5% of consolidated total revenues for the periods presented.
- (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. Varenicline tablets (Endo's generic version of Pfizer Inc.'s Chantix®), which launched in September 2021, made up 10% for the nine months ended September 30, 2023, and 15% and 13% for the three and nine months ended September 30, 2022, respectively, of consolidated total revenues. During the three and nine months ended September 30, 2023, Dextansoprazole delayed release capsules (Endo's generic version of Takeda Pharmaceuticals USA, Inc.'s Dexilant®), which launched in November 2022, made up 7% and 6%, respectively, of consolidated total revenues. During the three months ended September 30, 2022, lubiprostone capsules (the authorized generic of Mallinckrodt plc's Amitiza®), which launched in January 2021, made up 5% 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 and nine months ended September 30, 2023 and 2022 (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
TOTAL REVENUES, NET	\$ 451,665	\$ 541,690	\$ 1,513,784	\$ 1,763,063
COSTS AND EXPENSES:				
Cost of revenues	230,286	261,232	696,880	798,233
Selling, general and administrative	138,772	192,221	427,294	600,212
Research and development	31,582	31,885	87,322	97,803
Acquired in-process research and development	—	800	—	68,700
Litigation-related and other contingencies, net	11,104	419,376	54,317	444,738
Asset impairment charges	—	150,200	146	1,951,216
Acquisition-related and integration items, net	1,062	(1,399)	1,824	(951)
Interest expense, net	10	74,753	239	349,486
Reorganization items, net	57,960	124,212	227,579	124,212
Other income, net	(2,217)	(3,998)	(2,163)	(22,147)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX	\$ (16,894)	\$ (707,592)	\$ 20,346	\$ (2,648,439)
INCOME TAX EXPENSE	11,042	10,680	27,094	16,016
LOSS FROM CONTINUING OPERATIONS	\$ (27,936)	\$ (718,272)	\$ (6,748)	\$ (2,664,455)
DISCONTINUED OPERATIONS, NET OF TAX	(547)	(3,897)	(1,576)	(15,115)
NET LOSS	\$ (28,483)	\$ (722,169)	\$ (8,324)	\$ (2,679,570)
NET (LOSS) INCOME PER SHARE—BASIC:				
Continuing operations	\$ (0.12)	\$ (3.05)	\$ (0.03)	\$ (11.35)
Discontinued operations	—	(0.02)	(0.01)	(0.07)
Basic	\$ (0.12)	\$ (3.07)	\$ (0.04)	\$ (11.42)
NET (LOSS) INCOME PER SHARE—DILUTED:				
Continuing operations	\$ (0.12)	\$ (3.05)	\$ (0.03)	\$ (11.35)
Discontinued operations	—	(0.02)	(0.01)	(0.07)
Diluted	\$ (0.12)	\$ (3.07)	\$ (0.04)	\$ (11.42)
WEIGHTED AVERAGE SHARES:				
Basic	235,220	235,160	235,219	234,719
Diluted	235,220	235,160	235,219	234,719

The following table presents unaudited Condensed Consolidated Balance Sheet data at September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 823,305	\$ 1,018,883
Restricted cash and cash equivalents	167,939	145,358
Accounts receivable	387,485	493,988
Inventories, net	273,831	274,499
Other current assets	100,716	144,040
Total current assets	<u>\$ 1,753,276</u>	<u>\$ 2,076,768</u>
TOTAL NON-CURRENT ASSETS	<u>3,502,519</u>	<u>3,681,169</u>
TOTAL ASSETS	<u>\$ 5,255,795</u>	<u>\$ 5,757,937</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses, including legal settlement accruals	\$ 562,628	\$ 687,183
Other current liabilities	2,004	2,444
Total current liabilities	<u>\$ 564,632</u>	<u>\$ 689,627</u>
OTHER LIABILITIES	63,786	61,700
LIABILITIES SUBJECT TO COMPROMISE	8,786,571	9,168,782
SHAREHOLDERS' DEFICIT	(4,159,194)	(4,162,172)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	<u>\$ 5,255,795</u>	<u>\$ 5,757,937</u>

The following table presents unaudited Condensed Consolidated Statement of Cash Flow data for the nine months ended September 30, 2023 and 2022 (in thousands):

	<u>Nine Months Ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (8,324)	\$ (2,679,570)
Adjustments to reconcile Net loss to Net cash provided by operating activities:		
Depreciation and amortization	232,090	302,338
Asset impairment charges	146	1,951,216
Non-cash reorganization items, net	—	89,197
Other, including cash payments to claimants from Qualified Settlement Funds	96,129	496,430
Net cash provided by operating activities	<u>\$ 320,041</u>	<u>\$ 159,611</u>
<b>INVESTING ACTIVITIES:</b>		
Capital expenditures, excluding capitalized interest	\$ (74,245)	\$ (77,865)
Acquisitions, including in-process research and development, net of cash and restricted cash acquired	—	(89,520)
Proceeds from sale of business and other assets	3,538	22,378
Other	32,560	10,461
Net cash used in investing activities	<u>\$ (38,147)</u>	<u>\$ (134,546)</u>
<b>FINANCING ACTIVITIES:</b>		
Payments on borrowings, including certain adequate protection payments, net (a)	\$ (450,518)	\$ (363,486)
Other	(4,353)	(3,837)
Net cash used in financing activities	<u>\$ (454,871)</u>	<u>\$ (367,323)</u>
Effect of foreign exchange rate	(20)	(4,674)
NET DECREASE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS	<u>\$ (172,997)</u>	<u>\$ (346,932)</u>
CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,249,241</u>	<u>1,631,310</u>
CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,076,244</u>	<u>\$ 1,284,378</u>

- (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 and nine months ended September 30, 2023 and 2022 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
				\$
				(28,48
Net loss (GAAP)	3)	\$ (722,169)	\$ (8,324)	\$ (2,679,570)
Income tax expense	11,042	10,680	27,094	16,016
Interest expense, net	10	74,753	239	349,486
Depreciation and amortization (1)	77,087	96,114	232,090	298,514
EBITDA (non-GAAP)	\$ 59,656	\$ (540,622)	\$ 251,099	\$ (2,015,554)
Amounts related to continuity and separation benefits, cost reductions and strategic review initiatives (2)	10,764	44,029	36,718	139,025
Certain litigation-related and other contingencies, net (3)	11,104	419,376	54,317	444,738
Certain legal costs (4)	1,514	8,052	5,187	31,322
Asset impairment charges (5)	—	150,200	146	1,951,216
Fair value of contingent consideration (6)	1,062	(1,399)	1,824	(951)
Share-based compensation (1)	—	5,371	2,091	13,021
Other income, net (7)	(2,217)	(3,998)	(2,163)	(22,147)
Reorganization items, net (8)	57,960	124,212	227,579	124,212
Other (9)	2,660	1,698	17,123	1,951
Discontinued operations, net of tax (10)	547	3,897	1,576	15,115
Adjusted EBITDA (non-GAAP) (13)	\$ 143,050	\$ 210,816	\$ 595,497	\$ 681,948



## 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 and nine months ended September 30, 2023 and 2022 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Loss from continuing operations (GAAP)	\$ (27,936)	\$ (718,272)	\$ (6,748)	\$ (2,664,455)
Non-GAAP adjustments:				
Amortization of intangible assets (11)	64,429	84,042	194,110	261,844
Amounts related to continuity and separation benefits, cost reductions and strategic review initiatives (2)	10,764	44,029	36,718	139,025
Certain litigation-related and other contingencies, net (3)	11,104	419,376	54,317	444,738
Certain legal costs (4)	1,514	8,052	5,187	31,322
Asset impairment charges (5)	—	150,200	146	1,951,216
Fair value of contingent consideration (6)	1,062	(1,399)	1,824	(951)
Reorganization items, net (8)	57,960	124,212	227,579	124,212
Other (9)	456	(5,111)	17,126	(22,958)
Tax adjustments (12)	12,088	6,729	25,215	10,336
Adjusted income from continuing operations (non-GAAP) (13)	\$ 131,441	\$ 111,858	\$ 555,474	\$ 274,329

## 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 and nine months ended September 30, 2023 and 2022 (in thousands, except per share data):

### Three Months Ended September 30, 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	(Loss) income from continuing operations before income tax	Income tax expense (benefit)	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)	\$ 451,665	\$ 230,286	\$ 221,379	49.0 %	\$ 182,520	40.4 %	\$ 38,859	8.6 %	\$ 55,753	\$ (16,894)	\$ 11,042	(65.4)%	\$ (27,936)	\$ (547)	\$ (28,483)	\$ (0.12)
Items impacting comparability:																
Amortization of intangible assets (11)	—	(64,429)	64,429		—		64,429		—	64,429	—		64,429	—	64,429	
Amounts related to continuity and separation benefits, cost reductions and strategic review initiatives (2)	—	(1,342)	1,342		(9,422)		10,764		—	10,764	—		10,764	—	10,764	
Certain litigation-related and other contingencies, net (3)	—	—	—		(11,104)		11,104		—	11,104	—		11,104	—	11,104	
Certain legal costs (4)	—	—	—		(1,514)		1,514		—	1,514	—		1,514	—	1,514	
Fair value of contingent consideration (6)	—	—	—		(1,062)		1,062		—	1,062	—		1,062	—	1,062	
Reorganization items, net (8)	—	—	—		—		—		(57,960)	57,960	—		57,960	—	57,960	
Other (9)	—	(125)	125		(2,534)		2,659		2,203	456	—		456	—	456	
Tax adjustments (12)	—	—	—		—		—		—	—	(12,088)		12,088	—	12,088	
Discontinued operations, net of tax (10)	—	—	—		—		—		—	—	—		—	547	547	
After considering items (non-GAAP) (13)	\$ 451,665	\$ 164,390	\$ 287,275	63.6 %	\$ 156,884	34.7 %	\$ 130,391	28.9 %	\$ (4)	\$ 130,395	\$ (1,046)	(0.8)%	\$ 131,441	\$ —	\$ 131,441	\$ 0.56

**Three Months Ended September 30, 2022**

	Total revenues, net	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating (loss) income from continuing operations	Operating margin %	Other non-operating expense, net	(Loss) 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)	\$ 541,690	\$ 261,232	\$ 280,458	51.8 %	\$ 793,083	146.4 %	\$ (512,625)	(94.6)%	\$ 194,967	\$ (707,592)	\$ 10,680	(1.5)%	\$ (718,272)	\$ (3,897)	\$ (722,169)	\$ (3.05)
Items impacting comparability:																
Amortization of intangible assets (11)	—	(84,042)	84,042		—		84,042		—	84,042	—		84,042	—	84,042	
Amounts related to continuity and separation benefits, cost reductions and strategic review initiatives (2)	—	(2,809)	2,809		(41,220)		44,029		—	44,029	—		44,029	—	44,029	
Certain litigation-related and other contingencies, net (3)	—	—	—		(419,376)		419,376		—	419,376	—		419,376	—	419,376	
Certain legal costs (4)	—	—	—		(8,052)		8,052		—	8,052	—		8,052	—	8,052	
Asset impairment charges (5)	—	—	—		(150,200)		150,200		—	150,200	—		150,200	—	150,200	
Fair value of contingent consideration (6)	—	—	—		1,399		(1,399)		—	(1,399)	—		(1,399)	—	(1,399)	
Reorganization items, net (8)	—	—	—		—		—		(124,212)	124,212	—		124,212	—	124,212	
Other (9)	—	(125)	125		(1,570)		1,695		6,806	(5,111)	—		(5,111)	—	(5,111)	
Tax adjustments (12)	—	—	—		—		—		—	—	(6,729)		6,729	—	6,729	
Discontinued operations, net of tax (10)	—	—	—		—		—		—	—	—		—	3,897	3,897	
After considering items (non-GAAP) (13)	\$ 541,690	\$ 174,256	\$ 367,434	67.8 %	\$ 174,064	32.1 %	\$ 193,370	35.7 %	\$ 77,561	\$ 115,809	\$ 3,951	3.4 %	\$ 111,858	\$ —	\$ 111,858	\$ 0.47

**Nine Months Ended September 30, 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)	\$1,513,784	\$ 696,880	\$ 816,904	54.0 %	\$ 570,903	37.7 %	\$ 246,001	16.3 %	\$ 225,655	\$ 20,346	\$ 27,094	133.2 %	\$ (6,748)	\$ (1,576)	\$ (8,324)	\$ (0.03)
Items impacting comparability:																
Amortization of intangible assets (11)	—	(194,110)	194,110		—		194,110		—	194,110	—		194,110	—	194,110	
Amounts related to continuity and separation benefits, cost reductions and strategic review initiatives (2)	—	(3,812)	3,812		(32,906)		36,718		—	36,718	—		36,718	—	36,718	
Certain litigation-related and other contingencies, net (3)	—	—	—		(54,317)		54,317		—	54,317	—		54,317	—	54,317	
Certain legal costs (4)	—	—	—		(5,187)		5,187		—	5,187	—		5,187	—	5,187	
Asset impairment charges (5)	—	—	—		(146)		146		—	146	—		146	—	146	
Fair value of contingent consideration (6)	—	—	—		(1,824)		1,824		—	1,824	—		1,824	—	1,824	
Reorganization items, net (8)	—	—	—		—		—		(227,579)	227,579	—		227,579	—	227,579	
Other (9)	—	(903)	903		(16,220)		17,123		(3)	17,126	—		17,126	—	17,126	
Tax adjustments (12)	—	—	—		—		—		—	—	(25,215)		25,215	—	25,215	
Discontinued operations, net of tax (10)	—	—	—		—		—		—	—	—		—	1,576	1,576	
After considering items (non-GAAP) (13)	\$1,513,784	\$ 498,055	\$1,015,729	67.1 %	\$ 460,303	30.4 %	\$ 555,426	36.7 %	\$ (1,927)	\$ 557,353	\$ 1,879	0.3 %	\$ 555,474	\$ —	\$ 555,474	\$ 2.36

**Nine Months Ended September 30, 2022**

	Total revenues, net	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating (loss) income from continuing operations	Operating margin %	Other non-operating expense, net	(Loss) 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)	\$1,763,063	\$ 798,233	\$ 964,830	54.7 %	\$3,161,718	179.3 %	\$ (2,196,888)	(124.6)%	\$ 451,551	\$ (2,648,439)	\$ 16,016	(0.6)%	\$ (2,664,455)	\$ (15,115)	\$ (2,679,570)	\$ (11.35)
Items impacting comparability:																
Amortization of intangible assets (11)	—	(261,844)	261,844		—		261,844		—	261,844	—		261,844	—	261,844	
Amounts related to continuity and separation benefits, cost reductions and strategic review initiatives (2)	—	(23,653)	23,653		(115,372)		139,025		—	139,025	—		139,025	—	139,025	
Certain litigation-related and other contingencies, net (3)	—	—	—		(444,738)		444,738		—	444,738	—		444,738	—	444,738	
Certain legal costs (4)	—	—	—		(31,322)		31,322		—	31,322	—		31,322	—	31,322	
Asset impairment charges (5)	—	—	—		(1,951,216)		1,951,216		—	1,951,216	—		1,951,216	—	1,951,216	
Fair value of contingent consideration (6)	—	—	—		951		(951)		—	(951)	—		(951)	—	(951)	
Reorganization items, net (8)	—	—	—		—		—		(124,212)	124,212	—		124,212	—	124,212	
Other (9)	—	(375)	375		(1,570)		1,945		24,903	(22,958)	—		(22,958)	—	(22,958)	
Tax adjustments (12)	—	—	—		—		—		—	—	(10,336)		10,336	—	10,336	
Discontinued operations, net of tax (10)	—	—	—		—		—		—	—	—		—	15,115	15,115	
After considering items (non-GAAP) (13)	\$1,763,063	\$ 512,361	\$1,250,702	70.9 %	\$ 618,451	35.1 %	\$ 632,251	35.9 %	\$ 352,242	\$ 280,009	\$ 5,680	2.0 %	\$ 274,329	\$ —	\$ 274,329	\$ 1.16

## 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 and nine months ended September 30, 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 September 30,			
	2023		2022	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Continuity and separation benefits	\$ 1,000	\$ 9,424	\$ 2,401	\$ 11,662
Inventory adjustments	342	(2)	408	—
Other, including strategic review initiatives	—	—	—	29,558
Total	<u>\$ 1,342</u>	<u>\$ 9,422</u>	<u>\$ 2,809</u>	<u>\$ 41,220</u>

	Nine Months Ended September 30,			
	2023		2022	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Continuity and separation benefits	\$ 3,140	\$ 33,189	\$ 12,499	\$ 45,635
Accelerated depreciation	—	—	2,164	1,660
Inventory adjustments	81	(324)	1,435	2,461
Other, including strategic review initiatives	591	41	7,555	65,616
Total	<u>\$ 3,812</u>	<u>\$ 32,906</u>	<u>\$ 23,653</u>	<u>\$ 115,372</u>

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Goodwill impairment charges	\$ —	\$ 97,000	\$ —	\$ 1,845,000
Other intangible asset impairment charges	—	53,200	—	103,153
Property, plant and equipment impairment charges	—	—	146	3,063
Total	<u>\$ —</u>	<u>\$ 150,200</u>	<u>\$ 146</u>	<u>\$ 1,951,216</u>

- (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, 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 September 30,					
	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	\$ —	\$ —	\$ (2,203)	\$ —	\$ —	\$ (6,220)
Other miscellaneous	125	2,534	—	125	1,570	(586)
Total	\$ 125	\$ 2,534	\$ (2,203)	\$ 125	\$ 1,570	\$ (6,806)

	Nine Months Ended September 30,					
	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	\$ —	\$ —	\$ 3	\$ —	\$ —	\$ (7,114)
Other miscellaneous	903	16,220	—	375	1,570	(17,789)
Total	\$ 903	\$ 16,220	\$ 3	\$ 375	\$ 1,570	\$ (24,903)

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Acquired in-process research and development charges	\$ —	\$ 800	\$ —	\$ 68,700

- (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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP	235,220	235,160	235,219	234,719
Non-GAAP Adjusted	235,220	236,183	235,515	236,372

## **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](http://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,” “outlook,” “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 (including any appeals or injunctions), 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 and the timing of competitive entrants; 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](http://www.endo.com) or you can contact the Endo Investor Relations Department at [relations.investor@endo.com](mailto:relations.investor@endo.com).

SOURCE Endo International plc

Media:

Linda Huss

(484) 216-6829

[media.relations@endo.com](mailto:media.relations@endo.com)

Investors:

Laure Park

(845) 364-4862

[relations.investor@endo.com](mailto:relations.investor@endo.com)

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